
THE CHILTERN RAILWAY COMPANY LIMITED

Strategic Report (continued) For the 15 Month Period Ended 31 March 2023

KEY PERFORMANCE INDICATORS

The Management Board of Deutsche Bahn AG, the ultimate parent company, 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 Integrated Report which does not form part of this report.

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 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 'Review of business' and the 'Principal Risks and Uncertainties' sections of this report.

The directors believe that good governance is key to driving the success of the company and ensure that decisions are made at the right level within the company in accordance with the Company's Delegated Financial Authority.

During 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 object 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 company effectively execute the Arriva group'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 aim to meet every four weeks in the financial period to discuss the matters that cannot be delegated under the Companies Act 2006. The role of the company's board of directors (the 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 its 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.

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SECTION 172 STATEMENT (CONTINUED)

The company takes payment practice commitments to suppliers seriously and seeks prompt payment of invoices (in line with Arriva group's policies) and 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 suppliers.

The company is dedicated to the communities that it serves and is actively promoting staff involvement in supporting charities and community-based projects. Staff are empowered to volunteer to support charities, and support career journeys, tackling industry-related barriers and stereotypes. Our Community Fund allows staff to contribute to charities and fostering opportunities for them to volunteer and make a meaningful impact in local communities.

Chiltern Railways work closely with the Heart of England Community Rail Partnership and the newly formed Oxfordshire Community Rail Partnership (CRP) who aim to deliver community based projects along our route. Projects include workshops and artwork projects with schools, rail confidence sessions and supporting the station adoption programme where local volunteers tend station gardens and carry out improvement projects. Both CRP's are committed to working with a diverse range of stakeholders including Local Authorities, charities and community interest groups.

Chiltern Supported Community Rail Week in 2023. The theme of this week was 'Connecting Communities by Rail', this promoted sustainable travel and encourages people to visit destinations accessible by rail. In partnership with Banbury Business Improvement District, photos taken by local residents were displayed at the station to encourage those stopping by to pay a visit to prime spots around the Banbury area. Heart of England CRP have also created 'Rail Trails' to connect stations to their local communities, and arranged walks around Leamington Spa to celebrate Community Rail week.

The Station Adoption Groups continue to work on bettering station appearance across the network by tending station gardens and creating a welcoming feel in our waiting rooms. Groups often contribute to the planning and execution of events and festivals, including recent Coronation and Christmas celebrations. Community Volunteers receive support from staff, partners and local businesses as they continue to foster relationships.

We continue to develop our relationship with the National Literacy Trust and have sponsored the Words for Work: Dream Big for STEM (Science, Technology, Engineering, and Mathematics) programme. Volunteers from across the business gave pupils a station tour giving them chance to explore station equipment. This was followed by a celebration event at the school where volunteers supported children in making railway bridges. This interaction helps pupils develop literacy skills and gives them the opportunity to discover diverse career paths through conversations with railway professionals.

The commitment of supporting schools in the communities served by Chiltern continues. Partnering up with Primary Engineer's and Cross Country Trains, volunteers assisted in workshops and supporting pupils with a train making project across number of schools in Oxfordshire. This programme allows pupils and staff to express their creativity and also interact with people from a STEM backgrounds in an aim to tackle stereotypical views of the industry.

The Community Investment Fund is allocated by the Department for Transport to support the development of Community Rail. Local groups, partners and charities have the opportunity to bid for funding for schemes that add social, economic or environmental value to local communities. Projects include rail confidence sessions, supporting survivors of modern slavery, developing community gardens and woodlands and creating accessible spaces. These create a meaningful impact in local areas.

Further information on the company's engagement with employees during the financial period ended 31 March 2023, including monitoring how the company is performing against the Arriva group's strategy in relation to employees, is provided in the 'Employee engagement' section of the Directors' report.

Further information on engagement with stakeholders during the financial period ended 31 March 2023, is provided in the 'Engagement with suppliers, customers and others' section of the Directors' report.