

## Plymouth Citybus Limited (the “Company”)

The following Section 172(1) statement has been extracted from pages 5 to 8 of the Company’s Annual Report and Financial Statements for the year ended 27 June 2020. All references to “Group” in this document mean The Go-Ahead Group plc (registered number 02100855).

### Section 172 of the Companies Act 2006

This report sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Board’s decision making throughout the year ended 27 June 2020.

#### The role of the board and how it operates

The board is responsible for creating and delivering long term sustainable value for the business. The board is accountable for balancing the varying interests of the business, including those of its parent, colleagues, customers and the communities it serves.

The board comprises the Group Chief Executive and the Group Chief Financial Officer (the Group executive directors) and the local management team (Managing Director and Engineering Director). All directors on the board are full time employees of either the Group or the operating company. This composition ensures that the board has the appropriate balance of skills, knowledge and experience.

The Chairman (the Group Chief Executive) leads the board and promotes a culture of open and constructive debate. This role is separate to that of the Managing Director who is empowered to operate the business autonomously with the support of the rest of the local management team.

Board meetings are held on a monthly basis with the Group executive directors in attendance who scrutinise and challenge the local management’s team execution of strategy.

The board monitors the effectiveness of the Group’s systems of internal control, governance and risk management. The Managing Director reports to the Group executive directors directly on day to day management issues including risk and is responsible for ensuring compliance with the Group’s policies and procedures.

#### Compliance with section 172(1) of the Companies Act 2006

The directors confirm that, during the year, they continued to promote the success of the Company for the benefit of all stakeholders. In doing so, the Board’s desire to act fairly for its parent, maintain a reputation for high standards of business conduct, and consider the long term consequences of the decisions they take, have underpinned the way it operates at every level of the business. Further details are set out in the following table:

Section 172	Compliance
<p>a) The likely consequence of any decision in the long term;</p> <p>and</p> <p>e) The desirability of the company maintaining a reputation for high standards of business conduct.</p>	<p>At Plymouth Citybus Ltd, actively listening to and engaging effectively with our wide variety of stakeholders is key to ensuring responsible decisions are made. We appreciate the need to ensure that the decisions we take create value for all our stakeholders and support creation of long term sustainable value so that, ultimately, we can continue to be a vital part of the communities we serve.</p> <p>The Group’s devolved management operating model is a key feature of the board’s decision-making process, with the Group executive directors acting as an intermediary and ensuring there is two-way feedback between the Group Board and Company board. In line with this approach, the viability of several principal decisions (for example, acquisitions, disposals and major capital investments) will first be considered at our Company board meetings. If approved, the Group executive directors will then submit a proposal to the Group Board. This process supports the board performing its duties in compliance with the matters set out in paragraphs a-f of section 172 of the Companies Act 2006.</p> <p>The Company operates across a wide area of Plymouth and Cornwall. This area includes dense commercial urban and rural bus services, along with many bus contracts and a Commercial Vehicle Garage business. This diversity means that the Company is not totally reliant on one location or market.</p>

	<p>The Company operates a devolved structure, allowing local managers to maintain a close and meaningful relationship with the clients and markets they serve; enabling an agile response to external influences on our trading environment.</p> <p>The directors take the reputation of the Company seriously which is not limited to only operational and financial performance. The strong reputation and positive stakeholder relationships we have developed over many years have never been more important than during the COVID-19 pandemic. We have worked closely and collaboratively with key Transport Authorities, such as Cornwall and Plymouth councils, to find solutions which ensure that service provision remains at the right level, government policy is brought into effect, and transport operators receive funding to enable essential services to be delivered.</p> <p>The directors are committed to the highest standards of ethical conduct, honesty and integrity in our business practices. The board seeks to have a workforce that more accurately reflects diversity of the communities we serve. During the year, we have seen the positive impact our inclusion and diversity initiatives have had on our workforce; helping to achieve Investors in People Platinum accreditation, the first transport operator - of any mode - to have done so.</p> <p>During the year, the board approved the Company's modern slavery statement (available on the Company's website). The board also considered the data, and narrative, relevant to the Company's Gender Pay Reporting in preparation for external publication, including proposed improvement plans to enhance performance.</p>
<p>b) The interest of the company's employees</p>	<p>The directors understand the importance of the Company's employees to the long term success of the business and the Company is certified to a Platinum standard by Investors in People, along with a Queen's Award for Enterprise for its work helping disadvantaged people get into a job. The first bus company to receive a Queen's Award for Enterprise, it was honoured in the Promoting Opportunity Category for its work assisting the most vulnerably and disadvantaged find employment through its Social Mobility programme.</p> <p>Safeguarding the health and wellbeing of the Company's employees (and other stakeholders) remains the main priority for the board with additional precautions having been taken over the past six months in response to the COVID-19 pandemic. Such actions have included, adoption of a Business Continuity Plan delivered by a local Crisis Management Team ensuring adherence to government policies and guidelines and advice from WHO and other relevant advisory bodies; enhanced cleaning regimes and social distancing measures; measures taken to minimise contact, such as reduction in cash handling; provision of protective equipment for customer facing colleagues; customer information helping people to choose quieter services; working from home; increased levels of engagement with colleagues from front-line works to those furloughed; and great access to enhanced mental health programmes and helplines.</p> <p>The Company regularly communicates to its employees through a Joint Consultative Committee, internal media, newsletters and business updates. An annual employee survey is undertaken to allow colleagues to provide honest feedback about their experience working at Plymouth Citybus Ltd, the results of which provide a measure of colleague engagement and help us identify areas of improvement.</p> <p>Being an employer of choice is important to maintaining a high level of employee retention. The Company provides market competitive remuneration and comprehensive benefit packages. Colleagues are recognised and rewarded for their contribution and commitment.</p> <p>The Company's workforce is represented by trade unions and employee representatives and the board strive to foster positive working relationships with them. This has never been more vital than in recent months. The Company has been</p>

	<p>working alongside trade unions to keep colleagues informed and up to date on all government changes and safe working practices during the COVID-19 pandemic.</p> <p>The Company places a premium on an inclusive and diverse workforce, enabling all colleagues to reach their full potential, to be empowered and engaged with a strong commitment to personal development. Key focus areas during the year have been bringing our Values, Behaviours and Teamwork Charter to life, through training on the practice of Unconditional Positive Regard. All team members undertake a self-lens and one to one review process each year. The Company develops its people development strategy through our five forums: Go Safely, Route Gurus, Women on the Move, Vehicle Standards, Health and Wellbeing, Diversity Inclusion and Belonging. The Company has achieved Investors in People Platinum accreditation; the highest level possible and the only transport operator to reach this level.</p>
<p>c) The need to foster the company's business relationships with suppliers, customers and others.</p>	<p>The board regularly reviews how the Company maintains positive relationships with all its stakeholders, including suppliers, customers and others.</p> <p>The directors understand the importance of the Company's supply chain in delivering the long-term plans of both the Company and the Group. Through our Sustainable Supply Charter, we demonstrate high standards of integrity, responsibility and professional conduct. We endeavour to support our suppliers to improve the sustainability of their business. During the COVID-19 pandemic, we have taken active steps to safeguard our essential supply chain, continuing to pay suppliers in line with the Prompt Payment Code and applying a fair and structured process when the reduction of supplier services has been necessary, in line with the Company's Sustainable Supply Chain Charter.</p> <p>Customers are at the heart of the business and the board provides them with safe, convenient and reliable services. Customer satisfaction is a strong indicator of how well we are meeting customers' needs and the directors monitor this through annual surveys conducted by the independent watchdog, Transport Focus. We build relationships with our customers through our passenger-facing colleagues, customer ambassadors, community engagement events and social media channels. Our customers' needs are constantly evolving, and these interactions enable us to better understand the needs of our passengers and where to focus improvements.</p>
<p>d) The impact of the company's operations on the community and environment.</p>	<p>As a public transport operator, the Company has far reaching impact on the Group (as its ultimate parent company) as well as its customers, employees, regulators and the communities it serves. The Company aims to align its business values, purpose and strategy with the social, economic and environmental needs of its stakeholders, embedding responsible and ethical business policies and practices in everything it does.</p> <p>During the year, the Company was awarded a Queens Award for Enterprise in the Promoting Opportunity category, the highest honour that can be bestowed on a business and the first bus company to be honoured in this way. We know all too well we operate in an area where 14% of households are workless and where child poverty statistics are heart-breaking. Collectively, everyone at Go South West strives to help as many disadvantaged people into work as we can, and this award recognises our achievements in that area. Our Social Mobility Pledge underpins our commitment to support the most vulnerable and disadvantaged in our society and that includes members of our own workforce.</p> <p>In October 2019, 16 life-saving defibrillators donated by the charity Hearts Together, were fitted to the company's fifteen 21/21A buses in Plymouth – the first such scheme in the UK.</p> <p>The Company has worked to reduce its impact on the environment through effective management of waste, increased local procurement and water recycling. The Company is also progressing on its clean propulsion strategy; currently operating Gas Buses and Low Carbon Certificated EURO 6 diesel engine vehicles. Looking</p>

	<p>forward the Company is a partner with Plymouth City Council, The Royal Navy and Babcock exploring the potential for Plymouth to become the first hydrogen city.</p>
<p>f) The need to act as between members of the company.</p>	<p>The Company is owned 100% by Go-Ahead Holding Limited. However, the Company's ultimate parent company and controlling party is the Group.</p> <p>The Group operates a devolved operating model. Whilst day-to-day management of the Group's activities, governance and oversight has been delegated to the Group executive directors, the directors of the Company both individually and collectively support them in this role and the Company is operated as an autonomous business unit. Board meetings are held on a monthly basis with the Group executive directors in attendance who scrutinise and challenge the local management's team execution of strategy. These more formal meetings are supported by several cross-business forums (such as health and safety, engineering, HR and diversity and inclusion) that serve to facilitate the sharing of knowledge, ideas and best practice. This approach encourages the right balance between local and Group initiatives and facilitates fair discussion and decision-making. It also ensures that we deliver more operating collectively than we would independently.</p>