




londonmidland

Moving with our people...

Corporate Responsibility Report 2011

londonmidland



We aspire to be a modern railway company delivering a punctual service, informing and putting our customers at ease by doing our utmost to make their day go well.

We're a part of the
Go-Ahead
Group

www.londonmidland.com

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ABOUT LONDON MIDLAND

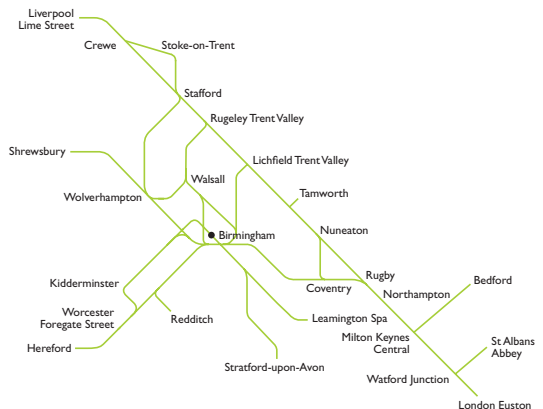
We aspire to be a modern railway company delivering a punctual service, informing and putting our customers at ease by doing our utmost to make their day go well. We operate over 1,300 train services each day through the heart of England, connecting London, the Midlands and the North West.

2011 OPERATIONAL HIGHLIGHTS

- Best ever PPM result of 90.9% MAA in September 2010
- 80% of all waste recycled
- Launch of @londonmidland twitter account
- 86% overall satisfaction in Autumn 2010 National Passenger Survey

WHERE WE OPERATE

We manage 147 stations, and our customers made over 55 million journeys with us last year.



MESSAGE FROM
MIKE HODSON,
MANAGING
DIRECTOR



Our goal is to be a responsible company working with the wider community to build sustainable travel solutions

Corporate responsibility lies at the heart of our organisation. Our visionary goals summarise what we are trying to achieve:

Safe

Sustain a secure environment for our people, customers and visitors

People

Be a great place to work where people feel motivated to give their best

Product

Bring to our market a range of services that anticipate people's needs

Performance

Deliver complete and punctual services that meet or exceed our customers' expectations

Profit

Maximise returns to stakeholders mindful of our overall responsibilities

Planet

Be a responsible company working with the wider community to build sustainable travel solutions

As part of the Go-Ahead Group we have committed to deliver some challenging targets to bring about sustained and meaningful improvements across a range of key performance indicators.

The following pages give a comprehensive overview of everything we've achieved; here we cover a small summary of the last year.

Following the successful introduction of 'on track', our stakeholder newsletter; we held a conference with a wide range of organisations to share our plans and listen to their aspirations around further developments of our timetable. In December 2010 we introduced additional early morning services from Crewe, and we have been working on the suggestions we received with more developments coming in the year ahead. Looking forward we will be providing more trains between Birmingham and London in September 2011.

Our delivery of punctual and reliable services for our customers hit highs and lows, with our best ever performance taking a knock through the combined effects of severe winter weather and an industrial dispute with ASLEF (the train drivers' union). We worked hard during this time to keep our customers well informed about their journey opportunities and what we were doing to put things right. Our Public Performance Measure ended the year at 89.7% (moving annual average). This means that nearly nine out of ten trains ran the whole of their journey and arrived at their destination within 5 minutes of their scheduled arrival time.

We continued our commitment to value for money travel, with a series of award-winning promotions around our low cost fares. In terms of fares and ticketing, next year will see us introduce travel with Go-Ahead's smartcard, the key, embracing technology similar to the popular Oyster system in the London area.

Behind the scenes and commitment to managing our environmental impact continued with re-certification against ISO 14001 for our Environmental Management System. In addition to the installation of energy meters on all of our electric trains, the regenerative braking found on most of our electric trains continues to put energy back into the National Grid.

Next year's highlight will be the introduction of brand new Class 172 trains in the West Midlands. These will replace our 25 year old Class 150 diesels, and will represent a complete step-change in quality for our customers.

Mike Hodson

Managing Director

OUR 2011 PERFORMANCE

89.7%

Public Performance Measure
(Moving Annual Average)

100%

of electric trains fitted
with energy meters

ISO 14001

re-certified.

55m

over 55 million
passenger journeys

SAFETY

Sustain a secure environment for our people, customers and visitors

10%

reduction in operational risk

ZERO

tolerance policy on assaults



Our plans embed a safety culture

Good safety performance is no accident, and throughout the year we have been putting plans in place to improve safety for our customers, workforce and contractors. At the beginning of the year we launched our three-year safety & environment plan with detailed actions aimed at reducing hazards and improving behaviours – our plan is not only about specific actions, but also about embedding a safety culture.

Throughout the year we have seen improvements across the board. Our total accident rate – our measure of the total harm from our operation – was nearly 20% better than target for the year.

During the year we established a regular Assaults Working Group, with people from across our business as members, which works to reduce the risk of assaults on our people and customers. We developed a high profile poster campaign, provided better information to the British Transport Police through new processes, and introduced a good practice booklet for front line staff on how to be aware of, and promote safety. Combined with our zero tolerance policy on assaults we delivered notable improvements against the targets we set.

We are also working to create an environment where the risk of an accident is reduced as far as is practicable. By focussing on known hot-spot areas for slips, trips and falls, with bespoke plans for each location, we are working to reduce the number of accidents that our customers have.

We are pleased that our work to increase awareness of operational risks, particularly with our traincrew, has resulted in one of the lowest SPAD rates in the rail industry. A SPAD – Signal Passed at Danger – is when a train passes a red light, and is one of the high profile safety risks in the rail industry. Along with this we have delivered a 10% improvement in the total risks from the operational aspects of our business.

Reducing crime on the railway is important to us, and we work closely with the British Transport Police on this. A good example is Operation Leopard, where we have worked in partnership with other train operators, Network Rail and British Transport Police to combat cable theft. The theft of metal, usually in the form of the cabling to signals and communication systems, is a persistent problem across the rail network primarily because of the high value of scrap metal. Operation Leopard has shown some real results, and five people in the Nuneaton area were successfully prosecuted during this year:

ENVIRONMENT

Be a responsible company
working with the wider
community to build
sustainable travel solutions



All our electric trains have energy meters

We have taken some big steps forward this year in reducing the impact we have on the environment. 80% of all the waste at our stations, offices and from our trains is now recycled. This is approximately 2,000 tonnes per year that no longer goes to a landfill site. We have achieved this by changing to a waste contractor who sorts and recycles all of our waste, rather than just the items put into dedicated recycling bins. Much of the waste left on our trains and at stations is easily recyclable – newspapers, magazines, cans and plastic bottles form the majority of items.

Thinking smart, and investing in new technologies also has its benefits. We are the first train operator in the UK to use Nanopool coating to help keep our trains clean. The trains have been given a microscopically thin coating of liquid glass 500 times thinner than a human hair. This coating, which lasts for a year, not only makes the trains brighter and more hard wearing, it also dramatically reduces the amount of water and cleaning chemicals we need to use to clean our trains.

In addition, Network Rail has funded a new £1.6m train washing facility at our Tyseley train maintenance depot. Around 120 trains are cleaned there every day – 3km worth of carriages. The advanced technology in the new equipment enables a more thorough clean, and the water used can also be recycled.

We achieved another first this year, being the first train operator in the UK to fit energy meters to all of our electric trains. The new system means that we now pay only for the electricity that we use, rather than relying on an estimated bill from Network Rail. The meters also provide us with information that will help us to reduce energy consumption. We believe that over time we will be able to save up to 20% of our annual £15m electricity bill, and reduce our annual carbon emissions from 98,000 tonnes to 78,000 tonnes. Our staff are keen to play their part too, and we are planning training to encourage good practice in energy consumption. We are also contributing to research on energy usage in the rail industry by the Department for Transport and Network Rail, as well as sharing good practice with our European counterparts.

So, whilst travelling by train remains one of the most environmentally friendly forms of transport, and the increasing number of passenger journeys helps us to reduce our wider carbon footprint, we still take the responsibility for our own impact on the environment very seriously.

PASSENGERS

Deliver services that meet or exceed our customers' expectations

15,000
tweets from @londonmidland

86%
customer satisfaction
(Autumn 2010 National
Passenger Survey)



Reliable information for our customers is vital

This year the real focus of our actions has been around providing information to our customers in a variety of ways.

We launched our interactive Twitter feed @londonmidland with the aim of providing a new channel to communicate with our customers. Over the year this has gone from strength to strength and is now regarded as one of the best examples of social media use in the UK rail industry, directly leading to several new feeds being introduced by other train companies. We now have almost 6,000 followers and have tweeted over 15,000 times. We have used Twitter to good effect when our services have been disrupted to provide detailed information to affected customers, and we have been very encouraged by the positive feedback we have had.

Throughout the year we have been investing in information sources at our stations, installing new customer information screens, PA systems and help points at over 130 stations. Along the Abbey line alone, which runs between Watford and St Albans, we invested £300,000 in new equipment to provide live travel information at unstaffed stations.

Working in partnership with Network Rail and Virgin Trains we introduced a new customer information point on the main concourse at London Euston. Euston is one of our busiest stations and this now gives our customers a focal point for finding information and asking staff questions about their journey.

We participate in an industry wide customer survey which takes place twice a year. The National Passenger Survey (NPS) asks customers their views around a series of criteria, and is carried out independently by Passenger Focus. 86% of customers said they were satisfied with our services in the Autumn 2010 survey wave – 2% above the national average for all train operators. The score our customers gave us for value for money and the helpfulness of our staff increased by 7%. In the Spring 2011 survey wave overall satisfaction fell to 83%. The patience of our customers had been tested during the period of the survey because of disruption to journeys caused by a dispute with ASLEF (the train drivers' union) which has now been resolved. Even so, satisfaction with the attitude and helpfulness of staff on board our trains improved by 6% year on year.

EMPLOYEES

Be a great place to work
where people feel motivated
to give their best



We engage and communicate with our staff by creating opportunities for conversations at all levels of our business. The work we are all doing across the business was recognised when we were re-accredited with our Investors in People status in October 2010.

Our regular off-site management conferences allow us to debate current issues, celebrate success, as well as learn how we can support each other to deliver improvements to our business, and better serve our customers.

We have launched our Ambassador Awards, which represent a shift in the way corporate recognition schemes usually work. Our new in-house programme is both colleague and customer nominated. There are Ambassador Awards for outstanding service, amazing teamwork, contributing to the community, and innovation & ideas. Nominations are vetted by a cross-departmental team who recognise our employees' outstanding contributions to our business, customers and the communities we serve. Winners each receive a presentation certificate, vouchers and a limited edition enamel Ambassador badge. All of our Ambassador Award winners are nominated for the national Rail Staff Awards.

With our new publication 'Between the Lines', we have completely redesigned our internal magazine with our people in mind. Each issue is edited by a panel made up of representatives from all areas of the business, and our employees write and contribute to all articles.

We have introduced a system called Talkback, a digital Q&A on current issues for our people that can be accessed either via a freephone number or online. Following a successful trial, the system provides a cost effective way of sharing information and getting feedback in a quick and simple way. Callers to the service can listen to people in our business being interviewed about the issues that matter; and can rate and respond using their telephone keypad.



One of our drivers in the cab of a new Class 172 train

COMMUNITY

Be a responsible company working with the wider community to build sustainable travel solutions

£5.5m

3rd party investment delivered

150

In excess of 150 stakeholder events

Working in partnership with a range of stakeholders brings big benefits to London Midland and our passengers. At the end of this year we had put £5.5m 'pounds in the ground' in terms of third party investment since the start of our franchise, with another £3.2m of funding committed to future projects. Schemes range from cycle storage to new station buildings, and all of the schemes directly benefit our customers in some way. Working with our partners in local authorities, transport bodies and charities really does pay.

Highlights for the year include securing funding for additional train services between Rugeley and Birmingham with Centro (the West Midlands integrated transport authority) and local authorities in Staffordshire. Milton Keynes Council have just started work on a new station building at Wolverton, which will provide improved facilities for customers in keeping with the town's Victorian architectural and rail heritage. At Malvern Link station, only the four posts remained from the historic Great Western Railway name boards. We helped with a community scheme to install accurate replicas of the original nameplates.

We have also lent our support to a number of creative arts projects. Our customers at Worcester Foregate Street station can view works by world-renowned artists at a contemporary art gallery on the platform. Movement, based in the former gents toilets, is a not-for-profit gallery leased through the Community Stations Initiative, which allows selected station premises to be let for community benefit at peppercorn rents. Another Community Station Initiative, Whistlestop Stores, is running at Great Malvern station. Staffed by service users of Malvern Social Education Centre with the support of council staff, it stocks craft materials, office goods, books and a selection of craft items, all displaying the abilities and workmanship of people who have a learning disability.

Young up and coming band, 'Sumthin' Special' used Redditch train station as a video shoot location for one of their tracks, and a number of films have used our stations as a backdrop.

Supporting charities remains important – particularly where we can help our people and our communities with charitable activity. We encourage charities to carry out collections at our busy stations, and will donate free travel to a number of organisations to help them fundraise. We also continue to do 'in house' fundraising, and this year our IT department raised almost £2,000 by leaving their razors on the bathroom shelf and growing moustaches for 'Movingember' – the UK campaign for The Prostate Cancer Charity.



Sumthin' Special filming at Redditch

	2010/2011	2009/2010	2008/2009
Safety			
SPADs* (per million train miles)	0.56	0.34	1.09
Fleet with CCTV (%)	50	46	46
Environment			
Carbon emissions per passenger journey (kg)	2.13	2.49	2.71
Station/depot energy savings			
– Gas consumption (kwh)	3,390	4,233	4,855
– Electricity consumption (kwh)	16,651	15,760	15,835
Diesel Rail fuel efficiency (km per litre)	1.73	1.76	1.76
EC4T Rail fuel efficiency (km per kwh)	0.55	0.51	0.39
Passengers			
Number of journeys running to schedule (%)	89.7	90.4	86.7
Certified accessible trains (%)	55	63.2	48
Certified accessible platforms (%)	60	79	68
Web sales (%)	6.1	3	0.57
Employees			
Number of employees	2,342	2,316	2,480
Turnover rate (%)	6.2	7.4	7
Absence rate (%)	4.5	5.1	4
Number of staff training days	2,438	2,610	5,486
Diversity by ethnic group (%)			
– Asian, black or other origin	14.9	14.6	17
– White	85.1	85.4	83
Diversity by gender (%)			
– Women	17	17	17
– Men	83	83	83
Average length of service (yrs)	12yr	11yr 10m	10yr 10m
Community			
Charitable giving and investment (£)	695	3,576	2,229
Number of stakeholder events	168	150**	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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Email: comments@londonmidland.com



BUREAU
VERITAS

Verification of Corporate Responsibility data

For the third 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 2011. The information and data reviewed for this verification process relates to the reporting period 1st of July 2010 to the 2nd of July 2011. 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://www.go-ahead.com/responsibility.aspx>

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