



Governance

In this section

- 52 Introduction to corporate governance
- 54 Board of directors
- 56 Corporate governance report
 - 56 Leadership
 - 58 The Board's focus
 - 62 Board Strategy Day
 - 64 Effectiveness
 - 66 Board effectiveness review
 - 68 How the Board listens to our stakeholders
 - 70 Visiting our businesses
- 72 Nomination committee report
- 76 Audit committee report
- 82 Directors' remuneration report
- 106 Directors' report
- 108 Directors' statement of responsibilities
- 110 Compliance with the UK Corporate Governance Code



“The Board plays a key role in shaping the culture of the Group. Good standards of behaviour start with the Board and we are committed to leading by example.”

Andrew Allner,
Chairman

I am pleased to present the corporate governance report for the year ended 30 June 2018. This report should be read in conjunction with the section on how we have complied with the 2016 UK Corporate Governance Code (the Code), on pages 110 to 115. I can confirm that the Group has complied in full with the Code during the year.

Q Why is good governance important to Go-Ahead?
Our robust governance framework, which starts with the Board and runs throughout the business, supports the development and delivery of our strategy and risk management. It ensures that we discharge our duties effectively and to the highest of standards.

On 16 July 2018, the Financial Reporting Council published the new Corporate Governance Code. We welcome the changes the new Code brings, where the emphasis is on workforce and stakeholders, culture, succession, diversity and remuneration. These are already key areas of Board focus and implementing the new Code's changes will support the work the Board already plans to do over the year ahead.

[Read more about the Board's robust governance framework on pages 56 and 57.](#)

Q What role does the Board have in shaping the culture of the Group?
Good standards of behaviour start with the Board and we are committed to leading by example. Throughout the year, the Board has monitored the progress of the Group-wide culture change programme and assessed the extent to which the vision, beliefs and attitudes have been embedded throughout the Group. The Board recognises that it is our colleagues who bring the value of culture to life in their day-to-day roles. We receive updates on a wide range of key culture indicators such as inclusion and diversity initiatives, colleague engagement survey results, succession planning and talent pipelines.

During the year, the Chairman and non-executive directors visited many of our operating companies which provided an opportunity to hear our colleagues' views on a variety of matters. These visits continue to play an invaluable part in understanding how the culture is changing throughout the organisation.

[Read about the Board's visit to Brighton and Hove Buses on page 70.](#)

Q What is the Board's approach to stakeholder engagement?
The services we operate are very important to our customers and the communities we serve, and we work collaboratively with our stakeholders to address expectations, needs and concerns. Delivering sustainable shareholder value and contributing to the wider society are key to the long term success of the Group. We understand that it is important to consider the interests of all of our stakeholders when making decisions which may affect them. One of the focus areas during the year has been to improve the updates the Board receives on each of our stakeholder groups. This will continue to be a focus over the year ahead.

We discuss the results of our colleague engagement and customer satisfaction surveys and actively participate in debates and consultations on matters which are important to our business and the communities in which we operate.

We use a wide range of communication channels including social media, thought leadership and roundtable events to engage with our stakeholders. The feedback from these forms part of our decision-making process and helps us continuously improve as we progress towards our vision and long term objectives.

[Read more about how the Board listens to our stakeholders on pages 68 and 69.](#)

Q Do you consider the Board has the right skills, experience and behaviours?
We have a diverse Board whose members have a mix of skills and experience. The externally facilitated Board development programme undertaken last year was key to helping us understand and leverage the skills already on the Board. The programme also identified gaps where certain skills, experience and behaviours would complement the existing Board. This formed the basis of our recruitment process to replace Nick Horler who retired as a non-executive director at the conclusion of the 2017 annual general meeting.

In October 2017, we welcomed Harry Holt and Leanne Wood to the Board as new non-executive directors. Together they bring the skills, experience and behaviours which support our strategic direction, vision and culture.

With the changes in Board composition, our female representation has increased from 17% to 29%. The Board remains committed to improving diversity in the broadest sense and will continue to monitor the Group's inclusion and diversity strategies.

[Read more on pages 72 to 75.](#)

Q What were the findings of the Board evaluation review this year?
An internal review, led by the Group Company Secretary, was undertaken this year. The review assessed progress against the outputs from last year's externally facilitated Board development programme. It also drew upon the proposed revisions to the Code, namely culture, sustainable value creation, diversity and stakeholder engagement.

The review confirmed that the Board is strong and collegiate with all members demonstrating behaviours which support our strategic direction, vision and culture. Each director has the opportunity to contribute and challenge, which enables a constructive and quality debate during Board meetings. Key themes emerging from the review this year, which have formed the basis of the Board's action plan for the year ahead, include continuing the focus on culture and diversity and further developing our reputation and stakeholder engagement programmes. Ensuring enough time is set aside to systematically review the Group's long term strategy and value creation will also be an important focus area, particularly in the context of maintaining our forward-thinking approach.

[Read more about this year's internal Board review on pages 66 and 67.](#)

Q Are there any material changes to Go-Ahead's new remuneration policy this year?
The remuneration committee undertook a detailed review of our remuneration policy during the year, which included alternative approaches to long term incentives. The committee determined it was not appropriate to fundamentally change the policy at this time. The minor changes which have been proposed are intended to bring the policy further in line with best practice, while also allowing for a modest amount of additional flexibility in the way the policy is operated. Katherine Innes Ker, Remuneration Committee Chair, led the consultation on the new policy that is subject to approval by shareholders at this year's annual general meeting. We are grateful to shareholders and their representative bodies for their engagement.

[A summary of the changes proposed is set out on page 83 and the full remuneration policy is set out on pages 87 to 93 \(inclusive\).](#)

Q How does the Board deliver Go-Ahead's strategic goals?
Board strategy remains focused around our three core pillars: to protect and grow the core businesses, to win new bus and rail contracts and to develop for the future of transport. In addition to the annual Board Strategy Day, strategy is an integral part of regular Board discussion. The Board's executive reports are structured to allow for the appropriate time and debate on each of the Group's strategic priorities at every meeting. Regular updates are received from the executive directors and senior managers on performance against strategic objectives, and strategic developments.

The Board is ever mindful of the Group's contribution to society. Our focus on reputation and stakeholder engagement, culture, innovation and developing a sustainable business are just some of the examples of the work the Board has undertaken to support the delivery of the wider business strategy.

BOARD OF DIRECTORS

Key to committees

- Executive directors
- Chairman and non-executive directors
- Group Company Secretary

- N Nomination committee
- A Audit committee
- R Remuneration committee
- Chairman
- Committee Secretary

Details of the directors' contracts, emoluments and share interests can be found in the directors' remuneration report on pages 82 to 105.



Andrew Allner
Chairman

N R

Appointment:
Andrew Allner joined the Board in October 2008 and was appointed as Chairman of the Group in April 2013

Length of service:
9 years and 8 months

Independent:
On appointment

Skills, experience and qualifications:
Significant Board experience across a broad range of UK and multinational companies and sectors. Former Partner at PricewaterhouseCoopers LLP and a Fellow of the Institute of Chartered Accountants in England & Wales. Graduate of Oxford University. Former Non-Executive Director of AZ Electronic Materials SA, CSR plc, and Moss Bros Group plc. Former Non-Executive Chairman of Marshalls plc

Other directorships and offices:
Non-Executive Chairman of SIG plc (Chairman of the nomination committee), Non-Executive Chairman of Fox Marble Holdings plc (member of the remuneration committee) and Non-Executive Director of Northgate plc

David Brown
Group Chief Executive

Appointment:
David Brown was appointed to the Board as Deputy Chief Executive on 1 April 2011 before his accession to the post of Group Chief Executive on 3 July 2011

Length of service:
7 years and 3 months

Independent:
Not applicable

Skills, experience and qualifications:
Over 35 years of experience in the industry with particular expertise in the London bus market. Former Managing Director of Surface Transport at Transport for London. Thorough knowledge and understanding of the Group's business, having been Chief Executive of Go-Ahead's London bus business from 2003 to 2006 and advisor to the main Board

Other directorships and offices:
Director of Rail Delivery Group Limited, Director of ATOC Limited (Chairman of the remuneration committee) and Non-Executive Director of Renew Holdings plc

Patrick Butcher
Group Chief Financial Officer

Appointment:
Patrick Butcher was appointed to the Board as Group Chief Financial Officer on 14 March 2016. In August 2018, it was announced that Patrick will leave Go-Ahead later this year to take up the position of Chief Financial Officer at Capita plc

Length of service:
2 years and 3 months

Independent:
Not applicable

Skills, experience and qualifications:
Member of the Institute of Chartered Accountants (South Africa). Over 17 years of experience as a finance director at Board level in transport and infrastructure companies. Former Group Finance Director of Network Rail as well as finance director roles at English, Welsh and Scottish Railways (now DB Schenker) and London Underground. Extensive experience working as a management consultant and auditor for Deloitte LLP. Former member of the British Transport Police Authority

Other directorships and offices:
None

Katherine Innes Ker
Senior Independent Director

N A R

Appointment:
Katherine Innes Ker joined the Board in July 2010 and was appointed as Senior Independent Director in April 2013

Length of service:
7 years and 11 months

Independent:
Yes

Skills, experience and qualifications:
Former city financial analyst. Extensive executive and non-executive experience in helping to grow successful and dynamic organisations. Held many previous non-executive directorships including Gigaclear plc, St Modwen Properties plc, Victoria plc, Taylor Wimpey plc, Taylor Woodrow plc, The Television Corporation plc, Fibernet plc, Williams Lea plc, Shed Media plc and Gyrus Group plc

Other directorships and offices:
Non-Executive Chair of The Mortgage Advice Bureau, Non-Executive Director of Forterra plc and Chair of ReadyPower Group Limited

Adrian Ewer
Non-Executive Director

N A R

Appointment:
Adrian Ewer joined the Board in April 2013

Length of service:
5 years and 2 months

Independent:
Yes

Skills, experience and qualifications:
Became a chartered accountant in 1977 and, as a Fellow of the Institute of Chartered Accountants, has sound recent and relevant financial experience. Former Chief Executive Officer of John Laing plc and associated limited companies. Wealth of experience of major long term contracts. Strong customer focus and flair for strategy and finance. Experience in bidding and operating heavy and light rail franchises as well as rail infrastructure procurement

Other directorships and offices:
None

Harry Holt
Non-Executive Director

N A R

Appointment:
Harry Holt joined the Board in October 2017

Length of service:
0 years and 8 months

Independent:
Yes

Skills, experience and qualifications:
Served 24 years in the British Army fulfilling some of the Defence's most demanding appointments. Extensive experience working as a commander on combat operations, as a senior executive in the Ministry of Defence and in government relations. A wealth of experience in strategic planning, operations, culture and transformation through leadership positions held at Rolls-Royce plc from 2011 to date

Other directorships and offices:
Chief People Officer at Rolls-Royce plc and Non-Executive Chairman of the Royal Foundation's Endeavour Fund

Leanne Wood
Non-Executive Director

N A R

Appointment:
Leanne Wood joined the Board in October 2017

Length of service:
0 years and 8 months

Independent:
Yes

Skills, experience and qualifications:
Extensive corporate experience working in several senior international executive roles at Diageo plc from 2000 to 2015, and Burberry Group plc from 2015 to date. An international career background with significant experience of leading corporate strategy and organisational transformation

Other directorships and offices:
Chief Strategy, People and Corporate Affairs Officer at Burberry Group plc

Carolyn Ferguson
Group Company Secretary

N A R

Appointment:
Carolyn Ferguson was appointed as Group Company Secretary in July 2006

Length of service:
12 years

Independent:
Not applicable

Skills, experience and qualifications:
A Fellow of the Institute of Chartered Secretaries and Administrators. Qualified and practising coach and mentor. Extensive company secretarial, compliance, governance and pensions experience. Began working as Assistant Company Secretary in 2001, before being appointed to Group Company Secretary in 2006. Previous employment includes working for Northern Electric, predominantly in the field of pensions

Other directorships and offices:
None

Leadership

The Board recognises that strong governance also underpins a healthy culture. This, in turn, brings benefits to the Group and its employees as well as to all our stakeholders. Your Board is committed to leading by example and ensuring that good standards of behaviours permeate throughout all levels of the organisation.

Leadership highlights

- Evolved Group strategy
- Monitored performance against objectives
- Established key cultural indicators to measure success
- Improved stakeholder and customer feedback channels
- Reviewed inclusion and diversity initiatives, including gender pay gap results
- Continued Board development to improve effectiveness

Go-Ahead's governance framework

Our governance framework is set out in the diagram opposite. It establishes a clear division of responsibilities for the Board and supports the development of good governance practices throughout the Group.

Day-to-day management of the Group and the implementation of strategies agreed by the Board have been delegated to the executive directors.

The executive directors meet with senior management in the Group and across our operating companies, both formally and informally, on a regular basis. We believe that this devolved management structure enables the Group to be managed in an effective way and allows the right balance between local and Group initiatives. It also ensures the Board remains well informed about our operating companies, colleagues, customers and all our stakeholders, so we can respond proactively to the changing dynamics of the business and society.



A world where every journey is taken care of



The Board's focus

The Board's annual programme of activity is structured around the development and implementation of strategy and the Board spends time at each meeting discussing performance against strategic objectives. During the year, the Board welcomed a change in executive reporting to enable more discussion of strategy, including progress against objectives and monitoring shifts in trends to ensure the Board remains forward looking. The Board monitors operational, financial and health and safety performance at each meeting. Risk management is also a regular feature of Board discussion, with a programme of in-depth presentations on key risk focus areas by senior management each year. A regular discussion topic during the year was GTR's financial and operational performance and forecasts. This included consideration of the timetable change and potential contractual implications of its implementation. There was also a rolling programme of presentations on the change themes that were enablers of our strategy, including lean, technology, customer experience, culture change and leadership.

Culture

The Board's culture agenda ensures oversight of the many initiatives underway within our business to drive positive culture change. Bringing our vision, beliefs and attitudes to life is a key area for the Board and, this year again, we spent a lot of time discussing how our culture change programme is being embedded across the business. Our people bring the value of our culture to life in their day-to-day roles and the Board regularly reviews inclusion and diversity initiatives across the Group, colleague engagement, succession planning, talent management and development.

Ensuring the Board is as effective as it can be is always a priority. All Board members need to bring the right behaviours and values to Go-Ahead to create the blend which is vital to a healthy boardroom culture. Making sure all Board members are aligned to Go-Ahead's corporate culture has therefore remained a key focus area during the year. We undertook an interim assessment of the



actions and priorities agreed in last year's Board development programme to make sure the Board was leveraging the skills and strengths of individual Board members. We also welcomed our new non-executive directors, Harry Holt and Leanne Wood, to the Board in October 2017 and have spent time during the year ensuring their transition onto the Board has been supported through our formal induction programme and building relationships with existing Board members. Our internal Board review identified that we have a collegiate Board with robust and constructive debate in the boardroom.

Governance

As a Board we believe that good governance is crucial to the successful delivery of our strategic objectives. We aim to always remain abreast of best practice and actively participate in debates and consultations on matters which are important to our business and the communities we serve.

 **The Board's role in governance and how this is linked to our strategy is set out on pages 59 to 61 together with what we have achieved during the year ended 30 June 2018.**

We continue to hold informal meetings and Board dinners, usually either before or after Board meetings. Additional meetings are held as required where topics warrant more time, for example, to approve bids or contracts.

All Board papers are circulated at least one full week before meetings, with easy and secure access to papers via the internet, where archived papers and resource materials can also be accessed. Each director comes to the Board meeting well prepared, having read all papers. Executive summaries are presented at the meeting itself, which provide the Board with the opportunity to fully engage and stimulate productive discussion. The executive directors and Group Company Secretary are readily available should any Board member require additional information.

How governance supported the delivery of our strategic objectives in 2017/18

Board activities were structured to enable the Board to support the executive directors and senior management to deliver our strategic objectives. We have set out below how the Board's governance role ensured focus on each of our strategic objectives for the year ended 30 June 2018. Our achievements illustrate how we continue to generate value for our investors and build a sustainable business that meets the needs of all our stakeholders and the communities we serve. The Board also ensures that key performance indicators (KPIs) specific to each strategic objective are incorporated into our executive directors' performance-related remuneration targets.

| Strategic objectives | Board governance role | What we achieved in 2017/18 |
|--|--|--|
|  Protect and grow the core | <ul style="list-style-type: none"> Ensure our core businesses are safeguarded Understand market developments and shifts in trends Track evolving strategic opportunities Approve and monitor strategy and delivery Oversee and approve organic growth initiatives, bolt-on acquisitions and strategic partnerships | <ul style="list-style-type: none"> Strategies developed to grow bus passenger numbers Contract wins secured in London Maximised value from successful demobilisation of London Midland Secured extension of Southeastern franchise Continued focus on operational challenges in GTR Acquisition of a sightseeing company in Oxford and a bus and coach operator in Hull |
|  Win new bus and rail contracts | <ul style="list-style-type: none"> Assess and agree the viability, including risk, of rail and bus contracts Ensure detailed oversight and understanding of bid process, strategy and risks Approve all key bid and contract submissions Oversee mobilisation of contracts already won Ensure knowledge, experience and best practice are shared across the Group | <ul style="list-style-type: none"> Explored bus and rail opportunities in targeted international markets Submitted bid for a further German contract, which was won during the year Prepared for opportunities arising from the Bus Services Act 2017 Awarded Outer Dublin Metropolitan Area and Dublin Commuter Routes bus contracts Submitted bid for new South Eastern franchise Ongoing mobilisation of Netz Lots 2&3 in Germany |
|  Develop for the future of transport | <ul style="list-style-type: none"> Agree new and emerging strategic initiatives Rolling programme of in-depth reviews into innovation projects Monitor progress on a regular basis Monitor evolving competitor and macro trends Provide support and resources to pioneering innovations | <ul style="list-style-type: none"> Options being scoped and trialled for exploiting captive markets Target operating model established for train operating companies Demand-responsive transport services pilot commenced in Oxford Utilising spare capacity in assets trial underway Technology initiatives launched with Hammock to enable smart cities Influencing future transport through thought leadership articles and events |

How governance supported the delivery of our change themes in 2017/18

The following table sets out the Board's governance role and achievements against each change theme for the year ended 30 June 2018. As with our strategic objectives, KPIs specific to each change theme were incorporated into our executive directors' performance-related remuneration targets. As these change themes have now been embedded in the everyday activities of our operating companies, the Group strategy has naturally evolved and developed. For the coming year, the new change themes to support the delivery of our strategic objectives are: better teams, happier customers, stronger communities, smarter technology and a cleaner environment. Through these key areas, we aim to deliver change, shape our culture and prepare for future challenges facing us and our wider industry.

| Change theme | Board governance role | What we achieved in 2017/18 |
|----------------------------|--|---|
| Lean | <ul style="list-style-type: none"> Monitor progress of 'lean engineering' strategy Challenge senior management to improve operational areas, eliminate inefficient practices and reduce waste | <ul style="list-style-type: none"> Process control Boards introduced to all bus operating companies and at pilot depots Lean plans submitted by all bus operating companies KPIs established to monitor performance Lean education and training courses for colleagues |
| Technology | <ul style="list-style-type: none"> Ensure technology strategy is aligned to support strategic direction Oversight of digital initiatives Gain assurance that key IT risks are managed with the appropriate controls in place | <ul style="list-style-type: none"> Invested in technological advances including new bus applications Introduced new payment options and channels Resourced and piloted pioneering technological innovations Reviewed key IT risks, including cyber security and controls |
| Customer experience | <ul style="list-style-type: none"> Monitor customer satisfaction across the Group Receive updates on customer experience strategy and engagement Oversee relationships with strategic partners to support and improve the customer experience | <ul style="list-style-type: none"> Improved leading Bus Passenger Survey satisfaction score in regional bus Continued focus on improving GTR performance and customer service Proactively engaged and collaborated with a wide range of stakeholders and partners focused on improving the customer experience Improved customer communications |
| Culture change | <ul style="list-style-type: none"> Govern the Group's vision, beliefs and attitudes Set the Board's culture agenda Monitor progress of Group-wide culture change programme Oversee and monitor key cultural indicators, including inclusion and diversity policies and initiatives Ensure culture is taken into account in all strategic and business decision making | <ul style="list-style-type: none"> Agreed key cultural indicators to monitor progress Colleague engagement scores improved across operating companies Considered how the Board listens to the views of our wide range of stakeholders Non-executive directors engaged with senior management and front-line colleagues through local operating company site visits |
| Leadership | <ul style="list-style-type: none"> Define the Group's purpose and strategy Ensure governance framework contributes to long term sustainable success Set the strategic objectives for the Group and measure performance against them Build and maintain effective stakeholder relationships Oversee leadership succession planning, personal development, reward and recognition strategies Ensure continuous Board development and effectiveness | <ul style="list-style-type: none"> Focused on strategy, risk management and control programmes Improved executive reporting to measure strategic objectives, emerging trends and innovations Good progress made with inclusion and diversity policies and initiatives, including gender pay gap reporting Implemented the actions from the Board's development programme last year and internal evaluation undertaken this year Built resilience into senior management succession planning, improved talent and development initiatives |

Risk and governance priorities

In addition to the strategic objectives and change themes detailed on pages 59 and 60, risk and governance continue to be at the forefront of the Board's thinking and discussion throughout the year. The Board ensures that targets and KPIs are included in the executive directors' annual performance-related bonus.

| Board governance role | What we achieved in 2017/18 |
|--|--|
| Risk management and internal control monitoring | <ul style="list-style-type: none"> Reviewed risk management and internal control process and concluded they were effective |
| In-depth risk focus | <ul style="list-style-type: none"> Continued to undertake in-depth risk reviews, which included franchise bid process, reputation and cyber security |
| Risk appetite | <ul style="list-style-type: none"> Reviewed risk appetite statement |
| High standards of governance | <ul style="list-style-type: none"> Reviewed proposed revisions to the UK Corporate Governance Code, executive remuneration policy and Board policies and procedures |
| Effective stakeholder engagement | <ul style="list-style-type: none"> Received updates on different groups of stakeholders including shareholders, customers, colleagues and strategic partners |
| Compliance | <ul style="list-style-type: none"> Ensured regulatory, statutory and legislative compliance |

Board considerations when implementing our international strategy

We have a clearly articulated international strategy to win new bus and rail contracts. The development, implementation and monitoring of our international strategic targets are a key focus area for the Board, with the Board's main considerations during the year summarised below:

- Endorsing recommendations for specified opportunity selection criteria such as, the public procurement authorities, capital requirements, competitive landscape, size of potential pipeline, political risk and alignment with Go-Ahead's core values
- Approving target geographies, in the current and future pipeline, based on the above criteria
- Approving the allocation of investment resources to support the growth plan

- Approving target contracts within the pipeline, based on alignment with our prioritisation criteria, such as competitive landscape, bid resources, financial returns, capital requirements and strategic growth opportunities
- Approving the submission of bids, negotiating parameters and contract close out. Ensuring that the resultant contracts are compatible with the expected financial return and that risks are clearly understood, monitored and mitigated
- Monitoring performance against the plan and endorsing tactical changes as required
- Governance and oversight of the mobilisation activities required to convert newly won contracts into operational businesses that are integrated within the Group company architecture, systems and policies
- Assurance activities to monitor compliance with Group requirements and stakeholder expectations, including safety management, financial reporting requirements and operational performance

Board Strategy Day

The annual Board Strategy Day took place in June 2018. This meeting enabled the Board to focus on reviewing progress against strategy to date, debate ideas and reflect upon the future direction of the business. In doing so, the interests of all our stakeholders were at the forefront of the Board's considerations.

The agenda for the Board Strategy Day was determined through a collaboration between the executive and non-executive directors who agreed in advance the key strategic questions for discussion on the day.

The morning began with the Group Chief Executive providing a summary of progress against strategy to date. The Group's financial advisor, Rothschild, presented a market and valuation update and the Group Chief Financial Officer updated the Board on financial performance during the year. The Board then discussed the competitive landscape and macro trends facing the business, with debate around the challenges these presented and how strategic resilience could help the business adapt and adjust to these changing trends. The morning concluded with the Group Commercial and Customer Director updating the Board on the key drivers of demand within the bus business, with debate around growth generation.

Debate in the second half of the day focused on our three strategic objectives.



 **Protect and grow the core**

For our strategic objective to protect and grow the core, the Board discussed the wide range of initiatives underway to safeguard and develop our core businesses. The potential financial returns and risks were assessed against a number of scenarios, the Board explored some less conventional ideas and discussed what the future might look like for our bus and rail businesses.

 **Win new bus and rail contracts**

For our strategic objective to win new bus and rail contracts, presentations were given by the Managing Directors of both Bus and Rail Development on target opportunities and strategy, acquisition, bidding and pipelines. The Board also reviewed our bidding strategy.

 **Develop for the future of transport**

The Board discussed the progress made against our strategic objective to develop for the future of transport, where several initiatives were being explored. The Board considered how our skills, knowledge and assets were being used in new ways to deliver innovative and sustainable growth for the long term.

Throughout the Board Strategy Day, the non-executive directors contributed personal perceptions and views, based on their own business experience. The participation of external advisors and senior managers also provided interesting and stimulating insights which contributed to the Board's debate.

Strategy was at the core of the Board's activities during the year, with the strategic and measurable objectives that will underpin the Board's deliberations over the year ahead, also agreed at this year's Board Strategy Day.

Harry Holt's perception of the Board Strategy Day is set out opposite.



My view of the Board Strategy Day: Harry Holt



“The management team's excellent preparation for the day, the high quality of paperwork and presentations ensured it was a very successful day.”

Harry Holt
Non-Executive Director

This year's Board Strategy Day was my first as a non-executive director on Go-Ahead's Board. It provided a great opportunity to reflect on the strategic position of the Group and to dig into more detail, on certain subjects, that it's not always possible to cover at routine Board meetings. As a relative newcomer to Go-Ahead, I found the opportunity to explore and understand the key risks and opportunities for Go-Ahead invaluable.

The detailed review of the overall equity markets was very insightful, along with benchmarking against our market peers. It set much of the context for the remainder of the day's discussion. After a quick reflection on our past year's performance, especially the progress made against our current strategy, we were able to get stuck into the big strategic questions facing our sector and, specifically, Go-Ahead. I found the discussion of global macro trends affecting our business particularly fascinating. They included British politics, demographics and significant changes to people's work, retail and leisure patterns. The mix of challenge and opportunity made for a stimulating debate amongst the Board, with the non-executive directors bringing their own experience and knowledge of different business sectors to bear.

We spent time exploring some of the innovations which Go-Ahead is pioneering to exploit the future of transport. Initiatives such as demand-responsive transport, utilising spare capacity in current assets and smart cities all gave an insight into what the future might look like, with Go-Ahead very much at the fore.

Although the strategic debate was stimulating, it was particularly gratifying to distil it all down into what it meant for the Group for the year ahead. This now gives the Board the foundation of a firm plan, based on long term strategy, against which it is easier for the Board to ensure progress. I found the Board Strategy Day very insightful; an opportunity to spend longer getting under the surface of the business and understanding the key value drivers which, of course, will make our routine shorter Board meetings even more productive. The management team's excellent preparation for the day, the high quality of paperwork and presentations ensured it was a very successful day.

Effectiveness

Effectiveness highlights

- **Two new non-executive directors appointed, bringing skills, experience and behaviours that complement the Board**
- **Board effectiveness improved further by harnessing skills and strengths of individual Board members**
- **Completion of action plan following 2017 Board development programme**

Ongoing training and development

There is an ongoing programme of training and development for the Board and this year it included:

- Regular presentations at Board meetings from senior management to ensure that the non-executive directors had sufficient knowledge to make informed decisions. Examples included presentations on bus and rail bid submissions, international development opportunities, stakeholder and colleague engagement, reputation strategy, sustainability and culture
- A planned programme of non-executive director visits to operating companies to meet colleagues and understand how the individual businesses work
- Regular updates on corporate governance and best practice, which during the year included the government's corporate governance reform agenda and market best practice
- Updates on legislative and regulatory matters, which during the year included compliance training on the new General Data Protection Regulation
- Attendance and participation at the Group's annual management conference

Induction programme

Harry Holt and Leanne Wood were appointed as independent non-executive directors in October 2017. Both are following a structured and tailored induction process which includes the following key focus areas:

- Governance – our devolved management approach and governance framework
- Strategy – how we create and deliver long term sustainable value
- Risk – our key risks, internal controls and risk appetite
- Stakeholders – how we listen to and balance the interests of our stakeholders
- Culture – how our vision, beliefs and attitudes underpin our culture change programme
- Board – how we lead by example, perform our directors' duties and strive for excellence

Meeting colleagues across the Group within the first few months of joining the Board was a key part of their induction process and included:

- One-to-one meetings with members of the Board, including the Group Company Secretary
- One-to-one meetings with members of the Group executive committee responsible for the Group's centralised functions
- Meeting independently with both the internal and external auditors
- Meeting with key advisors, including the corporate brokers
- Meeting with shareholders at the annual general meeting

There is also a programme for the non-executive directors to meet with our local senior management teams and colleagues in each of the operating companies. This is undertaken through the Board's rolling programme of site visits, presentations to the Board and events like the annual management conference.

Reflections on my first eight months: Leanne Wood



“Since joining the Go-Ahead Board last October, I have greatly enjoyed getting to know the business and our people.”

Leanne Wood
Non-Executive Director

Since joining the Go-Ahead Board last October, I have greatly enjoyed getting to know the business and our people.

I was immediately struck by the high level of engagement all Board directors show for the business. From my first day, I have been warmly welcomed to Go-Ahead and have enjoyed the open and lively discussions we have across the topics we cover. I found our annual Board Strategy Day both informative and stimulating and appreciated the openness of the management team to input and debate.

As a new Board member, I'm keen to see as much as possible of our operations and people. During the year, I've been able to visit two of our operating companies, Go North East and Go-Ahead London. At Go North East, we visited the Riverside Gateshead Depot and were able to see the full range of activity which goes on there. I particularly appreciated seeing how we track buses across the network and how quickly we are able to respond, often remotely, to any operational issues.

At Go-Ahead London's Waterloo Depot, I had the opportunity to see our fleet of entirely electric buses and hear about their introduction and development. Go-Ahead is leading the industry in the development of electric buses, and I'm looking forward to watching this progress.

I have been impressed by the leadership role that Go-Ahead is playing in the debate about the future of transport. Varied groups of stakeholders are regularly brought together to discuss and find solutions to issues such as congestion and pollution. Go-Ahead continues to innovate, most recently with the pilot of PickMeUp, an on demand bus service in Oxford. Through investing in a variety of new solutions, Go-Ahead is at the forefront of developments in the sector.

Finally, I have been impressed with the strong culture that I have experienced since joining the Board. From the ongoing focus on areas such as health and safety and sustainability, through to the plans for colleague engagement which are developed at each operating company, it is clear that Go-Ahead has a strong commitment to delivering for all its stakeholders.

I would like to thank the Chairman, other Board directors and the management team for their warm welcome to Go-Ahead. They have provided me with plentiful time and opportunity to learn and ask questions. From day one, they have encouraged me to contribute from my own experience. I'm delighted that I've joined Go-Ahead and am looking forward to much more to come.

Board effectiveness review

Our annual Board review gives us the opportunity to reflect on the effectiveness of our Board and its committees. Following the external review last year, this year the review was internally facilitated by the Group Company Secretary. The Board considers the Group Company Secretary to be a suitable and independent sounding board for this process, particularly given her insight into the day-to-day workings of the Board and its committees and the support and advice provided to the Board members throughout the year.

The Group Company Secretary met with each Board member on a one-to-one basis, with discussion focused around progress against the actions from the previous year's external review, the Board's governance framework and current topics to improve Board effectiveness.

Progress against actions arising from the 2016/17 Board development programme

| Theme | Specific action | Progress |
|--------------------------|--|--|
| Debate | Board papers should be reviewed in the context of stimulating and improving the quality of debate | Executive reporting was improved to facilitate more broad and strategic thinking at Board meetings and ensure time was being spent discussing strategic objectives and key focus areas |
| Skills | Use the results of the skills and gaps analysis to guide the search process for Nick Horler's replacement, following his retirement as non-executive director at the 2017 annual general meeting | The results of the skills and gap analysis guided the search process for the two new non-executive directors, resulting in a more diverse Board with different skills to support the strategic direction of the business |
| Succession | Regularly assess organisational structure and succession planning to ensure alignment with strategy | Board succession planning has been effective. There is also now increased insight into senior management succession planning, leadership potential and development aligned to strategic direction |
| Board development | Individual directors should hold themselves to account, particularly with regard to their own personal development plan | Progress against the outputs from last year's Board development programme were discussed during the year. This included Board strengths and commitment matrices, key insights and actions, to ensure individual accountability and the collective Board's continuous development |

Discussions with the Group Company Secretary also focused on a number of key topics relating to good corporate governance and long term sustainable success, particularly in relation to the debate around the proposed changes to the UK Corporate Governance Code. Key areas of focus were as follows:

Culture

How does the Board embody and promote the desired culture of the Group and are we monitoring and assessing culture appropriately to satisfy ourselves that behaviour throughout the business is aligned with the Group's values and corporate purpose.

Sustainable value creation

How does the Board assess the basis upon which the Group generates and preserves value over the long term, including the sustainability of the Group's business model and how governance contributes to the delivery of strategy.

Diversity

How can the Board promote diversity and what role does the Board play in ensuring that diversity supports the achievement of the Group's strategic objectives.

Stakeholder engagement

How does the Board ensure that the interests of all stakeholders are considered and are influential in the Board's decision making (Section 172 of the Companies Act 2006).

Insights from new non-executive directors

Harry Holt and Leanne Wood joined the Board as non-executive directors in October 2017 and hence were not part of the Board development programme last year. The Group Company Secretary therefore focused on their early insights of the Board, its operations and dynamics, in addition to ensuring we were leveraging the new skills and experience they bring to the Board.

The Board's governance framework

Discussions focused on resourcing of meetings, agenda planning and quality of information, the culture and quality of debate in Board meetings, strategic and risk challenge and committee effectiveness.

At the end of the meeting, there was an opportunity for a general open discussion and an opportunity to cover any areas not considered. The Group Company Secretary then shared the findings with the Chairman, on an anonymous basis, ahead of a full discussion at the July 2018 Group Board meeting. An action plan was then agreed for the year ahead.

Conclusions

The review highlighted the Board's key strengths and made recommendations as to how the Board could continue to develop and improve effectiveness. A summary of the feedback and the principal areas of focus for the year ahead is as follows:

Key strengths

The review found the functioning of the Board to be at a very good level. The small size of the Board was cited as a positive, primarily because it provided the opportunity for everyone to contribute. Discussions were supportive, constructive and well balanced. The Chairman's stewardship of meetings was viewed highly positively, actively encouraging an open and transparent style in Board meetings.

Board members felt well supported, with comprehensive pre-reads to support discussions sent out in a timely manner. Governance support, including updates on key compliance matters, was considered to be of a very high standard with Go-Ahead maintaining its good reputation for best practice and transparent reporting. Committees were all considered to work well, with Chairs well prepared and having a good subject knowledge and understanding of issues.

The changes to Board composition during the year were viewed as very positive, with the two new non-executive directors bringing a different set of skills, experience and perspectives to enrich Board debate. A key strength of the Board was also the in-depth knowledge and experience of existing Board members.

Individual director effectiveness

The Chairman also met with each director on an individual basis to discuss the findings from the Board review. The Senior Independent Director led the process of evaluating the performance of the Chairman, in consultation with the non-executive directors and with input from the executive directors.



Principal areas of Board focus for 2018/19

Sustainable value creation

Building upon the progress made during the year, the focus should continue to be on developing the key drivers of sustainable value creation over the year ahead.

Stakeholder engagement

Develop further the two-way channels of communication with key stakeholders, with particular focus on engagement with the workforce.

Culture

Continued assessment of the cultural indicators throughout the business to ensure our culture continues to evolve and remains aligned to the Group's purpose, values and strategy.

Inclusion and diversity

Building upon the oversight of diversity strategies across the Group, review the Board and Group-wide inclusion and diversity policies, key performance indicators and action plans.

Governance

Review the changes to the new 2018 UK Corporate Governance Code to enable early adoption where possible and compliance with best practice.

How the Board listens to our stakeholders

Listening to and engaging effectively with our wide variety of stakeholders plays a critical part in the long term success of the Group. It helps drive strategy in a way that will deliver value for all of our stakeholders. A key priority for the Board is to ensure that the views and interests of all of our stakeholders are represented in the Boardroom and considered as part of the Board's decision making. This is achieved in the following ways:



Customers

Customers are at the heart of Go-Ahead. We understand our local markets and strive to exceed our customers' expectations. We care how our customers' feel about us and our services so we can improve.

Why we listen

- To ensure we are customer-focused
- To assess the Group's performance
- To respond to customers' needs and demands
- To identify change required and deliver improvements
- To maintain a reputation for high standards of business conduct
- To deliver a high quality public transport service

How we hear the stakeholder voice

- Social media – news and updates
- Customer satisfaction surveys
- Continual review of feedback and complaints
- Direct feedback via call centres, emails and social media messages
- Focus groups and other primary research
- Customer-facing colleague feedback
- Customer panels, especially for special interest groups such as the disabled



Strategic partners and suppliers

We work collaboratively with strategic partners including TfL, Network Rail and Keolis, and build strong relationships with core suppliers.

Why we listen

- To foster relationships of mutual trust and loyalty
- To ensure collaborative partnerships
- To ensure competitive advantage
- To monitor feedback
- To assess performance and identify opportunities for improvement
- To adopt a strategic and forward focused approach
- To ensure cultural fit and maintain supply chain sustainability

How we hear the stakeholder voice

- Formal written contracts, negotiated using the principle of transparency and our vision and values
- Annual surveys of our suppliers
- Regular meetings to discuss contract performance
- Early supplier engagement
- Annual procurement sustainability supply chain event
- Stakeholder surveys
- Regular stakeholder meetings



Our people

Our people drive our business. We strive to create an environment which is inclusive and diverse; enabling all colleagues to reach their full potential, to seek new, innovative ways to meet customers' needs.

Why we listen

- To maintain a highly engaged and motivated workforce
- To develop the skills and capabilities of our people to be the best in the sector
- To ensure the culture across the Group is improving and is underpinned by our vision, beliefs and attitudes
- To confirm the people agenda complements the business strategy

How we hear the stakeholder voice

- Annual management conference
- Annual colleague engagement survey
- Investor in people process
- Colleague performance data
- Leadership and talent development review
- Training and needs analysis
- Site visits
- Focus groups



Government

By working closely with both central and local government, including the DfT and local authorities, we bring the benefits of private sector partnerships; by helping to reduce public spending, bringing investment, customer focus, our experience and expertise; helping to shape policy and regulatory changes.

Why we listen

- To ensure the Group is well-positioned to pre-empt, respond and adapt to change
- To enable a continued focus on service quality and delivery
- To formulate innovative and attractive bids as opportunities arise
- To help shape new policies, regulations and standards for the industry for the long term benefit of passengers

How we hear the stakeholder voice

- Working in partnership with the DfT on improving customer satisfaction, air quality, safety and customer satisfaction
- Key partner in the Thameslink programme which is transforming north-south travel through London
- Ongoing dialogue with local MPs as well as participating in government and industry working groups, to represent our key strategy and customer needs
- Stakeholder newsletters
- Working alongside other departments to improve policy on accessibility for disabled people and a safe transport service for all



Investors

Go-Ahead is listed on the London Stock Exchange, forming part of the FTSE 250. We provide investors with open and transparent information and encourage two-way communication. Feedback from our shareholders forms part of strategic Board discussions.

Why we listen

- To maintain a loyal shareholder base
- To enhance long term shareholder value
- To build long term credibility
- To assist investors to make informed decisions

How we hear the stakeholder voice

- Annual General Meeting
- Annual Report and Accounts
- Results announcements and trading updates
- Online communications
- Investor perception survey
- Participation in investor relations associations and best practice events
- Individual investor meetings



Communities

Our businesses are at the heart of the communities they serve. Our aim is to provide the social and economic benefits of affordable and accessible travel in the towns and cities in which we operate.

Why we listen

- To deliver our vision: a world where every journey is take care of
- To support local economies by enabling access to work, education, leisure and retail opportunities
- To respond to local demands and needs
- To ensure longevity of economic contribution
- To assess the impact of our operations on the community and environment

How we hear the stakeholder voice

- Two-way communication stream with local businesses and organisations
- Economic contributions
- Stakeholder conferences
- Open days at depots
- Surgeries in community centres

Visiting our businesses

Site visits enable the Board to experience first hand how our businesses are run and, importantly, meet local teams. Such visits provide an invaluable way of assessing how culture change is being embedded and cascaded throughout the organisation. The Board has a rolling programme of site visits. Between them, the Board visited Plymouth Citybus, London Midland, Go North East, Brighton and Hove Buses, Go-Ahead London and Go South Coast during the year.

The Board's visit to Brighton and Hove Buses

The Chairman and Senior Independent Director visited Brighton and Hove Buses in December 2017.

Fleet environmental strategy

The visit began with the Head of Engineering providing an update on the company's current fleet profile, low emission and clean air-zones, and how the company is proudly helping with Brighton and Hove City Council's initiatives to become an emissions free city.

Health and safety

Next on the agenda was a presentation on 'changing health and safety culture and performance'. This provided key highlights as well as insights into how far the business had come in changing culture amongst its people, progress since last year's health and safety audit, and looking ahead to the next priorities.



Lean management and meeting the teams

Engineering managers provided an overview of how lean was being adopted across the business functions so that the benefits could be realised by all of the business. The Chairman and Senior Independent Director were then given a tour of the company's engineering site, providing them with the opportunity to interact with teams at all levels in the business.

Considering stakeholders

A presentation was given covering stakeholders, media relations and marketing with an update provided on what the business was doing to improve customer experience. A presentation on recruitment and engagement demonstrated the positive impacts being seen from the recruitment strategy and also covered highlights from the colleague engagement survey and key focus areas to continue improvement.

Growing the core and developing new opportunities

The day concluded with a talk on growing the core business and developing new business opportunities. This covered passenger growth trends, investing for growth, network reallocation of resources, congestion threats and responses, partnering and developing opportunities for growth and innovation.

A successful day

The Chairman and Senior Independent Director found the visit very informative and that a full day meeting the teams and visiting the engineering site had worked well. By spending time with management and front-line colleagues, they were able to gain valuable feedback on Go-Ahead's culture and see how our vision, beliefs and attitudes were demonstrated in a day-to-day setting.

Committee reports

In this section

- 72 Nomination committee report
- 76 Audit committee report
- 82 Directors' remuneration report
 - 82 Annual statement
 - 84 Q&A with Katherine Innes Ker
 - 86 Remuneration 2017/18 at a glance
 - 87 Remuneration policy report
 - 94 Annual report on remuneration
- Section 1 – Single figure tables**
 - 94 Executive directors' single figure table (audited)
 - 95 Commentary on the executive directors' single figure table
 - 98 Non-executive directors' single figure table (audited)
- Section 2 – Additional information on 2017/18 remuneration**
 - 99 Directors' shareholdings and share plan interests (audited)
 - 100 Executive directors' interests in outstanding share awards and options (audited)
 - 101 Long Term Incentive Plan
 - 102 Total shareholder return performance graph
 - 102 Remuneration of the Group Chief Executive over last nine years
 - 103 Remuneration for the Group Chief Executive compared with all other employees of the Group
 - 103 Relative importance of spend on pay
 - 103 Payments to former directors and payments for loss of office (audited)
 - 103 Material contracts
 - 103 External advisors to the committee
 - 103 Statement of voting at annual general meeting
- Section 3 – Implementation of remuneration policy in 2018/19**
 - 104 Executive directors' 2018/19 base salaries
 - 104 Benefits
 - 104 Pensions
 - 104 2018/19 performance-related bonus
 - 104 2018/19 LTIP awards
 - 105 Non-executive directors' fees



“An inclusive and diverse culture will support the delivery of the Group’s strategy.”

Andrew Allner,
Nomination Committee Chair

I am pleased to present the nomination committee’s report covering our key activities for the year ended 30 June 2018. This report should be read in conjunction with the section on how we have complied with the 2016 UK Corporate Governance Code (the Code), on pages 110 to 115, which also provides other details about the committee.

Q How does the committee ensure there is the right skills, experience and behaviours on the Board?

We regularly review the skills, experience and behaviours of the Board to ensure that we can deliver effectively against our strategic objectives, both now and in the future. Our annual Board review also gives us the opportunity to evaluate individual and collective boardroom behaviours ensuring they support our strategic direction, vision and culture.

In October 2017, we welcomed Harry Holt and Leanne Wood to the Board as new independent non-executive directors. Our Board development programme the previous year helped us to identify the specific skills, expertise and behaviours we needed to strengthen the Board, which then informed the recruitment process that resulted in their appointments.

 [Read more about Harry and Leanne’s ongoing induction programme on page 64.](#)

The majority of the Board are independent non-executive directors. Independence is reviewed on an annual basis. This year, a more rigorous review was undertaken for Katherine Innes Ker who, as at 30 June 2018, had served on the Board for almost eight years.

 [The Board’s collective experience covers a range of relevant sectors, as illustrated on page 75.](#)

Q Were there any further Board changes during the year?

Other than those mentioned above, there were no further changes to the Board during the year. However, following the year end, the Board announced that Patrick Butcher, Group Chief Financial Officer, would be leaving the Group later this year to join Capita plc as Chief Financial Officer. At the time of this report being published, Russell Reynolds Associates, an external search agency, had been appointed to assist the Board with the appointment of a successor. Full details of the process undertaken will be provided in next year’s Annual Report.

Q How does the committee assess the time commitments of the non-executive directors?

The committee reviews the time commitment of each non-executive director on at least an annual basis. This is to ensure they have sufficient time to fulfil their responsibilities and are able to be fully engaged and actively involved with the Group’s business throughout the year.

This year, the committee strengthened its review to include the new guidance from the Institutional Shareholder Services (ISS) on overboarding.

An assessment of the directorships held by each Board member based on the new ISS points-based system was undertaken and I, your Chairman, was found to be the only director who was overboarded. The committee therefore carried out a more detailed review of my external time commitments, including my role as Chairman of Fox Marble plc, a very small AIM company, which is significantly less onerous than my other non-executive directorships. Another consideration was my extensive time commitment to Go-Ahead, which could be evidenced. Since this assessment I have ceased to be Non-Executive Chairman of Marshalls plc. My other non-executive directorships remain under ongoing review.

Following this review, the committee and the Board confirmed that they were satisfied that I, and my fellow non-executive directors, have sufficient time to meet their Board responsibilities.

Going forward, the ISS guidance will be taken into account when making new Board appointments or approving additional external appointments for existing Board members. In accordance with the Board’s Conflicts Policy, additional external appointments cannot be undertaken without prior approval of the Board. Our executive directors can also not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.

All directors, including myself, will be submitting themselves for re-election at the 2018 annual general meeting.

Q What is the committee’s approach to inclusion and diversity?

Our approach to inclusion and diversity on the Board is set out in the Board’s Inclusion and Diversity Policy. During the year, the committee reviewed and updated the policy to include an increased emphasis on inclusion, as well as diversity. Measurable objectives are also now included in the policy, which are based on the principles of fairness, respect and inclusion. All Board nominations and appointments are based on individual competence, skills and expertise, measured against identified objective criteria.

The Board remains committed to improving levels of female representation on the Board, while ensuring that diversity in its broadest sense remains a key priority. Following the change of our Board composition on 23 October 2017, our female representation has increased from 17% to 29%. The committee will always engage executive search firms that are accredited under The Enhanced Code of Conduct for Executive Search Firms, which promotes gender diversity and best practice.

The committee also oversees the inclusion and diversity strategies across the Group and is committed to developing and strengthening our talent pipelines and culture across the business to improve diversity in its broadest sense. Through our culture change programme, we receive regular updates on the inclusion and diversity initiatives across the Group. The committee’s role is to provide oversight and scrutiny to ensure that the strategies in place deliver improvements and promote a culture that upholds the principles of inclusion, diversity and equality.

 [Read more about our inclusion and diversity initiatives across the Group, on page 24.](#)

Q How has the committee considered succession planning and the leadership talent pipeline?

Effective succession planning and a diverse pipeline of talent are key priorities for the committee.

During the year, the committee reviewed the succession plans for both the Board and the senior management team. For the Board, the committee discussed the succession planning for both Katherine Innes Ker, as Senior Independent Director, and myself as your Chairman, as we are the longest serving members. For the senior management team, which is the first layer below Board level, the annual leadership review included assessing succession strength to business-critical roles, leadership performance and functional expertise, as well as identifying those individuals with longer term leadership or executive director potential.

In conjunction with the succession planning review, the committee also reviews the leadership talent pipelines, particularly in the context of the Board’s commitment to promote a strong, resilient and diverse pipeline of talent for the future. This includes recruiting, developing and promoting individuals from the widest possible talent pool. Four pools of talent are now actively sponsored, including high potential colleagues, mid-level managers, operational roles and graduates. Several of our bus and rail businesses also support talent pools locally. Securing future skills and increasing diversity, were key focus areas during the year, in addition to developing strategies and initiatives to support greater female representation.

As stated in the Hampton-Alexander Review, published in November 2017, the combined analysis of our Group executive committee and their direct reports shows female representation at the level of 40.9%. As reported in our Gender Pay Gap Report, published in April 2018, the number of women in leadership and roles in our UK bus and rail workforce has increased above the industry-wide average to 15.4% and 17.3% respectively. Whilst this represents progress in the right direction, it is the committee’s role to monitor the strategy and targets to secure lasting change.

Q What role did the committee play in the Group's reporting against the UK Gender Pay Gap Regulations?

In April 2018, our gender pay gap results were published along with plans to narrow our gender pay gap. The committee's role in relation to reporting against the new regulations was to provide oversight and ensure reporting compliance against the six measures set out in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. As the data was independently calculated, assurance was also provided regarding the accuracy of the published data.

Although in a number of areas the gender pay gap at Go-Ahead is lower than the national average, it is our ambition to narrow this gap. Following the gender pay gap results, the committee reviewed the strategies being deployed to ensure appropriate plans are in place to achieve the desired outcome and narrow the gender pay gap. The committee will also monitor these on an ongoing basis.

[More information on the gender pay gap analysis results is available on our website \[www.go-ahead.com\]\(http://www.go-ahead.com\).](#)

Q What were the findings of the annual committee effectiveness review?

A review of the committee's effectiveness was carried out internally this year as part of the Board's evaluation. The review concluded that the committee was fulfilling its duties effectively. In particular there had been improved reporting and insight into a number of strategically important areas such as talent, diversity, leadership and succession planning across the businesses. The Board felt that this focus should continue, with one of the key actions from the review being that the committee should build upon their oversight of the inclusion and diversity strategies across the Group, including monitoring key performance indicators and action plans.

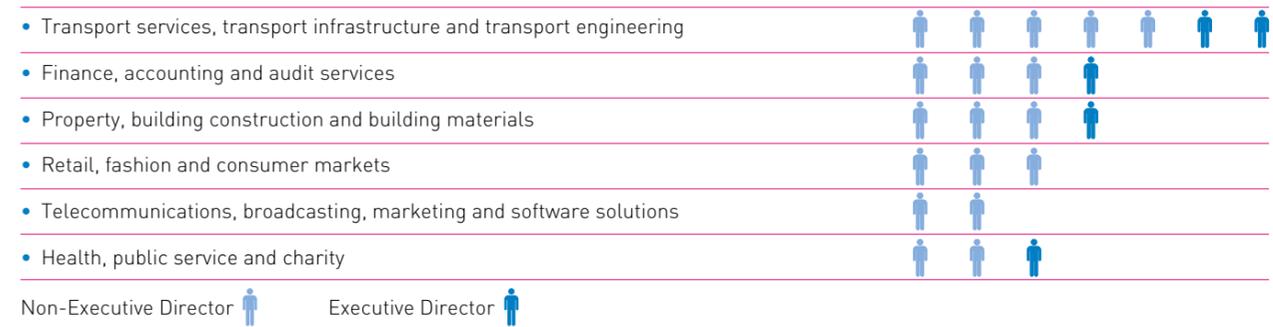
Q What will be the committee's focus for the year ahead?

The committee will continue to support the Board in the year ahead by ensuring the Board's succession planning is effective, particularly in relation to the search and selection process for the new Group Chief Financial Officer. We will continue to support the work which is being undertaken on senior management succession planning and talent pipelines. Inclusion and diversity at all levels throughout the business will be a key focus area. The committee will review the changes arising from the new 2018 UK Corporate Governance Code, where the focus is on the increased importance of high quality board composition and diversity.

Nomination committee highlights

- **Built upon the initiatives identified as part of last year's Board development programme**
- **Continued focus on aligning Board and senior management succession planning to business strategy**
- **Considered the challenges and opportunities facing the Group and the skills and expertise needed on the Board in the future**
- **Oversight of leadership and talent initiatives, linking to cultural transformation**
- **Reviewed Board Inclusion and Diversity Policy and improved oversight of Group-wide inclusion and diversity initiatives**
- **Reviewed and published gender pay gap results**
- **Considered impact of changes in voting guidelines relating to Board directorships and overboarding**
- **Reviewed the effectiveness of the committee, including its terms of reference**
- **Received updates on best practice and governance developments**

Board experience by sector



Planning for future leadership

The committee oversees our Graduate Programme, which is an important way of introducing talent into both our bus and rail operating companies. The third year of the rail graduate programme has successfully concluded and a further tranche of graduate entrants will join the Group in September 2018. The bus graduate programme has been strengthened so it complements the bus business strategy, particularly where operations are being mobilised overseas. The committee tracks the careers of graduate entrants, with retention during the graduate programme higher than the industry average.

Talent development is also a key focus area, and during the year the committee was updated on the new initiatives for improving talent development across the Group. One new initiative was for colleagues with longer term leadership potential to participate in either a high potential programme or a management development programme to accelerate their growth. Candidates on the high potential programme also worked on the strategic business projects to enhance their experiential development. It was these projects which formed part of the rolling programme of presentations to the Board.

[Read more about our Graduate Programme and our initiatives to attract talent on pages 23 and 24.](#)

The committee recognises that, in addition to developing our own people, identifying external talent fulfils a vital role in improving organisational effectiveness and it is important we continue to be able to attract high calibre talent to senior roles both in the UK and overseas.

Inclusion and diversity initiatives across the Group

The committee has been updated on the inclusion and diversity strategies developed across the Group, with objectives and actions consistent across all operating companies. The pace and impact of activity have been far reaching, supported by the creation of a new role of Head of Inclusion, Diversity and Colleague Engagement. This role has helped shape and co-ordinate strategy and provides thought leadership on matters relating to inclusion and diversity across the bus and rail divisions. Additional support has also been provided by the Inclusion and Diversity Steering Group and the new Bus and Rail Working Groups.

Diversity training has previously been made available to all Head Office managers and additional training is currently under review to be launched during 2018/19. In support of our inclusion and diversity strategy, we are partnered with Business in the Community (BitC), Business Disability Forum, Inclusive Employers, Prince's Trust and Everywoman, the world's largest women's network. As Champion Members of BitC's Gender Equality Campaign, we can compare our gender rebalancing initiatives to best practice approaches.

[Read more about our inclusion and diversity initiatives on page 24.](#)

Development opportunities for all colleagues

The committee continues to recognise the importance of supporting the personal development of all colleagues across the Group. The committee is regularly updated on how colleague development is being supported, which includes initiatives delivered by rail and bus HR teams as well as Group-wide approaches. An example during the year was the launch of Personal Development Hours, an initiative designed to support the developing culture of Go-Ahead and to encourage more professional and personal development. The objective is to drive continuous improvement of leadership and colleague capability, enhancing our opportunity to perform year in, year out. The initial roll out has taken place at Head Office, with further implementation across the operating companies envisaged over the next 18 months.

In the coming year, the committee will oversee a greater focus on leadership development as a key enabler of the business strategy. Senior management will also be supported to maintain robust development plans ensuring that they invest in their own personal and professional development.



“The committee is responsible for recommending to the Board the in-depth risk focus areas.”

Adrian Ewer,
Audit Committee Chair

As Audit Committee Chair, I am pleased to present the committee’s report for the year ended 30 June 2018. This report should be read in conjunction with the section on how we have complied with the 2016 UK Corporate Governance Code, (the Code), on pages 110 to 115. As required by the Code, I have relevant financial experience to chair this committee and my fellow committee members bring a wide range of financial and commercial expertise which has enabled the committee to meet its responsibilities in a robust and independent manner.

Q Were there any changes to the key areas of focus for the committee this year?

There were no significant changes to the committee’s key areas of focus this year. These continued to include monitoring the integrity of the Group’s financial statements and maintaining an appropriate relationship with Deloitte LLP, the Group’s external auditor. Reviewing the effectiveness of the Group’s system of risk management and internal controls, including risk appetite, was a key topic, with a particular focus on cyber security risks (including those associated with the holding of personal data) and ensuring IT controls remain robust and dynamic. The committee discussed in detail management’s assessment of income and costs relating to performance regimes and contractual obligations, to receive assurance that such assessment has been carried out appropriately. During the year, the most significant judgements were in relation to GTR and the ongoing discussions with the DfT regarding a number of contractual variations. Discussions centred around two unresolved items, namely timetable specifications and rolling stock cascades. Towards the end of the year, the committee discussed the timetable change and potential contractual implications of its implementation. The committee scrutinised management’s judgement on the range of uncertainty around profitability of the Group’s rail division for the year ended 30 June 2018 and the external auditor confirmed its agreement with management’s view. The committee was therefore satisfied with the conclusions reached.

More information on the key financial and internal control matters considered during the year is on page 80. Read about the key features of the Group’s internal control and risk management system on page 81.

Q What are the committee’s main activities in relation to risk management and internal control?

While the Board has overall responsibility for risk management and the system of internal controls, the committee plays an important role in supporting the Board in fulfilling its responsibilities, particularly in overseeing the effectiveness of the processes and controls in place.

The risk management framework and reporting provide the basis for the committee’s discussion of the risks across the Group, including how they are identified and assessed in terms of their potential impact. The committee reviews the controls in place to mitigate these risks and to ensure that they all remain within the Group’s risk appetite. The committee is responsible for recommending to the Board the in-depth risk focus areas which, during the year, included presentations to the Board on IT resilience and cyber security, security and counter terrorism measures, the new General Data Protection Regulation and rail bidding and forecasting.

Q What is the committee’s role regarding health and safety?

Health and safety reporting is a key feature of our risk management and internal control framework. The committee oversees the health and safety audit programmes in place across all of our operating companies and reviews their audit findings. During the year, the committee also focused on the quality of process, procedure and policy of contractor management, in addition to strengthening health and safety standards and reporting.

Read more on page 79.

Q What are the committee’s main activities in respect of the Group’s financial reporting?

The committee reviews, with both management and the external auditor, the half year and annual financial statements. Our key role is to ensure that the key accounting policies, estimates and judgements applied in those financial statements are reasonable.

The committee assists the Board in undertaking its assessment as to whether the Annual Report and Accounts taken as a whole, is fair, balanced and understandable, and provides the necessary information to allow shareholders to assess the Group’s position, performance, business model and strategy. This assessment forms the basis of the advice given to the Board to assist in making the statement required by the Code.

The committee also reviews the assumptions and provides assurance to support the going concern basis adopted in the financial statements, as well as the long term viability statement contained within the Annual Report and Accounts.

Q How does the committee review whistleblowing, fraud and anti-bribery procedures?

During the year, the committee monitored the Group’s whistleblowing arrangements. The committee received a report which confirmed the review undertaken of all policies in place across the Group and operating companies. Any matters of a whistleblowing nature raised at our operating companies during the year are reported to the committee and, while none were of a significant nature, we view the reporting of such incidents as a positive reflection of our culture.

The committee also reviewed the processes in place around fraud and anti-bribery procedures, with a number of key control measures, reporting and the sharing of best practice all improved during the year. Fraud risk assessments are now also incorporated into internal audit planning.

Q What were the findings of the annual committee effectiveness review?

A review of the committee’s effectiveness was carried out internally this year as part of the Board’s evaluation. The committee was invited to discuss the content, management, quality and focus of discussion during meetings. I am pleased that the review found the committee continues to operate effectively, with the high quality reports and information enabling us to continue to discharge our duties and responsibilities. In particular, there were improved processes and reporting of risk management, which supported the key risk focus areas that the committee recommended to the Board for more in-depth discussion.

Q What was the outcome of the Financial Reporting Council’s (FRC) Audit Quality Review?

The FRC’s Audit Quality Review team selected the audit of Go-Ahead’s 2016/17 financial statements to review as part of their 2018/19 annual inspection of audit firms. The focus of the review and their reporting was on identifying areas where improvements were required rather than highlighting areas performed to or above the expected level. A full copy of the review was discussed with the external auditor at a pre-audit committee meeting, before discussion with the wider committee. The committee is pleased to confirm that there were no significant areas for improvement identified and they were satisfied that there was nothing within the report which might have a bearing on the external auditor’s appointment.

Q What will the committee’s focus be for the year ahead?

Our focus will be on continuing to exercise our assurance oversight role in the best possible way and remaining well informed of best practice. Overseeing the significant financial judgements and providing assurance to the Board will remain high on our agenda as will challenging the external auditor to continue to audit the Group’s financial statements robustly. Another key priority will be to continue to review the effectiveness of the Group’s system of risk management and internal controls and ensure the Board assesses certain key risks in-depth to gain an understanding of how they could affect our strategic objectives and to ensure they remain within our risk appetite.

I would like to thank the other members of the committee, together with management and the internal and external auditors, for their engagement and support during the year.

Viability statement

During the year, the committee reviewed the updated wording of the Group's longer term viability statement, set out on page 45. In order to do this, the committee ensured that the model used for scenario and sensitivity testing aligned clearly with the principal risks of the Group, challenged the underlying assumptions used, and reviewed the results of the detailed work performed. The committee was satisfied that the viability statement had been prepared on an appropriate basis and that the statement was justified.

Audit committee highlights

- Reviewed the effectiveness of the Group's system of risk management and internal controls, including risk appetite
- Continued to assess cyber security risks (including those associated with the holding of personal data), with a focus on ensuring IT controls remain robust and dynamic
- Monitored improvement in IT resilience and capability
- Continued to build on improvements to health and safety reporting with a focus on reviewing and refining the end-to-end process for managing suppliers and contractors
- Assessed potential impact of the new accounting standard IFRS 16 (which is effective for accounting periods beginning on or after January 2019)
- Reviewed the key financial and internal control matters during the year and provided assurance to the Board that the Annual Report and Accounts taken as a whole is fair, balanced and understandable
- Reviewed GTR's financial and operational performance and forecasts, as well as the timetable change and potential contractual implications of its implementation
- Reviewed the robust assessment undertaken by management to support the Group's viability statement
- Reviewed documentation prepared to support the Group's going concern statement and concluded that the accounts had been properly prepared on a going concern basis
- Reviewed the work undertaken with the Group's tax advisors, Ernst & Young LLP, to assess the levels of risk across the business with respect to the Corporate Criminal Offences Act
- Reviewed the effectiveness of the internal and external audit process and reappointment of the external auditor
- Reviewed the effectiveness of the committee, including an annual review of its terms of reference

External audit

The committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making the recommendation as to the appointment, reappointment and removal of the external auditor, assessing their independence on an ongoing basis and negotiating the audit fee.

Effectiveness of the external audit process

During the year, the committee undertook an assessment of the quality and effectiveness of the external audit process which consisted of:

- Assessing each phase of the audit process against a quality framework. This included the key focus areas of audit planning and design, audit execution, Group-wide policies and procedures and role of management
- Through a constructive, honest and open dialogue with the external auditor, discussing what areas had worked well and what could be improved
- Confirming optimised assurance was being derived from the audit
- Assessing effectiveness against a range of valuation components including skills and knowledge, mindset and culture, judgement and quality control
- Considering input from the Group Chief Financial Officer, key members of the Group Finance Team and the Group Company Secretary. Deloitte LLP also provided feedback on their own performance
- Reviewing progress against areas of focus identified from the 2016/17 external audit effectiveness review

The committee used the FRC's Audit Quality Practice Aid as guidance to support the committee's assessment of the external audit. Feedback arising from the assessment process was fed back to the Group's lead audit engagement partner so that any areas of improvement could be followed up.

The observations from the assessment were presented and discussed at a committee meeting, with the committee concluding that the audit process was robust, challenging and appropriately targeted to focus on the key areas of audit risk.

Independence, objectivity and non-audit services

The Board recognises the importance of auditor independence and is aware of the situations which may give rise to the impairment of auditor independence. The audit committee considers carefully on an annual basis the objectivity of the auditor in relation to both the audit process and the relationship with the Group.

During the year, the committee considered the extent of the non-audit services provided by Deloitte LLP.

 Details of the provision of non-audit services and associated fees are included on page 113 and the full policy is included within the audit committee's terms of reference available at www.go-ahead.com.

Financial reporting

Fair, balanced and understandable

The committee adopted the same approach as in previous years to ensure that the Annual Report and Accounts (collectively, the Annual Report) is fair, balanced and understandable. The process was led by an internal Annual Report Team (ART) consisting of members drawn from Group Finance, Group Company Secretariat and Investor Relations teams. The inclusion of these various departments, with input from Group Legal and operating divisions as appropriate, ensured the balance, completeness and accuracy of the Annual Report. The ART was responsible for regularly reviewing work and ensuring balanced reporting with appropriate links between key messages and sections of the Annual Report. The audit committee, together with senior management, reviewed the Annual Report in its final stages, and the committee and then the Board were able to confirm that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Health and safety in action

Contractor management and controls



We are committed to continually improving our Health, Safety and Environmental (HS&E) standards across the Group and have focused a significant amount of time and resource in reviewing, testing and improving the policy and procedures across all aspects of supplier management.

During the year, the committee were appraised of a new framework, which had been developed to better understand the different interactions, responsibilities and roles the Group has with our suppliers. Three distinct processes were identified, namely: supplier approval at the Group procurement tendering stage; project planning at operating company level; and daily task supervision at depot or site level.

Potential suppliers are now asked to complete a comprehensive questionnaire as part of the tendering process to ensure they all have a good track record and share our commitment to HS&E standards. We are also writing to all of our current suppliers to retrospectively approve their HS&E credentials, in addition to applying the process to all new contracts. We have developed a planning template and process so that, prior to any work taking place on a site, all parties and stakeholders are identified with clearly defined roles and responsibilities. It is at this stage that risk assessments are reviewed to agree safe systems of work. Finally, all of the operating companies have reviewed their hosting arrangements to ensure that all visitors are appropriately supported whilst working on site.

In addition to our supplier base demonstrating their commitment to keeping people safe and well, the benefits within our business are apparent, with colleagues contributing to a common goal and engaging in constructive work. Over the year ahead, work to bring suppliers on board will continue. We are also looking for smart software solutions to help automate some of the processes and make even more transparent the controls and documentation in place to keep people safe.

Key financial and internal control matters

During 2017/18, the committee considered the following key financial and internal control matters in relation to the Group's financial statements and disclosures, with input from management and the external auditor:

| Key financial and internal control matters for 2017/18 | How the committee addressed these key financial matters |
|--|--|
| <p>Compliance with franchise terms and conditions relating to the rail components of the Group, specifically relating to the accounting for related income and costs arising from franchise agreements.</p> <p>See page 134 for more information</p> | <p>The committee regularly reviews the accounting policies relating to income and costs arising from franchise agreements and considers a range of reasonably probable outcomes. At interim and year end reviews, a full schedule of material income statement and balance sheet figures is assessed against the committee's expectations and discussed with the Group Chief Executive, the Group Chief Financial Officer and, where appropriate, the external auditor.</p> |
| <p>Ongoing review of provisions for liabilities, specifically relating to third-party claims, lease return and dilapidation provisions for rolling stock, stations, depots, other properties and measurement of uninsured liabilities.</p> <p>See note 24 of the consolidated financial statements</p> | <p>At interim and year end, the levels of provision for third-party claims, lease return and dilapidation provisions are reviewed with the Group Chief Executive and the Group Chief Financial Officer. Management's review is supported by reports from appropriate third-party experts who independently assess the required provision based on their industry knowledge and an understanding of the Group's specific circumstances. Increases in provisions, utilisation and release of provisions are all reviewed for reasonableness in light of these reports and the Group's specific circumstances.</p> |
| <p>Impairment testing in respect of the value of goodwill on the Group's investments.</p> <p>See note 13 of the consolidated financial statements</p> | <p>The ongoing review of goodwill and carrying value of investments, as presented by management, is challenged by the committee. This is done by assessing the expected performance of the individual cash generating units and ensuring that relevant risk factors are imputed to the rate of return used to assess net present value of future cashflows. The committee also reviews historic performance against expectations set in previous years.</p> |
| <p>Assumptions underpinning the calculation of the Group's defined benefit pension liabilities.</p> <p>See note 27 of the consolidated financial statements</p> | <p>Pension scheme liabilities are assessed on behalf of the Group by independent actuaries. Additionally, management reviews and challenges the underlying assumptions with other professional advisors to ensure that the actuaries' own assumptions are appropriate for the Group. The committee also discusses the appropriateness of the assumptions with the Group's external auditor.</p> |
| <p>Understanding and treatment of exceptional items in the year end accounts.</p> <p>See note 7 of the consolidated financial statements</p> | <p>The committee has considered separate disclosure of exceptional income or costs in light of the FRC recommendations of a balanced and consistent approach. The committee is mindful of the need to understand the underlying trends of each division within the business with the impact of large and unusual items separated out as necessary to avoid distortions from such non-recurring aspects.</p> |
| <p>Ensuring operating company compliance with Group policies and procedures and maintaining the required financial control environment.</p> | <p>The committee, together with the Group Chief Executive and the Group Chief Financial Officer, approve the scope of internal audit including the cycle of visits to test operating company compliance and financial controls, based on a risk assessment. The results of the internal audit visits are considered by the committee, together with management's responses to any improvement points. Control matters and reporting issues identified as part of the external auditor interim and year end audits are also reviewed by the committee which considers the adequacy of any management responses. In addition, management ensures that the recruitment and review process for operating company directors gives confidence in the calibre of the operating company teams and their management, and review of the control environment in which they operate.</p> |

Risk management and internal controls

A summary of the key features of the Group's internal control and risk management system is set out below:



Assessment of the Group's risk management and internal control system

The Board has confirmed that, through its audit committee and the committee's review of the key financial and internal control matters for 2017/18 as detailed on page 80, it has reviewed the effectiveness of the system of internal, financial, operational and compliance controls and risk management and considers that this system of internal controls operated effectively throughout the financial year and up to the date on which the financial statements were signed.

The new internal audit plan subsequently approved by the committee has been monitored throughout the year and examples of the reviews undertaken during the year included:

- Revenue processes in areas such as Brighton and Hove Buses and Go South Coast
- Financial controls in Go South Coast, Go North East, Go East Anglia and Singapore
- Southeastern performance income

Internal audit function effectiveness

The committee monitors the effectiveness of the internal audit function annually. This review is led by the Audit Committee Chair, supported by the Group Company Secretary and Group Financial Controller. Input is sought from various sources with feedback then reviewed by the wider committee. The committee also holds a meeting with the internal auditors on an annual basis, without management present.

The committee concluded that the internal audit function provided effective assurance over the Group's risk and controls environment and was operating effectively. There were no significant concerns raised. The necessary procedures were also in place to ensure the appropriate independence of the internal audit function.

Internal audit

Internal audit for the 2017/18 financial year

The Group's internal audit function has been outsourced to Pricewaterhouse Coopers LLP (PwC). During the year, the committee agreed a different approach to the audit plan for the year ahead. Following an initial discussion with the committee, PwC held meetings with the Group Chief Financial Officer and Group Financial Controller to develop the detail of the plan. In addition to reviewing risk registers from across the Group, meetings were also held with operating companies and business assurance teams to understand key focus areas. Discussions were then held with the committee to develop and finalise the plan.



“Our policy on executive remuneration is clear, transparent and aligned to the successful delivery of our strategy.”

Katherine Innes Ker,
Remuneration Committee Chair

On behalf of the Board, I am pleased to present the directors' remuneration report for the year ended 30 June 2018.

Single remuneration figure (£'000)

The total single remuneration figure for our executive directors for the year ended 30 June 2018 is shown below:

| | 2018 | 2017 |
|---|-------|------|
| Group Chief Executive – David Brown | 1,175 | 782* |
| Group Chief Financial Officer – Patrick Butcher | 630 | 422 |

* Restated from last year to reflect actual value of the 2014/15 LTIP award which vested in November 2017. See page 94 for information.

Annual statement

Dear Shareholder,

The directors' remuneration report is divided into three principal sections:

- This annual statement, which provides the context for the committee's decisions during the year
- The new remuneration policy
- The annual report on remuneration, which provides details of remuneration paid to the Board during the 2017/18 financial year and how we will apply the new policy for the forthcoming year 2018/19

Executive performance and reward

At the request of the two executive directors, a 25% reduction to the payout from the 2017/18 annual performance-related bonus has been applied. Both executive directors declined their annual performance-related bonuses in full last year and the Group Chief Executive has declined his bonus in full for the last two consecutive years. Operational performance at GTR had steadily improved throughout 2017/18 prior to the introduction of the May timetable changes, and indeed has now stabilised. The executive directors request was in recognition of the severe disruption the new timetable caused our passengers for the last six weeks of 2017/18.

The committee assessed the 2017/18 annual performance-related bonus against both financial (75%) and strategic (25%) measures. Based on this assessment, an annual performance-related bonus of 91% of maximum bonus (136.5% of salary) could have been payable. The committee considered performance against the health and safety underpin and determined that this had been met on account of health and safety performance having been maintained during the year. However, considering the context of overall Group performance, it was agreed that downward discretion should be applied in respect of the rail customer service underpin, which had not been met, in addition to recognising the unsatisfactory introduction of the GTR May timetable changes.

The committee therefore accepted the executive directors request to reduce the overall bonus payable by 25%, resulting in an actual bonus of 68.3% of maximum bonus (102.4% of salary) being payable (2017: nil). For the Group Chief Executive, the 25% reduction amounted to £193,666.

The Long Term Incentive Plan (LTIP) award, granted to the Group Chief Executive in November 2015, will lapse in full from November 2018 as none of the performance measures were achieved following the three year performance period ending on 30 June 2018.

Both the Group Chief Executive and the Group Chief Financial Officer received an inflationary increase of 2.7% to their base salaries from 1 April 2018, this being no more than the average inflationary increase awarded to all employees across the Group.

Departure of the Group Chief Financial Officer

Shortly after the 2017/18 year end, the Board was informed of the Group Chief Financial Officer's intention to leave the Group later this year to take up the role of Chief Financial Officer at Capita plc.

While full details will be disclosed in next year's Annual Report and Accounts, we can confirm that the remuneration he will be paid on leaving will be in accordance with our policy. All LTIP and deferred shares will lapse upon cessation of employment. This includes half of the 2017/18 annual performance-related bonus, the deferred share element of which will not be awarded.

Executive remuneration policy

We will be proposing a new remuneration policy at our annual general meeting on 1 November 2018. The current policy was last approved at the annual general meeting in 2015 and received 97.77% of the votes held in favour.

Following a detailed review, the committee considers that the current policy remains largely fit for purpose, with many best practice features including additional holding periods on vested long term incentives, malus and clawback. The committee would, however, like to take the opportunity to make a few minor changes, all of which are intended to bring the policy further in line with best and market practice while also allowing for a modest amount of additional flexibility in the way the policy is operated. The committee consulted with major shareholders and shareholder representative bodies on the main changes proposed as outlined below:

- Annual bonus to include flexibility in the choice and weighting of metrics. The metrics used will be aligned to the Group's strategic objectives, with the majority of the bonus subject to challenging financial targets and no more than 25% of the maximum being payable at threshold on any element
- Long term incentives to include flexibility around performance conditions measured over a period of at least three years. In the future, these may include both the current financial metrics of growth in earnings per share (EPS) and relative total shareholder return (TSR), and non-financial metrics selected to promote the long term success of the Group. The committee would consult with the Group's major shareholders before making any significant change to the measures used during the life of the new policy
- Greater clarity in our approach to setting the remuneration of new executive directors. This may include the timing and measures used for incentive awards made in the first year of appointment, depending on the timing of appointment, or setting salaries at a level to allow future salary progression to reflect performance in the role
- Increase in the shareholding requirement to 200% of base salary for executive directors, to be achieved by the retention of at least 50% of the net of tax gain on vested long term incentive awards until the shareholding has been reached (currently this is applicable for the Group Chief Executive only)

In operating the proposed new policy, Go-Ahead would continue to ensure that its implementation reflects best practice and would consult with shareholders on planned changes where appropriate to do so. At last year's Annual General Meeting, 99.50% of the votes cast supported the resolution to approve our annual report on remuneration.

I appreciate the time various shareholders and their representative bodies have given to considering our new proposed policy.

 Our new remuneration policy is set out on pages 87 to 93.

Performance in 2017/18

The Board has delivered full year results that are ahead of previous expectations. Key highlights of the year included:

- Progress made against all three core strategic pillars: protect and grow the core, win new bus and rail contracts and develop for the future of transport
- Resilient financial performance, with operating profit higher than initial expectations and solid financial profile
- Proposed full year dividend to be maintained at 102.08p
- Good progress with international expansion, with seven international contracts won to date
- Bus contract in Singapore delivering high performance levels
- Ongoing mobilisation of the German rail contracts progressing well
- Southeastern franchise extended to 1 April 2019 and shortlisted to bid for the new South Eastern franchise
- Highest ever Bus Passenger Survey satisfaction score of 91% in regional bus
- Launched the UK's largest demand-responsive trial
- Contracts secured to commercialise our expertise in smart-ticketing and payment solutions

Focus for the year ahead

For the year ahead, the committee's primary focus will be continuing to ensure that our overall remuneration policy is structured to support both the financial objectives and strategic priorities of the Group. The committee spends a large proportion of its time discussing performance measures and outcomes, the context of which is framed by a number of considerations including the wider political environment and economy, the market in which we operate and how the Group and individual directors perform. Our overarching objective remains unchanged: that is to ensure we continue to attract and retain the highest quality leaders who are incentivised to deliver the Group's strategic aims whilst balancing reward, performance and stakeholder interests.

Another key focus area will be to ensure compliance with regulatory requirements, including the new 2018 UK Corporate Governance Code. Our objective will be to adopt best practice as early as possible, and before we are required to in 2020, wherever practicable. We will review the pay ratio information in relation to the total remuneration of the Group Chief Executive compared to our UK workforce. While the expanded remuneration committee remit to set pay for all senior management will not represent a change for us in practice, we will also be seeking to receive greater oversight of wider pay practices across the Group.

Katherine Innes Ker,
Remuneration Committee Chair

5 September 2018

Q&A with Katherine Innes Ker

Q What are the main elements of Go-Ahead's remuneration framework?

There are three main elements of executive directors' remuneration:

- Fixed element: comprises base salary, taxable benefits (e.g. family healthcare) and, for the Group Chief Financial Officer only, a non-pensionable cash supplement of 13% of base salary
- Short term element: an annual performance-related bonus which incentivises and rewards the delivery of a balanced selection of financial and non-financial targets over the financial year. Half of this bonus is paid in cash and half is paid in shares deferred for a period of three years
- Long term element: a Long Term Incentive Plan (LTIP) which incentivises financial performance over a three year period, promoting long term sustainable value creation. Vested shares from this plan must also be retained (other than to pay tax or NICs due on receipt of the shares) for a further two years

Q What is the committee's approach to remuneration?

The key principles underpinning the committee's approach to executive remuneration are: prioritising long term shareholder and wider stakeholder value; assessing performance through a balanced range of measures; ensuring there is a clear link between the performance of the Group and payments made to the executive directors; designing remuneration and incentives which are aligned with the Group's risk policies and systems; and structuring incentives to support Go-Ahead's vision and culture by focusing on both individual and collective Board accountability.

The committee thoroughly assesses the performance measures and targets for the annual performance-related bonus and LTIP to ensure that they are appropriate and support our strategy to create long term value for all our stakeholder groups. Specifically, Group profit, cash, and individual strategic goals are key performance indicators for the annual performance-related bonus. A quality of earnings review and a health and safety threshold underpin also apply to the overall bonus. Consideration is given to other relevant underpins on an annual basis, such as the additional rail customer service threshold we included in 2016/17 and 2017/18. For LTIP, the current key performance indicators are growth in adjusted earnings, total shareholder return and customer satisfaction ratings.

All of our performance metrics are linked directly to the Group's specific objectives supporting progress in each of our three core strategy pillars: to protect and grow the core business; win new bus and rail contracts and develop for the future of transport.

In addition to assessing performance against specific targets, the committee always considers the Group's performance as a whole when deciding levels of payout for the annual performance-related bonus, LTIP and any salary increases. This is to ensure that overall remuneration is not based just on a formulaic approach alone, but also reflects Group and individual director performance. The annual performance-related bonus and LTIP are both subject to recovery (clawback) and withholding (malus) provisions for three years following the award.

 Page 85 sets out the key decisions made by the committee during the year.

Q What is the committee's approach to remuneration of the wider workforce?

As well as being responsible for determining the remuneration of the executive directors, the committee also oversees the remuneration of the senior management team, which is the first layer below Board level. The committee receives and discusses proposals from the executive directors on the salary and annual performance-related bonuses for the senior management team before they are approved and paid. Bonuses for the senior management team are paid on a cash and deferred share basis, with deferred shares to be held for a period of three years.

In determining the executive directors' remuneration, the committee takes into account general trends in remuneration across the Group as a whole. The committee seeks to ensure that the underlying principles which support its decisions on the executive directors' remuneration are consistent with those that relate to decisions on the pay of the wider workforce. In practice, the executive directors' remuneration is more heavily weighted towards variable pay (and therefore is linked to the Group's performance) than the pay of other colleagues (which is principally driven by market comparators and individual experience and performance).

Q What is the committee's approach to the new corporate governance reforms?

The committee has kept abreast of governance developments, particularly concerning the proposed changes to the 2016 UK Corporate Governance Code. During the year, we specifically discussed the proposals that would have the biggest impact on the remuneration committee. This included the expanded remuneration committee remit, CEO pay ratios, reporting on committee discretions, share price impact on long term incentive outcomes and the requirement for companies to take action where significant shareholder opposition has been received. As a result, the committee believes that it is well positioned to comply with the changes which have been recently published in the 2018 UK Corporate Governance Code.

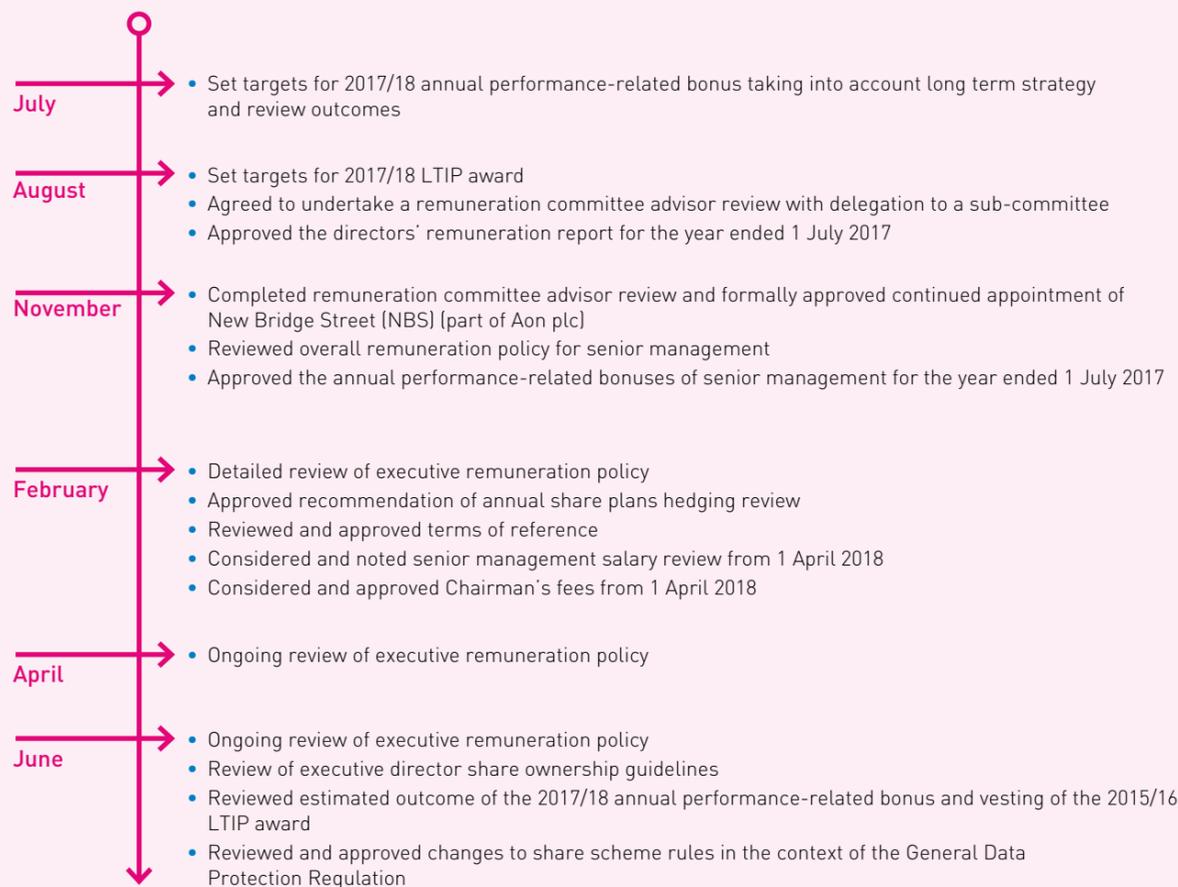
About this report

This report sets out the Group's policy on remuneration for executive and non-executive directors, to be proposed to shareholders at the annual general meeting on 1 November 2018, from which date the policy will apply if approved. While the policy remains largely unchanged from that approved by shareholders in 2015, there are a number of minor changes which are intended to bring the policy in line with best and market practice. A summary of the main changes is set out on page 83. Once approved, this policy may operate for up to three years.

This report also describes the implementation of the remuneration policy that was approved by shareholders at the 2015 annual general meeting and sets out the remuneration received by the directors for the year ended 30 June 2018.

This directors' remuneration report complies with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Listing Rules of the Financial Conduct Authority and applies the main principles relating to remuneration which are set out in the UK Corporate Governance Code published in April 2016 (the Code).

The remuneration committee's year 2017/18



Remuneration 2017/18 at a glance

| Policy element | Group Chief Executive | Group Chief Financial Officer |
|---|--|---|
| Base salary with effect from 1 April 2018 | £567,520 | £387,590 |
| % increase from prior year | 2.7% | 2.7% |
| Pension | Does not receive any form of pension provision | Receives a non-pensionable cash supplement of 13% of base salary |
| 2017/18 annual performance-related bonus | | |
| • Maximum opportunity (% of salary) | 150% | 150% |
| • Actual bonus (% of salary) | 102.4% | 102.4% |
| • Cash amount | £290,500 | £198,398 |
| • Amount satisfied in shares | £290,500 | - |
| 2015/16 LTIP award | | |
| • Maximum opportunity (% of salary) | 150% | Not applicable. The 2015/16 LTIP award was granted prior to the Group Chief Financial Officer commencing employment |
| • Number of shares initially granted | 32,618 | |
| • Number of shares vested | Nil vesting | |
| • Number of shares lapsed | 32,618 | |
| Total single figure remuneration | £1,174,426 | £630,448 |
| Shareholding requirement | 200% of base salary | 200% of base salary (this year, the Group Chief Financial Officer's shareholding requirement has increased from 150% to 200%) |
| Current shareholding as at 30 June 2018 (as a % of base salary) | 234% | 33% |

More information on page 95

More information on page 97

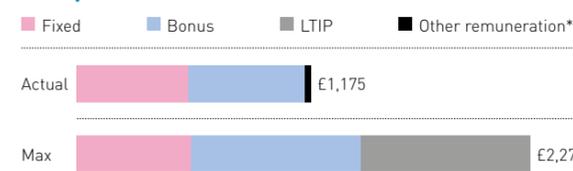
Chairman and non-executive director fees

Chairman and non-executive director fees were increased by 2.7% from 1 April 2018

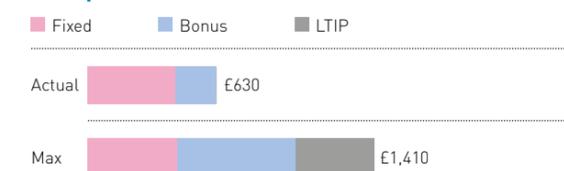
Executive directors' remuneration – actual vs policy (£'000)

The charts below show a comparison of the total single remuneration figure received by the executive directors for the year ended 30 June 2018 compared with the maximum reward opportunity that was available under Go-Ahead's remuneration policy.

David Brown Group Chief Executive



Patrick Butcher Group Chief Financial Officer



* The value of the gross cumulative dividend payment in relation to the 2014/15 deferred share bonus award which vested in November 2017 following the end of the three year deferral period

Remuneration policy report

The Group's remuneration policy (Policy) is set out in this section. This Policy, as determined by the remuneration committee, will be put to shareholders at the Annual General Meeting (AGM) on 1 November 2018. The new Policy, which is set out on pages 87 to 93 (inclusive), will take effect from the conclusion of the AGM (subject to shareholder approval). This Policy supersedes that approved by shareholders in 2015.

The new Policy remains essentially unchanged from that which was approved at the 2015 annual general meeting and details of the proposed changes are set out in the Remuneration Committee Chair's letter on page 83.

Remuneration linked to strategy

The committee believes it is very important that our overall Policy is structured to support both the financial objectives and the strategic priorities of the Group in a manner which is aligned with shareholders' and stakeholders' long term interests. The key principles underpinning our new Policy remain unchanged as follows:

Prioritising long term shareholder value – a large proportion of the executive directors' remuneration is payable in shares. Half of the total annual performance-related bonus is awarded as deferred shares, to be held for a period of three years and subject to recovery and withholding provisions. Awards under the LTIP are also made in shares, further aligning the interests of our executive directors with those of our shareholders. Awards granted under the LTIP are subject to an additional two year holding period following the vesting of awards.

Balance – we assess performance through a balanced range of measures to ensure we cover all aspects of our executive directors' performance.

Pay for performance – there is a clear link between the performance of the Group and payments made to the executive directors and senior managers. Performance-related elements of remuneration are relevant, transparent, stretching and rigorously applied. Care is taken to avoid paying more than necessary and due regard is given to pay and employment conditions elsewhere in the Group.

Risk – remuneration incentives are designed to be aligned with the Group's risk policies and systems.

Culture – incentives are structured to support Go-Ahead's vision and culture by focusing on both individual director and collective Board accountability. With alignment to our strategic objectives, we target long term sustainable performance, with fair recruitment and leaver policies.

Remuneration policy table for executive directors

| Element & maximum | Purpose & link to strategy | Operation | Maximum | Performance targets |
|--|--|--|--|--|
| Base salary | <ul style="list-style-type: none"> Salary is the core reward for the role and enables the Group to recruit and retain individuals of the calibre required to deliver its strategic objectives and lead its management team, without paying more than is necessary Base salary also reflects the individual's skills, expertise, experience and role within the Group | <ul style="list-style-type: none"> Paid monthly in cash Salaries are set by the committee which reviews all the relevant factors, including: <ul style="list-style-type: none"> The scope of the role and responsibilities Experience in post, skills and potential Sustained performance in the role Pay and conditions elsewhere in the Group Appropriate market data Salaries are normally reviewed annually The committee may also review salaries on an ad hoc basis if an executive director is promoted and/or there is an increase in their responsibilities | <ul style="list-style-type: none"> Annual salary increases for executive directors will not normally exceed the average increase awarded to other UK based employees However, larger increases may be awarded in certain circumstances, including but not limited to: <ul style="list-style-type: none"> Increase in scope of responsibilities of the role To apply salary progression for a newly appointed director Where a director's salary has fallen significantly below market position | <ul style="list-style-type: none"> n/a |
| Performance-related bonus | <ul style="list-style-type: none"> Focuses on the key strategic objectives for the year ahead Deferral of half of bonus into Group shares aligns executive directors' interests with those of shareholders | <ul style="list-style-type: none"> Normally, annual non-pensionable payments made after the AGM Half of any bonus is normally paid in cash following the AGM and half is paid in shares deferred for a period of three years Based on the achievement of specific financial and non-financial objectives Subject to recovery and withholding provisions for three years following the award¹ | <ul style="list-style-type: none"> Maximum of 150% of salary | <ul style="list-style-type: none"> The committee will review performance measures and targets at the start of the year. Performance criteria will be aligned to the Group strategic objectives at that time. The majority of the bonus will be subject to challenging financial targets Performance below threshold results in zero payment, with no more than 25% bonus available at threshold. Payments rise from 0% to 100% of the maximum opportunity levels for performance between threshold and maximum targets A quality of earnings review applies to the full bonus A health and safety underpin applies to the full bonus which enables the committee to exercise its discretion to reduce or not pay a bonus if health and safety performance is not satisfactory |
| Long Term Incentive Plan (LTIP) | <ul style="list-style-type: none"> Aligned to the strategic objectives of the Group to deliver long term returns to shareholders | <ul style="list-style-type: none"> Annual grant of performance shares that vest three years after grant (subject to the satisfaction of performance conditions) Participation and individual award levels will be determined at the discretion of the committee within the Policy Vested awards must be retained (other than to pay tax or NICs due on receipt of the shares) for two further years Subject to recovery and withholding provisions for three years following vesting¹ The committee has the discretion in certain circumstances to grant and/or settle an award in cash. In practice this will only be used in exceptional circumstances for executive directors Dividend equivalents may be paid | <ul style="list-style-type: none"> Maximum of 150% of salary for the Group Chief Executive and 100% of salary for other executive directors Exceptional circumstances maximum (e.g. on recruitment) of 200% of salary | <ul style="list-style-type: none"> Awards will be granted subject to a combination of financial and/or non-financial measures, tested over a period of at least three years. Performance conditions will measure the long term success of the Group In respect of each performance measure, performance below the threshold results in zero vesting. The starting point for the vesting of each performance element will be no higher than 25% and rises on a straight line basis to 100% for attainment of levels of performance between threshold and maximum targets. There is no opportunity to retest The committee may introduce or reweight performance measures so that they are directly aligned with the Group's strategic objectives for each performance period Performance metrics currently include compound annual growth in adjusted earnings per share (EPS²) and relative total shareholder return (TSR) with each accounting for at least 25% of the award. The committee has the discretion to vary the weighting and choice of metrics including the comparator groups prior to each award. However, it would consult with shareholders before introducing significantly different metrics |
| Pension allowance | <ul style="list-style-type: none"> Provides a cash alternative to pension contributions in line with market practice | <ul style="list-style-type: none"> Monthly, non-pensionable payment, normally paid in cash | <ul style="list-style-type: none"> Up to 15% of salary may be provided³ | <ul style="list-style-type: none"> n/a |
| Other benefits | <ul style="list-style-type: none"> Ensures package is competitive with market practice and employees have a minimum level of insured benefits | <ul style="list-style-type: none"> Incorporates various cash/non cash benefits which may include: family private healthcare, death in service and life assurance cover (4x base salary), free travel on the Group's services and professional membership subscriptions Any reasonable business related expense (including tax thereon) can be reimbursed if determined to be a taxable benefit Executive directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms | <ul style="list-style-type: none"> Benefits are intended to be market competitive but are not subject to a maximum as the cost of providing the insured benefits is set by third party providers and can vary from year to year | <ul style="list-style-type: none"> n/a |
| All employee share plans | <ul style="list-style-type: none"> Executive directors are eligible to participate in HMRC approved all employee schemes which encourage share ownership | <ul style="list-style-type: none"> Executive directors may participate in these plans in line with HMRC guidelines currently prevailing (where relevant), on the same basis as other eligible employees | <ul style="list-style-type: none"> Participation levels operate in accordance with HMRC limits as amended from time to time | <ul style="list-style-type: none"> n/a |
| Share ownership | <ul style="list-style-type: none"> To align the financial interests of the executive directors with those of shareholders | <ul style="list-style-type: none"> Executive directors are required to retain 50% of the post tax gain on vested LTIP and deferred share awards until such time as the executive directors have a holding of 200% of base salary | <ul style="list-style-type: none"> 200% of salary holding for both directors⁴ | <ul style="list-style-type: none"> n/a |

1. Recovery and withholding provisions may be applied as a result of misconduct, material misstatement or error in calculation of performance.
 2. In line with our commitment to transparent reporting, EPS is reported on a statutory basis. Where targets have been based on adjusted EPS (EPS before amortisation and exceptional items), vesting will be determined by a calculation on an adjusted basis, based on reported Group operating profit adding back amortisation and any exceptional items, which is consistent with prior years.
 3. The current Group Chief Executive does not receive any form of pension provision from the Group. The Group Chief Financial Officer receives a cash allowance of 13% of salary.
 4. This year, the Group Chief Financial Officer's shareholding requirement has increased from 150% to 200%.

Considerations when determining remuneration policy

The remuneration committee considers shareholder feedback and guidance from shareholder representative bodies more generally when reviewing remuneration policy, in addition to best practice and the Code.

A substantial proportion of the executive directors' pay is performance-related, with half of the annual bonus also normally subject to deferral into the Group's shares. A broad range of financial and non-financial targets is included in our incentive structure and recovery and withholding provisions apply to both the annual performance-related bonus and LTIP. In addition, awards granted under the LTIP since 2015 are subject to an additional two year holding period following the vesting of awards.

Working with the audit committee, the remuneration committee ensures that risk is properly considered in setting the overall remuneration policy. The executive directors are also incentivised to take environmental, social and governance matters seriously and to consider the long term implications of their decision making. Accordingly, in line with the Investment Association Guidelines on Responsible Investment Disclosure, the committee has linked a proportion of the annual performance-related bonus to the achievement of safety and good governance objectives.

In setting the remuneration policy the committee considers the remuneration packages offered to colleagues across the Group as well as the senior management team. As a point of principle, salaries, benefits, pensions and other elements of remuneration are benchmarked regularly to ensure they remain competitive in the markets in which we operate.

As would be expected, we have differences in pay and benefits across the businesses which reflect individual responsibility, market and geographical location. When considering annual salary increases, the committee reviews the proposals for salary increases for the colleague population generally, as it does for any other changes to remuneration policy being considered.

The committee did not formally consult with colleagues when drawing up the directors' remuneration policy. However, the committee considers any informal feedback through colleague engagement surveys or other channels. The Board has already started to consider how we can improve engagement with our workforce. For the remuneration committee specifically, this will also include matters of executive pay and wider company pay policy.

Committee discretions

The committee operates the Group's variable incentive plans according to their respective rules and in accordance with HMRC rules where relevant. To ensure the efficient administration of these plans, the committee will apply certain operational discretions. These include the following:

- Selecting the participants in the plans on an annual basis
- Determining the timing of grants of awards and/or payment
- Determining the quantum of awards and/or payments (within the limits set out in the policy table on (pages 88 and 89)
- Determining the extent of vesting based on the assessment of performance

- Making the appropriate adjustments required in certain circumstances (e.g. change of control, rights issues, corporate restructuring events, and special dividends)
- Determining good leaver status for incentive plan purposes and applying the appropriate treatment
- Undertaking the annual review of performance measures and their weightings, and setting targets for the annual performance-related bonus and LTIP from year to year
- Ability to recognise exceptional events within existing performance conditions

If an event occurs which results in the annual performance-related bonus or LTIP performance conditions and/or targets being deemed no longer appropriate (e.g. a material acquisition or divestment), the committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions or targets are not materially less difficult to satisfy.

The committee would only expect to exercise discretion to deal with exceptional circumstances and would always provide context and explanation of the extent to which the discretion has been used.

Outstanding share incentive awards that remain unvested or unexercised at the date of this report, as detailed on pages 99 to 101, remain eligible for vesting or exercise based on their original award terms.

Consistency with remuneration for the wider Group

Remuneration arrangements are determined throughout the Group based on the same principles: that reward should be sufficient to attract and retain high calibre talent and that reward should support the delivery of business strategy. The committee reviews the remuneration for those colleagues immediately below the executive directors to ensure that this incentivises the delivery of the Group's strategy and business objectives.

Through our devolved structure, local management is empowered to create tailored remuneration packages on an individual business-by-business basis. As a result, the components and levels of remuneration for different colleagues will differ from the policy for executive directors as set out above. Colleagues may receive bonus, pension and share awards which vary according to the local business and market practice. The maximum provision and incentive opportunity available are determined by the seniority and responsibility of the role.

Participation in the LTIP is currently limited to executive directors only, while participation in the deferred share bonus plan is limited to executive directors and senior management.

It is an important part of Go-Ahead's values that all colleagues, not just management, have the opportunity to become shareholders in the Group. All colleagues with at least six months' continuous service have the opportunity to participate in our Share Incentive Plan and Save As You Earn schemes.

Performance measure selection

With the exception of base salary, benefits, pension allowance and participation in all employee share plans, all other elements of the remuneration packages of the executive directors are linked to performance. A significant proportion of executive directors' potential remuneration is therefore performance-related.

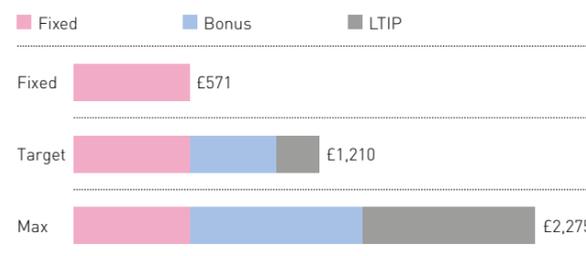
In choosing the performance metrics and targets we ensure that there is a strong and demonstrable link between management incentives and the Group's strategic objectives. We have also set a performance-based framework for remuneration which is consistent with the Group's scale and unique structure. This enables the executive directors and senior managers to share in the long term success of the Group without delivering excessive benefits or encouraging short termism or excessive risk taking. It also aligns their interests with those of our shareholders.

The choice of performance measures for the annual performance-related bonus is based on a mixture of financial, non-financial and strategic targets, with a clear alignment to the Group's key strategic objectives for the year ahead. The choice of performance measures for the long term incentive plan is a combination of financial and non-financial measures, aligned to the strategic objectives of the Group, to deliver long term returns to shareholders and measured over a three year period.

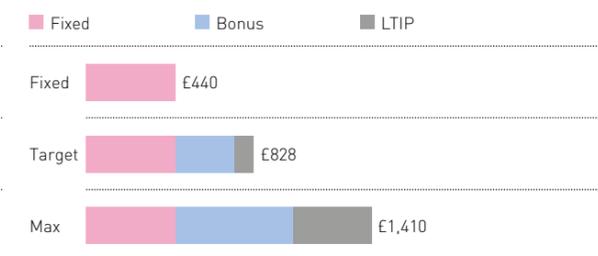
The charts below provide estimates of the potential future reward opportunity for the executive directors split between fixed, target and maximum remuneration scenarios. The scenarios do not take into account share price appreciation or dividends. They also do not take into account that the Group Chief Financial Officer will be leaving the Group later this year.

Total remuneration by performance scenario for 2018/19 financial year (£'000)

Group Chief Executive



Group Chief Financial Officer



The assumptions underlying each scenario are described below:

Fixed remuneration: base salary as at 1 April 2018, benefits as received in 2017/18 and, for the Group Chief Financial Officer only, the value of his pension allowance.

Target: fixed remuneration plus half of the maximum annual performance-related bonus award (75% of base salary) plus threshold vesting under the LTIP awards (37.5% of base salary for the Group Chief Executive and 25% of base salary for the Group Chief Financial Officer).

Maximum: fixed remuneration plus the maximum annual performance-related bonus award (150% of base salary) plus full vesting of LTIP awards (150% of base salary for the Group Chief Executive and 100% of base salary for the Group Chief Financial Officer).

Recruitment remuneration

On appointing a new executive director, the committee would seek to align the remuneration package for the relevant individual with the Group's remuneration policy as set out on pages 87 to 93. It would aim not to pay more than necessary to secure the right candidate and the package would take into account the experience and calibre of the individual concerned. The remuneration package for a new executive director would be set in accordance with the terms of the approved remuneration policy in force at the time of appointment. Salaries would reflect the skills of the individual, and may (but not necessarily) be set at a level to allow future salary progression to reflect performance in the role.

Depending on the timing of the appointment, the committee may deem it appropriate to set different annual performance-related bonus or LTIP performance conditions to the current executive directors for the first performance year of appointment.

A new colleague may be granted a normal annual LTIP award shortly following appointment (assuming the Group is not in a closed period) in addition to any awards made to compensate for awards from previous employment being forfeited.

Where a newly appointed executive director is required to relocate, the committee may provide an allowance or reimbursement of any reasonable expenses (including tax thereon). Any ongoing costs will be met by the Group for a period of normally no more than 12 months.

For an overseas appointment, the committee will have discretion to offer cost-effective benefits and pension provisions which reflect local market practice and relevant legislation. Any executive director promoted internally may remain eligible for payments under incentive plans joined and/or contractual arrangements entered into before joining the Board. However, the committee will have regard to best practice in reviewing the treatment of any such entitlements.

Recruitment remuneration continued

The committee assesses on an individual basis whether it is necessary to compensate executive directors for incentives lost from their previous employers. The level and timing of such compensation will normally seek to reflect or take account of the value, term and performance conditions of the payments or awards forgone on a like-for-like basis.

Compensation will normally take the form of conditional awards or options over Group shares but cash and/or time vested payments may be made where the committee believes these would offer better value for money for shareholders. Existing arrangements will be used where possible; however, the committee also reserves the ability to make use of the flexibility provided under the Listing Rules without prior shareholder approval. The committee is sensitive to investor concerns about such arrangements and will endeavour to take cost effective approaches.

The appointment terms of non-executive directors will be on terms substantially similar to those of the existing non-executive directors and in accordance with the remuneration policy in force at the time.

Service agreements of executive directors

The Group Chief Executive and the Group Chief Financial Officer entered into a service agreement with The Go-Ahead Group plc on 1 April 2011 and 14 March 2016 respectively. The term of each service agreement is undefined and is terminable by either the Group on one year notice or by the executive director on six months' notice. The directors' service agreements are available for inspection at the Group's registered office. The service contract policy for a new appointment will be on similar terms as existing executive directors, with the facility to include a notice period of no more than 12 months.

Departure of executive directors

Executive directors' service agreements contain a provision, exercisable at the discretion of the Group, to pay an amount in lieu of notice on early termination of the agreement. Such payments are limited to base salary plus pension allowance and other benefits (such as family private healthcare and life assurance cover), but would not automatically include entitlement to bonus or share awards.

The Group can also pay legal fees and outplacement services. There are no provisions for special pension benefits, such as beneficial early retirement terms. Other than the notice periods specified above, the executive directors are not due any contractual compensation payments in the event of early termination of a service agreement. The committee believes that the agreements provide appropriate protection of the interests of shareholders when negotiating a termination, at which time the committee would take into account the departing director's duty to mitigate his/her loss when determining the amount of any compensation.

Loss of office payments

The treatment of remuneration for executive directors whose service with Go-Ahead terminates will be considered on a case-by-case basis. However, the table below sets out the treatment of elements of remuneration that would normally apply:

| Reason for termination | Retirement, redundancy, disability, death or change of ownership or as otherwise determined by the committee | Other leavers |
|---|---|--|
| Salary and contractual benefits | Payment equal to the aggregate of the base salary and the value of any contractual benefits for the notice period including any accrued or untaken holiday | Paid to date of termination, including pay for any accrued but untaken holiday |
| Performance-related bonus (cash) | Bonus awarded (subject to satisfaction of performance targets) for the relevant financial year, pro-rated accordingly for the period of employment to the date of cessation of employment and normally paid in cash | No award for year of termination |
| Performance-related bonus (deferred shares) | Awards normally vest in accordance with normal timetable with the exception of death or ill-health retirement cases which are reviewed by the committee on a case-by-case basis | Awards lapse in full on cessation of employment |
| Unvested LTIP awards | Awards normally vest at the normal vesting date unless the remuneration committee determines the award should vest on the date of cessation of employment The amount of award vesting will be subject to the satisfaction of performance conditions and will normally be reduced pro rata to reflect time elapsed between grant and cessation of employment although the committee has discretion to waive pro-rating where it believes it would be appropriate to do so | Awards lapse in full on cessation of employment |

Policy table for Chairman and non-executive directors

The remuneration policy for the Chairman and the non-executive directors is set out in the table below. Non-executive directors are not involved in any discussions or decisions about their own remuneration.

| Element | Purpose and link to strategy | Operation |
|------------------------------------|---|---|
| Fees | The basic fee for the Chairman and non-executive directors is a fixed annual fee commensurate with the time each director is expected to spend on the Group's business and with the responsibility assumed as director of a listed company Fees are set at a level to attract and retain individuals with appropriate expertise to complement the Group's strategy | The remuneration of the non-executive directors takes the form solely of fees, which are set annually by the Board The level of fees set is subject to the current limits as set out in the Group's articles of association (currently aggregate fees of £500,000 for all non-executive directors) Fees are reviewed annually each year with reference to comparable listed companies |
| Additional fees payable for duties | Additional fees may be paid to non-executive directors who are chair of a Board committee and/or who occupy the role of Senior Independent Director to reflect the additional responsibility and time commitment required | Non-executive directors are not eligible to receive performance-related remuneration or pension entitlements or to participate in share option schemes Non-executive directors may also be provided with limited travel, hospitality and accommodation expenses |

Letters of appointment for Chairman and non-executive directors

Each non-executive director has a letter of appointment which provides for a notice period of six months. The terms of appointment contain no entitlement to compensation for early termination. The letters of appointment are available for inspection at the Group's registered office during normal business hours and will also be available for inspection prior to and during the AGM.

The contract dates and notice periods for the non-executive directors are shown in the table below:

| Director | Date of service agreement | Notice period from the Group | Notice period from the director |
|---------------------|---------------------------|------------------------------|---------------------------------|
| Andrew Allner | October 2008 | 6 months | 6 months |
| Katherine Innes Ker | July 2010 | 6 months | 6 months |
| Adrian Ewer | April 2013 | 6 months | 6 months |
| Harry Holt | October 2017 | 6 months | 6 months |
| Leanne Wood | October 2017 | 6 months | 6 months |

Retirement and re-election of directors

In accordance with the Group's articles of association and the provisions of the Code, all directors are required to submit themselves for re-election at each AGM. Accordingly, all directors will be submitting themselves for re-election at the 2018 AGM.

External appointments

In accordance with their service agreements, the executive directors are able to accept external appointments and are permitted to retain any fees paid for such services, provided that approval is given by the Board. The Group Chief Executive is a director of the Rail Delivery Group Limited and ATOC Limited and he does not receive any fees for either of these roles. He is also a non-executive director of Renew Holdings plc for which he received £39,514 for the period 2 July 2017 to 30 June 2018. The Group Chief Financial Officer does not have any external appointments.

Annual report on remuneration

The remuneration committee presents the annual report on remuneration which, together with the annual statement from the Remuneration Committee Chair, will be put to shareholders as an advisory vote at the Annual General Meeting (AGM) to be held on 1 November 2018.

The annual report on remuneration is divided into three sections:

Section 1: Single figure tables

Section 2: Additional information on 2017/18 remuneration

Section 3: Implementation of remuneration policy in 2018/19

The external auditor has reported on certain sections of this report and stated whether, in their opinion, those sections have been properly prepared. Those sections which have been subject to audit are clearly indicated.

Section 1: Single figure tables

Executive directors' single figure table (audited)

The table below summarises all remuneration that was earned by each executive director during the year.

The remuneration committee reviews all incentive awards prior to payment and uses judgement to ensure that the final assessments of performance are fair and appropriate.

| | | Salary ¹ £'000 | Taxable benefits ² £'000 | Short term incentives (Performance-related bonuses) | | Long term incentives LTIP ⁴ £'000 | Pension allowance ⁵ £'000 | Other remuneration ⁶ £'000 | Single total remuneration figure £'000 |
|---|-------------|------------------------------|---|--|---|---|--|---|---|
| | | | | Cash bonus ³ £'000 | Deferred share bonus ³ £'000 | | | | |
| Group Chief Executive, David Brown | 2018 | 556 | 3 | 291 | 291 | - | - | 34 | 1,175 |
| | 2017 | 545 | 3 | - | - | 220* | - | 14 | 782* |
| Group Chief Financial Officer, Patrick Butcher | 2018 | 380 | 2 | 198 | - | - | 50 | - | 630 |
| | 2017 | 372 | 2 | - | - | - | 48 | - | 422 |

* Restated from last year to reflect the actual value of the 2014/15 LTIP award which vested in November 2017. This was £186,970 (2017 estimation: £206,093) based on the share price as at 22 November 2017 of £16.23. The cash equivalent value of the gross cumulative dividend payment was as disclosed last year, being £33,169.

Commentary on the executive directors' single figure table:

1. Salary

Base salary levels for the executive directors are shown below and will remain in place until April 2019 when they will be reviewed again:

| Executive director | From 1 April 2018 | From 1 April 2017 | % Increase |
|--|----------------------|----------------------|---------------|
| Group Chief Executive, David Brown | £567,520 | £552,600 | 2.7 |
| Group Chief Financial Officer, Patrick Butcher | £387,590 | £377,400 | 2.7 |

2. Taxable benefits

The taxable benefit for the executive directors comprises family healthcare membership.

3. Cash bonus and deferred share bonus (annual performance-related bonus)

The table below illustrates the components of the annual performance-related bonus award at maximum and actual payouts for business objectives set at the start of the year. Based on the assessment of performance against targets, the executive directors could have been awarded an overall bonus of 91% of maximum bonus (136.5% of salary). In accordance with the executive directors' request to reduce any annual performance-related bonus by 25%, the committee exercised discretion and reduced the executive directors award by 25% resulting in an actual bonus of 68.3% of maximum bonus (102.4% of salary) being payable. Half of this bonus is payable in cash and half is awarded as deferred shares to be held for a period of three years. The full bonus is subject to recovery and withholding provisions for three years following vesting. The Group Chief Financial Officer will not receive the deferred shares element of this bonus on account of his cessation of employment later this year.

| Metric | Performance measure | Weighting (percentage of maximum) | Achieved | Actual payout (percentage of salary) |
|----------------------------------|---|--------------------------------------|--------------|---|
| Group profit | Group operating profit 2017/18 | 65% | 65% | 97.5% |
| Group cashflow | Net debt after adding back restricted cash | 10% | 10% | 15% |
| Strategic KPIs | See page 96 | 25% | 16% | 24% |
| Total (before discretion) | | 100% | 91% | 136.5% |
| Total (after discretion) | | 75% | 68.3% | 102.4% |

The following tables illustrate in more detail the actual performance against each individual metric. This is before the committee exercised their discretion to reduce the bonus by 25% at the executive directors' request.

Group operating profit

The Group operating profit target for the 2017/18 financial year was as shown below, with payout on a sliding scale:

| Measure | Target | Weighting (% of bonus) | Actual payout |
|--------------------------------|---------------------------|------------------------|---------------|
| Group operating profit 2017/18 | Threshold vesting £111.9m | 0% | |
| | Target vesting £117.8m | 50% | 100% |
| | Maximum vesting £135.4m | 100% | |

The actual Group operating profit, before exceptional items, for the year ended 30 June 2018 was £135.9m, resulting in the maximum payout.

Cashflow

For Group cashflow (defined as net debt after adding back restricted cash), the target for the 2017/18 financial year was £318m. Actual net debt after adding back restricted cash was £289.0m (2017: £285.8m), resulting in the maximum payout:

| Measure | Target | Weighting (% of bonus) | Actual payout |
|------------------|-----------------------|------------------------|---------------|
| Net debt 2017/18 | Target Vesting £318m | 0% | |
| | Maximum Vesting £302m | 100% | 100% |

Strategic KPIs

For the 25% of performance-related bonus attributable to strategic KPIs, objectives were all aligned to the strategic objectives agreed at the 2017 Group Board Strategy Day. The committee discussed each of the strategic KPIs, where the maximum vesting for each of the five key measures was 5%. It was agreed that 16% out of the maximum 25% should vest and further details are shown below.

| Measure | Target | Decision |
|-------------------------------------|--|----------|
| Protect and grow the core | <ul style="list-style-type: none"> Develop strategies to grow bus passenger numbers Secure contract wins in London Maximise value from London Midland franchise Secure extension to Southeastern franchise and submit bid for new franchise Stabilise GTR contract performance and set pathway to profitability | 3% |
| Win new bus and rail contracts | <ul style="list-style-type: none"> Win a second bus contract in Singapore Win a further contract in Germany and continue successful mobilisation of Netz1 Lots 2 and 3 Explore international bus and rail opportunities | 3% |
| Develop for the future of transport | <ul style="list-style-type: none"> Assess, resource and fund six strategic projects, which have clear project plans and are starting to deliver benefits | 5% |
| Change themes | <ul style="list-style-type: none"> Lean – make further progress rolling out lean across operating companies and set KPIs to monitor performance Technology – roll out contactless across regional bus and implement new bus app Culture change – improve colleague engagement as demonstrated through survey results Leadership – introduce professional development hours and personal development plans for all senior management team | 3% |
| Reputation | <ul style="list-style-type: none"> Ensure that Go-Ahead's reputation is enhanced with key stakeholders Restore investor confidence in Go-Ahead | 2% |

Health and safety target threshold

The annual performance-related bonus includes a health and safety underpin that enables the committee to use its discretion to reduce bonus payments potentially to zero should it be considered appropriate. The committee concluded that no scaling back of bonus was required in light of the Group's health and safety performance having been maintained during the year.

Rail customer service threshold

There was an additional underpin that enabled the committee to use its discretion if customer satisfaction across the Group's train operating companies in Spring 2018 was less than the London and South East Sector National Rail Passenger Survey (NRPS) score of 82% in Spring 2017. The Spring 2018 NRPS score for the Group's train operating companies was 75%. In accordance with the executive directors' request, the committee exercised discretion and reduced the overall annual performance-related bonus by 25%.

4. Nil vesting of 2015/16 LTIP award – Group Chief Executive only

The table below summarises the performance conditions for the Group Chief Executive's 2015/16 LTIP award and the actual performance achieved. This award was subject to performance conditions measured over the three financial years ending with the 2017/18 financial period.

As shown below, none of the performance measures were achieved for this award.

The customer service targets for rail and bus (each with 10% target respectively) were measured by the independent passenger watchdog Transport Focus (formerly Passenger Focus):

- For the rail customer service target, which was measured as the average customer satisfaction score across the Group's train operating companies, the benchmark was the London and South East Sector NRPS score, with the threshold being the Spring 2015 London and South East Sector NRPS of 78%. The target was to increase the score to 82% over the three year performance period. The Spring 2018 score for the Group's train operating companies was 75% and therefore there was 0% vesting for this element of the award.
- For the bus customer service target, the threshold was to maintain the 2015 Bus Passenger Survey score of 90%, with the target to increase the score to 93% over the three year performance period. The 2018 score for the Group was 91% and so 40% could have been achieved for this element of the award. However, there was an additional profit threshold for the customer service target, which was that earnings per share (EPS) growth over the three year period must be greater than RPI +5%. For the year ended 30 June 2018, EPS growth was 3.40% resulting in 0% vesting for the customer service element of the award.

Performance conditions and actual performance achieved for the 2015/16 LTIP award

| | EPS payout (% of each element) | Compound annual growth in adjusted EPS | Payout (% of TSR element) | Relative TSR vs FTSE 250 (excluding certain sectors) | Payout (% of each customer element) | Rail customer service target | Bus customer service target |
|-------------------------------|--------------------------------|--|---------------------------|--|-------------------------------------|------------------------------|-----------------------------|
| Weighting (% of total award) | - | 40% | - | 40% | - | 10% | 10% |
| Below threshold | 0% | Less than RPI + 5% p.a. | 0% | Below median | 0% | Less than 78% | Less than 90% |
| Threshold | 10% | RPI + 5% p.a. | 25% | Median | 10% | 78% | 90% |
| Between threshold and maximum | Between 10% and 100% | Between RPI + 5% p.a. and RPI + 13% p.a. | Between 25% and 100% | Between median and upper quartile | Between 10% and 100% | Between 78% and 82% | Between 90% and 93% |
| Maximum | 100% | RPI + 13% p.a. | 100% | Upper quartile | 100% | 82% | 93% |
| Performance achieved | | Adjusted EPS of 181.6p. From a base of 169.6p this is equivalent to RPI - 0.58% p.a. | | 94th out of 122 'live' companies | | 75% | 91% |
| Actual % vesting | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

In line with our commitment to transparent reporting, EPS and Group operating profit are now reported on a statutory basis. At the time of this LTIP award, the targets were based on adjusted EPS and adjusted Group operating profit (before amortisation and exceptional items). The vesting of the 2015/16 LTIP award has therefore been calculated on an adjusted basis, based on reported Group operating profit adding back amortisation and any exceptional items, which is consistent with prior years.

5. Pension allowance

The Group Chief Financial Officer receives a non-pensionable cash supplement of 13% of his base salary. The Group Chief Executive does not receive any form of pension provision from the Group.

6. Other remuneration

The value of the gross cumulative dividend payment in relation to the 2014/15 deferred share bonus award which vested in November 2017 following the end of the three year deferral period.

Non-executive directors' single figure table (audited)

Non-executive directors' remuneration for the year ended 30 June 2018

The table below sets out a single figure for the total remuneration received by each non-executive director for the year ended 30 June 2018 and the prior year:

| Non-executive director | Committee membership and other responsibilities | | | | Single total remuneration figure £'000 | |
|--------------------------|---|-----------------|------------------------|-----------------------------|---|------|
| | Nomination committee | Audit committee | Remuneration committee | Other | 2018 | 2017 |
| Andrew Allner | Chair | - | Member | Chairman | 181 | 177 |
| Katherine Innes Ker | Member | Member | Chair | Senior Independent Director | 63 | 59 |
| Adrian Ewer | Member | Chair | Member | | 58 | 54 |
| Harry Holt ¹ | Member | Member | Member | | 35 | - |
| Leanne Wood ¹ | Member | Member | Member | | 35 | - |
| Nick Horler ² | Member | Member | Member | | 17 | 48 |

Notes

- Harry Holt and Leanne Wood were appointed to the Board on 23 October 2017. The single figures shown above reflect the fees paid during the period 23 October 2017 to 30 June 2018.
- Nick Horler retired from the Board with effect from the conclusion of the annual general meeting held on 2 November 2017. The single figure shown above reflects the fees paid during the period 2 July 2017 to 2 November 2017.

Fees payable to the Chairman and non-executive directors

The fee level for the Chairman was reviewed on 1 April 2018 and increased by 2.7%. The base fee levels for the non-executive directors were also reviewed on 1 April 2018 and similarly increased by 2.7% in line with those of the general workforce and the wider Board. There was no change to the additional fees paid for chairing the remuneration and audit committees, or to the Senior Independent Director.

The annual fees payable to the Chairman and non-executive directors from 1 April 2018 are set out in the table below.

| Chairman and non-executive directors annual fees with effect from 1 April 2018 | £'000 |
|---|-------|
| Chairman | 184 |
| Non-Executive Director | 51 |
| Senior Independent Director | 5 |
| Audit Committee Chair | 8 |
| Remuneration Committee Chair | 8 |

Section 2: Additional information on 2017/18 remuneration

Directors' shareholdings and share plan interests (audited)

A summary of all directors' shareholdings and share plan interests as at 30 June 2018 are shown in the table below:

| | Outstanding scheme interests as at 30/06/18 | | | | Actual shares held ⁵ | | Total of all share scheme interests and shareholdings as at 30 June 2018 ⁶ |
|--------------------------------|--|--|--|--|---------------------------------|---------------------|---|
| | Unvested scheme interests (subject to performance measures) ¹ | Unvested scheme interests (not subject to performance measures) ² | Awards eligible for vesting 2017/18 ³ | Total shares subject to outstanding scheme interests | As at 1 July 2017 | As at 30 June 2018 | |
| Executive directors | | | | | | | |
| David Brown | 122,309 | 11,425 | - | 133,734 | 66,011 | 80,528 ⁶ | 214,262 |
| Patrick Butcher ⁷ | 40,835 | 6,770 | - | 47,605 | 4,363 | 7,663 | 55,268 |
| Non-Executive directors | | | | | | | |
| Andrew Allner | - | - | - | - | 1,242 | 1,242 | 1,242 |
| Katherine Innes Ker | - | - | - | - | 116 | 116 | 116 |
| Adrian Ewer | - | - | - | - | 3,003 | 3,003 | 3,003 |
| Harry Holt ⁸ | - | - | - | - | - | - | - |
| Leanne Wood ⁸ | - | - | - | - | - | 294 | 294 |
| Nick Horler ⁹ | - | - | - | - | 1,038 | 1,038 | - |

Notes

- LTIP awards still subject to performance measures. Excludes LTIP awards which will be granted in November 2018 for the year ended 30 June 2018.
- Deferred share bonus plan awards and sharesave options that have not vested.
- Relates to the 2015/16 LTIP award, which would have been eligible to vest from November 2018 in respect of the three year performance period ended 30 June 2018. The remuneration committee have determined a nil vesting for this LTIP as performance conditions have not been met. Further details can be found on page 97.
- All share plan interests, vested, unvested and unexercised together with any holdings of ordinary shares.
- Actual shares are beneficial holdings which include the directors' personal holdings and those of their spouses. They also include the beneficial interests in shares which are held in trust under the Group's Share Incentive Plan.
- During the year, David Brown's beneficial shareholding increased by 14,517 ordinary shares. This consisted of 8,229 and 6,076 ordinary shares acquired through the post tax gain on the 2014/15 deferred share bonus and LTIP awards respectively which vested in November 2017. For further details of the vesting of the 2014/15 deferred share bonus and LTIP awards, please see page 100. Additionally, David Brown exercised a Sharesave option over 103 ordinary shares at an option price of £17.34 per share in October 2017 and retained the shares. During the period 2 July 2017 to 30 June 2018, David Brown purchased 109 shares under the Group's Share Incentive Plan. In the period 1 July 2018 to 5 September 2018, David Brown's ordinary shareholding increased from 80,528 to 80,547 as a result of shares purchased under the Group's Share Incentive Plan. There have been no other changes in the shareholdings of the executive directors between 1 July 2018 and the date of this Annual Report and Accounts.
- During the year, Patrick Butcher's beneficial shareholding increased by 3,300 ordinary shares which he purchased in December 2017. In accordance with policy, the 40,835 unvested LTIP awards and 6,770 unvested deferred share awards will lapse upon cessation of employment later this year.
- Harry Holt and Leanne Wood joined the Board as independent non-executive directors on 23 October 2017. Leanne purchased 294 ordinary shares on 12 June 2018.
- Nick Horler retired as an independent non-executive director with effect from the conclusion of Go-Ahead's annual general meeting on 2 November 2017. Nick's shareholding disclosed in the above table is therefore reflective for the period 2 July 2017 to 2 November 2017.

Directors' share ownership guidelines (audited)

All executive directors are required to hold shares equivalent in value to a minimum percentage of their salary. During the year, the remuneration committee agreed to increase the guideline for the Group Chief Financial Officer from 150% to 200% of salary. Whilst this would not be incorporated into the remuneration policy until formally approved by the shareholders at the 2018 AGM, this change was immediately effective and was required to be achieved over five years from the change of policy.

For the year ended 30 June 2018, the shareholding guideline for the Group Chief Executive and Group Chief Financial Officer was therefore 200% of salary. At this date, the Group Chief Executive beneficially held 80,528 shares equating to 234% of base salary (based on the average share price between the period 1 June and 30 June 2018) and therefore meets the shareholding requirement. Since his appointment in March 2016, the Group Chief Financial Officer has built up a shareholding of 7,663 shares. These shares are beneficially held and equate to 33% of base salary and therefore do not yet meet the shareholding requirement.

Executive directors are required to retain 50% of the post tax gain on vested LTIP and deferred share awards until the shareholding requirement is met. Additionally, any LTIP awards granted from 2015 must be retained for a further two years (other than to pay tax and NICs due on receipt of shares).

| | Shares held as at 30 June 2018 | Awards eligible for vesting 2017/18 | Guideline on share ownership as % of salary | Actual beneficial share ownership as % of salary | Guideline met |
|-----------------|--------------------------------|-------------------------------------|---|--|---------------|
| David Brown | 80,528 | - | 200% | 234% | Yes |
| Patrick Butcher | 7,663 | - | 200% | 33% | No |

Executive directors' interests in outstanding share awards and options (audited)

The following tables set out details of the executive directors' outstanding share awards (which will vest in future years subject to performance conditions and/or continued service).

Group Chief Executive, David Brown

| Plan | Date of grant | Mid-market price on date of grant (£) | Option price (£) | Balance at 1 July 2017 | Granted in year | Vested in year 2017/18 | Vested in 2016/17 but exercised during 2017/18 year | Lapsed in year | Awards eligible for vesting 2017/18 ¹ | | Balance post exercise | |
|---------------------------|---------------|---------------------------------------|------------------|------------------------|-----------------|------------------------|---|----------------|--|--------|-----------------------|---------|
| | | | | | | | | | Balance at 30 June 2018 | Vested | | |
| Sharesave ² | 25.03.14 | - | 17.34 | 103 | - | 103 | - | - | - | - | - | |
| | 22.03.16 | - | 19.11 | 94 | - | - | - | - | - | 94 | 94 | |
| Deferred share bonus plan | 05.11.14 | 25.03 | - | 15,601 | - | 15,601 ³ | - | - | - | - | - | |
| | 29.10.15 | 24.13 | - | 11,331 | - | - | - | - | - | 11,331 | 11,331 | |
| LTIP | 05.11.14 | 25.03 | - | 21,335 | - | - | 11,520 ³ | 9,815 | - | - | - | |
| | 04.11.15 | 25.46 | - | 32,618 | - | - | - | - | - | 32,618 | - | |
| | 16.11.16 | 20.47 | - | 39,698 | - | - | - | - | - | 39,698 | 39,698 | |
| | 17.11.17 | 16.58 ⁴ | - | - | 49,993 | - | - | - | - | 49,993 | 49,993 | |
| Total | | | | 120,780 | 49,993 | 15,704 | 11,520 | 9,815 | 133,734 | - | 32,618 | 101,116 |

1. Relates to the 2015/16 LTIP award following the three year performance period ended 30 June 2018.
 2. Sharesave is an all-employee share option plan and has no performance condition as per HMRC Regulations. David Brown's sharesave options which were granted in 2016 will mature in May 2019.
 3. The 2014/15 deferred share bonus and LTIP awards were exercised on 22 November 2017 with a share price of £16.23. David Brown's gain on his 2014/15 DSBP and LTIP awards were therefore £253,204 and £186,970 respectively.
 4. The number of shares over which the award was granted was calculated using a share price of £16.58, this being the average of the middle market quotations during the period of five dealing days immediately prior to the date of grant in accordance with the plan rules.

Group Chief Financial Officer, Patrick Butcher

| Plan | Date of grant | Mid-market price on date of grant (£) | Option price (£) | Balance at 1 July 2017 | Granted in year | Vested in year 2017/18 | Vested in 2016/17 but exercised during 2017/18 year | Lapsed in year | Awards eligible for vesting 2017/18 | | Balance post exercise |
|---------------------------|---------------|---------------------------------------|------------------|------------------------|-----------------|------------------------|---|----------------|-------------------------------------|--------|-----------------------|
| | | | | | | | | | Balance at 30 June 2018 | Vested | |
| Deferred share bonus plan | 15.11.16 | 20.81 | - | 6,770 | - | - | - | - | - | - | 6,770 |
| LTIP | 16.11.16 | 20.47 | - | 18,073 | - | - | - | - | - | - | 18,073 |
| | 17.11.17 | 16.58 ¹ | - | - | 22,762 | - | - | - | - | - | 22,762 |
| Total | | | | 24,843 | 22,762 | - | - | - | - | - | 47,605 |

1. The number of shares over which the award was granted was calculated using a share price of £16.58, this being the average of the middle market quotations during the period of five dealing days immediately prior to the date of grant in accordance with the plan rules.
 2. The deferred share bonus and LTIP awards granted to the Group Chief Financial Officer in 2016 and 2017 will lapse upon cessation of employment.

Long Term Incentive Plan

2017/18 LTIP awards granted during the year ended 30 June 2018 (audited)

LTIP awards were granted to the executive directors during the year ended 30 June 2018, structured as nil-cost options, exercisable at the end of a three year performance period commencing with the start of the 2017/18 financial period, subject to the satisfaction of performance conditions. Vested awards are then subject to a further two year holding period other than for sales to settle any tax or NIC liability on exercise of the awards. The 2017/18 grant policy was to grant awards with a face value of 150% of salary for the Group Chief Executive and 100% of salary for the Group Chief Financial Officer as follows:

| Executive director | Basis of award granted | Share price at grant date | Number of shares over which award was granted ¹ | Face value of award ² (£'000) | % of award which vests as threshold | Vesting determined by performance over |
|------------------------------|------------------------|---------------------------|--|--|--|--|
| David Brown | 150% of salary | £16.30 | 49,993 | 815 | 10% for EPS, 25% for TSR and 10% for each customer element | Three financial years ending on 27 June 2020 |
| Patrick Butcher ³ | 100% of salary | £16.30 | 22,762 | 371 | 10% for EPS, 25% for TSR and 10% for each customer element | Three financial years ending on 27 June 2020 |

1. The number of shares over which the award was granted was calculated using a share price of £16.58, this being the average of the middle market quotations during the period of five dealing days immediately prior to the date of grant in accordance with the plan rules.
 2. The face value of the award has been calculated on a share price of £16.30. This was the share price on 17 November 2017, the date of grant.
 3. The 2017/18 LTIP award granted to the Group Chief Financial Officer will lapse on his cessation of employment.

Performance conditions attaching to the 2017/18 LTIP award

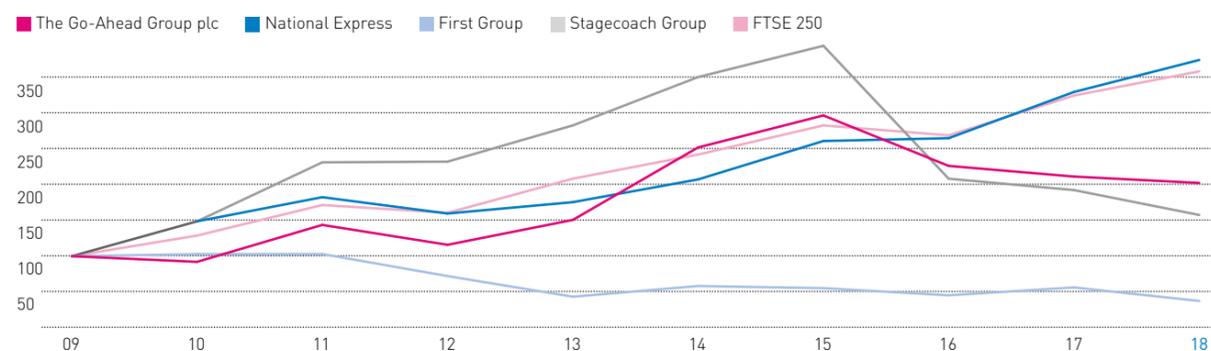
The EPS, TSR and customer service measures and targets for the 2017/18 LTIP award are detailed below:

| Weighting (% of total award) | EPS payout (% of element) | Compound annual growth in EPS* | Payout (% of TSR element) | Relative TSR vs FTSE 250 (excluding certain sectors) | Payout (% of each customer element) | Rail customer service target | Bus customer service target |
|-------------------------------|---------------------------|--------------------------------------|---------------------------|--|-------------------------------------|------------------------------|-----------------------------|
| Below threshold | 0% | Less than RPI + 2% p.a. | 0% | Below median | 0% | Less than 82% | Less than 90% |
| Threshold | 10% | RPI + 2% p.a. | 25% | Median | 10% | 82% | 90% |
| Between threshold and maximum | Between 10% and 100% | Between RPI 2% p.a. and RPI 10% p.a. | Between 25% and 100% | Between median and upper quartile | Between 10% and 100% | Between 82% and 86% | Between 90% and 93% |
| Maximum | 100% | RPI + 10% p.a. | 100% | Upper quartile | 100% | 86% | 93% |

* The above EPS targets are based on current accounting policies and will be adjusted should there be any changes to these policies. Awards will continue to vest three years after grant, subject to the performance conditions being met over broadly the same period.

Total shareholder return (TSR) performance graph

The graph below shows a comparison of The Go-Ahead Group plc cumulative TSR against that achieved by the FTSE 250 index for the last nine financial years to 30 June 2018. The chart also shows cumulative TSR over the same period for the other major UK transportation groups. In assessing the performance of the Group's TSR, the Board believes the FTSE 250 index comparator group it has chosen represents an appropriate and fair benchmark upon which to measure the Group's performance for this purpose.



This graph shows the value, by 30 June 2018, of £100 invested in The Go-Ahead Group on 27 June 2009, compared with the value of £100 invested in the FTSE 250 Index and the peer group (National Express, First Group and Stagecoach Group) on the same date.

The other points plotted are the values at intervening financial year ends.

Remuneration of the Group Chief Executive over last nine years

The table below shows the remuneration of the holder of the office of Group Chief Executive for the period from 28 June 2009 to 30 June 2018. The total remuneration figure includes the performance-related bonus and LTIP awards (and the percentage of the maximum opportunity that these represent).

Group Chief Executive's remuneration history

| Year | Group Chief Executive | Single total remuneration figure £'000 | Annual performance-related bonus (actual award v maximum opportunity) £'000 (and % vesting) | Long term incentive vesting (vesting v maximum opportunity) £'000 (and % vesting) |
|---------|-----------------------|---|---|--|
| 2017/18 | David Brown | 1,175 | £582 (68.3%) ¹ | £0 ² |
| 2016/17 | David Brown | 782 ³ | £0 ⁴ | £220 ⁵ (54%) |
| 2015/16 | David Brown | 1,214 | £0 ⁴ | £647 (90%) |
| 2014/15 | David Brown | 2,134 | £558 (69.6%) | £1,067 (100.0%) |
| 2013/14 | David Brown | 1,960 | £766 (97.5%) | £666 (80.0%) |
| 2012/13 | David Brown | 942 | £422 (55.3%) | - |
| 2011/12 | David Brown | 1,022 | £513 (68.0%) | - |
| 2010/11 | David Brown | 251 ⁴ | £125 (100.0%) | - |
| 2010/11 | Keith Ludeman | 1,564 | £530 (100.0%) | - |
| 2009/10 | Keith Ludeman | 1,349 | £689 (100.0%) | £73 (21.7%) |

1. In accordance with the executive directors' request to reduce any performance-related bonus by 25%, the committee exercised discretion and reduced the Group Chief Executive's overall bonus by 25% resulting in an actual bonus of 68.3% of maximum bonus (102.4% of salary).
 2. The 2015/16 LTIP award will lapse in full from November 2018 on account of none of the performance measures being met following the three year performance period ended 30 June 2018.
 3. The single total figure of remuneration for 2016/17 (restated) includes the vesting of the 2014/15 LTIP award.
 4. At the request of the Group Chief Executive, there were no annual performance-related bonuses paid for the years 2016/17 and 2015/16.
 5. Restated from last year's value of £206,093 to reflect actual value of the Group Chief Executive's 2014/15 LTIP award which was £186,970 based on the share price as at 22 November 2017 of £16.23. The cash equivalent value of the gross cumulative dividend payment was as disclosed last year, being £33,169.
 6. Following his appointment in April 2011, the Group Chief Executive was paid a pro-rata performance-related bonus for the financial year 2010/11.

Remuneration for the Group Chief Executive compared with all other employees of the Group

The table below shows the percentage change in the Group Chief Executive's total remuneration between the financial years 1 July 2017 and 30 June 2018, compared to the average change for all employees of the Group.

| | % change from 2017 to 2018 | | |
|-----------------------|----------------------------|----------|-------|
| | Salary | Benefits | Bonus |
| Group Chief Executive | 2.0 | - | n/a* |
| Average employees | 3.4 | - | 2.2 |

* The Group Chief Executive declined his bonus in full last year (for the second consecutive year). See the executive directors' single figure table on page 94 for further details.

Relative importance of spend on pay

The following table sets out the percentage change in dividends and overall spend on pay in the financial year being reported on, compared to that of the previous year.

| | 2017/18 £'m | 2016/17 £'m | % change |
|----------------------------|----------------|----------------|-------------|
| Dividends | £43.8 | £41.8 | 4.8 |
| Overall expenditure on pay | £1,224.4 | £1,237.6 | (1.1) |

The Group has not made any other significant distributions and payments or other uses of profit or cashflow deemed by the directors to assist in understanding the relative importance of spend on pay.

Payments to former directors and payments for loss of office (audited)

There were no payments made to former executive directors during the year ended 30 June 2018 (2017: nil).

Material contracts

There have been no other contracts or arrangements during the financial year in which a director of the Group was materially interested and/or which were significant in relation to the Group's business.

External advisors to the committee

New Bridge Street (NBS) (part of Aon plc) act as independent remuneration advisors to the committee. During the year, the committee undertook a review of the advisors to the committee and it was agreed that a sub-committee comprising the Remuneration Committee Chair, Chairman and Group Company Secretary should meet with three separate advisors. Following the meetings, the sub-committee recommended that the incumbent advisor NBS should be retained and the committee formally approved the continued appointment of NBS as advisors to the committee.

Neither Aon Hewitt Limited nor the wider Aon plc provided any other services to the Group during the year and therefore the committee was satisfied that it provided objective and independent advice. NBS is a member of the Remuneration Consultants Group and complies with its code of conduct. The fees payable to NBS for advice throughout the year were £49,579 (2017: £26,526).

Statement of voting at annual general meeting

At last year's annual general meeting (2 November 2017) the directors' remuneration report received the following votes from shareholders:

| | Votes for and discretionary | Votes against | Total votes | Withheld |
|---------------------|--------------------------------|------------------|--------------------|----------|
| Remuneration report | 30,623,427 99.50% | 153,168 0.50% | 30,776,595 100% | 7,245 |

The remuneration policy was last approved for the year ended 27 June 2015 at the annual general meeting held on 22 October 2015, the voting outcome of which was:

| | Votes for and discretionary | Votes against | Total votes | Withheld |
|---------------------|--------------------------------|------------------|--------------------|-----------|
| Remuneration policy | 21,842,550 97.77% | 497,285 2.23% | 22,339,835 100% | 5,227,804 |

Section 3: Implementation of remuneration policy in 2018/19

This policy will apply to any remuneration paid on or after the Group's AGM on 1 November 2018 (subject to shareholder approval).

Executive directors' 2018/19 base salaries

The base salaries of the executive directors were last reviewed with effect from 1 April 2018 and will remain unchanged until the next annual review.

Benefits

It is intended that the benefits for both executive directors will be adopted in line with the proposed 2018 remuneration policy section as outlined on pages 87 to 93.

Pensions

The current pension arrangements described on page 98 will remain in place for the forthcoming financial year.

2018/19 performance-related bonus

The performance measures and weightings for 2018/19, which remain unchanged from 2017/18, are as follows:

| Metric | Weighting [% of maximum bonus] |
|------------------|--------------------------------|
| Operating profit | 65% |
| Group cashflow | 10% |
| Strategic KPIs | 25% |

Operating profit will be proportionately weighted between the bus and rail divisions. Operating profit, cashflow and strategic KPI targets will be stretching for the 2018/19 financial year and more information on the specific targets and performance against them will be provided retrospectively in next year's remuneration report to the extent that they are not commercially sensitive at the time. The strategic KPIs support the delivery of our three strategic pillars which are to protect and grow the core, win new bus and rail contracts and develop for the future of transport; in addition to our new supporting change themes which are better teams, happier customers, stronger communities, smarter technology and a cleaner environment.

A health and safety underpin will continue to apply to the full bonus, with remuneration committee having discretion to reduce bonus payments potentially to zero should it be considered appropriate.

The additional rail customer service underpin that was introduced from 2016/17 will also continue to apply to the 2018/19 bonus. The remuneration committee has discretion to scale back the bonus if customer satisfaction across the Group's train operating companies in Spring 2019, as measured by the Transport Focus National Rail Passenger Survey (NRPS) averaged across the Group's train operating companies, is less than the London and South East Sector NRPS reported for Spring 2018.

Any bonus payable will be satisfied 50% in cash and 50% in deferred shares. Recovery and withholding provisions will apply to the full performance-related bonus and the audit committee will undertake a formal end-of-year quality of profit and budget review in conjunction with the auditor before approval of any bonus payment. The incumbent Group Chief Financial Officer will not be entitled to any pro-rated performance-related bonus for 2018/19.

2018/19 LTIP awards

The structure of LTIP awards to be granted in 2018 will remain the same as for the 2017 awards with the EPS and TSR elements of the awards accounting for 40% each and a customer satisfaction target award of 20% split equally between rail and bus. The LTIP award will be subject to recovery and withholding provisions for three years following vesting. An additional two year holding period following the vesting of awards will also apply during which any vested awards may not be sold (other than to pay any tax and NICs due on exercise). This will result in an overall five year period before executives can realise the gain on vested shares.

For the year commencing 1 July 2018, the LTIP award for the Group Chief Executive will have a face value of 150%. The incumbent Group Chief Financial Officer will not receive an award as he will leave the Group shortly after the award will be granted. The EPS and TSR performance measures and targets for awards to be made in 2018/19 are detailed below and are unchanged from those made in 2017/18 when the committee consulted with major shareholders and shareholder representative bodies on proposed changes to the LTIP's threshold and maxima EPS metrics in response to the revised outlook for GTR analysts' repositioning of their forecasts. The bus and rail customer service targets have been updated to reflect the most up to date 2018 London and South East Sector National Rail Passenger and Bus Passenger Survey scores.

Performance conditions attaching to the 2018/19 LTIP award

| | EPS payout (% of element) | Compound annual growth in EPS | Payout (% of TSR element) | Relative TSR vs FTSE 250 (excluding certain sectors) | Payout (% of each customer element) | Rail customer service target | Bus customer service target |
|-------------------------------|---------------------------|--------------------------------------|---------------------------|--|-------------------------------------|------------------------------|-----------------------------|
| Weighting [% of total award] | - | 40% | - | 40% | - | 10% | 10% |
| Below threshold | 0% | Less than RPI + 2% p.a. | 0% | Below median | 0% | Less than 79% | Less than 91% |
| Threshold | 10% | RPI + 2% p.a. | 25% | Median | 10% | 79% | 91% |
| Between threshold and maximum | Between 10% and 100% | Between RPI 2% p.a. and RPI 10% p.a. | Between 25% and 100% | Between median and upper quartile | Between 10% and 100% | Between 79% and 83% | Between 91% and 94% |
| Maximum | 100% | RPI + 10% p.a. | 100% | Upper quartile | 100% | 83% | 94% |

As described earlier in this report, the remuneration policy to be put to shareholders for approval at the 2018 AGM remains essentially unchanged from that which was approved at the 2015 AGM. For information on the minor changes which have been made, please see page 83 of the annual statement.

Non-Executive directors' fees

The non-executive directors' fees will remain unchanged until the next annual fee review is undertaken.



Katherine Innes Ker,
Remuneration Committee Chair

5 September 2018

The directors present their report and audited financial statements for the year ended 30 June 2018. This directors' report forms part of the management report as required under the Disclosure Guidance and Transparency Rules. Certain information that fulfils the requirements of the directors' report can be found elsewhere in this document as referred to below. This information is incorporated into this directors' report by reference.

Directors' statement of responsibilities

The directors' statement of responsibilities is set out on page 108.

Going concern and viability statements

The Group's viability and going concern statements are set out on pages 45 and 109 respectively.

Corporate governance statement

The corporate governance statement, setting out how The Go-Ahead Group plc (the Group) complies with the 2016 UK Corporate Governance Code (the Code) is set out on pages 52 to 115. This includes a description of the main features of its internal control and risk management arrangements in relation to the financial reporting process and a description of the composition and operation of the Board and its committees. The information required by DTR 7.2.6R can be found in the shareholder information section on pages 199 to 201.

Strategic report

The strategic report on pages 4 to 49 includes an indication of future likely developments in the Group, important events since the year ended 30 June 2018, the Group's business model and strategy, and greenhouse gas emissions.

Group's Articles of Association (Articles)

The Articles can only be amended by a special resolution at a general meeting of shareholders. Shareholders of the Group can request a copy of the Articles by contacting the Group Company Secretary at the registered office.

Directors and their interests

Details of the directors who served during the year ended 30 June 2018 are set out on pages 54 and 55. The appointment and replacement of directors are governed by the Articles, the Code, the Companies Act 2006 (the Act) and related legislation. The powers of the directors are set out in the Articles and the Act.

Details of the directors' share interests are given in the directors' remuneration report on pages 99 to 101.

Directors' conflicts of interests

The Board has established robust procedures for ensuring that its power to authorise conflicts of interest is operated in accordance with the Articles. The Board considers that the procedures in respect of this power, which have been properly followed, have operated effectively during the year and the conflicts register has been updated accordingly. The Board is aware of its directors' other commitments and any changes to these commitments are advised to and approved by the Board committees.

Directors' indemnities

In accordance with our Articles and to the extent permitted by law, directors are granted an indemnity from the Group in respect of liability incurred as a result of their office. In addition, we maintained a directors' and officers' liability insurance policy throughout the year. Neither an indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently. Qualifying third party indemnity provisions (as defined in Section 234 of the Act) were in force during the year ended 30 June 2018 and continue to remain in force.

Listing Rule 9.8.4R disclosures

Disclosures required pursuant to Listing Rule 9.8.4R of the UK Financial Conduct Authority's Listing Rules can be found within the following sections of the 2017/18 Annual Report and Accounts:

| Listing Rule 9.8.4 | Required disclosure | Reference |
|--------------------|--|--|
| 1 | Interest capitalised and tax relief | Not applicable |
| 2 | Publication of unaudited financial information | Not applicable |
| 3 | Details of long term incentive schemes | Note 6 of the financial statements and directors' remuneration report on pages 82 to 105 |
| 4 | Waiver of emoluments by a director | Directors' remuneration report on pages 82 to 105 |
| 5 | Waiver of future emoluments by a director | Not applicable |
| 6 | Non pre-emptive issues of equity for cash | Not applicable |
| 7 | Non pre-emptive issues of equity for cash by major subsidiary undertakings | Not applicable |
| 8 | Parent participation in a placing by a listed subsidiary | Not applicable |
| 9 | Contracts of significance | Not applicable |
| 10 | Provision of services by a controlling shareholder | Not applicable |
| 11 | Shareholder waivers of dividends | Directors' report on pages 106 to 107 |
| 12 | Shareholder waivers of future dividends | Directors' report on pages 106 to 107 |
| 13 | Agreements with controlling shareholders | Not applicable |

Share capital and substantial shareholdings

All information relating to the Group's capital structure, rights attaching to shares, dividends, any restrictions on the transfer of shares, the policy to repurchase the Group's own shares, substantial shareholdings and other shareholder information is shown on pages 199 to 201.

Change of control

The details of the change of control provisions in the Group's rail franchise agreements, the sterling bond issue dated 6 July 2017 and the revolving credit facilities dated 16 July 2014, 27 April 2017, 23 October 2017 and 20 July 2018 are set out on page 200. Details of the powers of Transport for London, the Land Transport Authority and the National Transport Authority to prevent the operation of contracts is also provided.

There are no agreements between the Group and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Dividends

The Board continues to recognise the importance of dividends to shareholders and accordingly has updated its dividend policy. The Group will target a dividend pay-out ratio of 50% to 75% of net income. This better reflects the historic and future pay-out ratio and provides shareholders with more clarity and the Group with the appropriate flexibility to continue to pay an attractive dividend. Details of the proposal final dividend payment for the year ended 30 June 2018 are shown on the consolidated income statement on page 126 of the report.

Political donations and expenditure

It is the Group's policy not to make political donations and accordingly no such payments were made in the year (2017: £nil). Additionally, the Group did not incur any political expenditure as defined in the Act (2017: £nil).

Post balance sheet events

There have been no material events since 30 June 2018 to the date of this report.

Reappointment of external auditor

Details of the reappointment of the external auditor are provided on page 114.

Employees

Details of the Group's employee policies, including those concerning the employment of disabled persons and employee engagement, are provided on pages 23 to 24.

Information on the Group equal opportunities, inclusion and diversity policy is set out on pages 24 and additional information, including a copy of the policy, is available on the Group's website at www.go-ahead.com.

Share schemes

Employee Benefit Trust

Computershare Trustees (Jersey) Limited, the Trustee of The Go-Ahead Group Employee Trust (the Trust), holds shares for the benefit of the Group's executive directors and senior managers, and in particular for the satisfying of awards made under the Group's Long Term Incentive Plan (LTIP) and Deferred Share Bonus Plan (DSBP). During the financial period, as part of a planned programme of monthly share purchases, the Trust purchased a total of 64,012 ordinary shares at a total price of £1,090,694.59 (including all associated costs). The average price was £17.03 per share. As at 5 September 2018 (being the latest practical date prior to the date of this report) the Trust held 171,415 ordinary shares representing 0.4% of the issued share capital of the Group, less treasury shares, in trust for the benefit of the executive directors of the Group under the LTIP and DSBP. The voting rights in relation to these shares are exercised by the Trustee and dividends are waived while the shares are held by the Trustee.

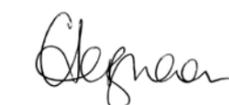
Share Incentive Plan

The Group operated a Share Incentive Plan during the year under review, enabling employees of the Group to acquire shares in the Group. In order to preserve certain tax benefits, these shares are held in a trust by EES Corporate Trustees Limited for participating employees. Whilst these shares are held in trust, the voting rights attached to them will not be exercised by the Trustee or the employees for whom they are held. As at 5 September 2018 (being the latest practical date prior to the date of this report), 1% of the issued share capital of the Group, less treasury shares, was held by EES Corporate Trustees Limited. In the event of an offer being made to acquire these shares, the employees are entitled to direct EES Corporate Trustees Limited to accept an offer in respect of the shares held on their behalf.

Save As You Earn Scheme

The Group also operates a Save As You Earn scheme known as The Go-Ahead Group plc 2013 Savings-Related Share Option Scheme (Sharesave), for which the last launch was in February 2016 (Sharesave 2016). Under Sharesave 2016, all permanent employees who had completed at least six months' continuous service with a participating company were invited to make monthly savings of between £5 and £50 for three years. At the end of the savings term, participants will have the choice of their money back, or to purchase Go-Ahead Group shares at a 20% discount to the market price set at the date of invitation. Sharesave 2016 will mature on 1 May 2019.

By order of the Board



Carolyn Ferguson
Group Company Secretary

5 September 2018

The directors are responsible for preparing the Annual Report and Accounts in accordance with applicable United Kingdom law and regulations. Detailed below are statements made by the directors in relation to their responsibilities, disclosure of information to the auditor and going concern.

Directors' responsibilities in respect of the preparation of the financial statements

UK Company law requires the directors to prepare Group financial statements for each financial year. The directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Under company law, the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit or loss of the Group for that period.

In preparing the Group financial statements, the directors are required to:

- Present fairly the financial position, financial performance and cashflows of the Group
- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Make judgements and estimates that are reasonable and prudent
- Provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance
- State whether the Group financial statements have been prepared in accordance with IFRS as adopted by the European Union

Directors' responsibility statement

We confirm that to the best of our knowledge:

- The Group financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole
- The strategic report includes a fair view of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and enable them to ensure that the Group financial statements comply with the Companies Act 2006 (the Act) and Article 4 of the IAS Regulation. They are also responsible for the system of internal control, for safeguarding the assets of the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing the strategic report, directors' report, including the directors' remuneration report and the corporate governance report, in accordance with the Act and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's corporate website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by section 418(3) of the Act) of which the Group's auditor is unaware and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. The financial position of the Group, its cashflows, liquidity position and borrowing facilities are described in the financial review on pages 42 and 43. In addition, note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to price risk, credit risk, liquidity risk and cash flow risk.

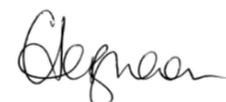
Cash generation from the Group's bus and rail operations was strong and the balance sheet remains robust. Core financing is provided by a £250m sterling bond entered into on 6 July 2017 securing financing to 2024 and committed bank facilities of £280.0m to July 2025. The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a 'going concern'. The directors confirm they are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis in preparing the Annual Report and Accounts.

The directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 45.

The directors' going concern confirmation and viability statement have both been considered in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published by the Financial Reporting Council in September 2014.

By order of the Board



Carolyn Ferguson
Group Company Secretary

5 September 2018

This section of the corporate governance report details the Group's compliance with the principles set out in the 2016 UK Corporate Governance Code (the Code) which is available at www.frc.org.uk. This section should be read in conjunction with the corporate governance report as a whole, which is set out on pages 52 to 105.

The Group has complied in full with the requirements of the Code during the year ended 30 June 2018.

Alignment with the UK Corporate Governance Code



A. Leadership

The Board is collectively responsible for the long term success of Go-Ahead



B. Effectiveness

We review the Board's overall balance of skills, experience and behaviours to optimise effectiveness



C. Accountability

We present a fair, balanced and understandable assessment of Go-Ahead's position and prospects



D. Remuneration

Executive remuneration is transparent and aligned with shareholders and stakeholders' long term interests



E. Relations with shareholders

We place great importance on transparent, relevant and timely communication with shareholders



A. Leadership

A.1. The role of the Board

Go-Ahead is headed by a Board whose members are collectively responsible for creating and delivering long term sustainable value for the business. A key responsibility of the Board is to balance the interests of the Group, including our shareholders and stakeholders, colleagues and the communities we serve. The Board has ultimate responsibility for setting the Group's strategic direction, leading and overseeing culture and ensuring the Group upholds the highest standards of corporate governance.

A full description of the Board's role, which includes the specific responsibilities reserved to us, is available on our website at www.go-ahead.com.

The Board holds nine scheduled formal face-to-face meetings a year, in addition to unscheduled meetings to deal with matters as they arise. The table below sets out the Board and committee attendance for the year ended 30 June 2018. Attendance is shown as the number of meetings attended out of the total number of meetings possible for the individual director during the year.

All directors are expected to:

- Attend all meetings of the Board and of those committees on which they serve
- Attend the Annual General Meeting (AGM)
- Devote sufficient time to the Group's affairs to enable them to fulfil their duties as directors

| Board attendance | Board | | Audit committee | | Remuneration committee | | Nomination committee | |
|----------------------------------|-----------|--------------------------|-----------------|-------------|------------------------|-------------|----------------------|-------------|
| | Scheduled | Unscheduled ³ | Scheduled | Unscheduled | Scheduled | Unscheduled | Scheduled | Unscheduled |
| Total meetings | 9 | 3 | 4 | - | 6 | - | 2 | 1 |
| Andrew Allner ¹ | 9/9 | 3/3 | - | - | 6/6 | - | 2/2 | - |
| David Brown ² | 9/9 | 3/3 | - | - | - | - | - | - |
| Patrick Butcher ² | 9/9 | 3/3 | - | - | - | - | - | - |
| Katherine Innes Ker ⁴ | 8/9 | 1/1 | 4/4 | - | 6/6 | - | 2/2 | 1/1 |
| Adrian Ewer | 9/9 | 2/2 | 4/4 | - | 6/6 | - | 2/2 | 1/1 |
| Harry Holt ⁵ | 7/7 | - | 2/2 | - | 4/4 | - | 1/1 | 1/1 |
| Leanne Wood ⁵ | 7/7 | - | 2/2 | - | 4/4 | - | 1/1 | 1/1 |
| Nick Horler ⁶ | 4/4 | 1/1 | 2/2 | - | 3/3 | - | 1/1 | - |

1. The Chairman attends audit committee meetings by invitation as appropriate which are not included in the above attendance. The Chairman was not eligible to attend the unscheduled nomination committee meeting given this related to his own succession planning.
 2. The executive directors attend committee meetings by invitation as appropriate which are not included in the above attendance.
 3. Unscheduled Board meetings to discuss bus tenders and rail bids were held on 22 August 2017, 4 October 2017 and 12 March 2018. Two of these meetings were sub-committees of the Board and so not all non-executive directors were required to attend.
 4. Katherine Innes Ker was unable to attend one scheduled Board meeting due to a family bereavement.
 5. Harry Holt and Leanne Wood joined the Board as independent non-executive directors and members of the audit, remuneration and nomination committees with effect from 23 October 2017.
 6. Nick Horler retired as independent non-executive director and member of the audit, remuneration and nomination committees with effect from the conclusion of Go-Ahead's AGM on 2 November 2017.



Leadership continued

A.2. Division of responsibilities

There is a clear division of responsibilities between the Chairman, who was independent on appointment, and the Group Chief Executive. The Board has adopted a written Statement of Division of Responsibilities between the Chairman and the Group Chief Executive. The Chairman, Andrew Allner, is responsible for the leadership of the Board. The Group Chief Executive, David Brown, is responsible for leading and managing the business within the authorities delegated by the Board. The Group Chief Financial Officer is responsible for providing strategic and financial guidance to ensure that the Group's financial commitments are met.

A.3. The Chairman

Setting the Board agenda is a collaborative effort between the Chairman, Group Chief Executive and Group Company Secretary, which ensures that matters relating to both the Group's operations and its governance are on the agenda. The Chairman ensures that adequate time is available for discussion of all agenda items, in particular strategic issues where more time is now spent in Board meetings debating key issues and key financial matters. The Chairman promotes strong relationships and facilitates constructive challenge between executive and non-executive directors.

The Chairman was considered independent upon his appointment in 2013. He ensures he engages regularly with institutional shareholders.

A.4. Non-executive directors

The non-executive directors bring independent judgement and scrutiny to the decisions taken by the Board. They monitor the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board. Their views are actively sought when developing proposals on strategy, including discussions in meetings, in post meeting conversations, or as part of the annual Board Strategy Day.

The Senior Independent Director, Katherine Innes Ker, offers a sounding board for the Chairman and serves as an intermediary for other directors and shareholders when necessary.

The Chairman and the non-executive directors meet periodically without the executive directors present. During the year, the Chairman also met individually with each director.

If any director has concerns about the running of the Group or a proposed action which cannot be resolved, these will be recorded in the Board minutes. No such concerns arose for the year ended 30 June 2018.



B. Effectiveness

B.1. The composition of the Board

During the year, the Board reviewed the overall balance of skills, experience, independence and behaviours of the Board and committee members. It was satisfied that the Board was of an appropriate size and that the requirements of the business can be met.

Details of the directors, including the skills and experience they each bring to the Board, are on pages 54 and 55.

On 30 June 2018, the Board comprised a non-executive Chairman, two executive directors and four independent non-executive directors, all of whom are equally responsible for the proper stewardship of the Group. Taking into account the provisions of the Code, each of the non-executive directors is considered independent in character and judgement.

The Board reviews the independence of its non-executive directors each year in accordance with the criteria set out in the Code.

B.2. Appointments to the Board

The nomination committee is chaired by the Chairman and consists of all independent non-executive directors, who together bring a diverse and complementary range of backgrounds, personal attributes and experience.

Non-executive directors are appointed for specified terms and stand for re-election at each AGM. Any term beyond six years is subject to a rigorous review, taking into account the need for progressive refreshment of the Board.

The principal responsibilities of the nomination committee are:

1. **Board composition** – review the structure, size and composition of the Board
2. **Board balance** – evaluate the balance of skills, knowledge, experience and diversity on the Board
3. **Succession planning** – consider succession planning for the Board and other senior management, taking into account the challenges and opportunities facing the Group and the skills and expertise needed on the Board in the future
4. **Inclusion and diversity** – review and update the Board Inclusion and Diversity Policy
5. **Effectiveness** – review the effectiveness of the committee, including an annual review of the committee's terms of reference. During the year, the terms of reference were updated in accordance with best practice and a copy is available on our corporate website at www.go-ahead.com or upon request from the Group Company Secretary

B.3. Commitment

The majority of the Board, excluding the Chairman (who was independent on appointment), are independent non-executive directors. The independence, effectiveness and time commitment of each non-executive director is reviewed on an annual basis.

The committee also keeps under continual review the time commitments of all Board members, to ensure they do not become overstretched.

The review this year resulted in the committee being satisfied that the contribution made by all directors continued to be effective and that all directors are able to commit fully to their role. Accordingly, all directors will stand for re-election at the 2018 AGM, with full details provided in the Notice of Meeting.

Upon appointment, all new non-executive directors are asked to confirm they are able to devote the time required to fulfil the role and each individual's commitment to their role is reviewed annually as part of their performance evaluation. Letters of appointment for the non-executive directors are available for inspection at the AGM.

Neither the Group Chief Executive or the Group Chief Financial Officer holds any non-executive directorship or chairmanship in a FTSE 100 company. Such appointment would be subject to the approval of the Board which would consider particularly the time commitment required.

External appointments of each individual director are set out on pages 54 and 55.

Effectiveness continued

B.4. Development

All new directors undertake a full induction programme either shortly before or upon joining the Board. The Group Company Secretary, working closely with the Chairman, agrees the personalised induction plan which is designed for each individual, taking into account their existing knowledge, specific areas of expertise and proposed committee appointments. Where appropriate, non-executive directors are given the opportunity to meet institutional shareholders including attending any of our investor relations association and best practice events.

 [Read more about Harry Holt's and Leanne Wood's induction on page 64.](#)

The Chairman is responsible for ensuring that all non-executive directors receive ongoing training and development to ensure they have the relevant expertise and skills for their role on the Board and its committees.

Equally, as part of their annual performance evaluation, directors are given the opportunity to discuss any of their own additional training and development needs. Directors are expected to take responsibility for identifying additional training needs and to take steps to ensure each is adequately informed about the Group and their responsibilities as a director.

The Board is confident that all of its members have the knowledge, ability and experience to perform the functions required of a director of a UK listed company.

B.5. Information and support

The Board is supplied with high quality information, presented in a form designed to enhance Board effectiveness. A comprehensive Board procedures manual is maintained which includes formal procedures for the working of the Board and its committees, delegated authorities, the timely provision of appropriate information and the duties and responsibilities of directors, including standards of conduct and compliance.

The Group Company Secretary is available to all directors to provide advice and is responsible for ensuring all Board procedures are complied with and that Board and committee papers are circulated to all directors by electronic means ensuring the timely and secure provision of information.

The Group Company Secretary reports to the Chairman in her role as secretary to the Board and committees and plays a pivotal role in supporting the Chairman to facilitate directors' induction, Board development, effectiveness and best practice. She reports to the Group Chief Financial Officer on all other company secretariat matters, including the management of the Group's bus pension arrangements. The appointment and removal of the Group Company Secretary is a matter requiring Board approval.

All directors may take independent professional advice, at the Group's expense, if they believe it to be necessary for the proper discharge of their duties as directors

B.6. Evaluation

The Board evaluation for the year ended 30 June 2018 was conducted internally by the Group Company Secretary and more details can be found on pages 66 and 67. The evaluation of the Board is externally facilitated at least every three years. An externally facilitated Board development programme was carried out for the year ended 1 July 2017 by Better Boards Ltd, which had no other connection with the Group. The Senior Independent Director also chairs an annual meeting of executive and non-executive directors without the Chairman to appraise the Chairman's performance and address any other matters the directors may wish to raise. The Senior Independent Director conveys the outcome of these discussions to the Chairman.

B.7. Re-election

All directors are subject to election at the first AGM following their appointment and annual re-election at each AGM thereafter. All directors are therefore submitting themselves for re-election at the 2018 AGM. Following recommendation from the nomination committee, the Board considers that all directors continue to be effective, committed to their roles and have sufficient time available to perform their duties.

C. Accountability

C.1. Financial and business reporting

The requirement for the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable is taken into consideration in the drafting and reviewing process. The Board has established processes to ensure that all reports and information which are required to be presented in accordance with regulatory requirements are a fair, balanced and understandable assessment of the Group's position and prospects. Further details can be found on page 79.

 [Read more about the Group's business model, performance, strategy and principal risks on pages 4 to 49.](#)

 [A statement of the Directors' responsibilities regarding the financial statements is on pages 108 and 109.](#)

C.2. Risk management and internal control

The Board has overall responsibility for risk management and the system of internal controls and for reviewing their effectiveness. Specifically, it determines the extent and nature of the risks it is prepared to take to achieve the Group's strategic objectives. While the Board does not have a separate risk committee, risk management and resource are embedded throughout the organisation with the audit committee responsible for monitoring risk and discussing with the Board as appropriate. The Board has overall responsibility for the Group's risk appetite.

A top-down risk review is combined with a complementary bottom-up approach to ensure that risks are fully considered. As well as complying with the Code, the best practice recommendations in 'Guidance for Risk Management, Internal Control and Related Financial and Business Reporting' have also been adopted.

Accountability continued

Prior to the announcement of full year and half year results, the audit committee reviews the Group's principal risks. This includes a commentary on how risk exposures have changed during the period and any emerging risks in the Group's risk register.

For the year ended 30 June 2018, the Board has carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.

 [Read more about the Group's principal risks and a description of the changes during the year on pages 44 to 49.](#)

The system is designed to manage rather than eliminate risk of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The directors have assessed the Group's viability over a three year period to June 2021 and have reasonable expectation that the Group will be able to continue in operation and meet all of its liabilities as they fall due during the viability review period.

 [The viability statement and going concern statement are on pages 45 and 109 respectively.](#)

C.3. Audit committee and auditors

The membership of the audit committee, which comprises four independent non-executive directors, provides the range of financial and commercial expertise necessary to meet its responsibilities in a robust and independent manner and has competence relevant to the sector in which the Group operates. Adrian Ewer is a Fellow of the Institute of Chartered Accountants and has recent and relevant financial experience in the UK listed environment, enabling him to fulfil his role as Audit Committee Chair.

Meetings of the committee generally take place immediately prior to a Board meeting to maximise the effectiveness of collaborating with the Board. Meetings are attended by the independent non-executive directors. By invitation, the Chairman, Group Chief Executive, Group Chief Financial Officer, Group Financial Controller and internal and external auditors also regularly attend meetings. The Group Corporate Services Director also attends at least two meetings a year to provide the committee with health and safety reports, including best practice and standards across the operating companies. To ensure matters are progressed, the Audit Committee Chair holds pre-audit committee meetings with management and key advisors between scheduled committee meetings.

At least once a year, the non-executive directors hold separate meetings with the external and internal auditors, without the executive directors being present.

The Audit Committee Chair regularly reports details of the work carried out by the audit committee to the Board in accordance with the committee's terms of reference.

The committee's terms of reference are reviewed annually and approved by the Board. During the year, the terms of reference were updated in accordance with best practice and a copy is available on our website at www.go-ahead.com or upon request from the Group Company Secretary.

The principal responsibilities of the audit committee are:

- 1. External audit** – manage and review the reports from the external auditor, recommend any change of external auditor, oversee any retendering process and review remuneration
- 2. Financial reporting** – monitor the integrity of the Group's Annual Report and Accounts, any formal announcements relating to financial performance and consider significant financial reporting issues, judgements and estimates
- 3. Risk management and internal controls** – review the system of internal control and risk management, including financial controls
- 4. Internal audit** – set and monitor the internal audit plan and review its findings
- 5. Performance** – review the performance and work of both the internal and external auditors
- 6. Whistleblowing and anti-bribery procedures** – monitor and review the effectiveness of the whistleblowing and anti-bribery procedures in place

Independence, objectivity and fees of external auditor

The Board recognises the importance of auditor independence and is aware of the situations which may give rise to the impairment of auditor independence. The audit committee considers carefully the objectivity of the auditor on an annual basis in relation to both the audit process and the relationship with the Group.

The audit committee is responsible for developing, implementing and monitoring the Group's policy on the engagement of the external auditor to supply non-audit services. The principal requirements of that policy are:

- The auditor will only be used for the provision of non-audit work if it can be demonstrated that the engagement will not impair independence, is a natural extension of their audit work or there are other overriding reasons that make them the most suitably qualified to undertake the work
- The auditor will not provide certain categories of non-audit services to the Group, such as internal audit and litigation support, the full list of which can be found in the committee's terms of reference
- The provision of certain non-audit services (including accounting and tax services if the fees exceed a cumulative £50,000) is subject to approval by the audit committee
- The ratio of the external auditor's audit to non-audit fees during the year, as a proportion of the annual external audit fee, is kept under review by the committee

During the financial year, the Group external auditor's fees were £0.8m (2016: £0.7m); in addition non-audit fees of £0.1m (2016: £0.4m) were payable to the Group's external auditor. As reported last year, the non-audit fees for 2016 included £0.3m for a one-off specific piece of overseas bid work, with the conclusion that Deloitte LLP was the sole advisor able to provide this work. Excluding the one-off overseas bid work, non-audit fees paid for 2016 were £0.1m.

 [More information on the remuneration of Deloitte LLP is in note 5 of the financial statements on page 144.](#)

Accountability continued

External auditor tenure

Deloitte LLP was appointed as the Group's external auditor in November 2015 following an audit tender. While the Group has no current retendering plans at this time, it will be required to put the external audit contract out to tender by 2025. Deloitte LLP will also be required to rotate the audit partner responsible for the Group audit every five years and therefore the current lead audit partner Chris Powell, who was appointed in November 2015, will be required to step down following the completion of the 2020 audit.

The committee continues to review the external auditor appointment and the need to tender the audit, ensuring the Group's compliance with the Code and the reforms of the audit market by the UK Competition and Markets Authority. Accordingly, the Group confirms that it complies with the provisions of the Competition and Markets Authority's Order for the financial year under review. For the financial year ending 29 June 2019, the audit committee has recommended to the Board that Deloitte LLP be reappointed under the external audit contract and the directors will be proposing the reappointment of Deloitte LLP at the AGM on 1 November 2018.

Internal audit function

The Group's internal audit function has been outsourced to PricewaterhouseCoopers (PwC) on a rolling 12 month contract, with overall responsibility and direction being retained by the audit committee. The internal audit function provides assurance over the effectiveness of key internal controls as identified as part of the risk assessment process. In addition to meetings with local management, the internal auditor reports to the committee at least four times a year.

In accordance with the previously agreed internal audit plan for the year ended 30 June 2018, the committee reviewed reports confirming the findings from the internal audit reviews undertaken, the actions to implement the recommendations and the status of progress against previously agreed actions. During the year, the committee also approved the internal audit plan for the year ending 29 June 2019.

The committee keeps under review the internal audit relationship with PwC and maintains the procedures necessary to ensure appropriate independence of the internal audit function. During the year, a review of the services provided by PwC was undertaken and a number of changes were made to improve the focus and effectiveness of the internal audit approach.

Whistleblowing and anti-bribery procedures

The Group is committed to the highest standards of quality, honesty, openness and accountability. The Group and all operating companies have whistleblowing policies in place. Colleagues are encouraged to raise genuine concerns under the policy and any concerns raised are investigated carefully and thoroughly to assess what action, if any, should be taken. Any matters of significance are reported to the audit committee.

The Board supports the objectives of the Bribery Act and procedures have been established to ensure that compliance is achieved. These set out what is expected from our colleagues and stakeholders to ensure that they protect themselves as well as the Group's reputation and assets. Training has been provided to the Board and senior management and is refreshed on a regular basis. Any breach of the Bribery Act will be regarded as serious misconduct, potentially justifying immediate dismissal.

 [Read more about how the audit committee has discharged its responsibilities during the year on pages 76 to 81.](#)

D. Remuneration

D.1. The level and components of remuneration

The remuneration committee believes it is very important that our overall remuneration policy is structured to support both the financial objectives and the strategic priorities of the Group in a manner which is transparent and aligned with shareholders' and stakeholders' long term interests.

[The principal responsibilities of the remuneration committee are:](#)

- 1. Remuneration policy** – develop the remuneration policy for the executive directors, including the balance between fixed and performance-related, cash and share-based, immediate and deferred remuneration
- 2. Effectiveness** – review the ongoing appropriateness and effectiveness of the Group's remuneration policy
- 3. Pay and reward** – regularly review the design and targets for performance-related pay arrangements and approve the total annual payments and awards
- 4. Terms and conditions** – ensure adherence to the policy set for executive directors' service agreements, including recruitment and compensation payment policies
- 5. Group pay** – recommend and monitor the level and structure of remuneration for senior management within the Group
- 6. Chairman's pay** – determine the fees of the Chairman

 [The Directors' remuneration report is on pages 82 to 105.](#)

Remuneration continued

D.2. Procedure

When determining policy on executive remuneration the remuneration committee takes into account all factors which it deems necessary. These include relevant legal and regulatory requirements, the provisions of the Code, associated guidance and views of principal shareholders.

The remuneration committee comprises the Chairman and four independent non-executive directors. The members of the committee have no personal interests in the matters to be decided by the committee other than as shareholders and have no conflicts of interest arising from cross-directorships. During the year ended 30 June 2018, no individual was present when his or her own remuneration was being determined.

The committee's terms of reference are reviewed annually and approved by the Board. During the year, the terms of reference were updated in accordance with best practice and a copy is available on our website at www.go-ahead.com or upon request from the Group Company Secretary.

 [Details of advisors who provided services to the remuneration committee during the year are on page 103.](#)

E. Relations with shareholders

E.1. Dialogue with shareholders

Go-Ahead's Board has always been committed to reporting in a fair, balanced and understandable way and places great importance on transparent, relevant and timely communication with shareholders. Throughout the year, we maintained open and frequent dialogue with investors, providing updates on our strategy, sustainability policy, objectives and governance as well as listening to and responding to questions.

The Group's investor relations (IR) team has regular dialogue between the executive directors and current and potential shareholders, through group and one-to-one meetings, presentations, roadshows and conferences. The executive team is also in regular contact with sell-side analysts and broker sales teams to communicate the Group's performance and strategy. The Chairman is available to meet investors, as are the Senior Independent Director and committee chairs, who appreciate the opportunity to do so.

The Group Chief Financial Officer provides the Board with regular reports and updates, including analysts' reviews, analysis of the shareholder register and shareholder feedback. Understanding shareholders' views is important. Following our roadshows, our corporate advisors gather detailed feedback from institutional shareholders which is presented to the Board and we also welcome direct feedback at any point in the year. Feedback forms an important part of the Board's strategic discussions and also assists the IR team in improving the quality of communications. During the year, we conducted an in-house investor perception survey and held our first Go-Ahead Investor and Analyst Networking event in London which, going forward, will be held annually.

 [More information on page 25.](#)

We also communicate with the wider investment community through regular news releases and trading updates via the London Stock Exchange which are also published on our website (www.go-ahead.com). The IR section of our website provides a wealth of information including a dedicated results centre, access to reports, factsheets, latest news and presentations, as well as a share price analysis. Investors and other interested parties can subscribe to receive news through email updates by registering their details on our website, which is fully responsive to mobile devices.

 [Read more about how the Board listens to our wider stakeholders on pages 68 and 69.](#)

E.2. Constructive use of general meetings

The AGM is an opportunity for the Board to communicate with and answer questions from shareholders. All Board members are available to meet informally with shareholders before and after the meeting.

Full details of the business to be discussed at the Group's next AGM on Thursday 1 November 2018 can be found in the Notice of AGM. This is posted to registered shareholders at least 20 working days in advance of the meeting and will also be available on our website at www.go-ahead.com.

The Group proposes separate resolutions on each substantially separate issue, with voting conducted by poll. The Board believes this voting process is more democratic than a show of hands since all shares voted at the meeting, as well as proxy votes lodged before the meeting, are counted. For each resolution, shareholders will have the option to vote either for or against a resolution, or to withhold their vote. Following the meeting, the number of votes lodged for and against each resolution are announced to the London Stock Exchange and displayed on the Group's website.

When the Board is of the opinion that a significant proportion of the votes at any general meeting is cast against a resolution, the Group will explain, when announcing the results of the vote, the actions it intends to take to gain an understanding of the reasons behind the vote.