

Go South Coast 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, Finance Director, Operations Director, and Engineering Director). All directors on the board are full time employees of either the Group or the 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 the Company, 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 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 central southern England. This area includes dense urban and rural bus services, along with a large number of bus contracts, coach operations and a vehicle refurbishment business. This diversity means that the Company is not reliant on one particular market. The Company operates a devolved structure, allowing local managers to maintain a close and meaningful relationship with the clients and markets they serve.</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 industry partners, such as the Department for Transport, local transport authorities and local universities 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.</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.</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 and guidelines and advice from other relevant advisory bodies; enhanced cleaning regimes and social distancing measures; measures taken to minimise contact, such as reduction in cash handling; hand sanitiser dispensers on all vehicles; 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 workers to those furloughed and working at home; and greater access to enhanced mental health programmes and helplines.</p> <p>The Company regularly communicates to its employees through internal media, newsletters and director forums. A bi-annual employee survey is undertaken to allow colleagues to provide honest feedback about their experience working at the Company, 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 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 the refresh of our driver training programme such that each driver is trained every year, in areas such as customer care and safe driving. We have also prepared a new supervisor training programme, ready for 2020/21. Colleagues from the Company continued to participate in Go-Ahead's Women in Bus programme during the year.</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 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 ambassadors 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>We meet regularly with our corporate clients, and before Covid-19 restrictions, ran various activities to engage with passengers, such as Chatty Buses and new bus launch events. We will start these again as soon as circumstances allow.</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>Bluestar was our first unit to launch free travel for guide dog training, and we have since adopted this approach elsewhere. We are helping to train local guide dog puppies by offering some vital travel experience across our network. The first puppy to benefit from this training was seven-month old Peggy from Otterbourne, along with her trainer Jane Tabor.</p> <p>By joining up with other organisations we launched an initiative designed to help get people out across the county ensuring they could attend medical appointments or see family. We already have a Poole based called centre and were only too pleased to add in a dedicated line to those who felt cut off. This signposts people to transport schemes available, including community transport, which is vital for the physical and mental health wellbeing for more vulnerable members of the community.</p> <p>In January, we introduced three electric buses into service in Salisbury. These give a significant reduction in carbon and particulate emissions compared to diesel equivalents, as well as providing us with valuable experience of operating electric vehicles.</p> <p>Further details of our sustainability initiatives can be found in our 2020 Sustainability Report, which is available for download from our website.</p>
<p>f) The need to act fairly 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>