

























Section 172(1) Statement

The Board makes decisions after careful consideration of all relevant factors which include, but are not limited to, those specified in s.172(1) Companies Act 2006. Examples of some of the decisions taken by the Board during the year and an explanation of which factors the Directors had regard to when reaching such decisions, including those set out in Section 172(1)(a) to (f) of the Companies Act 2006, are set out in the table below:









Key of factors considered:
















-  long-term impact
-  fostering business relationships
-  reputation
-  financial implications
-  employees
-  community and environment
-  acting fairly between members
-  advancing the purpose

Board decision	Directors' consideration of factors in accordance with s. 172(1)
Approved recommendations from the Nominations Committee on the appointments of a new Non-Executive Director and Chair Designate and a new Group Chief Finance Officer to the Board and the appointments of a new Group General Counsel and Company Secretary and Group Chief Information Officer ('Group CIO') to the Group Executive Committee	<div style="display: flex; align-items: center; margin-bottom: 10px;">   <ul style="list-style-type: none"> the appointments support the long-term success of the Group, as suitably experienced and qualified individuals have been appointed to the Board and Group Executive, who have strong reputations for delivery of strategic ambitions and/or their area of expertise to help deliver stronger financial outcomes the strengthening of the Group's digital expertise through the appointment of a new Group CIO will advance our strategy, as the customer propositions which will deliver our strategy are underpinned by technology </div> <div style="display: flex; align-items: center;">  <ul style="list-style-type: none"> colleagues will benefit from a strong leadership team being in place, including through enhancements to culture </div>
Approved the renewal of the Company's £1.5 bn Euro Medium Term Note ('EMTN') programme and the execution of a new bridge facility in respect of the Company's maturing £400m sterling bond	<div style="display: flex; align-items: center; margin-bottom: 10px;">   <ul style="list-style-type: none"> the renewal of the EMTN programme facilitates the Group's access to the debt capital markets enabling it to execute its strategic plans and advancing the purpose </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">    <ul style="list-style-type: none"> given the volatility of the debt markets, the bridge facility allows the Company flexibility as the maturity of the bond approaches to refinance at a time in future when markets should be more stable </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <ul style="list-style-type: none"> the bridge facility enables to the Company to build on its relationships with debt investors, and once notes are issued under the EMTN programme, there is an opportunity to develop new, and build on existing, relationships with debt investors </div> <div style="display: flex; align-items: center;">  <ul style="list-style-type: none"> the decision to renew the EMTN programme allows access to debt, rather than equity funding. This helps to ensure that shareholders, particularly small shareholders who may not be able to take up their rights in a rights issue and would therefore be diluted, are treated equally </div>
Approved the decision on the dividend	<div style="display: flex; align-items: center; margin-bottom: 10px;">   </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">   </div> <div style="display: flex; align-items: center;">   <ul style="list-style-type: none"> in determining whether or not to pay a dividend, the Board considered the financial implications and long term impact of recommencing such a dividend, acting fairly between members who had expressed different views as to the importance and quantum of any dividend payment, its obligations to the broader community (including the need to repay furlough monies to the UK government), alternative applications of those monies (including reinvestment and paying down debt) and previous indications that had been given and the impact on the Company's reputation </div>

Section 172(1) Statement continued

Key of factors considered:

-  long-term impact
-  fostering business relationships
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-  employees
-  community and environment
-  acting fairly between members
-  advancing the purpose

Board decision	Directors' consideration of factors in accordance with s. 172(1)
Reviewed and approved the Group's five year strategic plan and opportunities to accelerate the Evolve strategy	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">       </div> <ul style="list-style-type: none"> the achievement of our strategy through execution of our customer propositions and delivery of our outcomes will have positive outcomes for all; our colleagues will benefit from financial, career and development opportunities resulting from our growth; our business relationships will benefit through strengthening existing relationships and developing new relationships with our customers, suppliers, debt providers and our partnerships with local governments; the community and environment will benefit as we transition to zero emissions vehicles and seek to keep local communities well connected with safe and reliable transportation services; and all of our members will benefit from our growth and increased profitability through returns on their investment the achievement of our strategy will improve our reputation in the long-term, because we will be: the safest, most reliable operator with the most satisfied customers; an employer of choice; and an environmental leader, with strong financial returns, which will advance our purpose </div>
Approved bids for significant opportunities to provide transportation services	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">      </div> <ul style="list-style-type: none"> the bids would, if successful, generate revenue and profit and contribute to the Group's growth strategy and align with its purpose, including through access to new markets and strengthening our presence in existing markets which could create further opportunities in the long-term. Our members will all benefit from our growth and increased profitability through returns on their investment as will our existing colleagues from the increased financial stability within the Group </div>
	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">   </div> <ul style="list-style-type: none"> additional colleagues would join the Group (either via new recruitment or through being the incumbent operator employees), if the bids are successful. They would benefit from our training programmes and application of our Group Safety Policies, which would teach them new skills and procedures aimed at reducing risk profiles the local communities served could benefit from either a new or continued service operated to the exceptionally high standards set by the Group, particularly in terms of safety and in line with the Group's environmental ambitions to transition its global fleet to zero emissions vehicles </div>
	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <ul style="list-style-type: none"> the Group chose to partner with others in some of its bid submissions, which enabled the Group to form new, or strengthen existing, stakeholder relationships </div>
Approved the Group's modern slavery statement	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">     </div> <ul style="list-style-type: none"> the statement confirms the Group's zero-tolerance approach to slavery and human trafficking and sets out the steps taken by the Group during the year to ensure there was no modern slavery or human trafficking in any part of its business or supply chain, and in approving such statement, consideration was given to the Group's reputation for conducting its business in an ethical manner and with integrity and the importance of working with trusted suppliers who operate to the same high standards with respect to conduct of their business and management of their social and ethical issues </div>

Engaging Our Stakeholders

 Colleagues	 Passengers and customers	 Suppliers
<p>Why they are important to strategy Our people are the heart of our business. They are at the front line of executing strategy, ensuring that our services are the safest and most reliable and that our customers are the most satisfied</p>	<p>Why they are important to strategy Our ability to win passenger and customer loyalty and satisfaction in both our B2B and B2C businesses by the provision of safe and reliable services is central to our continued growth</p>	<p>Why they are important to strategy Our suppliers partner with us to supply the resources we need to deliver our services, and innovative solutions to continuously improve those services, in furtherance of our strategy. Their success is important to our success</p>
<p>How we engage</p> <ul style="list-style-type: none"> • Open lines of communication with both Group and divisional management including regular updates and newsletters • Two-way dialogue with the Board through employee engagement forums • Constructive dialogue with trade unions • Employee engagement surveys, including the 'Your Voice' global engagement survey undertaken in 2022 	<p>How we engage</p> <ul style="list-style-type: none"> • Local relationships guided by standards set across the Group • Intuitive and highly rated websites, apps and social media, and easily accessible customer service centres • Direct dialogue with transport authorities, school boards and corporate customers • Passenger feedback and customer satisfaction surveys • Through high quality bidding and engagement through the bid process 	<p>How we engage</p> <ul style="list-style-type: none"> • Local divisional relationships supplemented by oversight from the Group procurement team • Regular discussions with suppliers about evolving market places, opportunities and collaborating with them to innovate as necessary • Considering suppliers importance to our strategic success when tendering contracts and engaging in contract negotiations • Governing contracts including by formal contract reviews and working with suppliers to ensure compliance with our standards
<p>What they value Our colleagues expect us to look after their safety, health, and wellbeing. They expect a workplace that values diversity and champions inclusion, and an employer that respects their rights. Fair reward and recognition for their work and opportunities for progression are important to them and they value regular and clear communication</p>	<p>What they value Our customers and passengers want safe and reliable services. They value consistent service delivery that generates trust. They expect prompt and pragmatic responses to changing demands, and open and honest communication. Increasingly they also want to do engage with socially responsible and sustainable companies</p>	<p>What they value Our suppliers want to work in partnership and collaborate with us, investing in relationships over the long-term to achieve mutual benefits. They value good line of sight on placement of orders and fair engagement and payment terms</p>
<p>Delivering for them</p> <ul style="list-style-type: none"> • We maintain the highest safety standards to protect our colleagues' health and wellbeing • We were the first transport company to adopt the real Living Wage or equivalent • We have increased investment in development programmes • We actively promote diversity and inclusion <p>Links to KPIs: FWI, eNPS</p>	<p>Delivering for them</p> <ul style="list-style-type: none"> • Safety is a cornerstone of our culture, and we invest heavily in our safety programme to ensure it remains a priority • We train our employees to offer great service • We adapt our services, develop operational initiatives and invest in technology, to best meet our passengers' and customers' needs <p>Links to KPIs: Passenger journeys and FWI</p>	<p>Delivering for them</p> <ul style="list-style-type: none"> • We invest in long-term supply relationships and provide good visibility on orders wherever we can. We have a particular focus on long-term relationships with suppliers of zero emission vehicles and alternative energy supplies • We contract on mutually acceptable commercial terms and meet our payment obligations <p>Links to KPIs: ROCE</p>
<p>Market and regulatory factors</p> <ul style="list-style-type: none"> • Labour laws can impact working conditions and cost of employment • Qualification and training regulations can impact recruitment time • Macro economic conditions and immigration laws can impact access to labour pools • Competitor pay and working conditions can impact recruitment and retention • Flexible working conditions and benefits can attract and retain a more diverse workforce 	<p>Market and regulatory factors</p> <ul style="list-style-type: none"> • Macro political and economic events can change travel behaviours and funding, which may result in new opportunities and risks • Regulation to achieve better air quality in cities can increase the relative attractiveness of shared mobility for passengers and prompt B2C customers to seek shared mobility solutions • The de-regulation or re-regulation of certain markets can create new opportunities and risks 	<p>Market and regulatory factors</p> <ul style="list-style-type: none"> • Component shortages and labour shortages can disrupt the supply chain • Increased regulation affecting suppliers, such as changes in import/export rules and charges, can impact the cost and speed of the supply chain
<p>Opportunities</p> <ul style="list-style-type: none"> • An engaged workforce will better support delivery of strategic goals • Knowledgeable and well-trained colleagues can help us innovate and identify new opportunities • Favourable workplace conditions can attract and retain talent 	<p>Opportunities</p> <ul style="list-style-type: none"> • More optimised transport networks, and greener fleets, can attract more passengers • Increased corporate and university client shuttle requirements can create new customer opportunities • Increased congestion and clean air charging, as well as rise in fuel costs, may increase the relative attractiveness of shared mobility 	<p>Opportunities</p> <ul style="list-style-type: none"> • Our relationships can give us access to more competitive pricing and shortened delivery times • Investing in long-term relationships can aid our transition to a zero emission fleet by giving suppliers confidence to invest in developing innovative solutions with us
<p>Risks</p> <ul style="list-style-type: none"> • Labour shortages hinder our ability to deliver reliable services • Discontent can lead to strikes or attrition 	<p>Risks</p> <ul style="list-style-type: none"> • Increased competition can erode market share and reduce our profitability 	<p>Risks</p> <ul style="list-style-type: none"> • Poor quality control or financial difficulties faced by suppliers can compromise their ability to support us

Our section 172(1) statement

The Board of Directors has had regard to the stakeholders' interests as described on these pages, and the other matters set out in Section 172(1) (a) to (f) of the Companies Act 2006, when making decisions on behalf of the Company during the year under review. Examples of this are set out on pages 109 to 110 of the Corporate Governance Report, and are incorporated into this statement by reference.

 Equity and debt investors	 Governments	 Communities
<p>Why they are important to strategy</p> <p>Our equity and debt investors provide access to the capital necessary to fund the delivery of our strategy</p>	<p>Why they are important to strategy</p> <p>Central and local government authorities set transport policies and provide funding for transport initiatives, which can create favourable conditions for the delivery of our strategy</p>	<p>Why they are important to strategy</p> <p>The communities in which we operate drive the demand for transport services that underpins our strategy as well as being where our colleagues live and work</p>
<p>How we engage</p> <ul style="list-style-type: none"> Market announcements, financial results presentations and investor roadshows Direct engagement by the CEO, CFO, Chair and our Investor Relations function (see page 113 for some of the engagement undertaken this year and page 141 for details of specific engagement on remuneration matters) Ongoing indirect engagement with our brokers and other advisers 	<p>How we engage</p> <ul style="list-style-type: none"> The Board engages directly through inviting key government stakeholders into the Board room, as further described on page 117 of the Corporate Governance Report Local relationships guided by Group standards Formal alliances, such as the Bus Alliance in the West Midlands and the American Public Transportation Association in North America Direct bilateral discussions Industry groups and associations 	<p>How we engage</p> <ul style="list-style-type: none"> Each division has well established community support programmes under the umbrella of the National Express Foundation The Youth Promise in the UK Partners Beyond the Bus in North America The Integra Foundation Partnership in ALSA
<p>What they value</p> <p>Investors value clarity of strategy and business model and consistent financial performance and returns. They expect strong risk management and internal controls, and compliance with listing obligations and debt terms. They increasingly expect commitment to sustainability and environment, social and governance matters</p>	<p>What they value</p> <p>Governments want safe, reliable, and good value passenger transport services for the benefit of the communities they serve. They seek partners who will work with them to solve the challenges of clean air and traffic congestion</p>	<p>What they value</p> <p>The communities in which we operate look to us for safe, clean, reliable, and affordable transport services and opportunities for rewarding employment. They also value companies which give back to their communities, and which keep people connected</p>
<p>Delivering for them</p> <ul style="list-style-type: none"> A full year 2022 dividend of 5.0p per share is recommended for approval at the 2023 AGM We maintain an investment grade debt rating We were recognised in the Financial Times' Europe's Climate Leaders 2022 special report <p>Links to KPIs: Underlying Operating Profit, free cash flow, ROCE</p>	<p>Delivering for them</p> <ul style="list-style-type: none"> We invest consistently in the safety and operational reliability of our services We keep service standards high while keeping prices low on services that generally serve communities We are working towards ambitious fleet decarbonisation targets across our markets <p>Links to KPIs: Underlying Operating Profit, free cash flow, ROCE</p>	<p>Delivering for them</p> <ul style="list-style-type: none"> We offer attractive employment opportunities by investing in colleague health and wellbeing, paying a fair wage, investing in training and development, and promoting diversity and inclusion We support our communities through making donations to community charities <p>Links to KPIs: Passenger journeys and FWI</p>
<p>Market and regulatory factors</p> <ul style="list-style-type: none"> Macro political and economic events (including greater inflation, increasing interest rates and changing customer behaviour) can impact our operations and financial performance, which can affect our share price Regulation relating to our equity listing can increase our costs Regulation of debt providers and macro political and economic events can impact access to and/or cost of capital 	<p>Market and regulatory factors</p> <ul style="list-style-type: none"> Governments can provide or reduce funding for transport Laws and regulations on driver licensing and training, vehicle condition and testing, directly impact our economics Increased regulation to reduce carbon emissions can create demand for green technologies but make older technologies obsolete 	<p>Market and regulatory factors</p> <ul style="list-style-type: none"> Macro political and economic events can change travel behaviours of local communities Increasing regulation such as Low Emission Zones and Clean Air Zones will help drive modal shift to public transport
<p>Opportunities</p> <ul style="list-style-type: none"> Investors' increased focus on ESG should increase the demand for quality public transport stocks Cost and access to debt capital should favour purpose-led companies with positive environmental impact 	<p>Opportunities</p> <ul style="list-style-type: none"> Bus franchising and re-regulation of certain markets present new opportunities in markets we are not yet in Increased grant funding to support transition to zero emission fleet can improve our economics 	<p>Opportunities</p> <ul style="list-style-type: none"> Increased congestion and clean air charging, in addition to the rise in fuel prices, increases the relative attractiveness of shared mobility Increasing awareness of global warming and air quality issues creates demand for alternatives to the car
<p>Risks</p> <ul style="list-style-type: none"> Constrained equity and/or debt markets increase the costs of capital and debt financing Capital is diverted towards 'moon shot' disruptors impacting fundamental valuations 	<p>Risks</p> <ul style="list-style-type: none"> Spanish concession re-tendering and de-regulation of certain markets can reduce margins or increase competition Reduction or withdrawal of government support for bus transport can worsen our economics 	<p>Risks</p> <ul style="list-style-type: none"> Community confidence in using public transport may not return, and/or travel behaviours by members of the community may not revert to pre-pandemic norms