



SAFETY

We are pleased to report that during 2005 we continued to reduce the risk of passenger and employee injuries across our operations through the setting of specific targets for each of our businesses, dependent upon their risk profile.



Following the launch of the Group's first combined Health, Safety and Environment Plan in 2004, the 2005/06 plan seeks to encourage continuous improvement. During 2005, the Group's safety philosophy, policy and resources were reviewed by an independent third party, Arthur D Little. This report concluded there were many positive aspects to the Group's approach, however several recommendations, relating to the setting of targets to improve safety performance, have been made and will be implemented during 2006.

Corporate

Goals for 2005

- ♦ Reduce the risk of passenger major injury to no greater than 1 in 7.5 million passenger journeys
- ♦ Reduce the risk of employee major injury to no greater than 1 in 750 employees
- ♦ Roll-out of assaults on staff policy across all subsidiaries
- ♦ Roll-out of drugs and alcohol testing

Progress in 2005

- ♦ During the year we continued to reduce the risk of passenger and employee injuries
- ♦ Roll-out completed in April 2005
- ♦ Completed in UK divisions in Autumn in 2005. To be reviewed again during 2006/07

Objectives for 2006

- ♦ Introduce recommendations arising from independent safety audit report
- ♦ New 'random' drug and alcohol screening to be rolled out across all divisions

Coaches

Goals for 2005

- ♦ Expansion of detailed driver competence systems
- ♦ Introduction of defensive driving training programmes
- ♦ Implementation of more sophisticated CCTV systems
- ♦ Coach driver fatigue research to be undertaken

Progress in 2005

- ♦ New coach driver competence systems introduced, with launch of defensive driver training programmes. To be completed by 2008
- ♦ New driver training system introduced
- ♦ All new coaches fitted with CCTV
- ♦ Programme of research undertaken to look at shift patterns, medical standards, routing and vehicle design elements
- ♦ Completion of noise and stress risk assessments across the workforce. These identified a number of areas of good practice, plus areas for improvement which are being addressed

Objectives for 2006

- ♦ Further roll-out and refinement of defensive driving programme and competence management system
- ♦ Implementation of practical measures to assist in reducing the effects of driver fatigue
- ♦ Assessment and training for vehicle evacuation
- ♦ Standards and guidance for the use of DDA accessible vehicles and wheelchair restraint systems
- ♦ Roll-out of accident investigation training

Each year, health and safety targets are set by each operating company. The responsibility for delivering these rests with the Managing Director of the company concerned. The Group's safety function reviews and challenges those targets as necessary. In 2005 the focus was on building consistency into divisional programmes and ensuring the safe integration of businesses that had been acquired during the year.

The Group's Health and Safety Plan focuses on the following:

- Policy, philosophy and resources
- Monitoring of operating company plans
- Competence and safety management system developments
- Personal security
- Defensive driving and accident prevention
- Occupational health and safety
- Risk modelling
- Management of change
- CCTV
- Auditing of the safety process

Public transport was in the spotlight as a result of the terrorist attacks in London during July 2005 and subsequent scares around the country which involved our operations. Whilst our services were not directly targeted, all our operations both into and out of London dealt with the aftermath. In London, our wagn and 'one' employees were crucial in assisting members of the public to reach their destinations when many normal routes were not operating. We believe that the training and commitment of our employees is fundamental to their ability to respond to the challenge of such large-scale events. We continue to communicate the need for vigilance by both our employees and our customers.

This year Ray O'Toole joined the British Transport Police Authority as an Authority member. BTP is one of the Group's key stakeholders. We believe this appointment will result in further enhancements to the support BTP provides to the rail industry.

Buses

Goals for 2005

- ♦ Expansion of detailed driver competence systems
- ♦ Introduction of defensive driving training programmes
- ♦ Implementation of more sophisticated CCTV systems

Progress in 2005

- ♦ Commenced and to be completed by 2008
- ♦ Research into defensive driving training programmes conducted
- ♦ Pilot of Drive-Cam commenced with planned roll-out to all subsidiaries scheduled

Objectives for 2006

- ♦ More route risk assessments to be undertaken
- ♦ Expansion of occupational health initiatives in garages
- ♦ Introduction of driver competency mystery shopper scheme
- ♦ Pilot of new digital CCTV equipment with roll-out during 2007/2008

Trains

Goals for 2005

- ♦ Continued focus on reducing train signals passed at danger (SPADs)

Progress in 2005

- ♦ 21% improvement in performance in 2004

Objectives for 2006

- ♦ Continued focus on reducing train SPADs
- ♦ Continued focus on level crossing accident reduction in partnership with Network Rail
- ♦ Implement independent report recommendations on train driver competence management

North America

Goals for 2005

- ♦ Roll-out "Train the Trainer" programmes in North America to ensure consistent standards

Progress in 2005

- ♦ Underway with completion scheduled for early 2006
- ♦ Commenced introduction of segregation of vehicle & pedestrian safety zones (SVPSZ) project

Objectives for 2006

- ♦ Introduce an updated safety audit system to ensure a robust, consistent approach across all North American operations
- ♦ Complete SVPSZ implementation