

Konectbus 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 Group Chief Financial Officer (the Group executive directors) and the local management team (Managing Director and Finance 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. Where required, Heads of Department such as, for instance, the Head of Engineering attend board meetings by invitation.

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 Finance Director.

Board meetings are held on a monthly basis, excluding August, with the Group executive directors in attendance who scrutinise and challenge the local management’s team execution of strategy. In alternate months, the Group executive directors are substituted by the Group Corporate Services Director and Group Financial Controller.

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 joanna.grayprocedures.

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 of the Companies Act 2006 (continued)

Section 172	Compliance
<p>a) The likely consequence of any decision in the long-term;</p> <p>and</p> <p>b) The desirability of the company maintaining a reputation for high standards of business conduct.</p>	<p>At Konectbus Limited, 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 a number of 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 Company 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 Board has been the forum to debate a series of strategic reviews of the business. These have been undertaken as part of a long-term turnaround aimed at returning the business to profitability based on a mixture of worthwhile contracts and niche commercial networks, reflecting the scale of our business in East Anglia.</p> <p>The directors take the reputation of the Company seriously, which is not limited only to operational and financial performance. The strong reputation and positive stakeholder relationships we have developed have never been more important than during the COVID-19 pandemic. We have worked closely and collaboratively with key industry partners, such as Norfolk County Council, Suffolk County Council and Essex County Council 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 new training school and graduate programme has had on gender diversity.</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>c) 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.</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 adherence to government policies, guidelines and advice from relevant bodies such as PHE. We have taken steps to ensure social distancing on our buses and at our bus station, endeavoured to minimise contact and protect drivers with additional screens, provided customer information helping people to choose quieter journeys, facilitated home-working for non-front line colleagues, kept in touch with those on furlough, and provided all the driving team with a reinduction and retraining to ensure they were properly equipped for a return to work in the current environment.</p>

Section 172 of the Companies Act 2006 (continued)

Section 172	Compliance
	<p>The Company regularly communicates to its employees through the recently launched BLINK app, team notices and updates. The bi-annual employee survey is due shortly to allow colleagues to provide honest feedback about their experience working at Konectbus, the results of which provide a measure of colleague engagement and help us identify areas of improvement, just as the last survey did for the current action plan.</p> <p>The company's workforce is represented by employee representatives who meet in monthly forum meetings. During the lockdown period when representatives were furloughed and face to face meetings were not possible, informal engagement with the local managers was effective. Board members attend the forum meetings and are keen to establish constructive working relationships with the wider team through this channel. The Company has been working alongside employee representatives 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 aims for an all-inclusive and diverse workforce, enabling colleagues to reach their full potential, to be empowered and engaged with a strong commitment to personal development. The key tool to achieve this is the development of training, notably to encourage diversity of entry into bus driving, but also to provide opportunities for promotion to positions of mentor, relief supervisor, and supervisor. Management training is also provided. During the year, the Company continued to participate in the 'Women in Bus' programme which is designed to support and empower female colleagues across the business.</p>
<p>d) 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 of 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 is dedicated to providing 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 service team 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>e) 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>As primarily a provider of contracted services for schools and local communities we have worked hard to provide value for money services for these communities and use these operations as a backdrop for some small scale commercial networks. We have continued to invest, notably in three new buses with start-stop technology operating through the AQMA in Norwich, and in expanding the network in Clacton to fill a void left by the withdrawal of another operator.</p>

Section 172 of the Companies Act 2006 (continued)

Section 172	Compliance
f) The need to act fairly as between members of the company.	<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>