

Engaging our stakeholders

Colleagues

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

How we engage

- 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
- CEO meetings with SLT
- Employee engagement surveys, including the annual 'Your Voice' global engagement survey

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 as well as regular and clear communication

Delivering for them

- We maintain the highest safety standards protecting 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

Links to KPIs:
FWI, eNPS, OTP

Market and regulatory factors

- 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

Opportunities

- 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

Risks

- Labour shortages hinder our ability to deliver reliable services
- Discontent can lead to strikes or attrition

Passengers and customers

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

How we engage

- Local relationships guided by common standards 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
- High quality bidding and engagement through the bid process

What they value

Our passengers and customers 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 engage with socially responsible and sustainable companies

Delivering for them

- 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

Links to KPIs:
Passenger journeys, FWI, OTP, GHG emissions

Market and regulatory factors

- 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

Opportunities

- More optimised transport networks, and greener fleets, can attract more passengers
- Increased or new institutional requirements can create new customer opportunities
- Increased congestion and clean air charging, as well as rising fuel costs, may increase the relative attractiveness of shared mobility

Risks

- Increased competition can erode market share and reduce our profitability

Suppliers

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. Their success is important to our success

How we engage

- Local divisional relationships supplemented by oversight from the Group centre
- Regular discussions with suppliers about evolving market places, opportunities and collaborating with them to innovate
- Considering suppliers importance to our strategic success when tendering contracts and engaging in contract negotiations
- Direct dialogue with Board members

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

Delivering for them

- We invest in long-term supply relationships and look to provide good visibility on orders. 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

Links to KPIs:
ROCE

Market and regulatory factors

- 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

Opportunities

- 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

Risks

- 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 during the year under review. Examples of this are set out on pages 88 and 89 and are incorporated into this statement by reference.

Equity and debt investors 	Governments 	Communities 
<p>Why they are important to strategy 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 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 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 Ongoing engagement via our brokers and other advisers 	<p>How we engage</p> <ul style="list-style-type: none"> Inviting key government stakeholders to present to the Board Local relationships guided by common Group standards Formal alliances, such as the Bus Alliance in the West Midlands and the American Public Transportation Association in North America Industry groups and associations Senior management meetings with Government representatives 	<p>How we engage</p> <ul style="list-style-type: none"> Each division has well established community support programmes: <ul style="list-style-type: none"> The Youth Promise in the UK Partners Beyond the Bus in North America The Integra Foundation Partnership in ALSA
<p>What they value 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 objectives</p>	<p>What they value 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 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"> Through our regular meetings and calls we deliver clear, consistent, and high quality data and trading commentary We strive to deliver financial returns in-line with our own and our investors' expectations We maintain an investment grade debt rating <p>Links to KPIs: Adjusted Operating Profit, Free cash flow, ROCE, GHG emissions</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 fair on services that generally serve communities We are working towards ambitious fleet decarbonisation targets across our markets <p>Links to KPIs: Passenger journeys, FWI, OTP, GHG emissions</p>	<p>Delivering for them</p> <ul style="list-style-type: none"> We offer attractive employment opportunities in local communities 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 keeping people connected <p>Links to KPIs: Passenger journeys, FWI, OTP, GHG emissions</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 present opportunities in existing and new markets 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"> 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