

NATIONAL EXPRESS GROUP - MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2017

INTRODUCTION

This statement is made pursuant to the Modern Slavery Act 2015. It sets out the steps taken by National Express Group plc and its relevant subsidiaries (together, the “**Group**”) during their financial year ended 31 December 2017 to ensure, so far as possible, that no modern slavery or human trafficking takes place in any part of their business or supply chains.

OUR BUSINESS

The National Express Group is a leading public transport provider with bus, coach and rail services in the UK, Continental Europe, North Africa, North America and the Middle East.

The Group is organised into a number of divisions: UK Coach & Bus (providing coach and bus services in the UK); North America Bus (providing student transportation and transit services in 38 US states and 3 Canadian provinces); ALSA (providing coach and bus services in Spain and Morocco); German Rail; and International (being the Bahrain bus operation which the Group operates jointly with Ahmed Mansoor Al A'Ali through a joint venture).

The Group’s revenue from its continuing businesses for the year ended 31 December 2017 was £2.32 billion and its normalised operating profit from those businesses for the same period was £241.5 million. During 2017, the Group carried 882 million passengers and, as at 31 December 2017, the Group employed over 47,350 people.

For more information about the Group’s businesses, please visit our website at <http://www.nationalexpressgroup.com/about-us/>.

It is the Group’s policy to conduct its business in an ethical manner and with integrity. Accordingly, the Group has a zero tolerance approach to slavery and human trafficking and is committed to taking steps to enforce such approach, as detailed in this statement.

OUR SUPPLY CHAINS

The Group procures goods and services from suppliers around the world, which total several thousand in number and operate from multiple countries. Our suppliers supply everything from rolling stock, road vehicles, fuel and utilities to uniforms, catering, cleaning and security.

The Group aims to ensure that its suppliers meet high standards with respect to both the conduct of their business and their management of social and ethical issues. To this end, the Group has in place Ethical Sourcing Standards (available at <http://www.nationalexpressgroup.com/our-way/suppliers/ethical-sourcing/>) which we expect our suppliers to comply with. We have a practice of including in our supplier contracts rights to audit such compliance and take other remedial action against suppliers should we find non-compliance.

OUR POLICIES

The Group has in place a Workplace Rights Policy and a Human Rights Policy (available at <http://www.nationalexpressgroup.com/our-way/policies/>).

The Group also has in place a Whistleblowing Policy (available at <http://www.nationalexpressgroup.com/our-way/policies/>) and operates a confidential whistleblowing hotline in the UK, America, Spain, Morocco, Germany and Bahrain.

The Group is very proud to have been the first private transport group to commit to becoming a voluntary Living Wage employer. UK Bus became the first UK division to secure Living Wage Foundation accreditation in January 2016 and UK Coach is working towards its accreditation. For any other country in which the Group operates, the Group has committed to pay at least 10% above the national minimum

wage in that country. These are examples of the Group's commitment to conducting its business in an ethical manner and with integrity.

STEPS TAKEN BY THE GROUP

As reported in our 2016 statement, the Group developed a Modern Slavery Policy. This Policy was formally presented to and approved by the Board of Directors of National Express Group plc in 2017 and is available at <http://www.nationalexpressgroup.com/our-way/policies/>.

In addition to communicating the new Modern Slavery Policy among the Group's employees, during 2017 the Modern Slavery working group (which was established in 2016) developed a bespoke training session which was designed to raise awareness of modern slavery and inform employees how to report concerns through the Group's whistleblowing procedures. During the first half of 2017, relevant employees within our UK businesses attended the modern slavery training session. During the second half of 2017, teams in our Spanish and North America businesses adapted the UK training to provide their own modern slavery training to relevant employees.

There were no reports made to the whistle-blowing hotline regarding any suspected instances of modern slavery during 2017. Had there been any such reports, they would have been investigated fully and acted upon as necessary.

As also reported in our 2016 statement, the Group also commenced a review in 2016 of its supply chains through which it determined that certain categories of products and services that it procures from suppliers potentially carry a higher risk of slave labour being used by those suppliers or in their supply chains. For example, it was determined that there was a higher risk in respect of lower value supplies, such as cleaning services and the supply of uniforms. In 2017, the Group has continued with its review of its supply chains by conducting risk assessments of the higher risk suppliers' own policies and procedures for managing the risk of slavery in their businesses.

In addition, the Group has developed new contract clauses for inclusion in all higher risk supply contracts which require suppliers to ensure they are compliant with UK modern slavery laws and give the Group rights to terminate contracts for non-compliance with such laws. During 2017, these clauses were routinely added to new UK supply contracts where appropriate. Our Spanish business, ALSA, has also updated their pro forma compliance clauses for inclusion in higher risk supply contracts in 2017 to specifically include modern slavery compliance. Our US business plans to do the same in 2018.

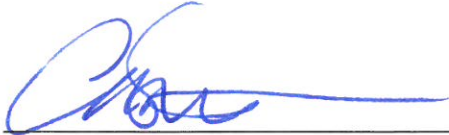
Through the review of supply chains, the Group also recognised that the risk of slave labour being used in certain countries in which the Group operates, or in certain types of work that the Group performs, is potentially greater than in other countries and for other types of work. For example, this greater risk was identified in relation to bus drivers and other workers who perform services for our Bahrain joint venture who are recruited from India and other South East Asian countries. During 2017, the Group has therefore continued to take steps to ensure there is no modern slavery in the Bahrain recruitment processes and procedures. For example, this includes ensuring that its contracts with its recruitment agencies contain its standard contractual terms which prohibit specific actions which could indicate modern slavery. It also includes educating employees who it recruits through the agencies to ensure there are no indications of modern slavery in the processes and practices of such agencies.

In 2018, the Group will continue to take steps which are designed to identify and eliminate the risk of slavery and human trafficking in its businesses and supply chains. The Audit Committee of the Board of Directors of National Express Group plc will also keep the effectiveness of those steps under review.

APPROVAL OF THIS STATEMENT

The Audit Committee of the Board of Directors of National Express Group plc has concluded that the Group's policies, together with the steps taken and expected to continue to be taken by the Group, provide reasonable assurance that the Group is acting in a way which reduces the risk of slavery and human trafficking in both its own business and in its supply chains.

This statement has been approved by the Board of Directors of National Express Group plc. This statement has also been approved by the Boards of Directors of relevant UK subsidiaries of National Express Group plc to which it also relates.



For and on behalf of National Express Group plc and each of its relevant subsidiaries
Date: May 2018

