

**Strategic report (continued)
For the Year Ended 31 December 2022**

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):

- 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 aim to meet at least four times in each financial year to discuss the matters that cannot be delegated under the companies Act 2006. The role of the company's Board of Directors (Board) is to be collectively responsible for the company's long-term sustainable success, providing strategic leadership, direction and governance within a framework of effective controls. The Board recognises that it is accountable to stakeholders for ensuring that the company is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. The issues and factors which have guided the directors' decisions are outlined in the 'Principal Risks and Uncertainties' section of this report.

During the financial year ended 31 December 2022 the directors did not make any principal decisions that impacted the company or its ability to meet the expectations of the company's key stakeholders.

Throughout the last two years, the Arriva group has worked on facilitating a comprehensive review of the Arriva group, called Project Revitalise; a series of programmes aimed at building a stronger, more competitive Arriva group. The objective of the project was to ensure that the purpose of the business was clearly promoted, and that the Arriva group's values, strategy and culture were all aligned, and that the Arriva group continued to meet the needs of its customers, clients and society as a whole.

As part of Project Revitalise, the Arriva group embarked on a review of its vision, mission, purpose and strategic plan, which also included a review of the organisational values. This process included using support from an external business partner, and employees from all parts of the Arriva group were engaged. The aim of the process was to build a strategic plan that would provide the Arriva group with both objectives and direction for the next three to five years. This included developing a new set of Values and Behaviours that could be used to help the Arriva group effectively execute the company's strategy.

The implementation of the strategy and policies of the company, including those relating to its relationships with key stakeholders, are managed by the Management Board of the Company, which includes directors from the Arriva UK Trains Leadership team as well as the company's statutory directors. 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 Arriva UK Trains division.

The directors of the company promote good governance, which is key to driving the success of the company. The directors aim to align their decision-making with the values of the Arriva group and maintain effective relationships with all stakeholders who are critical to the long-term success of the company.

The implementation of the strategy and policies of the company, including those relating to its relationships with key stakeholders, are managed locally by the board of the company, and oversight is provided by the Arriva UK Trains 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 Trains division.

Strategic report (continued)
For the Year Ended 31 December 2022

SECTION 172 STATEMENT (CONTINUED)

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.

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 for the Arriva group.

During the financial year ended 31 December 2022, the company continued to engage with customers and customer groups to ensure a positive customer experience including long-term partnerships with Rolling Stock Companies (ROSCO's) and Train Operating Companies (TOC's) for heavy maintenance projects and Original Equipment Manufacturers and TOCs for light maintenance projects.

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 2022, activities have included supporting homeless charities and partaking in appeals for local children's charities. 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. The UK Trains division, including the company, has a successful corporate partnership with the National Literacy Trust which delivers engagement opportunities for staff, children and parents across the UK trains operating network.

Further information on engagement with employees during the financial year ended 31 December 2022 is provided in the 'Employee engagement' section of the Directors' report.

Further information on engagement with customers during the financial year ended 31 December 2022, is provided in the 'Engagement with suppliers, customers and others' section of the Directors' report.

This report was approved by the board on 28 November 2023 and signed on behalf of the board.



A J Scott
Director