



London midland

Corporate Responsibility Report 2010
A local focus driving growth

We are committed to delivering a rail service that makes the most efficient use of all of its resources to ensure that we play our part in a better world for the future.

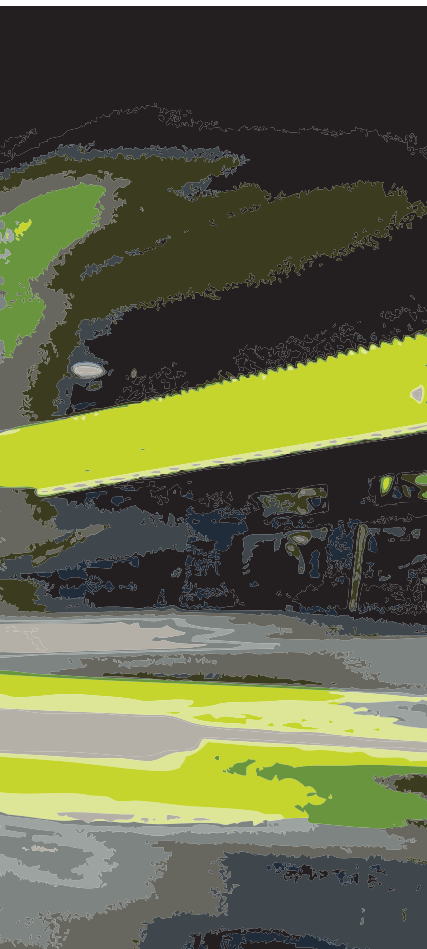


We're a part of the
Go-Ahead
Group

www.londonmidland.com

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ABOUT LONDON MIDLAND

We operate over 1,300 train services a day through the heart of England, connecting London, the Midlands and the North West. Across our network we work closely with a range of transport companies and users to ensure our services meet the needs of the communities that we serve.

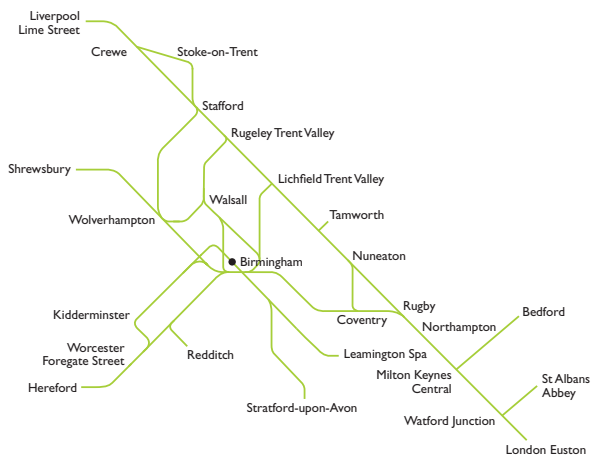
2010 OPERATIONAL HIGHLIGHTS

- 90.4% Public Performance Measure (moving annual average)
- 86% Overall customer satisfaction National Passenger Survey – most improved operator

Our continued success in the field of corporate responsibility is driven by our parent company, Go-Ahead Group. As a major provider of transport services in the UK through its bus and rail companies, Go-Ahead carries more than 1 billion passengers a year. For details of the Go-Ahead Group's 2010 Corporate Responsibility Report visit www.go-ahead.com

WHERE WE OPERATE

We manage 149 stations and passengers have made over 50 million journeys with us in the last year.



Message from Mike Hodson, Managing Director



Operating responsibly is a vital part of London Midland's business strategy. This year's Corporate Responsibility (CR) Report explains our progress against five key areas – safety, environment, passengers, employees and community. We hope you enjoy reading it.

Mike Hodson,
Managing Director

Our approach to CR

We are focused on ensuring that our corporate responsibility lies at the heart of our decision making processes wherever possible. We are acutely aware of how important this approach is to ensuring that our business thrives and our reputation is enhanced.

At director level we have appointed an environmental champion who challenges the Executive Group to consider the social and environmental impact of any business plans being considered. This is given particular resonance through the delivery of our three year comprehensive Safety and Environment Plan.

Local needs

We recognise that providing great value for money is the most important driver for getting people – in every community that we serve – out of their cars and onto rail. Over the past year we have consistently sought to make our fares better value and more competitive, especially for our leisure travellers. We ran two major price busting initiatives, the Great Easter Rail Sale and Great Escape, attracting more people than ever onto the network.

Key initiatives

This has been a year of many achievements across a range of objectives set by the business. An early achievement was the setting up of a Carbon Working Group to encourage and focus everyone in the business to deliver a big reduction in London Midland's carbon emissions. In the past year our success has been demonstrated by an 11% reduction in CO₂ emissions, which amounts to over 700 tonnes.

Over 90% of our electric trains are now equipped with regenerative braking technology, which changes waste heat from train braking back into electricity and returns it to the national electricity grid.

Our 2010 performance

This helps to add another 19,000 tonnes per year to our reduction in carbon emissions.

We were pleased to be recognised for the way we have improved the processes that sit behind the positive results by becoming ISO14001 certified for our Environmental Management System.

As we attract more people from their cars onto the railway, we are aware that we have to make better provision for more vehicles at key stations. In the past year we have expanded parking facilities across a number of stations, achieved through a simple car park decking structure, that has provided significant additional space. Each car park deck has been constructed in a short space of time due to its innovative design.

Our PPM (Public Performance Measure – which measures the punctuality and reliability of our train service) rose to 90.4% as a moving annual average by the end of the 09/10 year. This has largely been as a result of improved working relationships and support from Network Rail, who manage the infrastructure of the railways. We have spent a lot of time engaging with other key stakeholders and passengers to improve our relationships.

However, we know that we can still do better for our passengers and so continue to build on our improvements to performance and customer service. A few examples of this are:

- New trains – we are investing in new diesel trains to replace older rolling stock.
- More services – in December 2009 we introduced increased capacity in and out of London Euston at peak times.
- Punctuality – we aim to maintain and improve further on our good performance and we are communicating our success to passengers on our website and at stations each month.

We are committed to investing in improvements across our network, and over the past year we have invested in cycle parking, lighting, CCTV, car parking, waiting rooms and accessibility improvements. In the year ahead we will be putting significant investment into Customer Information Screens and Help Points.

Our National Passenger Survey results for Autumn 2009 and Spring 2010 reflect that the money being spent is having a positive impact on passengers as our scores have risen over this period.

At Camden sidings, near London, investment in additional stabling capacity and other associated changes have resulted in a reduction in empty vehicle mileage, leading to a reduction in energy use of 15.2 million kw-hours. This represents a reduction in CO₂ usage of 8,218 tonnes.

OVER

90%

OF OUR ELECTRIC TRAINS
ARE NOW EQUIPPED WITH
REGENERATIVE BRAKING
TECHNOLOGY

ISO 14001

CERTIFIED FOR OUR
ENVIRONMENTAL
MANAGEMENT SYSTEM

OUR PPM ROSE TO

90.4%

11%

REDUCTION IN CO₂
EMISSIONS, WHICH
AMOUNTS TO OVER
700 TONNES

Delivering a safe and secure environment for our passengers and staff

Safety

SECURE STATION STATUS
ACCREDITATION FOR

80%
OF FOOTFALL

IMPROVED SECURE
CYCLE PARKING AT

26
STATIONS

London Midland's driver simulator in use
in the Training Academy.



At London Midland the safety of our staff and passengers is our most important priority. In all areas of our safety programme we continue to make improvements. Over the past year these have included:

- Secure station status accreditation for 80% of passenger footfall at our stations. To achieve this prestigious award for our stations we have invested in upgrading CCTV where required, made the maintenance regime more robust and ensured that staff are equipped to deal with conflict management. Most importantly we have seen a reduction in the crime rate since the measures have been put in place.
- Improved secure cycle parking at 26 stations. We want to encourage our passengers to use a healthy and greener two-wheeled alternative to using their cars to get to and from our stations. We know that for this to prove a reality cyclists need to be confident that they will have somewhere safe and sheltered at the station to store their cycles. We are investing more than £300,000 to improve and extend cycle storage across our network. We are doing this in partnership with local authorities, with the additional funds being made available to create as much further storage as possible.
- We have made significant improvements in our car parking facilities over the past year. As part of our plan to deliver an additional 1000 spaces at eight stations, we have been installing an innovative car park decking structure, which is demountable, made of galvanised steel and constructed within a few days. The £8 million investment in this car parking scheme will also provide stations with additional lighting and CCTV. This is an opportunity to plan for the future growth of the railways and ensures that we have the facility to meet demand as we attract more people out of their cars for both commuting and leisure purposes.
- We have also achieved secure car parks accreditation at 16 stations in parallel with our scheme to provide additional parking. These awards were achieved through demonstrating high standards of safety measures in place for users.

We are aiming for integrated and sustainable public transport

Environment

Our Carbon Working Group has continued to help deliver sustainable reductions in the company's carbon emissions. Group members are appointed to champion sustainability in their specific business areas, and help deliver improvements across the company. The group delivered an internal awareness campaign to get everyone thinking about how to reduce their personal carbon footprint at work, promoting simple ideas and actions to make a difference. We also started our first site Green team at Watford Junction station to raise awareness amongst colleagues, and want to use this as a template for more local action groups across the company. Overall, this work helped to create an 11% reduction in carbon emissions across the company.

As a result of all the work to reduce carbon emissions London Midland was awarded the Mayor of London's Green 500 Silver Award for improving our energy efficiency.

In 2010, London Midland also gained ISO 14001 Environmental Management System certification. This is a major milestone for the company, allowing us to publicly demonstrate the robustness of our environmental management processes and our work to reduce pollution and emissions.

Waste recycling rates have also continued to increase, driven by a number of projects including:

- Paper recycling at Tyseley Depot
- Successful trial of platform recycling bins at Birmingham Snow Hill Station
- Introduction of waste recycling facilities at our head office

For the future we are now looking at installing energy meters in our electric trains to help make them more efficient. In the longer term we aim to recycle the majority of our waste, building on the success of our recycling trials, platform bins and our new partnership with the recycling contractor Greenstar.

Looking ahead, we are developing a range of initiatives to deliver our Driving Energy Further commitment to make a 20% reduction in carbon emissions (per passenger journey) over the next five years.

11%

REDUCTION IN CARBON EMISSIONS ACROSS THE COMPANY

50%

OF OUR WASTE IS NOW RECYCLED

Newspaper recycling facilities have been installed at Birmingham Snow Hill Station.



Listening to our passengers is key to driving forward our service improvements

Passengers

THE NATIONAL PASSENGER SURVEY FOR SPRING 2010 PROVIDED US WITH OUR BEST EVER OVERALL SATISFACTION RESULT OF

86%

£250,000

SPENT DURING THE YEAR ON ACCESSIBILITY IMPROVEMENTS

A member of London Midland staff assisting a passenger at Birmingham New Street.

We continually seek to improve the service we provide to our passengers. We have rigorous internal auditing of our stations, trains and staff. This is supplemented by the National Passenger Survey, which provides detailed feedback about the service and overall customer satisfaction. The results for spring 2010 provided us with our best ever overall satisfaction result of 86%.

We also get regular feedback from passengers at our Meet the Manager sessions across the network and through the online Passenger Panel community. This is valuable in dealing with immediate issues and helping us to develop improvement plans for the future.

Improvement projects taking place during the year include:

- Better communication with passengers at stations using platform information displays and audible announcements
- CCTV
- Better lighting
- Help points for information and emergency
- Improved way finding signage

In addition, we are committed to continuously improving the provision of services and facilities for disabled people. As well as the national Access for All scheme which is delivering step free access to platforms at stations, we have spent £250,000 during this year making improvements to stations and other facilities, which included:

- More accessible ticket office windows
- Power assisted doors
- Improvements to lighting and stairways at stations
- Installation of hand rails and ramps at stations



Creating a place where our people perform and have the opportunity to develop

Employees

At London Midland it is our people who are the engine of the business and deliver the train services every day to our customers. That is why we've invested in new training programmes and high quality training facilities at our London Midland Academy, based in Birmingham, and the local learning centres located in our main depots.

We have streamlined aspects of our business and invested in some key training and development opportunities including:

- Leadership development – Forty of our senior managers took part in a leadership development programme entitled 'Leading our Business' in early 2010. They took part in a range of activities to help develop their leadership skills, including workshops, shadowing a colleague, and participation in a Strategic Improvement Group (SIG). People who took part in the Leading our Business programme had the option of continuing to gain an award in Strategic Leadership. SIGs will be ongoing and used to achieve business improvements and support the personal development of individuals.
- A new Service Disruption course was started in spring 2010. This was put in place to support our staff and give them the relevant skills and knowledge to give good customer service particularly at times of disruption. The course encourages participants to share best practice ideas, develop their communication and announcement skills, and look at the information systems currently in place and how they can be best used. Over 1,000 frontline staff will attend the course.

We are also streamlining our communications channels to:

- Provide more opportunity for face to face discussion and debate
- Recognise people for their ideas, efforts and commitment to our company
- Further support our engagement strategy, allied to our commitment to maintaining our Investors in People accreditation

Our values help guide our approach to how we work with each other, both internally and externally. These values are:

- Caring
- Honest & Straightforward
- Inclusive
- Partnership
- Professionalism

40

SENIOR MANAGERS TOOK PART IN A LEADERSHIP DEVELOPMENT PROGRAMME ENTITLED 'LEADING OUR BUSINESS' IN EARLY 2010

OVER

1,000

FRONTLINE STAFF WILL ATTEND A NEW SERVICE DISRUPTION COURSE

Sharing ideas on how to improve performance at our Training Academy.



We recognise that we play an important role in the communities we serve

Community

COMMUNITIES ACROSS

18

COUNTIES AND UNITARY
AUTHORITIES ARE
LINKED BY OUR SERVICES

OVER

£2,000

HAS BEEN RAISED
FOR LOCAL CHARITIES
BY HQ STAFF

Children from Belarus travelled with us during a visit.

We are very aware of the important service we provide to the economic and social well-being of the communities that we serve. In addition our staff and their families are part of these communities and so we are dedicated to ensuring that we do more than just provide rail services.

Over the past year we have been involved in a number of local initiatives that have supported our commitment to being an integral part of the communities across our network.

A major initiative has been a collaborative project with the Birmingham Institute of Art & Design. The joint project 'Made in the Midlands' celebrated the diversity of talent that makes the region a leader in the creative industries. A collection of 15 posters designed by students from a range of art disciplines were displayed across our stations in the West Midlands.

There was support for the charity Chernobyl Children Lifeline, which provides support to the families in Belarus who are still living with the aftermath of a nuclear powerplant accident in 1986. We provided free rail travel to a number of attractions around the Midlands for 10 children who were being hosted by British families in Malvern, Worcestershire.

As part of a programme of educating young people to travel safely on the railways we worked with pupils from schools in the Wyre Forest to promote safe behaviour messages to their peer group. Prizes were given to the three winners and their imaginative drawings were displayed at Kidderminster station.

During the year we have held regular collections on behalf of charities across the company. We have also supported staff working voluntarily for a range of groups who are trying to make a difference in their community.



Data table

| | 2009/2010 | 2008/2009 | 2007/2008 |
|---------------------------------------------|-----------|-----------|-----------|
| Safety | | | |
| SPADs* (per million train miles) | 0.34 | 1.09 | 0.11 |
| Fleet with CCTV (%) | 46 | 46 | 27 |
| Environment | | | |
| Carbon emissions per passenger journey (kg) | 2.49 | 2.7 | 2.71 |
| Station/depot energy savings | | | |
| – Gas consumption (kwh) | 4,233 | 4,855 | 4,491 |
| – Electricity consumption (kwh) | 15,760 | 15,835 | 17,420 |
| Diesel Rail fuel efficiency (km per litre) | 1.76 | 1.76 | 1.75 |
| EC4T Rail fuel efficiency (km per kwh) | 0.51 | 0.39 | 0.44 |
| Passengers | | | |
| Number of journeys running to schedule (%) | 90.4 | 86.7 | 88.6 |
| Certified accessible trains (%) | 63.2 | 48 | 35 |
| Certified accessible platforms (%) | 79 | 68 | 67 |
| Web sales (%) | 3 | 0.57 | – |
| Employees | | | |
| Number of employees | 2,316 | 2,480 | 2,449 |
| Turnover rate (%) | 7.4 | 7 | 10 |
| Absence rate (%) | 5.1 | 4 | 4 |
| Number of staff training days | 2,610 | 5,486 | 1,324 |
| Diversity by ethnic group (%) | | | |
| – Asian, black or other origin | 14.6 | 17 | 17 |
| – White | 85.4 | 83 | 83 |
| Diversity by gender (%) | | | |
| – Women | 17 | 17 | 17 |
| – Men | 83 | 83 | 83 |
| Average length of service (yrs) | 11yr 10m | 10yr 10m | 10yr 9m |
| Community | | | |
| Charitable giving and investment (£) | 3,576 | 9,300 | 2,229 |
| Number of stakeholder events | 150** | n/a | n/a |

* *Signals Passed At Danger.*

** *First year of data collection.*

For information on the full Group data please visit our corporate website www.go-ahead.com

We're a part of the
Go-Ahead
Group

You can find out more about London Midland by visiting our website www.londonmidland.com and more information on how London Midland manages its corporate responsibilities can be found by visiting www.go-ahead.com/corporateresponsibility

If you have any comments, views or ideas on how we might improve, or have any thoughts on other issues that we should address in this report, please write to:

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BUREAU
VERITAS

Verification of Corporate Responsibility data

For the second year Bureau Veritas UK Ltd has worked with the Go-Ahead Group plc (Go-Ahead) to verify and to provide an independent opinion on selected corporate responsibility (CR) key performance indicators (KPI) data contained within the Go-Ahead Group's Corporate Responsibility Report 2010. The information and data reviewed for this verification process relates to the period of 28th June 2009 to 3rd July 2010. The verification incorporated site visits, interviews, document review and checking of Group and Operating Company data.

The full Bureau Veritas verification statement is available in Go-Ahead's Corporate Responsibility Report and at <http://corporateresponsibility.go-ahead.com/>

This report was put together by The Go-Ahead Group and designed and produced by Black Sun plc, London.

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