

**Go North West Limited
(the “Company”)**

The following Section 172(1) Statement and Corporate Governance Report have been extracted from pages 5 to 13 of the Company’s Annual Report and Financial Statements for the year ended 3 July 2021. All references to “Group” in this document mean The Go-Ahead Group plc (registered number 02100855).

Section 172 of the Companies Act 2006 Statement

This report sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the board’s decision making throughout the year ended 3 July 2021.

The role of the board and how it operates

The board is responsible for creating and delivering long term sustainable value for the business. The board is accountable for balancing the varying interests of the business, including those of its ultimate parent, The Go-Ahead Group plc (the Group), plus those of its colleagues, customers and the communities it serves.

Further details of the board’s composition and how it operates is set out under Principle Two (Board composition) of our Corporate Governance Report which follows the strategic report in the Company’s 2021 Annual Report and Financial Statements (pages 4 to 8 of this document).

Board Governance

The board has chosen to apply the Wates Corporate Governance Principles for Large Private Companies for the year ended 3 July 2021. These principles provide a code of corporate governance for large private companies to raise awareness of good practice and over time to help to improve standards of corporate governance. They also support directors to meet the requirements of Section 172 of the Companies Act 2006 by providing guidance on the following areas:

- Purpose and leadership;
- Board composition;
- Director responsibilities;
- Opportunity and risk;
- Remuneration; and
- Stakeholders.

The Corporate Governance Report, which evidences how the Company applies the principles, follows the strategic report in the Company’s 2021 Annual Report and Financial Statements (pages 4 to 8 of this document) and is also available on the Company’s website: www.gonorthwest.com

Compliance with section 172(1) of the Companies Act 2006

The directors are mindful of their duty to promote the success of the Company for the benefit of its shareholder (an in turn the wider Group), whilst also having regard to the interests of a range of other stakeholders. In doing so, the board’s desire to act fairly for its shareholder, maintain a reputation for high standards of business conduct, and consider the long term consequences of the decisions they take, have underpinned the way it operates at the business. Further details are provided below:

Section 172(1)(a) and (e)- the likely consequence of any decision in the long term and desirability of the company maintaining a reputation for high standards of business conduct

At Go North West, actively listening to and engaging effectively with our wide variety of stakeholders is key to ensuring responsible decisions are made. Please refer to Principle 6 in the Corporate Governance Report on pages 6 to 8 of this document for further details on why and how we engage with our stakeholders and examples of how we responded.

We appreciate the need to ensure that the decisions we take create value for all our stakeholders and support creation of long-term sustainable value so that, ultimately, we can continue to be a vital part of the communities we serve.

The Group's devolved management operating model is a key feature of the board's decision-making process, with the Group executive directors acting as an intermediary during the year and ensuring there was two-way feedback between the Group Board and Company board. This approach supported the board performing its duties in compliance with the matters set out in paragraphs a-f of section 172 of the Companies Act 2006.

During the year, the Company completed a significant turnaround programme (RESET), which involved addressing outdated working practices through a new agreement with Unite the Union on driver terms and conditions. This involved significant industrial relations disruption including a 12 week strike between February and May and had financial implications, risks, and opportunities, which were the subject of considerable board discussion.

A continuing focus for the board has been the Company's response to the COVID-19 pandemic. This involved disciplined decision making to ensure we were able to keep services running through the most challenging of circumstances whilst safeguarding the health and wellbeing of our colleagues and customers.

The directors take the reputation of the Company seriously which is not limited to only operational and financial performance. The strong reputation and positive stakeholder relationships we have developed over many years have continued to be as important as ever, especially during the period of Unite strike action. During the year, the Company continued to work closely and collaboratively with key industry partners, such as Transport for Greater Manchester (TfGM), to find solutions which ensure that bus service provision remains at the right level, government policy is brought into effect, and transport operators receive funding to enable essential services to be delivered. We have been a key consultee on the Greater Manchester Combined Authority plans for franchising and worked with TfGM on the development of the Bus Services Improvement Plan (BSIP) as part of the National Bus Strategy.

The directors seek to ensure high standards of ethical conduct, honesty and integrity in our business practices. The board seeks to have a workforce that more accurately reflects diversity of the communities we serve. Please see Section 172(1)(b) section below for further details.

During the year, the board approved the Company's modern slavery statement (available on the Company's website). The board also considered the data, and narrative, relevant to the Company's Gender Pay Reporting in preparation for external publication, including proposed improvement plans to enhance performance.

Section 172(1)(b) – the interest of the company's employees

The directors understand the importance of the Company's employees to the long term success of the business. For further details on how the Company proactively engages with its workforce, please refer to Principle 6 in the Corporate Governance Report on pages 6 to 8 of this document.

Safeguarding the health and wellbeing of the Company's employees (and other stakeholders) remains the main priority for the board. During the year, we have continued to build on the precautionary measures to meet the challenges brought about by COVID-19. For example, in addition to the actions disclosed in our 2020 Annual Report and Financial Statements, we temporarily stopped issuing change to reduce the need for cash handling by our drivers, introduced testing for cleanliness on our vehicles, made depot adjustments to adhere to social distancing rules, improved sick-pay arrangements for staff absent due to COVID-19 and furloughed any employees who were categorised as 'Extremely vulnerable' to protect them and allow them to shield. Furthermore, we have introduced health and safety improvements such as improved lighting, a revised vehicle movement policy in depot, additional roof repairs, new lifting equipment, improved Hand Arm Vibration monitoring and improved fire doors.

Being an employer of choice is important to maintaining a high level of employee retention. The Company provides market competitive remuneration and comprehensive benefit packages. Colleagues are recognised and rewarded for their contribution and commitment. Please refer to Principle 5 in the Corporate Governance Report on page 6 of this document for further details on remuneration.

The Company's workforce is represented by trade unions and employee representatives and the board strives to foster positive working relationships with them. This has never been more vital than during the COVID-19 pandemic where the Company has continued to work alongside trade unions to keep colleagues informed and up to date on all government changes and safe working practices. This was given further focus through the RESET

programme. Company social media is also a constructive channel to engage with the Company's workforce and promote a two-way conversation.

The Company recognises the value of having an inclusive and diverse workforce, enabling all colleagues to reach their full potential, to be empowered and engaged with a strong commitment to personal development. Key focus areas during the year have been Certificate of Professional Competence (CPC) training for bus drivers, health and safety training and the 'Women in Bus' programme which is designed to support and empower female colleagues across the business.

Section 172(1)(c)- the need to foster the Company's business relationships with suppliers, customers and others

The board regularly reviews how the Company maintains positive relationships with all its stakeholders, including suppliers, customers and others.

The directors understand the importance of the Company's supply chain in delivering the long-term plans of both the Company and the Group. Through our Sustainable Supply Charter, we demonstrate high standards of integrity, responsibility and professional conduct. We endeavour to support our suppliers to improve the sustainability of their business. We support the Group's compliance and endeavour to pay suppliers in line with the Prompt Payment Code and when the reduction of supplier services has been necessary during the COVID-19 pandemic, we applied a fair and structured process in line with the Company's Sustainable Supply Chain Charter.

Customers are at the heart of the business and the board is dedicated to providing them with safe, convenient and reliable services. Customer satisfaction is a strong indicator of how well we are meeting customers' needs and the directors monitor this through annual surveys conducted by the independent watchdog, Transport Focus although this year's review was suspended due to the COVID-19 pandemic.

We conduct an annual survey of our key stakeholders to understand what they think about the business, what we do well and where we can improve further.

Please refer to Principle 6 in the Corporate Governance Report on pages 6 to 8 of this document for further details on how we engage with our customers and suppliers.

Section 172(1)(d) - the impact of the Company's operations on the community and environment

As a public transport operator, the Company has far reaching impact on the Group (as its ultimate parent Company) as well as its customers, employees, regulators and the communities it serves. The Company aims to align its business values, purpose and strategy with the social, economic and environmental needs of its stakeholders, embedding responsible and ethical business policies and practices in everything it does.

The board recognises that transport is essential to achieving the necessary targets to reduce carbon emissions and improve air quality. During the year, we continued the process of updating the fleet to meet the forthcoming Clean Air Zone in Greater Manchester by retro-fitting emission reduction systems to buses.

For further information on the impact of the Company's operations on the community and environment, please see our Corporate Governance Report on pages 4 to 8 of this document and our 2021 Sustainability Report available at www.go-ahead.com.

Section 172(1)(f) - the need to act fairly as between members of the company

The Company is owned 100% by Go-Ahead Holding Limited. However, the Company's ultimate parent company and controlling party is the Group.

The Group operates a devolved operating model. Whilst day-to-day management of the Group's activities, governance and oversight has been delegated to the Group executive directors, the directors of the Company both individually and collectively support them in this role and the Company is operated as an autonomous business unit. During the year, board meetings were held on a monthly basis with the Group executive directors

in attendance who scrutinised and challenged the local management's team execution of strategy. During the year, these more formal meetings were supported by several cross-business forums (such as health and safety, engineering, HR and diversity and inclusion) that served to facilitate the sharing of knowledge, ideas and best practice. This approach encouraged the right balance between local and Group initiatives and facilitated fair discussion and decision-making.

For details of how the Company engages with the Group, please refer to Principle 6 in the Corporate Governance Report on pages 6 to 8 of this document.

Corporate Governance Report

The board has chosen to apply the Wates Corporate Governance Principles for Large Private Companies for the year ended 3 July 2021. These principles provide a code of corporate governance for large private companies to raise awareness of good practice and over time to help to improve standards of corporate governance.

We have adopted the disclosure in our 2021 Annual Report and Financial Statements and set out below is how we have applied the Principles over the past year throughout our work.

Principle 1 – Purpose and Leadership

The board is guided by purpose of The Go-Ahead Group plc (the Group), which is “To be a local partner taking care of journeys that enhance the lives and wellbeing of our communities across the world”. Over the next year the board will consider how this purpose can be further localised to Greater Manchester. We will consult employees as part of those considerations.

The Company also adopts the core beliefs and attitudes of the Group. The core beliefs are trusting people, being can do people, building relationships and being one step ahead. The core attitudes are being accountable, down to earth, collaborative, and agile. These beliefs and attitudes are reflected in our communications style, training programmes, inclusion initiatives and assessed through employee engagement feedback. These beliefs and attitudes were embodied in our approach to the process of agreeing revised working practices for drivers with Unite during 2020 and 2021. To support our beliefs, in 2021, we launched a new training module on diversity and inclusion which is mandatory for all colleagues.

Our core strategy is to focus on building a profitable business, through being operationally strong, innovative and people centred. Revenues are generated from bus operations; 90% from commercially registered local bus services and 10% from tendered bus operations. Greater Manchester has plans to move to a franchising model which will mean contracts worth c.£235m available to bid for over the next three years. These are a key target for Go North West.

During 2021, the Company was also heavily supported by government funding to maintain service provision during the COVID-19 pandemic. In July 2021, we welcomed the Department for Transport's (DfT's) commitment to continue to provide funding for regional bus services in the coming months while passenger volumes remain suppressed. It is critical that a full timetable of services is available so people can continue to travel safely and conveniently on reliable bus services as restrictions begin to ease. Government support is also essential in preserving the bus network which will be vital in supporting societal and economic recovery in months and years to come.

Principle 2 – Board Composition

For the year ended 3 July 2021, the Board comprised the Group Chief Executive and the Group Chief Financial Officer (the Group executive directors), the Managing Director and Operations & Commercial Director.

Following the year end, Elodie Brian resigned as Group Chief Financial Officer and a director of the Company with effect from 27 September 2021. She was replaced in these roles by Gordon Boyd who was appointed as Interim Group Chief Financial Officer and director of the Company with effect from and including 28 September 2021 up to and including 28 March 2022 when he resigned. David Brown retired as Group Chief Executive and director of the Company with effect from 5 November 2021 and was succeeded in these roles by Christian Schreyer with effect from the same date. Christian Schreyer resigned as director of the Company with effect from 10 June 2022 and was replaced as a director of the Company by Martin Dean with effect from the same date.

All directors on the Board during the year were full time employees of either The Go-Ahead Group plc (the Group) or the Company. This size and composition of the Board are appropriate for our business and ensures that the Board has the appropriate balance of skills, knowledge and experience.

During the year, the Managing Director reported to the Group executive directors directly on day-to-day management issues including risk and was responsible for ensuring compliance with the Group's policies and procedures. The board is committed to developing a more diverse workforce, including at the most senior levels. For further details on the work undertaken on diversity and inclusion throughout the year, please see our Section 172 Statement on pages 1 to 4 of this document.

The board believes that continuous director training and development supports board effectiveness. With the ever-evolving regulatory landscape in which the Company operates, it is critical that the board maintains a good working knowledge of the transport sector and how the Company operates within its sector, as well as being aware of recent and upcoming developments in the wider legal and regulatory environment. To assist the board in undertaking its responsibilities, regular presentations are provided from senior management. Where required, support is also provided from Group Company Secretariat.

Whilst a formal board evaluation does not take place, the Group executive directors' individual effectiveness was assessed as part of the Group's wider annual review. The individual director effectiveness for the other directors was assessed by functional key performance indicators and formal appraisal interviews.

Principle 3 – Director Responsibilities

During the year, the board held eleven scheduled meetings a year with all directors expected, wherever possible, to attend all board meetings. The board receives regular and timely information (at least monthly) on all key aspects of the business including financial performance and KPIs, capital expenditure, contracts and tendering/franchise bidding, health and safety, operating and engineering performance, people and engagement, market and competition and industrial relations.

The Group Board reviews governance processes, including policies and procedures, on at least an annual basis to ensure that these remain appropriate. The Company complies with the Group Policies and Procedures Manual and reports its compliance to the Group annually on a self-certification basis. This also includes an Operating Company Board Procedures Manual which sets out formal procedures for the working of the board, delegated authorities, the timely provision of appropriate information and the duties and responsibilities of directors, including standards of conduct and compliance. This Operating Company Board Procedures Manual is based on the Manual used by the Group.

The board has established robust procedures for ensuring that its power to authorise conflicts of interest is operated in accordance with the Companies Act 2006. All directors are required to make the board aware of any other commitments and actual/potential conflicts of interest that could interfere with their ability to act in the best interests of the company. Situations considered by the board and authorisations given are recorded in the board minutes. The authorisations are for an indefinite period, but the board retains the power to vary or terminate the authorisation at any time. The board believes that this system operates effectively.

The board believes in equal opportunities and apply fair and equitable employment practices. All employees should be treated with respect and that their health, safety and basic human rights should be protected. All our colleagues are required to adhere to our Anti-Bribery and Corruption Policy.

Principle 4 – Opportunity and Risk

The board seeks out opportunity whilst mitigating risk. Opportunities for long-term value creation are identified through monthly board reviews, engagement with external stakeholders and regular strategic business reviews performed by local management. In addition, we carry out an annual corporate planning process which seeks to identify and prioritise areas for investment and focus.

For example, this year we have undertaken a major modernisation to driver working practices, which resulted in significant efficiency savings. We have also significantly increased our portfolio of local bus tenders. We have also been a key consultee to Greater Manchester Combined Authority on Franchising and identified significant upcoming opportunities. The board tracks key risks which this year have revolved around COVID-19 and, more recently, the national driver shortage and we have put measures in place to tackle these.

A summary of the Company's key principal risks and mitigations are as outlined in the Strategic Report.

Ultimate accountability of risk identification and management lies with the Managing Director, supported by the Operations & Commercial Director.

During the year, the assessment of key principal and emerging risks was embedded within the day to day operations of the Company. Such assessments were consolidated and reviewed as part of monthly board reporting as well as being reported to the Group twice a year in accordance with full year and half year results reporting. As part of this reporting process, risk reports were completed which outlined the key principal and emerging risks facing the Company, provided an explanation of the procedures in place to mitigate and manage such risks and prioritise the most important risks from both an inherent and residual perspective. These reports were then discussed with the Group executive directors at bi-annual risk board meetings with discussion focused on the most important risk and control areas within the business. Following such meetings, the Group executive directors reported to the Group Audit Committee with final approval being granted by the Group Board for key risks that could have a material impact on the Group performance, strategy or business model.

During the year, the level of risk the Company was willing to take to achieve its strategic objectives, together with the level of risk shock that it could withstand was aligned with that set out in the Group's risk appetite statement. The Company benchmarked its bi-annual risk reporting against the Group's risk appetite statement, with any key risks being identified and discussed with the Group executive directors at bi-annual risk board meetings.

Principle 5 – Remuneration

Remuneration arrangements are based on the principles that reward should be sufficient to attract and retain high calibre directors, senior management and the wider workforce.

For the Managing Director, remuneration is determined by the Group Board in line with the Group's Senior Management Remuneration Policy. Remuneration for the Operations & Commercial Director is agreed between the Group Chief Executive and Managing Director. Remuneration is structured to support both the financial objectives and the strategic priorities of the Group in a manner which is aligned with shareholders' and stakeholders' long-term interests. The directors' remuneration is disclosed on page 32 (note 7).

During the year, the Group executive directors were remunerated by the Group. For further details of the remuneration policy which applied to the Group executive directors together with details of the remuneration paid to them in the 2021 financial year, please see pages 108 to 142 of the Group's 2021 Annual Report and Accounts.

Remuneration for senior management and office/administrative roles is determined by the Recruiting Manager and Managing Director, with input from HR to ensure consistency. Remuneration for bus drivers and engineers is driven by a collective bargaining process. This approach allows for the Company's local management team to set priorities and adjust remuneration to meet specific demands, taking into account the labour market, workforce aspirations, operating conditions and competitor activity.

During the year, the board considered the data, and narrative, relevant to the Company's Gender Pay Reporting in preparation for external publication, including proposed plans to enhance performance. In Go North West Limited, the mean gender pay gap is 18.7% which is higher than the national statistics of 14.4%. The median gender pay gap is 15.0% which is similar than the national statistics of 15.4%. The mean bonus pay gap is zero given the Company does not operate a bonus scheme.

Principle 6 – Stakeholders

The board is clear on the importance of good governance and effective communication to deliver our purpose and to protect the Company's brand, reputation and relationships with all our stakeholder community including the Group, workforce, customers, Transport for Greater Manchester (TfGM), suppliers and the local communities in which we work. The board believes that listening and engaging effectively with our key stakeholders is critical to ensuring that the right decisions are made which consider their needs and priorities.

The Go-Ahead Group plc (the Group)

The Group is the Company's ultimate parent. Effective communication and proactive engagement with the Group is paramount in establishing a mutual understanding of both the Company's and the Group's wider objectives. The Group executive directors, who also sat on the Company's board during the year, formed the primary

communication route between the Company's board and the Group Board. This facilitated effective open, transparent and two-way engagement, the feedback from which forms part of the board's strategic discussions.

In addition to monthly board meetings, each director attends group wide forums such as the Finance Directors Forum, Operations Directors Forum and Commercial Directors Forum. These individual forums feed into the Bus Business Steering Group (BBSG) attended by all bus managing directors. They have proven invaluable during the COVID-19 pandemic helping to shape the Company's response and actions through sharing knowledge and lessons learnt from across the Group and improving collaboration.

Workforce

The Company regularly communicates to its employees in a variety of ways such as, for instance, internal media, an employee app ('Blink'), newsletters and business updates. Additionally, joint company council meetings (known as 'Team Q Meetings') are held four times a year which provide a positive way to develop positive employee relations with the workforce via the Trade Union post-TUPE process.

The board considers the results of all employee engagement surveys a good barometer of the workforce's confidence in the Company's strategic direction, optimism in the future and career opportunities. Annual "pulse" surveys are now planned to allow colleagues to provide honest feedback about their experience of working at the Company, the results of which provide a measure of colleague engagement and help us identify areas of improvement. A detailed colleague survey was held on the RESET process and the results communicated widely e.g., back to colleagues, with the board and shared with stakeholders.

The Company has a formal whistleblowing policy in place where employees can, in confidence, raise legitimate concerns about wrongdoing within their workplace. This policy is reviewed by the board on an annual basis, with this year's review confirming that the policy remains fit for purpose and enables a good level of communication with colleagues at all levels of the business. The Company makes use of intranet sites, notice boards and induction processes etc. to ensure that employees are fully aware of the process for raising concerns and providing a safe and secure environment for doing so. Employees also have access to an open-door policy with HR. The company also provides an app, Hapi, which gives employee benefits but also provides services to improve mental health, such as 24/7 telephone services.

Customers

We build our relationships with our customers through passenger-facing colleagues, customer events and social medial channels. Our customers' needs are constantly evolving, and these interactions enable us to better understand the needs of our customers. Social media plays an increasing role in our communication and engagement with our customers, providing a platform for customers to engage with the Company and for the Company to understand the needs and demands of our customers.

During the year, we launched a brand-new app to attract customers back to our services as COVID-19 restrictions eased. The app offers many new and improved features, making planning and using the bus even easier for customers. Such features of the new app include service disruption information, new flexible ticketing options, better live tracking showing seating availability, digital timetables and easier to navigate menus. The app also drives better customer engagement as it has the functionality to provide feedback or ask questions through the app allowing our Customer Services team to provide instant feedback. Not only does the app provide our customer with a far better customer experience, it also provides enhanced security features.

Transport for Greater Manchester (TfGM)

The Company has many day-to-day interactions with TfGM and we are both very dependent upon each other. Regular meetings are held with TfGM at various levels throughout the organisation. The topic of these meetings varies but key themes are: ENCTS, Our Pass, the Manchester Free Bus, other tendered routes.

Suppliers

Our suppliers are fundamental contributors to the success of our business. Regular meetings are held to manage relationships, understand challenges and to source, identify and implement new solutions and alternative ways of working. Having strong supplier relationship management with our key suppliers, particularly of parts and materials, has helped us to reduce costs and improve the reliability of our fleet. In 2021, the Group launched a new supplier assurance process to manage and onboard new suppliers building on the Cognate platform launched in 2019. This new process not only provides the Company with a validated pool of high-quality suppliers, it also makes the supplier onboarding process smoother and simpler for both Go North West and the suppliers.

Local authorities

Working closely with local authorities enables us to contribute our private sector experience and expertise to the public agenda and produce better policy outcomes and service delivery. We have a constructive and strong relationship with the local authorities in which we operate. Collaboration is built through regular discussion and meetings in order to discuss local short-term priorities as well as to understand the long-term strategic agenda.

During the year, we continued to engage with our external stakeholders, such as local authorities and local politicians, through regular meetings to keep them informed on all of the actions taken by Go North West in response to the COVID-19 pandemic.

The Company welcomes the Government's new bus strategy and investment commitment that will align councils' and highway matters with buses for the benefit of passengers, our towns and communities and air quality.

Local communities

Public transport is critical to the functioning of society and has been fundamental in supporting communities through the COVID-19 crisis and other emergencies.

In making decisions, the board considers how the Company's activities may impact both current and future stakeholders, which, for example, could include impacts on the environment. Further details are provided in our section 172(1) statement on pages 1 to 4 of this document.