

Society

Running our companies in a safe, socially and environmentally responsible manner

What are our key performance indicators (KPIs)?

Our society KPIs relate to the safety of our colleagues, our customers and other road users, as well as monitoring the detrimental impact of carbon emissions from our operations on the environment.

We measure the number of railway signals passed at danger (SPADs), which is similar to driving through a red light. While every SPAD is treated as a serious incident, most occur with little or no potential to cause harm and are the result of minor misjudgements of braking distance. The number of bus accidents which result in a notification to a claims handler is closely monitored, including cases where we are not at fault. The reporting of both SPADs and bus accidents is weighted to every million miles we operate. Measuring and reporting RIDDOR accidents is a statutory requirement for all companies relating to work place incidents. The safety of our people is very important to us, making this one of our society KPIs. As the metric relates to the safety of our colleagues, it is weighted to every 100 employees.

While Go-Ahead's activities help to reduce the number of cars on the road, we aim to improve the detrimental impact our operations have on the environment. We monitor all the energy used within our operations and calculate CO₂ emissions resulting from this use. To establish the impact of each journey taken, we weight this metric by passenger journeys.

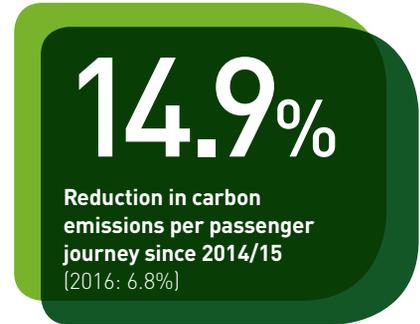
Why is it important?

Our safety indicators help us measure performance against our commitment to provide a safe and positive travel experience for our bus and rail passengers, a safe working environment for our colleagues and to minimise risk to the general public. Good performance in these areas can also reduce cost through lower insurance claim charges.

Through our environmental metric we monitor our performance against our commitment to improve energy efficiency, contribute to government and local authority carbon reduction targets and provide a greener way for our passengers to travel. Good performance in this area also reduces cost through fuel efficiency.

What are the risks?

Poor performance against our three safety KPIs would impact our objectives to run our companies in a safe manner. Failing to provide a safe working environment for our people goes against our goal to be an employer of choice. Key risks associated with poor performance in these areas include impact on operational performance, reputational risk, higher insurance claim costs and employee relations issues, including low satisfaction and productivity. Risks associated with poor performance against our environmental KPI include failure to meet government targets to tackle climate change, reputational risk and higher fuel costs; all impairing our ability to meet the objective to run our companies in an environmentally responsible manner.



How did we perform?

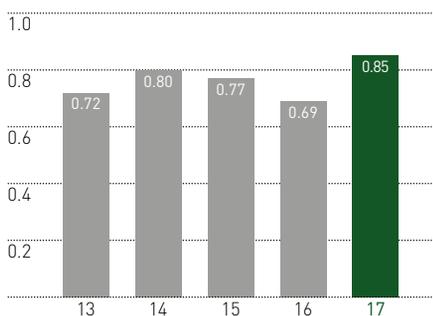
We saw a mixed performance against our society KPIs with improvements in two of the four measures. Performance improved for RIDDOR accidents per 100 employees and carbon emissions per passenger journey, but declined slightly in SPADs and bus accidents per million miles.

While our services contribute to improving air quality offering a less environmentally harmful alternative to car travel.

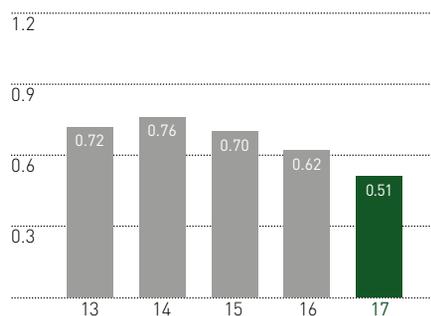
We take our responsibility for the safety of our customers and our people very seriously.

We ensure our employees have the necessary equipment and training to do their jobs properly and safely. We investigate every accident and encourage accurate and timely reporting of all incidents. Driving behaviour is monitored and initiatives are undertaken to improve standards of driving to minimise the likelihood of bus accidents and improve fuel efficiency.

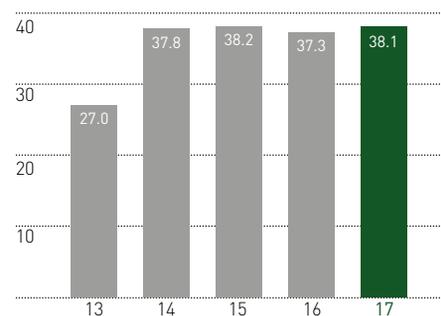
SPADs per million miles



RIDDOR accidents per 100 employees



Bus accidents per million miles





To minimise the likelihood of SPADs, we have tight controls around safety and high standards of driver training and work closely with the infrastructure provider, Network Rail. Due to the nature of these occurrences, relative performance can fluctuate from one year to the next, which is why we measure longer term performance against a 2020 target.

We're committed to minimising the direct impact our operations have on the environment.

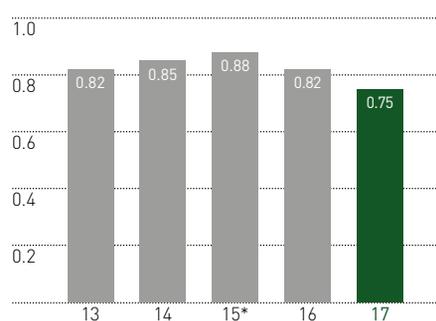
What are we targeting?

We have set 2020 targets for safety, striving for continuous improvement against all our metrics, maintaining current low levels of bus, rail and employee incidents.

Our 2018 environmental target is to reduce like-for-like carbon emissions per passenger journey by 10% against a 2014/15 baseline.

Although this was a challenging target, we achieved it one year ahead of target and strive to improve further in this area.

Carbon emissions per passenger journey (kgs)



* Restated

Greenhouse gas emissions

We report on greenhouse gas (GHG) emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and the UK government's Environmental Reporting Guidance methodologies together with the emissions conversion factors from the Department for Business, Energy & Industrial Strategy (BEIS) conversion factors for Company Reporting 2017. In line with this guidance, we have reported the emissions sources* that are required. These sources fall within the businesses included in our consolidated financial statements.

Emissions are expressed in terms of equivalent carbon dioxide (CO₂e). Our relative performance metric is kilogrammes of CO₂e emissions per passenger journey.

We define our organisational reporting boundary by applying the financial control approach with a materiality threshold set at 5%.

Overall, CO₂ emissions in absolute terms have reduced despite business acquisitions and CO₂ emissions per passenger journey have decreased largely due to improved efficiency and lower CO₂ conversion factor for electricity.

* Emissions from air conditioning equipment in our premises and vehicles are not included in this analysis due to the difficulty in obtaining this data. These emissions account for less than 0.5% of our total GHG emissions and are therefore not considered material.

	2016/17	2015/16	2014/15
	CO ₂ e tonnes ('000)	CO ₂ e tonnes ('000)	CO ₂ e tonnes ('000)
Scope 1			
Passenger journeys (m)	1,334.09	1,297.23	1,239.9
Gas (buses) kwhs (m)	3.7	6.3	6.9
Gas (premises) kwhs (m)	53.4	10.5	53.7
Bus diesel (10% bio-diesel blend) ltrs ¹ (m)	138.9	361.1	329.8
Rail diesel ltrs (m)	18.5	54.6	53.5
Scope 2			
Traction electricity kwhs ¹ (m)	1,371.4	482.1	593.2
Site electricity kwhs ² (m)	108.3	38.1	46.3
Electric buses kwhs (m)	0.39	0.14	n/a
Scope 3			
Electricity – transmission and distribution losses within the grid	48.7	54.9	52.8
Sub-total	995.2	1,068.1	1,086.7
Outside of scopes			
Biogenic content of bio-diesel ²	9.4	7.9	11.0
Total	1,004.6	1,076.0	1,097.7

1. Traction electricity consumption data relates to the period from 1 April 2016 to 31 March 2017. This provides the most accurate figure for consumption
2. Site electricity and bus diesel figures include consumption by Go-Ahead Singapore. UK CO₂e conversion factors were used to account for this energy consumption to ensure consistency and standardisation, local conversion factors for 2017 were not available. Go-Ahead Singapore accounts for less than 4% of the Group's 2016/17 CO₂ emissions

	2016/17	2015/16	2014/15
Kgs CO ₂ per passenger journey	0.75	0.82	0.88

Kgs CO₂ per passenger journey only includes scopes 1-3 CO₂

* CO₂ numbers have been verified by Bureau Veritas



For more information, historical data can be found online at www.go-ahead.com/sustainability

Customers

Providing high quality, locally focused passenger transport services

What are our key performance indicators (KPIs)?

Our customer KPIs monitor how well we're serving our customers, how reliably we're running our buses and trains, and how satisfied our passengers feel. We measure the number of passenger journeys taken on our regional bus and rail services compared with the previous year, adjusting for significant acquisitions and new franchises. Customer satisfaction surveys are conducted twice a year for our rail franchises and annually for our regional bus operations.

As we are contracted on the basis of bus mileage in London, we do not consider passenger numbers as a KPI for that division. Customer satisfaction is measured by the independent passenger watchdog Transport Focus. Our primary customer in London bus is TfL. We measure satisfaction and punctuality by performance against TfL's excess waiting time target, which is the time passengers have to wait for a bus above the average scheduled waiting time. The lower the excess waiting time, the better the performance.

The punctuality of our regional bus operations is measured as the percentage of buses which arrive at their stop between one minute before and five minutes after their scheduled time. Therefore, the higher the percentage the better the performance.

The punctuality of our rail operations is measured on the basis of the DfT's Public Performance Measure (PPM) on a moving annual average basis. PPM is the percentage

of trains that arrive at their final destination within five minutes of their scheduled arrival time.

Why is it important?

Providing high quality service is a strategic priority for the Group and customer satisfaction is a key measure of our performance. Punctuality is important to our passengers and is the strongest indicator of passenger satisfaction, so is key to helping us grow passenger numbers and increase customer satisfaction. London bus contract extensions are also based on performance. We earn additional revenue through Quality Incentive Contract bonus payments if we exceed TfL's punctuality targets. PPM performance forms part of our franchise agreements with the DfT. We closely track trends in passenger numbers as changes in demand can affect financial performance as well as indicate potential issues. Monitoring this allows us to take timely action to improve our services.

What are the risks?

Decreasing volume numbers could be an indicator of performance issues within our operations or of changes in economic or market conditions, any of which has the potential to impact the Group's overall performance.

Punctuality is a key driver of customer satisfaction. If customers are not satisfied with the service they receive, they may switch to other operators or other modes of transport. These satisfaction figures receive

media attention and our reputation can be harmed if they are low. Our rail franchise contracts also include satisfaction targets and our operating companies could face penalties if these targets are not achieved. For London bus, poor performance could result in lower Quality Incentive Contract (QIC) bonus payments and prevent contract extensions.

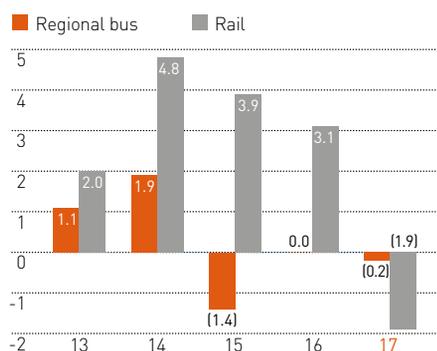
How did we perform?

In regional bus, passenger numbers remained broadly flat year on year, while rail numbers fell slightly, reflecting industrial relations issues at GTR and changing travel patterns of Southeastern customers.

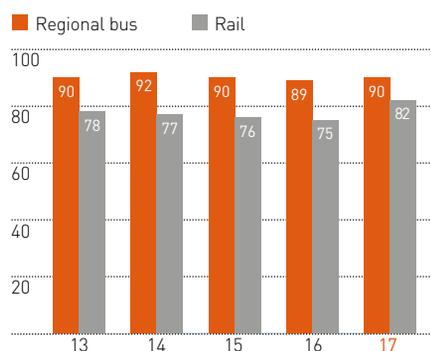
Our focus on delivering high quality locally focused services has enabled us to maintain our sector-leading position on customer satisfaction in regional bus, with slightly improved scores of 90%. All our regional bus companies scored highly in Transport Focus' annual survey. Satisfaction with our rail services also increased in the year, despite ongoing industrial relations issues impacting services in GTR. Southeastern delivered a strong improvement, up from 72% to 82%; the greatest improvement ever delivered in UK rail. London Midland's performance declined to 82% from a high base of 86% in the previous year.

We saw a mixed performance against our punctuality metrics. While congestion continues to be an issue in London, punctuality of our bus services has improved as some road improvement works in our operating areas were completed. Regional

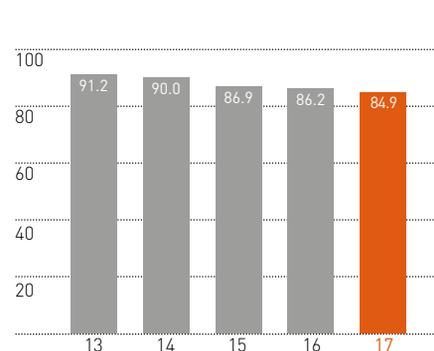
Like for like passenger volume growth (%)



Customer satisfaction (%)



Regional bus punctuality (%)





bus punctuality fell slightly, as did punctuality of our rail services. The decline in rail was due to a negative impact of maintenance works at GTR.

What are we targeting?

We're aiming to grow bus and rail passenger numbers beyond current levels.

In London bus, our target is to achieve low average excess waiting time of below one minute, in line with TfL's targets. In regional bus, we aim to maintain our sector-leading bus passenger satisfaction scores and achieve punctuality of over 95% in line with industry targets.

We target improvement in levels of customer satisfaction in the rail division, bringing them in line with the industry average for the London and South East network and increase levels of punctuality across all our franchises to meet 90% PPM in accordance with the Office of Road and Rail (ORR), Network Rail and London and South East operators' 2019 target.

Customer satisfaction

The National Rail Passenger Survey and the Bus Passenger Survey conducted by Transport Focus, provide valuable information about customers' satisfaction with the journey they've just taken. While we use the results of these surveys to help us improve, we also use Net Promoter Score (NPS) as an alternative indicator of loyalty and overall advocacy of our bus and rail services regularly. We measure NPS of our bus and rail operators regularly through the year to understand how likely regular and occasional customers as well as people who don't use our services are to recommend us. This is a good indicator of how much they trust us.

Together with NPS monitoring, a number of our train operators have signed up to a new passenger-focused 'to the minute' punctuality monitoring. Our trains are currently considered 'on time' if they arrive at their final destination within five minutes after their schedule. The new measure records the number of trains arriving within a minute of their scheduled time at every station.

By adopting this 'right-time railway' we have a more transparent measure of train punctuality — often the greatest priority for passengers. This measure combined with the NPS indicator improves our ability to map our customers' experience.



London bus punctuality (minutes)



Rail punctuality (%)



Our people

Striving to be a leading employer

What are our key performance indicators (KPIs)?

Our people KPIs measure how engaged our people are through annual independent employee surveys conducted across our businesses. We also measure employee absence by the percentage of scheduled hours not worked due to unplanned absence from work and monitor employee turnover, which is measured by the percentage of employees who leave the business in the year.

Why is it important?

Go-Ahead strives to be a good, respected employer and we appreciate the experience and opinions of our people as well as insights we gain from their feedback. Whenever possible, we make changes based on feedback, to build trust and foster an environment where employee opinion is valued. In addition to making Go-Ahead an attractive place to work, we believe high levels of employee engagement contribute to the success of the Group.

High levels of absenteeism and turnover could be reflective of low levels of staff satisfaction and engagement. By monitoring levels of absence, we can identify areas of the business with potential employee relations issues or employee shortages. Monitoring this also helps us with our resource planning and allocation.

What are the risks?

Low levels of employee engagement could result in reduced productivity and higher levels of absence or employee turnover, all of which would have an adverse impact on resource planning across the business.

Employee shortages could impact our ability to deliver our services at the frequency, level of punctuality and standard we aim to achieve. It potentially puts additional pressure on colleagues in the workplace and impacts employee morale, engagement and stress levels. There is a significant cost to the business of absenteeism; the national estimated average cost of an absent employee is £522 per year (CIPD 2016 survey).

How did we perform?

We've seen strong performance across our people KPIs with improvements against every metric.

Employee engagement scores increased in both bus and rail divisions, and absenteeism and employee turnover decreased slightly.

Absenteeism improved despite unprecedented levels of absence at GTR in the year, which we believe to be connected with the industrial dispute.

We have achieved higher employee engagement scores across bus and rail. All our bus businesses delivered improvements, with increases in engagement as great as 18pts in some businesses, demonstrating the value in our culture change programme.

Both our employee absenteeism and turnover went down this year which reflects the higher levels of employee engagement across the Group.

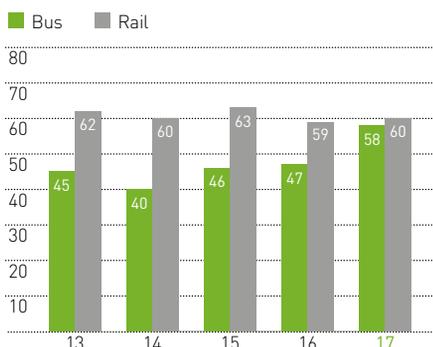
What are we targeting?

All our bus and rail companies set their own challenging targets to increase levels of employee engagement. Overall, our aim is to improve our levels of engagement each year, remaining above the average for large businesses.

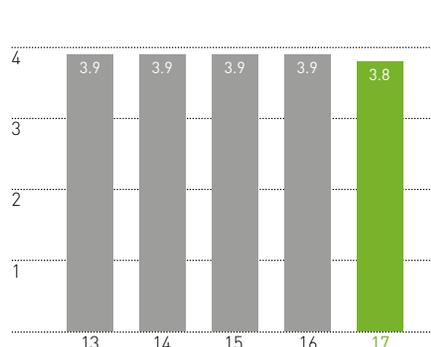
We aim to achieve low levels of absenteeism, below the national average whilst maintaining consistently low levels of employee turnover.



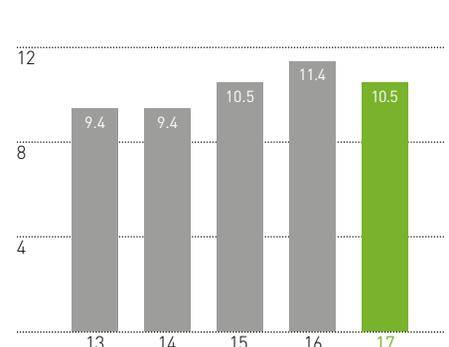
Employee engagement index (%)



Absenteeism (% of working hours)



Employee turnover (%)





Change theme: Culture change

Changing culture from within

Adopting the Group's vision, beliefs and attitudes has had a tangible, positive impact on the engagement, morale and working practices across the business, particularly at one of the Group's largest companies: Go-Ahead London.

With 7,000 employees and five different companies under the Go-Ahead London umbrella, all with slightly different employment terms, conditions and working practices, there were initial reservations about the effectiveness of any one-size-fits-all approach to culture change. However, the desire to work as 'one Go-Ahead London' overrode any misgivings and, since the beginning of the year, more than 650 managers and supervisors have had interactive sessions to discuss the values with the senior management team, as well as being

encouraged to do what they could to make the business a better place to work.

All 7,000 employees have taken part in training and development sessions on the Group's vision, beliefs and attitudes and diversity and inclusion workshops and sessions designed to improve communication skills have taken place. As a result, a culture of ongoing engagement has developed across the organisation. In addition to Go-Ahead London's specific programmes, all drivers took part in TfL's 'Hello London' customer service training. The combined effect of these initiatives has been greater engagement and a more proactive approach, embodying Go-Ahead's 'can-do' attitude. Progress has been seen across the business, with a 12% reduction in costs associated with driver shift overruns. QICs payments have risen in the



period, with a connection being made between this strong performance and the change in culture.

The Group-wide vision, beliefs and attitudes are ties that bind all our operating companies together and, in a devolved management structure, ensure that all employees are working to the same common purpose: to take care of customers' journeys.

Focus on our people

Our aim is to be an employer of choice. The safety and wellbeing of our people is our priority and we place great emphasis on strong health and safety standards being maintained across the Group.

Diversity and equal opportunities

Go-Ahead recognises the value of diversity in all areas and at all levels of the business. Traditionally our industry has a large percentage of men working in roles such as bus and train drivers and engineering operational roles. We work to ensure that there is no bias towards either gender and that all appointments and internal promotions are made on the basis of merit.

The Group believes in equal opportunities regardless of gender, age, religion or belief, sexual orientation, race and, where practicable, disability. We give full and fair consideration to job applications from people with disabilities, considering their particular aptitudes and abilities. In respect of existing employees who may become disabled, the Group's policy is to provide continuing

employment and appropriate training, career development and promotion of disabled people employed by us.

Human rights

We are committed to protecting the rights of our people, customers, suppliers and other stakeholders. This commitment is reflected in our Group policies and procedures. The Modern Slavery Act came into effect in 2015 and Go-Ahead has made steps to promote and improve our commitment to eliminating abuse and exploitation in the workplace. We have identified at risk functions within our business and supply chain and have required our suppliers to abide by our anti-slavery and trafficking policy – or their own equivalent.

Employee relations

High levels of colleague engagement, job satisfaction and a safe, supportive working environment directly contribute towards the success of Go-Ahead. We use a range of channels across the Group to ensure that the voice of employees is heard. Channels include, but are not limited to, employee surveys and team action planning, informal feedback sessions, internal media, news

letters and functional and business updates. The majority of our workforce is represented by a trade union and we strive to foster positive working relationships with union representatives, acknowledging the damaging impact that a poor relationship can have on our success. It is clear that the unions response towards modernisation changes set out in the GTR franchise agreement, particularly driver-controlled operation, has created a difficult climate. The improvement of relations with our trade union partners is a key focus.

Our local approach

Go-Ahead has always operated through a devolved management structure, with local teams entrusted and empowered to run their businesses effectively. This approach allows flexibility and fast action which we believe gives us competitive advantage in the markets we serve. This local focus is complemented by skills, expertise and support at Group level in areas such as marketing, IT shared services and procurement and we have regular 'better together' forums to share experience and expertise around the Group.

Board gender diversity



● Male: 5 83%
● Female: 1 17%

Senior management gender diversity



● Male: 53 82%
● Female: 12 18%

Overall Group gender diversity



● Male: 24,870 86%
● Female: 4,204 14%

Finance

Running our business with strong financial discipline to deliver sustainable shareholder value

What are our key performance indicators (KPIs)?

For our rail operations, we measure revenue generated through the provision of passenger transport services. In our bus division, non-passenger revenue is less material, so here we measure total revenue.

Group operating profit performance is closely monitored. The adjusted net debt/EBITDA ratio is used to indicate the Group's ability to pay down its debt from earnings. Adjusted net debt, which is total net debt excluding restricted cash in our rail division, is measured against earnings before interest, tax, depreciation and amortisation (EBITDA).

The cashflow EBITDA ratio is used to monitor the conversion of operating profit into operating cash.

We measure the level by which our dividend payments can be covered by earnings per share divided by dividend per share.

Why is it important?

Growing revenue through a combination of increasing passenger numbers and modest fare rises drives operating profit growth.

Operating profit helps us measure the underlying performance of our operating companies. Profit growth enables us to reinvest in the business and deliver shareholder value.

We have a bank covenant limit of 3.5 times and are required to remain below this level. This ratio also helps us measure our financial performance against our commitment to preserve a strong capital structure and maintain our investment grade credit ratings.

Good performance against this KPI demonstrates strong working capital management and financial discipline and strong cash generation provides liquidity.

We are committed to delivering shareholder value through our dividend policy. We measure our dividend cover to help us assess how much of our profits we can pay to shareholders as a dividend whilst allowing sufficient retained earnings to invest in the business.

What are the risks?

Financial risks include inadequate levels of revenue growth impacting profitability, reducing our ability to invest in the business and make returns to shareholders, while insufficient or unsustainable dividend cover could result in the dividend being reduced. If we were to exceed adjusted net debt/EBITDA of 3.5 times we would breach our bank covenant as we're required to remain below this level.

A key risk of the cashflow/EBITDA ratio falling below target level for a sustained period is an inability to reinvest in the business.

How did we perform?

Modest revenue growth was delivered in regional and London bus, despite operating in challenging markets. While rail passenger revenue fell, largely driven by a decline in passenger revenue in GTR. We use this metric to help us understand customer travel patterns, at GTR, but this decline does not directly impact Group revenue as GTR is a management contract through which we are paid a management fee.

Group operating profit fell by £12.0m as a result of lower rail profits. The bus division delivered a consistent performance with the prior year.

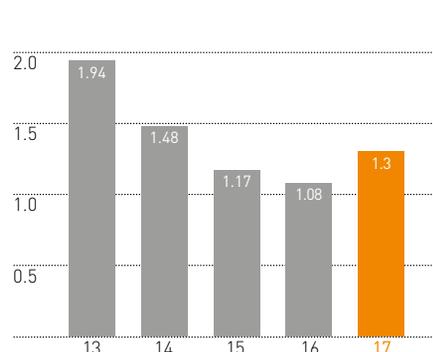
Adjusted net debt to EBITDA rose slightly due to higher levels of capital expenditure reducing net cash. However, at 1.3 times, this remained below our target range of 1.5 to 2.5 times, consistent with the previous three years. The higher investment in capital also led to a reduction in the cashflow/EBITDA ratio in the year.

At 2.03 times, dividend cover was in line with our policy of two times over a five year cycle. In line with the interim dividend, the proposed full year dividend payment is up 6.5%, at 102.08 pence per share.

Like for like revenue growth (%)

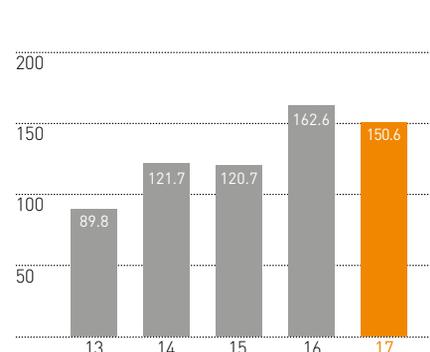


Adjusted net debt/EBITDA (X)*



* Prior years restated

Operating profit (£m)*



* Prior years restated



Change theme: Lean processes

Leaning into change

What are we targeting?

Our 2020 revenue growth target is to maintain growth at broadly similar levels to those consistently delivered in the recent years preceding the target being set in 2016.

Our bus operating profit target is to maintain our industry leading margins and in rail our goal is to deliver value from existing franchises and achieve margins nearer the industry average of 3%. We aim to maintain our adjusted net debt/ EBITDA within our target range of 1.5x and 2.5x throughout the economic cycle and to match or exceed cashflow generated from operations to EBITDA. For our shareholders, we intend to maintain adequate dividend cover throughout a five year cycle, in line with our policy of 2 times cover.

2.03x

Dividend cover
[2016 restated: 2.28x]

We are adopting lean working methods across all of the Group's engineering departments, to ensure depots are structured in a way that best supports the needs of the business. Lean is a set of management tools and processes which encourages continual review and change. It ensures there is a focus on improving important operational areas, eliminating inefficient practices and reducing waste. As a result, this means all working practices are reviewed and altered where needed. As waste is reduced, productivity is increased and costs are rationalised. In line with the Group's collaborative approach, this process encourages the establishment of long term relationships and partnership arrangements with suppliers.

Our bus company, Brighton & Hove, has transformed its engineering function through the introduction of lean processes which have led to streamlined costs, better fleet and scheduling management and also improved operational performances. Through the adoption of lean working, remarkable improvements have been delivered. These include a reduction in spare capacity in vehicles, stock and employee time, cutting 'dead mileage' and drastically improving MOT performance.

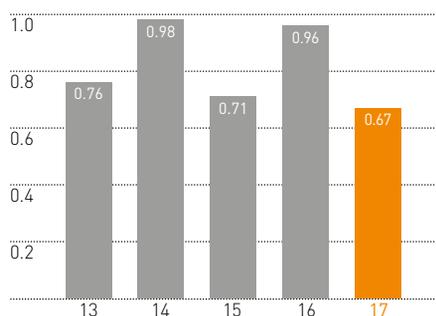
At Brighton & Hove, involving the trade unions in the change programme from the outset meant new employee shift

patterns and working practices were introduced without concerns being raised. The fundamental principle behind lean is continuous improvement, so there is ongoing dialogue with colleagues and union representatives to keep improving operations and enabling innovation and evolution.

While the Group's engineering functions are the first to adopt a lean approach, the ethos that underpins it is common to other areas. Developing individuals through team problem-solving is about engaging colleagues and encouraging their contribution to the success of the team's overall performance. Our operating companies understand that their strong performance at a local level ultimately leads to the overall success of Go-Ahead.

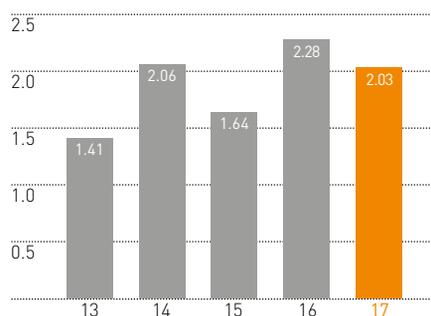


Cashflow/EBITDA (X)*



* Prior years restated

Dividend cover (X)*



* Prior years restated