

Strategic report (continued)
For the Year Ended 31 December 2021

FUTURE DEVELOPMENTS (CONTINUED)

Outcome of directors' going concern assessment

The directors acknowledge the uncertainty regarding immediate access to funds placed with DB and from the credit facility, and the lack of certainty on government funding support that will be in place beyond June 2023, indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled credit facility balances with DB and that management actions over the assessment period will be sufficient to remain within its credit facility limit, such that adequate financing will remain in place and that the company will continue to have access to adequate financial and other resources to continue to operate for the foreseeable future.

The financial statements do not contain the adjustments that would arise if the company were unable to continue as a going concern.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard to (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the Interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The directors of the company work to promote the success of the company, by considering the impact that their decisions may have on the company, along with the company's stakeholders. The issues and factors which have guided the directors' decisions are outlined in the 'Principal Risks and Uncertainties' section of this report.

Effective communication is integral to building stakeholder relationships. Understanding the company's stakeholders and how they and their interests will impact on the success of the company over the long-term is a key part of the Board's decision making. Listening, identifying future needs and being able to respond quickly is critical. Teams across the company's businesses use a variety of channels and approaches to engage with customers, assessing satisfaction and gathering feedback.

The Arriva group's values during 2021 were working as "One Arriva", providing great customer experience, doing the right thing and thinking beyond. These values underpinned the Arriva group's strategy and vision. Arriva group's vision was to be the preferred mobility partner of choice by customers, and its strategy was to have the best employees to strengthen its existing strong foundation and improve its business to create a platform for growth.

For a number of years these values have been at the heart of the Arriva group and represented what the group stood for, what made the group unique helping to guide and develop the strategy and decision making of the Board.

**Strategic report (continued)
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SECTION 172 STATEMENT (continued)

At the end of the last financial year, as part of a wider project, the Arriva plc Board took the decision to refresh the Arriva group's vision and strategy with the aim of strengthening the group's relationships with clients and partners, growing the business and crucially achieving the Arriva group's higher ambition of having a neutral impact on the planet. This review was completed in early 2022.

The Arriva group's new vision is to 'help shape a future where passenger transport is the best choice'; a future where people choose to leave their cars at home and use the group's services, with less congestion on the roads, and cleaner air for the next generation.

The Arriva group's mission is to become 'the leading passenger transport partner across Europe' and its renewed purpose is to 'connect people and communities safely, reliably and sustainably, and to deliver these services in a better way, every day'.

The objective of the Arriva group's new values is that they will help to guide new ways of working and will help in achieving the groups mission and realising its vision. The values start with:

- caring passionately about colleagues, customers, clients and the planet;
- doing the right thing each and every day; and
- finding opportunities to make the difference in everything we do.

The implementation of the strategy and policies of the company, including those relating to its relationships with key stakeholders, are managed by the board of the company, and oversight is provided by the Arriva UK Bus division Executive Leadership Team. Any major matters of interest are then communicated to the Arriva Management Board (the "AMB"), a subcommittee of the board of Arriva plc. The membership of the AMB includes the Managing Director of the UK Bus division.

The directors of the company aim to meet monthly to discuss the matters that cannot be delegated under the Companies Act 2006 and believe that good governance is key to driving the success of the company.

The company takes payment practice commitments to suppliers seriously and seeks to ensure prompt payment of invoices (in line with Arriva group's policies), and that there is a clear process in the event of any invoice dispute. The company believes that prompt payment of invoices is key to facilitating a good relationship with its suppliers.

The company is committed to the communities that it serves. At Arriva group an Internal Communications and Engagement Director has oversight of strategic commitments for Corporate Social Responsibility, which forms part of the wider business strategy.

Within its individual business functions, the Arriva group encourages employees to volunteer for charities and projects in the local community. During the financial year ended 31 December 2021, due to the COVID-19 pandemic, it was difficult for employees to undertake volunteering activities but in previous years volunteering activities have included supporting local schools with career advice, as well as various types of fund raising and other projects. This work was undertaken in a manner that fits best with the company's structure and that maximises the benefit that the company can deliver to its communities.

In addition to the group activities, the UK Bus division supports local charitable/charity initiatives which are meaningful and relevant to the local teams and customer base.

Further information on engagement with employees during the financial year ended 31 December 2021 is provided in the 'Employee engagement' section of the Directors' report.

Further information on engagement with customers during the financial year ended 31 December 2021 is provided in the 'Engagement with suppliers, customers and others' section of the Directors' report.

ARRIVA NORTH WEST LIMITED

Strategic report (continued)
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KEY PERFORMANCE INDICATORS

The Management Board of Deutsche Bahn AG manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development performance and position of the group, including this company, is discussed in the Deutsche Bahn AG Integrated Report which does not form part of this report.

This report was approved by the board on 20 July 2023 and signed on behalf of of the board.



N J Bradley
Director