

# Our Vision and Values drive our ambition

## Our Vision and Values

Our Vision and Values have been in place for a number of years now and guide how we operate. They are a fundamental statement of who we are as a business and as our Chief Executive repeatedly reminds us: are crucial to our future success.

Our Vision is to earn the lifetime loyalty of our customers by consistently delivering frequent, high performing public transport services which offer excellent value.

Our Values guide how we deliver this Vision.

### Our values

-  **Excellence**  
We constantly strive to be excellent in all that we do
-  **Safety**  
We only do what is safe and stop any unsafe behaviour
-  **Customers**  
We place them at the heart of our business and relentlessly meet their expectations
-  **People**  
We develop the talents, reward the exceptional performance and respect the rights of all our employees
-  **Community**  
We are active in the communities we serve to generate economic, social and environmental value



**Our Low Fare Zones in our UK bus business have bucked national trends and radically cut some fares and generated significant passenger growth where they have been implemented.**



## Excellence

As a business we recognise that our ability to please our existing customers and attract new ones, is dependent upon us delivering the services they want at prices they can afford.

Although we have invested in a number of acquisitions in recent years, we remain focused on driving organic growth within our business. We will only do this by attracting more passengers and customers by running the services they want at prices they value, in an efficient way. In short, by achieving operational excellence, day-in, day-out.

This is why we have an Excellence value and it requires us to 'constantly strive to be excellent in all that we do.'

These are not just words: the business' commitment to excellence and industry-leading performance is reflected in the investment and initiatives outlined under the other Values. It is also evident in the fact that we carried more passengers in our UK coach and ALSA operations in 2017, driven by our Revenue Management Systems that allow sophisticated and targeted pricing for passengers in real-time. Equally, our Low Fare Zones in our UK bus business have bucked national trends and radically cut some fares and generated significant passenger growth where they have been implemented.

Indeed, overall in 2017 we carried over 882 million passengers, up 1.2% on a continuing basis, on 2016.

This nimble and granular approach is entirely in line with our Vision of earning the lifetime loyalty of our customers by consistently delivering frequent, high performing public transport services which offer excellent value. It is also at the heart of our excellence value and we believe the way that we will drive growth and improve returns for shareholders.

It is pleasing therefore that our excellence was also recognised by outside bodies and organisations. Among many awards, Kings Ferry won the Large Fleet Operator of the Year award at the UK Coach Awards. Our customer service and safety awards are set out below. And our UK bus, coach and ALSA's Spanish operations now hold a five-star European Foundation for Quality Management accreditation, one of the world's leading excellence accreditation bodies.

Last year we introduced our Delivering Excellence programme. We are now able to report on a full year of the programme. Delivering Excellence is designed to help fully embed a culture of excellence across the Group by drawing on examples of best practice both within our existing businesses and also adopting them from external organisations. It also combines as a development opportunity for high-potential managers with them spending up to six months to interrogate specific business practices and make recommendations for improvement.

In 2017, the Delivering Excellence teams conducted detailed reviews of driver recruitment, training, management and utilisation. These reviews have resulted in the introduction of new Group-wide standard operating excellence procedures and also generated savings for each business' 2018 budget. This programme will continue in 2018 with new intakes of high-potential managers and new projects.

### Our Values and policies support our stakeholder engagement

Stakeholder area	Policies/activities in place	Value supported	Risks impacted	 See Risk, <b>p38-40</b>
<b>Environment</b>	Group Environmental	 	<b>02</b>	
<b>Employees</b>	Health and Safety, Equal Opportunities and Diversity, Workplace Rights, Disability	 	<b>05 06</b>	
<b>Society and community</b>	Health and Safety, Purchasing, National Express Foundation, Group Cyber Risk	  	<b>05 08</b>	
<b>Human rights and corruption</b>	Human Rights, Modern Slavery, Whistleblowing, Anti bribery and corruption	 	<b>02 05 06</b>	

For more information see <http://www.nationalexpressgroup.com/our-way/>



Deputy Chairman Jorge Cosmen receives the Fundación MAPFRE Award for Best Accident Prevention Initiative from Her Majesty Queen Sofia of Spain



## Safety

We make no apologies for repeating every year that safety remains the highest priority for our business. It is the first agenda item for weekly executive team calls, all executive boards and the PLC Board.

Overall responsibility for safety sits with Dean Finch, Group Chief Executive, and our Divisional Managing Directors who set our annual plans and priorities for improved performance. We have also retained Arthur D Little as our independent external safety advisers.

We have 12 Global Safety Standards which set out the clear behaviours and minimum standards which we expect all our staff to demonstrate at all times. During 2017, we also enhanced these standards with five new Global Safety Policies:

- Speed management
- Driving evaluation
- Competency of driving evaluators
- Driver monitoring
- Driver performance management

Each of these new policies targets critical areas for further improvement in our safety performance. Each division has until 2020 to devise comprehensive plans to deliver against them in full. Many are already making good progress on a number of them. Performance and implementation is reviewed in a quarterly meeting of Managing Directors chaired by Dean Finch.

We are pleased that we have delivered significant improvements on our industry-leading safety measure: Fatalities and Weighted Injuries (FWI) index. As Figure 2 demonstrates, since the introduction of Driving Out Harm in 2010, we have seen a 74% reduction in our FWI score per million miles operated. The annual figures are reported in our KPI section on page 13. During 2017, senior managers conducted 697 safety tours across the Group (2016: 774). The lower number of tours last year compared to 2016 is as a result of the sale of the c2c rail franchise in February 2017.

We have also invested in industry-leading safety technology to help us achieve our objective of removing all responsible harm from our business. Lytx DriveCam smart safety cameras are an example of this. The cameras are now fully installed across our UK fleet. We have accelerated installation programmes in place in North America and

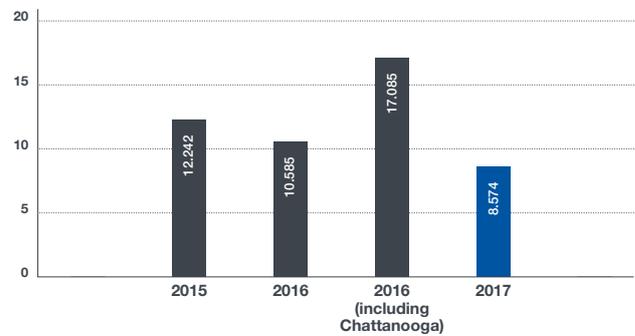
ALSA: North America has 6,351 vehicles with the cameras and targets around another 10,000 by the end of the year; ALSA has 150 vehicles installed, with a target of over 1,000 (around 45% of the Spanish fleet) by the end of the year.

Technology is, however, only part of the resource required to improve safety standards. We have comprehensive management systems in place to use the data generated by these smart cameras to tailor training and improve overall standards. We are already seeing encouraging early reductions in 'event severity', where the smart safety cameras have been in place the longest. So with the significant further roll out programme in 2018, we expect to reap further driving standards, safety and cost benefits over the next couple of years.

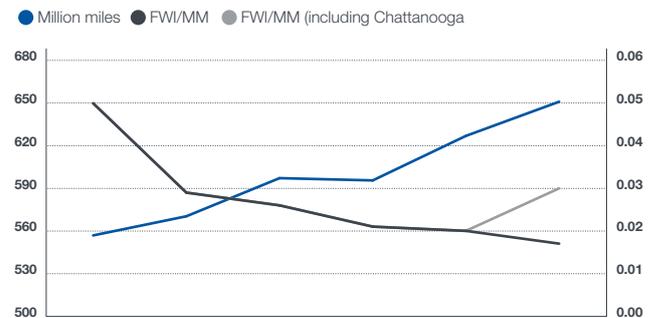
Our safety performance and leadership are also receiving significant external recognition. Both UK bus and coach received five-star British Safety Council scores, and their highest honour, the Sword of Honour. Indeed, our UK bus operations' score of 97.4% was the highest in the transport industry. Our UK coach business also received a ROSPA Gold Award. ALSA received two awards from MAPFRE: the 'International Road Safety' and 'Best Initiative in the Prevention of Accidents' awards. Our North American school bus business has again received the highest possible safety rating from the Federal Motor Carrier Administration.

In the aftermath of the tragedy in Chattanooga in November 2016, we have sought to learn any appropriate lessons and also take considerate actions in the local community. We have, of course, continued to support the families of those involved as well as co-operate with all the relevant authorities, including the ongoing National Transportation Safety Board investigation. In the local community we have donated to local groups and funded a new home being built through Habitat for Humanity.

Safety figure 1: Fatalities and Weighted Injuries ('FWI')



Safety figure 2: Million miles (mm) vs FWI trend





## Customers

As our Vision makes clear, customers are at the heart of our business. This is as it should be: we are a public transport company. But delivering against this Value also shapes the types of services we operate. It has not always been true that public transport companies operated services their passengers wanted. Rather, there was a culture in some places of running the services the operator found most convenient and customer demand was an afterthought.

This is why it is particularly pleasing that our businesses have again demonstrated their industry-leading customer service credentials in the year. Both our UK bus business and ALSA have achieved record customer satisfaction scores in 2017. UK bus' customer satisfaction score of 87% in the independent Transport Focus survey was up 1% year-on-year and equalled their best-ever result. ALSA's 7.4 out of 10 was up 4.8% year-on-year and a new record. ALSA also won the IZO 'Best Customer Experience for the Transport Industry' award, the largest satisfaction survey conducted in Spain.

North America has now consistently delivered customer satisfaction scores above 90% for many years; this year it achieved 91.2%. Our UK coach business' customer satisfaction score was up three percent to 86%, with the independent Temkin Group Net Promoter Score index ranking National Express fourth in its select group of companies.

We are also investing to further modernise our services for our customers' benefit. We have started to roll out the largest contactless ticketing network in the UK, outside of London: our West Midlands bus services will have this system fully in place in April. It is clear that a significant – and growing – number of passengers prefer these new methods of payment compared to the correct cash fare required previously. In the last year alone, the number of journeys made using an m-Ticket on one of our West Midlands buses went from virtually zero to 10% by the end of 2017.

We are also investing in our websites and customer apps. [www.nationalexpress.com](http://www.nationalexpress.com) is now the highest placed land transportation company website on Google's crucial optimisation score ranking system. During 2017, we launched new apps in: North American transit, paratransit and school bus; ALSA; and the UK coach business. We will be launching new apps across many of our other businesses in 2018. Again, this nimbleness and constant review of and investment in the effectiveness of our services is at the heart of our Vision and Values as a company.



In our UK bus business we have started the roll-out of the largest contactless ticketing network in the UK, outside of London



## People

We have asked Tom Harris, the ex-Transport Minister and Labour MP, to review our delivery against our People Value for the last three years. A summary from Tom is included to the right. It is a demonstration of our seriousness to our People Value and doing all we can to deliver on it for our staff, that we open ourselves up to independent critique in this manner. Tom's three reports can also be found on our Group website.

We have led the industry in a number of aspects of our People Value. Our Master Driver Programme goes from strength to strength, recognising the driving achievements of our staff and serving as an excellent engagement programme. Master Driver provides a framework to measure the performance of drivers and recognise and reward those with impeccable safety and customer service records as well as excellent driving skills. Across the Group, we now have 728 Master Drivers and 903 Advanced Drivers. We have also recently created a similar programme for engineers and technicians and will be rolling this out in 2018.

Our commitment to the higher Living Wage Foundation Living Wage is long-standing and growing. Our UK coach business will shortly target accreditation by the Living Wage Foundation. The UK bus business continues to pay the higher Living Wage and receive the Living Wage Foundation accreditation. Our policy remains the same across the Group as a whole: where widely recognised and understood national Living Wages are not in place, we commit to pay at least 10% above the prevailing national minimum wage.

We have a number of policies in place to protect the rights of our employees. Our Workplace Rights Policy and Human Rights Policy have been in place for a number of years and are published on our website. We investigate and take appropriate action to deal with any alleged breaches of these policies. Wherever our employees choose to be represented by unions, we actively seek to maintain relationships based on mutual respect and transparency.

We recognise the importance of the provisions of the Modern Slavery Act, which came into effect in 2015. The Group has a zero tolerance approach to modern slavery and human trafficking and remains committed to strengthening its practices to uphold that approach. We are committed to acting ethically and with integrity, and to implementing and enforcing effective systems and controls which ensure slavery and human trafficking are not taking place in our business or supply chains.

One example of this is our implementation of a new Modern Slavery Policy which is published on our Group website. Our first Modern Slavery Statement, which set out all steps taken by the Group to ensure that there is no slavery or human trafficking in our business or supply chains, is available on our website. We review the effectiveness of the steps we have taken each year and report on these in subsequent statements each year. Accordingly, we will be publishing a signed copy of the Group's second Modern Slavery Statement on our website during the year.

### Independent review of the people value

I have conducted three independent reviews of National Express' People Value. In the first and third years this involved visiting a number of locations in North America, Spain and the UK; last year I conducted a desktop review. Every year I have had free, unencumbered access to any document, person or location I have asked to see, talk to or visit. I have been consistently impressed by what I have found. National Express is clearly a company that places a great emphasis upon its People Value, recognising the crucial importance of investing in their staff to achieve the high corporate standards to which they aspire. All of my reports have made recommendation for further action, to provide even greater support and opportunities for staff. I am delighted they have been so readily acted upon and commend National Express for its commitment and leadership in this area.

**Tom Harris**

Independent People Value Reviewer, March 2018



Our international NX Network provides a framework for the development of our graduate and high-potential managers

It is our policy to conduct all of our business in an honest and ethical manner. As a Group we do not tolerate bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, and to implementing and enforcing effective systems to counter bribery and corruption. We have a Group anti-bribery policy which is available on our website and last year we implemented a refresh programme, which included an e-training module, to remind employees how to prevent, detect and report suspicions of bribery through our whistleblowing hotline. During the course of this year, we have also developed and implemented a revised gifts and hospitality policy to give further guidance to employees.

### Employee, senior management and director numbers by gender at end of 2017

	Male	Female
Director	10	2
Senior managers	54	13
All employees	27,653	19,418



### Community

Being active in the communities we serve is very important to National Express. We are not simply passive providers of services. We play a crucial role in supporting the local economy, helping people access jobs and see their friends and family. Our staff also live in the communities we serve.

The National Express Foundation is a significant and growing part of our community activity. In 2017, National Express Group provided £150,000 to the foundation. In 2018, this will be doubled to £300,000. This significant level of commitment is unique in the transport industry and is testament to the seriousness with which National Express Group takes its community responsibilities.

The National Express Foundation supports community groups working with young people and also students who would otherwise be unable to pursue further or higher education because of financial challenges. Since 2012, the foundation has supported over 14,200 people; in 2017 alone, the funding helped nearly 3,000.

Within our divisions there are also many different community activities. Some highlights are:

- UK coach's Youth Promise, including support to the Prince's Trust. This has involved mentoring, volunteering and hosting work experience placements.
- ALSA supports a number of foundations, including Foundation Integra, which supports people with a disability and those who are at risk of social exclusion, gain access to a job.
- In North America more than 50 depots have held 'Stuff The Bus' events, filling school buses with donations from employees and the local community to support those most in need.



Our team in Waterbury, Connecticut, were overwhelmed by the response to their appeal to help victims of Hurricane Maria in Puerto Rico. More than 40 school buses were filled with donations

## Environment

Our environmental performance is a key measure for us as a business. This is principally for three reasons. First, it is the right thing to do. We recognise the crucial importance of climate change and the responsibility of all sectors of society in doing all they can to reduce their emissions and impact. Second, a company with ever reducing emissions and waste is a well-run, efficient company. And third, both of the first two points are reflected in our Values. The environment is both a community Value, but also relevant to all of the others: well-run, and efficient company (excellence, people and customers) and reducing harm (safety).

It is because of these considerations that we set such stretching targets in 2014. They demonstrate our commitment to our Values, to be a good company in the communities we serve and to be an efficient operator.

### Overview

Against our 2013 baseline, by 2017 we have made excellent progress on our traction energy, water and total carbon emissions targets, some limited progress on our site energy target, and we have not made progress on our waste target.

We are delighted to have again (at the end of 2016) been accredited at Gold Standard for The Carbon Saver scheme. This award is made for two years and is due for renewal at the end of 2018. A number of other awards were earned throughout 2017, particularly in National Express West Midlands. We continue to engage staff in delivering these targets, with fleet efficiency and improving miles per gallon remaining a key deliverable in all divisions. Significant improvements continue to be maintained through fleet investment, technology and improvement in driving skills.

We remain committed to working in partnership with our stakeholders and partners to mitigate the impact of climate change and the Group continues to maintain full environmental legislative compliance, with zero prosecutions, enforcement notices or reported violations.

### Driving Excellence in Environmental Performance – KPIs Targets 2014-2017

In 2017 specifically, we made good progress on our performance targets, significantly exceeding our targets for water use and total carbon emissions improvement. Traction energy and site energy both reduced year on year from 2016, and while there are still improvements needed in site energy, 2017 saw the first year that emissions fell below the baseline year. The accuracy of waste data reporting continues to improve and while this indicates a slight increase year on year from 2016, we now have two full years of accurate data from which to base our targets for the next KPI period.

KPIs: 2014-2017	Metric	2013 (baseline)	2014	2015	2016	2017	Percentage change 2013-2017	Year on year % change 2016-2017
Traction: 3% reduction in energy use (fuel and electricity) use per pass.km (for comparison) all business units	MWh/million passenger km	80.74	82.70	76.09	73.85	<b>69.88</b>	<b>-13.45%</b>	<b>-5.38%</b>
Site: 20% reduction emissions (fuel use only)	tCO <sub>2</sub> e	40,049	42,016	43,050	42,466	<b>40,615</b>	<b>1.41%</b>	<b>-4.36%</b>
Waste: 80% reduction in non-hazardous waste to landfill	metric tonnes	5,750	5,357	5,648	7,449	<b>7,676</b>	<b>33.50%</b>	<b>3.05%</b>
Water: 10% (m <sup>3</sup> ) reduction in consumption	m <sup>3</sup>	n/a	1,008,363	978,922	514,821	<b>510,167</b>	<b>-49.41%</b>	<b>-0.90%</b>
Total carbon emissions: 4% reduction in carbon emissions per pass.km	tCO <sub>2</sub> e per million passenger km	23.69	24.11	22.55	22.01	<b>20.43</b>	<b>-13.75%</b>	<b>-7.18%</b>

### KPI performance

Our Group environmental performance against a particularly robust and ambitious suite of KPIs has delivered some strong results. Striving to meet those targets is key but equally important is the continued improvement in the accuracy of the data set and quality of our reporting.

The inclusion of UK coach third-party contracts in the data collection has continued for 2017, as well as for National Express owned operations and combined with the significant reduction of estimated data has improved our transparency in reporting. We remain committed to meaningful improvement in these areas. Water consumption data is now over 80% actual, vs 85% estimated in 2013.

There is a growth in passenger kilometres of 5.8% YOY 2016 to 2017 which is accompanied by a decrease in total carbon emissions per million passenger kilometres of 7.18% for the same period. This demonstrates that focus on improving the ratio of change is a meaningful target that should be considered for the next KPI period.

The targeted reduction in site emissions has not been met. It is encouraging however that even with increased consumption and the significant growth in our North American division, the Group has reported its lowest emissions since 2014, and a 4.36% reduction compared to 2016. Total site emissions for the Group excluding North America have actually decreased from 22,558 tCO<sub>2</sub>e in 2013 to 16,353 tCO<sub>2</sub>e in 2017 – a reduction of over 27%.

It is clear from our performance over this period that the levels of non-hazardous waste to landfill need to significantly reduce. Waste data has only been available for UK coach for the last two years, and with the data set now accurate we must start to demonstrate a real improvement in waste stream recycling in the next KPI period.

## Greenhouse Gas (GHG) Emissions

Strong performance in 2017 saw a 4.07% decrease in total emissions for the Group from 904,656 tCO<sub>2</sub>e in 2016 to 867,870 tCO<sub>2</sub>e. With the increase in passenger kilometres of 5.8%, this represents a YOY decrease in tCO<sub>2</sub>e/million passenger kilometres of 7.18%, and a total decrease from 2014 baseline of 13.75%.

Global GHG emissions data for calendar year 2017

Emissions from:	2014	2015	2016	2017	
	Tonnes of CO <sub>2</sub> e	% (2017 vs 2014)			
Combustion of fuel & operation of facilities (GHG Protocol Scope 1)	754,859	771,922	779,929	<b>801,061</b>	
Electricity, heat, steam and cooling purchased for own use (GHG Protocol Scope 2)	67,186	66,317	95,107	<b>60,682</b>	
Other upstream emissions (GHG Protocol Scope 3)	8,228	8,257	9,620	<b>6,127</b>	
<b>Total*</b>	<b>830,273</b>	<b>846,946</b>	<b>904,656</b>	<b>867,870</b>	
Intensity metrics	2014	2015	2016	2017	(2017 vs 2014)
(tonnes CO <sub>2</sub> e / £million revenue)	445	428	430	<b>373</b>	<b>-16.23%</b>
Group Totals (million pass.km)	37,450	37,540	41,107	<b>42,485</b>	<b>13.45%</b>
Total tCO <sub>2</sub> e per million pass.km	22.46	22.55	22.01	<b>20.43</b>	<b>-9.05%</b>

The completion of the c2c divestment contributed significantly to the UK reduction from 294,843 tCO<sub>2</sub>e to 242,141 tCO<sub>2</sub>e, but even without this UK bus and UK coach both delivered solid reductions through the benefit of improved driver skills, the Platinum bus fleet, the removal of Euro IV vehicles from UK coach fleet and improved technology.

The increase in North American consumption has slowed but has still seen a small rise. Total site emissions for the Group excluding North America have actually decreased from 22,558 tCO<sub>2</sub>e in 2013 to 16,353 tCO<sub>2</sub>e in 2017 – a reduction of over 27%. Although the absolute figures are low, the quality of data and focus in Bahrain has seen a commendable decrease of nearly 5.5% against an increase in passenger kilometres of nearly 6%.

Business growth in ALSA and North America continues to drive an increase in emissions through increased passenger kilometres but improved changes in operational reporting within our UK coach division has driven a 4% decrease.

UK rail emissions only contribute to Group data for Q1 prior to divestment of c2c. 2017 marks the first year for data comparative reporting for German rail operations. Bahrain absolute figures show a significant decrease for 2017 but do not significantly impact Group emissions.

National Express Divisions	2013 (tCO <sub>2</sub> e)	2014 (tCO <sub>2</sub> e)	2015 (tCO <sub>2</sub> e)	2016 (tCO <sub>2</sub> e)	2017 (tCO <sub>2</sub> e)	% change (2016-2017)
ALSA	303,351	296,214	311,985	303,537	<b>313,608</b>	<b>+3.32%</b>
UK bus (Inc. Metro)	143,485	142,312	138,822	138,449	<b>132,586</b>	<b>-4.23%</b>
UK coach	110,317	109,225	106,203	110,799	<b>105,333</b>	<b>-4.93%</b>
UK rail	42,816	44,755	43,408	44,341	<b>4,038</b>	<b>n/a</b>
North America	237,314	236,979	232,577	258,183	<b>261,913</b>	<b>+1.44%</b>
Bahrain	-	-	12,862	21,698	<b>20,506</b>	<b>-5.49%</b>
Germany Rail	-	-	-	26,395	<b>28,704</b>	<b>+8.75%</b>
Leased vehicles & business travel	611	441	642	1,254	<b>1,184</b>	<b>-5.58%</b>
<b>Group total</b>	<b>837,894</b>	<b>829,926</b>	<b>846,499</b>	<b>904,656</b>	<b>867,872</b>	<b>-4.07%</b>

A positive carbon emission reduction trend continues in UK bus as a result of continued reinvestment in new fleet; for example, Euro 6 Platinum buses. UK bus has the largest low carbon fleet outside of London.

During 2018, we will retain the same KPI targets while we develop a Phase 2 compliance programme under the UK Government's Energy Savings Opportunity Scheme, as part of a new a three year Property and Environment strategy.