

Promoting the long term sustainable success of the Group

Statement of corporate governance arrangements

On 13 June 2022, the board of directors of Gerrard Investment Bidco Limited (Bidco) and Go-Ahead announced they had reached agreement on the terms of a recommended cash offer for Go-Ahead, pursuant to which Bidco would acquire the entire issued and to be issued share capital of Go-Ahead (the Scheme of Arrangement). That offer was increased on 4 August 2022 and approved by the requisite majority of shareholders on 16 August 2022. The Scheme of Arrangement was sanctioned by the Court on 6 October 2022 and became effective on 10 October 2022 with the Group's shares ceasing to be listed on the London Stock Exchange with effect from 7.30am on 11 October 2022.

For the year ended 2 July 2022, while it was equity listed, the Company applied the principles of the UK Corporate Governance Code (the Code), issued by the Financial Reporting Council (available from www.frc.org.uk). Following delisting of the Group's shares on 11 October 2022, the requirements in the FCA Listing Rules in relation to the Code ceased to apply. Therefore, this Annual Report does not provide detailed disclosure regarding the Company's compliance with Code provisions, but it does provide information on how the Company has applied the Principles of the Code during the year as signposted in the table below. In the future, we will be subject to the Companies (Miscellaneous Reporting) Regulations 2018 which require us to provide a statement in the Directors' Report about the corporate governance arrangements applied by the Company.

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Board overview

Biographies

The Directors and Officers of the Group who were in office during the year ended 2 July 2022 were:

Clare Hollingsworth, Non-Executive Chair

Appointment: Clare Hollingsworth joined the Board as Non-Executive Chair Designate on 1 August 2019 before becoming Non-Executive Chair of the Group on 31 October 2019.

Independent: On appointment.

Committee membership: Nomination Committee Chair and Remuneration Committee member

Relevant skills, experience and contributions: Extensive board experience both at executive and non-executive level across a range of sectors, including safety critical businesses in rail, aviation and healthcare. Worked nationally and internationally, and within different ownership models. Significant stakeholder management experience, including across regulators and UK Government. Former Non-Executive Chair of Eurostar International Ltd, Non-Executive Director of UK Government Investments, Savills plc and Assura plc and Chief Executive Officer of Caledonian Airways Ltd, Bupa Hospitals Ltd and Spire Healthcare Ltd.

Other appointments: None.

Christian Schreyer, Group Chief Executive

Appointment: Christian Schreyer was appointed to the Board on 1 November 2021 and became Group Chief Executive with effect from 5 November 2021.

Independent: Not applicable.

Committee membership: None.

Relevant skills, experience and contributions: Christian is a highly experienced transport leader. As a former senior executive of Transdev, he oversaw large scale bus and rail operations at an international level with accountability for seven countries and more than 26,000 people. Prior to that, he worked at Deutsche Bahn where he held several senior roles including Head of Corporate Strategy. He brings to the Board a high level of strategic awareness, significant experience in sustainability and decarbonisation, a deep understanding of the relationships between government and public transport and a wealth of experience of delivering outstanding transport services to customers.

Other appointments: None.

Sarah Mussenden, Group Chief Financial Officer

Appointment: Sarah Mussenden was appointed to the Board as Group Chief Financial Officer on 9 May 2022. Sarah left Go-Ahead at the end of the year and an interim CFO has been appointed.

Independent: Not applicable.

Committee membership: None.

Relevant skills, experience and contributions: A qualified Chartered Accountant, Sarah has extensive experience across multiple sectors. Her previous roles include Interim Chief Financial Officer of Royal Mail UK, Chief Financial Officer of Centrica Consumer Services (British Gas), Chief Financial Officer of Barts and The London NHS Trust and Financial Director of British Airways.

Other appointments: Non-Executive Director of Premier Miton Group plc (member of the Audit and Risk Committee).

David Blackwood, Senior Independent Director

Appointment: David Blackwood joined the Board as Independent Non-Executive Director and Senior Independent Director Designate with effect from 1 January 2022 and became Senior Independent Director with effect from 19 January 2022.

Independent: Yes.

Committee membership: Nomination, Audit and Remuneration Committee member

Relevant skills, experience and contributions: David has extensive business and listed company experience, notably in finance, audit and risk. He has previously been Audit Committee Chair and Senior Independent Director of Scapa plc and Dignity plc, and, for both, served on the Nomination and Remuneration Committees. David was formerly Chief Financial Officer of Synthomer plc, prior to which he was Group Treasurer and Group Financial Controller of Imperial Chemical Industries plc (ICI). David has previously served as a member of the Cabinet Office Audit and Risk Committee and on the Board for Actuarial Standards.

Other appointments: Non-Executive Chair of Smiths News plc (Chair of the Nomination Committee and a member of the Remuneration Committee) and Deputy Chairman and Senior Independent Director of FTSE SmallCap Esken Limited (previously Stobart Group Limited) (Chair of the Audit Committee and member of the Remuneration and Nomination Committees).

Board overview continued

Biographies continued

Dominic Lavelle, Non-Executive Director and Audit Committee Chair

Appointment: Dominic Lavelle joined the Board as Independent Non-Executive Director and Audit Committee Chair Designate with effect from 1 January 2022 and became Audit Committee Chair with effect from 19 January 2022.

Independent: Yes.

Committee membership: Audit Committee Chair and Nomination and Remuneration Committee member

Relevant skills, experience and contributions: Dominic has extensive corporate and financial experience in listed businesses, with previous positions including Chief Financial Officer of SDL plc, Group Finance Director of Alfred McAlpine plc and Group Finance Director of Allders plc. He has also previously served as Non-Executive Director of McColls Retail Group plc where he was Chair of the Audit and Risk Committee.

Other appointments: Non-Executive Director of AIM quoted company FIH group plc (Chair of the Audit Committee and member of the Nomination and Remuneration Committees) and Senior Independent Non-Executive Director of AIM quoted company Fulcrum Utility Services Limited (Chair of the Audit Committee and member of the Remuneration Committee).

Leanne Wood, Non-Executive Director and Remuneration Committee Chair

Appointment: Leanne Wood joined the Board on 23 October 2017 and was appointed as Remuneration Committee Chair on 31 October 2019.

Independent: Yes.

Committee membership: Remuneration Committee Chair and Nomination and Audit Committee member

Relevant skills, experience and contributions: Leanne has broad expertise in leading corporate strategy and organisational transformation obtained while working in senior roles at major consumer brands, including Vodafone, Burberry and Diageo. She has a particular strength for customer insight, which is key in leading Board discussions on stakeholder engagement and considering the views of the workforce. Her ability to consider the consequences of remuneration decisions, drawing on her understanding of the employee and wider business perspectives, allows her to be an effective Remuneration Committee Chair.

Other appointments: Chief Human Resources Officer at Vodafone Group plc and non-independent Non-Executive Director of Vodacom (member of the Remuneration, Nomination and Social and Ethics Committees).

Harry Holt, Non-Executive Director

Appointment: Harry Holt joined the Board on 23 October 2017 and, during the year, was the non-executive director responsible for workforce engagement.

Independent: Yes.

Committee membership: Nomination, Audit and Remuneration Committee member.

Relevant skills, experience and contributions: Harry has fulfilled a number of senior executive positions at Rolls-Royce including President of its Nuclear Business Division and Chief People Officer. He is skilled in all aspects of leadership, with a deep and practical experience of leading large organisations through change to successful attainment of their strategic ambitions.

Other appointments: Deputy Chief Executive Officer and Chief Operating Officer of Vertical Aerospace Group Ltd until October and March 2022 respectively.

Carolyn Ferguson, Group Company Secretary

Appointment: Carolyn Ferguson was appointed as Group Company Secretary on 1 July 2006.

Independent: Not applicable.

Committee membership: Secretary to Nomination, Audit and Remuneration Committees.

Relevant skills, experience and contributions: Carolyn is an experienced Company Secretary and governance professional with a proven track record of working with the Group Board and senior leadership team to the highest of ethical and professional standards, supported by robust corporate governance principles. She is also an effective driver of pensions de-risking strategy for the Group's defined benefit bus schemes. She is a fellow of The Chartered Governance Institute and a qualified and practising coach and mentor. Her previous employment includes working for Northern Electric, predominantly in the field of pensions.

Other appointments: Non-Executive Director of Better Boards Ltd.

Board overview continued

Board changes during the year ended 2 July 2022

As set out in last year's Annual Report, following the retirement of Group Chief Executive, David Brown, in late 2021, Christian Schreyer was appointed as Group Chief Executive. At the time of Christian's appointment, he was supported by an experienced Interim Group Chief Financial Officer, Gordon Boyd, who was appointed to the Board in September 2021 following the resignation of the former Group Chief Financial Officer, Elodie Brian. Gordon remained in the role until the end of March 2022 and a permanent Group Chief Financial Officer, Sarah Mussenden, was appointed on 9 May 2022.

On 1 January 2022, we welcomed David Blackwood and Dominic Lavelle to the Board as non-executive directors. David and Dominic succeeded Adrian Ewer as Senior Independent Director and Audit Committee Chair respectively on 19 January 2022.

Full details for all new appointments can be found in the Nomination Committee Report from page 81 and in the Remuneration Committee Report from page 90.

Board changes following Scheme of Arrangement

Following completion of the Scheme of Arrangement between Go-Ahead and Bidco on 10 October 2022, Clare Hollingsworth, Christian Schreyer and Dominic Lavelle remain as Chair, Group Chief Executive and Audit Committee Chair respectively. Sarah Mussenden left Go-Ahead at the end of the year and an interim CFO has been appointed. David Blackwood, Leanne Wood and Harry Holt stepped down from the Board as non-executive directors with effect from 10 October 2022.

With effect from 10 October 2022, Michael Sowards, Adam Begg and James Culley were appointed as directors to the Board by Kinetic TCo Pty Ltd and Javier Perez Fortea, Lucas Martinez Vuillier and Daniel Quintero Martinez were appointed as directors to the Board by Globalvia Inversiones S.A.U.

Board balance

At 2 July 2022, the Board composition was 57 per cent male, 43 per cent female, 29 per cent executive and 71 per cent non-executive.

Board overview continued

Board and committee meeting attendance

The following table shows the directors' attendance at scheduled meetings they were eligible to attend for the year ended 2 July 2022:

	Board ¹¹	Audit Committee ¹²	Remuneration Committee ¹³	Nomination Committee ¹⁴
	Scheduled	Scheduled	Scheduled	Scheduled
Total meetings	8	5	4	3
Clare Hollingsworth ¹	8/8	—	4/4	3/3
Christian Schreyer ^{2 3}	6/6	—	—	—
Sarah Mussenden ^{2 4}	2/2	—	—	—
David Blackwood ⁵	4/4	2/2	1/1	1/1
Dominic Lavelle ⁵	4/4	2/2	1/1	1/1
Leanne Wood ⁶	8/8	4/5	4/4	3/3
Harry Holt ⁶	7/8	5/5	3/4	3/3
David Brown ^{2 7}	3/3	—	—	—
Elodie Brian ^{2 8}	2/2	—	—	—
Gordon Boyd ⁹	3/3	—	—	—
Adrian Ewer ¹⁰	4/4	3/3	3/3	2/2

1. The Chair attended Audit Committee meetings by invitation as appropriate but, not being a member, her attendance has not been included.
2. The executive directors attended committee meetings by invitation as appropriate but, not being members, their attendance has not been included.
3. Christian Schreyer joined the Board on 1 November 2021 and succeeded David Brown as Group Chief Executive with effect from 5 November 2021.
4. Sarah Mussenden was appointed as Group Chief Financial Officer on 9 May 2022.
5. David Blackwood and Dominic Lavelle were appointed as non-executive directors on 1 January 2022 and succeeded Adrian Ewer as Senior Independent Director and Audit Committee Chair with effect from 19 January 2022 respectively.
6. Leanne Wood was unable to attend one Audit Committee meeting and Harry Holt was unable to attend one Board and Remuneration Committee meeting due to pre-existing commitments.
7. David Brown retired from the Board as Group Chief Executive with effect from 5 November 2021.
8. Elodie Brian resigned from the Board as Group Chief Financial Officer with effect from 27 September 2021.
9. Gordon Boyd was appointed to the Board as Interim Group Chief Financial Officer on 28 September 2021 and resigned with effect from 28 March 2022.
10. Adrian Ewer resigned from the Board as Senior Independent Director and Audit Committee Chair with effect from 19 January 2022.
11. Several unscheduled Board meetings were held during the year in relation to a number of corporate actions (the acquisition of the Group by Bidco, the delayed announcement of year end results and subsequent suspension of share trading and LSER matters of concern) as well as in relation to succession planning, new Board appointments, the strategic business review and contract wins.
12. Unscheduled Audit Committee meetings were held throughout the year in relation to outstanding audit-related matters regarding the delayed publication of the 2021 Annual Report and Accounts, LSER matters of concern, the independent review, remit of Internal Audit and risk management and internal control procedures.
13. Unscheduled Remuneration Committee meetings were held during the year relating to the executive remuneration policy review, executive director appointment and leaver arrangements, the Restricted Share Plan and actions relating to the acquisition of the Group by Bidco.
14. Unscheduled Nomination Committee meetings were held during the year relating to non-executive and executive succession planning, including the appointments of the new Audit Committee Chair and Senior Independent Director and search for a permanent Group Chief Financial Officer.

Board activities

The Board held eight scheduled meetings during the year ended 2 July 2022, including a meeting dedicated to discussing the Group's strategy. Board members attended the majority of scheduled meetings physically with video conference being used where this was not possible. The meeting attendance record of Board members can be found on page 69.

The Board's key focus areas and principal decisions for the year ended 2 July 2022 are set out below.

Offers for takeover

During the year, the Board considered cash offers for the entire issued share capital of the Group from a consortium consisting of Kinetic TCo Pty Ltd and Globalvia Inversiones S.A.U (the Consortium) and also from Kelsian Group Limited (Kelsian).

The Board carefully evaluated the approaches of each offer together with its financial advisor, Rothschild & Co. Increased offers were submitted by both the Consortium and Kelsian before the Board deemed them both at a level which, should a firm offer be made, the Board would be minded to recommend to Go-Ahead's shareholders. Such a level was reached in June 2022, with both parties given access to undertake confirmatory due diligence. Kelsian subsequently withdrew its intention to make an offer for the Group in July 2022.

At the outset of receiving the offers, the Board appointed a Defence Committee comprising the Chair, Group Chief Executive, Senior Independent Director, Audit Committee Chair and Interim Group Chief Financial Officer/Group Chief Financial Officer with power to carry out all actions which were necessary, appropriate, desirable or expedient in connection with the offers. This included discussions with the bidder and its advisors and negotiating the terms of any appropriate arrangements and related documentation, as well as overseeing the robust due diligence process. The Chair provided regular updates from the Defence Committee to the Board.

On 13 June 2022, the Board and Gerrard Investment Bidco Limited (Bidco), a newly formed company indirectly owned by the Consortium, announced they had reached agreement on the terms of a recommended cash acquisition of the Group by Bidco which was intended to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006 (the Scheme). The initial acquisition value proposed was 1,500p for each Go-Ahead share comprising 1,450p in cash and a special dividend of 50p per Go-Ahead share and was subsequently increased to 1,550p per Go-Ahead share comprising 1,450p in cash and a special dividend of 100p per Go-Ahead share on 4 August 2022. Approval for the Scheme was granted by shareholders on 16 August 2022 and became effective on 10 October 2022 having received Court Sanction.

In reaching the decision to recommend the offer to shareholders, the Board carefully considered the terms of the offer and was comfortable that they were fair and reasonable. It also carefully considered all matters relating to deal certainty, management, governance, employees and pensions. Each director's personal assessment with regard to Section 172 of the Companies Act 2006 remained at the forefront of all Board discussions.

London & South Eastern Railway Limited (LSER)

As reported in the Group's 2021 Annual Report and Accounts, the Board and the Audit Committee carefully considered findings from the Independent Committee established in relation to LSER. The Independent Committee's focused, open, collaborative and constructive engagement with the DfT helped resolve substantially all of the remaining LSER matters of concern including the historic profit share and affiliate trading disputes. As previously indicated, the Board has taken steps to enhance the Group's corporate governance arrangements, particularly in relation to the way in which complex rail operations are overseen. Further details are set out below with work to strengthen processes and underlying financial controls still ongoing.

Strategic business review and renewed purpose

In conjunction with the comprehensive strategic business review that was undertaken shortly after the Group Chief Executive took office, the Board considered and approved a new strategy, "The Next Billion Journeys". This strategy, which aims to deliver profitable and sustainable growth in both existing and new markets, is underpinned by new medium term financial targets. It will be delivered through three strategic pillars, supported by five strategic enablers of governance, digital, zero emissions, customers and people. See our business model and strategy sections on pages 9 to 10 and page 11 respectively for further details.

In reaching approval of the strategy, discussions centred around critical market challenges with agreement reached on which market segments would not be considered for strategic development. The Board also reviewed and agreed the setting of ambitious but deliverable targets for revenue, operating margin, net debt, dividends and climate change.

Purpose, values and behaviours were also a key focus area with the Board reviewing and approving a renewed purpose of "Moving you and the next generation towards a smarter and healthier planet", which was underpinned by a set of new values and behaviours. The implementation of these values and behaviours is supported by a cultural roadmap, further details of which are provided on page 74.

Whilst implementation and delivery of the new strategy will be overseen by the new Board, a decision was taken to reshape the Group Executive Committee which now comprises the Group Chief Executive, Group Chief Financial Officer, Group Strategy and Transformation Director, Group HR Director, Managing Director (UK Rail), Managing Director (London & International Bus), Managing Director (UK Regional Bus) and Group Company Secretary. There has also been a change in reporting structure with the Managing Directors of Go-Ahead Nordic and Go-Ahead Germany now reporting directly to the Group Chief Executive.

Board activities continued

Strategic business review and renewed purpose continued

In reaching its decision to approve the new strategy, the Board was comfortable that it had explicitly considered the impact on each of the Group's key stakeholder groups. Through its comprehensive discussions, the Board also took into account the matters set out in Section 172(1) of the Companies Act 2006 including how the proposed strategy underpinned long term value creation and the implications for business resilience.

Further information on the conclusions of the business review and "The Next Billion Journeys" strategy can be found on our corporate website.

Governance

As reported in the previous year, the Board identified a number of areas to enhance the Group's corporate governance and internal controls. Primarily identified as a consequence of franchise matters in LSER and International Rail, the Board committed to a series of improvements, including Board and leadership changes, improvements in bid investment decision making and ongoing contract compliance monitoring. Whilst progress has already been observed throughout 2022, such as the refreshed management team in Germany and the enhanced governance structure in GTR, the Board is cognisant that further improvements are required and that these will continue to be of focus in the coming year. The impact of the new leadership team will take time to embed and the change of ownership of the Group will also bring a fresh perspective to the control environment.

During the year, the Board approved a new operating model aimed at better understanding and challenging value creation in the operating companies with the implementation of a simple set of digitalised key performance indicators bringing more transparency and consistency of interpretation. This devolved model and a number of key processes will be optimised to strengthen governance with the role of the Group and operating companies having more clearly defined responsibilities going forward.

Reflecting the reviewed devolved model, the Board also approved a new governance framework under which freedoms, accountabilities and individual/collective responsibilities have been more clearly defined and local leaders empowered and equipped to deliver for their companies, customers, stakeholders and the Group. The new framework optimises the benefits of our scale and enables the effective co-ordination and focus of change and innovation. Governance bodies within the Group have been strengthened to ensure more transparency and collaboration with new platforms and forums facilitating the sharing of information and driving improvement. The opportunity has also been taken to harmonise existing core policies, processes and tools which are now aligned to the optimised devolved model.

Shorter monthly operating company board meetings have been replaced with longer quarterly and deep dive review meetings. In GTR, board meetings continue to be held on a monthly basis, with longer deep dive review meetings held every quarter. The Group's Audit Committee Chair was appointed to the board of GTR with effect from 1 April 2022, the date of the new National Rail Contract, and provides a clear line of sight to the Group Audit Committee and Group Board.

As set out on page 51 of the Risk Management section, risk reviews with local senior management now take place quarterly instead of every six months, and these reviews are supported by more robust procedures and documentation around risk identification, mitigation and reporting. A summary of the risk and control framework and its effectiveness is set out in the Strategic Report on pages 51 to 53.

Investment approval process

During the year the Board reviewed the Group's investment approval process with this being the first area optimised to reinforce the new approach to governance. New rules of investment for tenders, acquisitions and capital expenditure, including clearly defined thresholds for investment validation committees and delegations of authority, were set to better manage risks and an independent challenge team was created to challenge the financial, technical and legal assumptions of the projects.

Dividend

In conjunction with the business review, the Board resolved to reinstate its pre-COVID-19 dividend policy of paying a dividend to shareholders equivalent to between 50 per cent and 75 per cent of earnings per share (pre-exceptional items) and intended to recommend a dividend of not less than 50p in respect of the financial year ended 2 July 2022. Under the terms of the Scheme of Arrangement between Go-Ahead and Bidco, which became effective on 10 October 2022, the Board subsequently resolved to pay an increased special dividend of 100p per share in lieu of the financial year ended 2 July 2022 and, on the 29 November 2022, an additional dividend of 37p per share was paid. In reaching these decisions, the impact on shareholders and other stakeholder groups, particularly with regard to the Scheme of Arrangement, remained at the forefront of the Board's considerations and discussions.

Board activities continued

Climate change

Climate change has remained a key focus area for the Board during the year. The Group Chief Executive is ultimately responsible for delivering the Group's climate change strategy and leads discussion on climate change response, risks and opportunities at Board meetings. A governance framework has been put in place specifically for climate change which supports clear accountability and transparent reporting structures.

The Board acknowledges the importance of working in collaboration with governments, partners and suppliers in order to deliver the strategy and is responsible for monitoring performance against the targets set. The Board's latest review, which took place in July 2022, concluded that the Group continues to effectively deliver our climate change strategy and remains on track to deliver CO2 emissions reduction targets.

During the year, the Board was also updated on the wider workflows underway to strengthen our ESG credentials. Such activities included engaging with ESG rating agencies, focusing on improving our Carbon Disclosure Project (CDP) rating (currently A-), planning to develop carbon targets for scope 3 (indirect emissions), planning to refresh materiality assessment, launching a cross-Group community investment strategy, supporting overseas operating companies with upcoming human rights regulations, the publication of new sustainability and social value policies and working on new key performance indicators to monitor modal shift. For further information, please read pages 28 to 48.

Risk reviews

During the year, the Board undertook in-depth risk reviews on cyber security and data protection, and on operations in Germany. These took the form of presentations by the Group IT Director and the Chief Executive of German operations respectively followed by Q&A with the Board. This format enabled key developments to be presented by the relevant senior manager and discussed with the Board.

A deep dive review was also performed on the Norwegian rail contractual arrangements with the Group Chief Executive providing an overview of the main terms and conditions of the renegotiations enabling the Board to make an informed assessment of the risks involved.

Contract, bids and acquisitions

A key focus area for the Board during the year has been oversight of a number of contracts/bid submissions with discussions centred on rationale, contract components, profitability, deliverability and key risks and mitigations.

GTR was awarded a National Rail Contract by the Department for Transport which commenced on 1 April 2022. Undertaking an extensive review of the contract terms formed a key focus area during the year and, in doing so, the Board, GTR board and Govia board received regular training on NRC contract compliance from external counsel to support each board's assessment of compliance requirements.

The Board was also delighted by the acquisition of Flexbuss in Sweden in April 2022 (a bus operator in southern Sweden which runs local bus routes and school buses and provides medical transfer and charter services). The Board also noted the agreement of an amended contract between the Norwegian Railway Directorate and Go-Ahead Norway A/S (which became effective from 1 July 2022, provides a revenue support scheme until the end of the contract and includes an incentive scheme linked to revenue growth), and that Singapore had been awarded a contract prolongation for three years to 2026.

Post year end, the group has won the first two contracts to be awarded by Transport for Greater Manchester as part of its plan to re-regulate bus services in the city region under its new Bee Network and has acquired 100% of the issued share capital of both Dartline Coaches and Southline Buses. Refer to "Post-balance sheet events" for further details on page 106.

Board discussions throughout the year also centred on German rail operations. Since his appointment in January 2022, the Chief Executive of Go-Ahead's German operations has regularly attended Board meetings, providing an update on progress against improvement plans in Baden-Württemberg and progress with mobilisation in Bavaria. Additionally, the Board provided oversight of the robust process followed to review and challenge the preparation of onerous contract provisions. This process included detailed reviews undertaken by the local German finance team with full sign-off by the German Chief Executive and Finance Directors and an independent review and challenge process undertaken by a team comprising senior members from the Group Finance and Financial Planning & Analysis teams in addition to rail specialists who had previously worked in GTR and LSER. Final oversight and review was provided by the Group Chief Financial Officer. The Board was also updated on the scope and conclusions of independent reviews commissioned by the Group on the financial models for Bavaria and income model of Baden-Württemberg.

Board activities continued

Cyber security incident

On 5 September 2022, unauthorised access to Go-Ahead's IT systems was discovered. The Go-Ahead IT team, in collaboration with an external incident response specialist, acted quickly to contain the incident and restore critical services. As a precaution, steps were taken to disconnect inbound and outbound data centre traffic, as well as identify and disconnect connections to operational systems. Improved monitoring and response tools were also installed to detect and stop malicious activities on the IT infrastructure and network as soon as possible. The police and data protection authorities were notified, and communications were sent to all employees (including former employees and members of the Go-Ahead pension scheme) outlining the precautionary measures they should take in relation to personal data. The Board was kept informed from the moment the incident was discovered and on a regular basis throughout the containment and system recovery processes. The forensic investigation into the root cause has been completed, and a set of recommendations to improve the cyber security posture has been agreed. Following the incident, Go-Ahead Finance teams followed procedures to ensure the integrity of financial information, with no data loss or corruption noted. We have been informed by the ICO that regulatory action is not required in this case. In addition, the PDPC have concluded they will not be taking further action in relation to the incident. As is customary in these matters both Regulatory Authorities reserve the right to revisit these decisions should further relevant information become available. We are still engaging with the DPC in Ireland in providing responses to their enquiries.

How the Board reviews strategy

This year's annual review of strategy took place in March 2022 and was aligned with the conclusion of the new Group Chief Executive's business review. On an ongoing basis, strategy is reviewed at each Board meeting, with the Group Chief Executive providing updates on performance against strategic objectives and any opportunities arising throughout the year.

Culture

Cultural framework

The Board is responsible for shaping and monitoring the culture of the Group to ensure it supports our purpose, values and strategy and is a key driver of performance. A number of key cultural indicators, examples of which are shown in the table below, continued to inform the Board's assessment of culture across the Group during the year.

As part of the wider business review, a culture change programme was introduced during the year, the implementation of which is supported by a cultural roadmap consisting of two phases each with their own articulated high-level deliverables.

The Board will monitor the successful implementation of the culture change programme through regular updates from the Group HR Director, targets and key performance indicators, annual leadership and pulse surveys and a new personal development review process. Our new operating model that supports our devolved approach and the senior leadership team in particular will be the most effective levers of driving and sustaining culture change.

How the Board monitors culture

Cultural indicator	Link to culture
Health and safety performance	KPI reporting on a range of safety metrics enables the Board to assess the effectiveness of safety practices and behaviours and receive assurance that the business continues to drive a culture of continuous improvement. For further information on safety, together with KPIs, see pages 35 to 36.
Workforce and remuneration policies	The Group HR Director's annual review of policies and update to the Board provide assurance that policies are consistent with our values, support the right behaviours and support a healthy culture. See page 39 for information on this year's review.
Whistleblowing policies, incidents or matters of concern	The Board's review of the whistleblowing policies in place across the business, and the nature of employee concerns, provides reassurance that policies are clear and accessible with no adverse trends. The Board is also satisfied that appropriate arrangements are in place for the proportionate independent investigation of any such matters together with any follow-up action required.
Colleague experience	Feedback from a number of channels provides the Board with an understanding of the colleague experience, in addition to reviewing indicators such as employee engagement index, absenteeism and employee turnover.
Leadership and talent review	Regular updates provided by the Group HR Director enable the Board to monitor and assess the robustness and diversity of our leadership and talent pipeline. This is supported by a review of leadership, graduate and apprenticeship demographics and targets.
Diversity and inclusion policies and targets	The setting of targets and oversight of the programmes and initiatives underway to support diversity policies enable the Board to see how these measures demonstrably increase diversity and inclusion across our businesses.
Modern slavery statement	The Board's annual review of the Group's modern slavery policy supports its oversight of the steps taken to prevent modern slavery and human trafficking across the business and its supply chain.
Stakeholder survey results	Our annual stakeholder survey provides the Board with direct insights into how our colleagues are perceived by key stakeholders and whether there are any areas for improvement. This enables the Board to reflect on the decisions it makes in the context of stakeholder input both prior to and after decisions have been made.
Other key cultural indicators	The review of other key cultural indicators, such as customer satisfaction survey results, targets on promptness of payment to suppliers and results of internal audit reviews further supports the Board's review of culture throughout the business.

Stakeholder engagement

A description of the Group's key stakeholders and engagement with them is set out on pages 25 to 27 of the Strategic Report.

Board consideration of stakeholder interests

The Board has a meaningful programme of stakeholder engagement. Aimed at identifying and understanding the views of all of our key stakeholder groups, it ensures that their interests are always considered when decisions are taken.

We engage with our stakeholders in different ways including surveys, newsletters and events. Formal feedback is presented to the Board biannually. Whilst the executive directors typically lead on the interface, the Chair and other non-executive directors also have opportunities to talk directly with stakeholders.

At the heart of this programme is an annual stakeholder survey which first began in 2016. This year the survey was conducted for all our UK bus companies (except Go-East Anglia), Go-Ahead Ireland and Go-Ahead Singapore. A separate stakeholder survey was conducted for GTR.

The stakeholder survey is conducted by an independent specialist insight agency using a consistent research methodology which enables us to track trends over time. This year's survey included bespoke questions on COVID-19, climate change strategy and strategic initiatives such as mobility hubs. It also provided helpful insights into key themes such as perception, reputation, service performance and relationship and engagement.

The Board was reassured that, with a few exceptions, the positive sentiment across the business continued from previous years, with the general consensus being that operating companies were professional, reliable and responsive.

The Board understands the importance of assessing the effectiveness of its engagement strategies. The Company works in collaboration and partnership with all our stakeholders which has the benefit of ensuring that ongoing dialogue is maintained throughout the year.

Approach to workforce engagement

During the year, Harry Holt was the non-executive director designated to review and support workforce engagement across the business. Having fulfilled a number of senior executive positions at Rolls-Royce, including the role of Chief People Officer, the Board deemed Harry to have the depth of experience and skills suitable for the role.

Supported by the Group HR Director and Group Company Secretary, Harry undertook an annual review of the effectiveness of the arrangements in place to provide the Board with assurance that its approach remained effective and provided a genuine means of two-way engagement with the workforce.

This year, following the outputs of the business review, culture, devolved model and governance workstreams, an opportunity arose for the Board to consider how its overall approach to workforce engagement could be strengthened.

2021 annual workforce policy and engagement update

In December 2021, the Group HR Director provided the Board with a summary of the annual workforce and remuneration policy review and process. This had been undertaken across the business and highlighted that the future focus would be on developing a harmonised policy framework which allowed for some flexibility for individual operating company policies within their highly unionised working environments. Through this review, the Board concluded that workforce and remuneration policies and practices were consistent with the Group's values and supported its long term sustainable success.

During the year, the Board reviewed the results of pulse surveys, further details of which are provided on page 37. The Board also discussed the key themes that mattered most to colleagues around the business during the year ended 2 July 2022, which broadly included operational issues, COVID-19 recovery, engaging with trade unions, health, safety and wellbeing, leadership and communication and working together.

Further information on how and why we engage with our workforce and the key topics raised during the year, together with examples of how we responded, can be found on page 25.

Stakeholder engagement continued

Customers, strategic partners and suppliers, government and communities

The pandemic has emphasised the importance of public transport services to our customers, communities and society. Engaging with our customers enables us to provide safe, convenient and reliable services that serve our local markets and communities. As the independent Transport Focus customer satisfaction surveys were paused in spring 2020, the Board reviewed the results of the surveys undertaken by our individual operating companies to ensure that we have up to date insights from our customers that help shape our decisions to support our communities effectively.

We have continued to work closely and collaboratively with our key partners, regulators and supply chain to ensure that service provision remains at the right level and that suitable funding is received to enable essential services to continue to be delivered.

The majority of this engagement is through the Group Chief Executive and members of the senior leadership team, particularly in relation to the operation of our bus and rail services, and in shaping the policy landscape within which the business operates. The Board receives regular updates on matters such as government strategy and funding, policy changes, contract negotiations, existing contract performance and changes in regulation or legislation that are relevant to the business.

During the year, the Group has sought to maintain an open, collaborative and constructive engagement with the DfT to help resolve the identified LSER franchise matters of concern. For further information on the Board's response together with actions taken to better safeguard and assure compliance obligations of complex rail contracts, please see the Chair's statement on pages 3 to 5 and Board activities on pages 70 to 73.

Investors

The Board maintained an open dialogue with its investors to ensure that their feedback informed decision making. This was achieved through a programme of structured engagement. The executive directors engaged regularly with investors linked to the reporting cycle and, this year, more frequent discussions took place between the Chair and shareholders. Topics of focus included the situation relating to the Southeastern rail franchise, succession and leadership changes, and the offers made for Go-Ahead (which resulted in shareholder approval of the offer made by the Consortium comprising Kinetic TCo Pty Limited and Globalvia Inversiones S.A.U). During the year, the Board received regular updates on investor sentiment. As reported last year, Leanne Wood, Remuneration Committee Chair, also carried out a consultation exercise with our major shareholders and proxy voting agencies on our new directors' remuneration policy, which was approved by shareholders at the General Meeting in March 2022. More details of this process and the outcome of our engagement are available within the 2021 Directors' Remuneration Report on pages 108 to 142.

Evaluation

Board effectiveness review

For the year ended 2 July 2022, an internally facilitated review of the performance of the Board and its committees was undertaken. Using Independent Audit Limited's new board effectiveness review software, each director completed a questionnaire for the Board and each of the committees of which they were a member. Automated reports were then received and discussed at the respective Board and committee meetings. This process was supplemented by the Chair having a one to one discussion with each director on their personal performance and any training or development needs. The Senior Independent Director appraised the Chair's performance.

The outcome of this review was that the Board and its committees continued to perform effectively, with each director having sufficient time, knowledge and commitment to contribute to the long term sustainable success of the business. In particular, the more recent changes to Board composition and progress against all of the actions identified in last year's review had improved overall Board effectiveness. The Board and Audit Committee in particular will continue to focus on these key areas over the year ahead and take the relevant learnings forward as appropriate Board protocols are established under our new ownership.

The Board's last external evaluation was facilitated by Independent Audit Limited for the year ended 27 June 2020.

Division of responsibilities

Our governance framework

Set out below is a summary of the Group's governance framework during the year ended 2 July 2022.

Board

The Board is collectively responsible for creating and delivering long term sustainable value for the business. The main responsibilities of the Board during the year are set out below:

• Strategic direction, purpose and values	• Culture and reputation	• Stakeholder engagement
• Decision making in accordance with Section 172	• Cyber security	• Contracts, bids and acquisitions
• Risk management and risk appetite	• Corporate plan and KPIs	• Board development and effectiveness
• Health and safety	• Financial reporting and dividends	• Non-executive director fees
• Environmental, social and governance factors	• Climate change	• Oversight of Group's response to major crises and other significant challenges

Board committees

During the year, the Board delegated authority for specific matters to the Nomination, Audit and Remuneration Committees. Each Committee Chair reported to the Board on their respective committee's activities after each meeting, making recommendations to the Board as appropriate. The main responsibilities of each committee during the year are set out below:

• Nomination Committee	• Audit Committee	• Remuneration Committee
• Board and committee composition, structure and size	• Financial reporting	• Design and implementation of remuneration policy
• Succession planning	• Risk management and internal controls system	• Consideration of exercise of discretion
• Board appointments	• Health and safety auditing	• Determination of executive and senior leadership remuneration
• Diversity and inclusion	• Internal audit	• Chair fees
• Time commitments and independence	• External audit	

[Read more on pages 81 to 82](#)

[Read more on pages 83 to 89](#)

[Read more on pages 90 to 105](#)

Executive Committee/Investment Committee

Under the new operating model, as explained on page 71, responsibility for the day-to-day management of the Group's activities and oversight still resides with the executive directors. They are supported in this role by the newly reshaped Group Executive Committee/Investment Committee which is headed by the Group Chief Executive and comprises the Group Chief Financial Officer, Group Strategy and Transformation Director, Group HR Director, Managing Directors of UK Rail, London & International Bus and UK Regional Bus, and Group Company Secretary. The Executive Committee/Investment Committee oversees implementation of Group strategy, allocates financial and human resources, and oversees and provides support to the bus and rail businesses.

Independent Challenge Team

A newly established Challenge Team comprising members of the Group's Strategy and Transformation, Finance, Legal and, on occasion, Corporate Services teams brings diversity of voice, backgrounds and experience facilitating different perspectives and fresh thinking into the decision making process.

Devolved structure

The Group Executive/Investment Committee is supported by a senior leadership team comprising individuals responsible for key centralised Group corporate functions and the managing directors of each operating company, who are encouraged and empowered to manage our operating companies as autonomous business units. Further details of our senior leadership team and operating company managing directors can be found on our website.

The executive directors formally meet with the senior leadership team on a regular basis, through local operating company, Group Executive/Investment Committee and senior leadership team meetings. These more formal meetings are supported by several cross-business forums that serve to facilitate the sharing of knowledge, ideas and best practice. These meetings and forums are an essential part of the Group's devolved management approach, facilitating quality discussion and decision making while also preserving the management and autonomy of local operations within the Group's values and behaviours. We believe that this approach encourages a good balance between local and Group initiatives and facilitates the sharing of best practice and expertise across the Group.

Division of responsibilities continued

Roles and responsibilities

During the year ended 2 July 2022, there was a clear division of responsibilities on the Board which ensured accountability and oversight. The roles of the Chair and Group Chief Executive are separately held and their responsibilities are well defined, set out in writing, and regularly reviewed by the Board. A summary of the responsibilities of the Chair, Group Chief Executive and Senior Independent Director are set out below.

Group Chair

- Leads the Board and demonstrates objective judgement
- Advocates the highest standards of corporate governance
- Sets the agenda and drives Board effectiveness
- Promotes a culture of open and constructive debate
- Engages with stakeholders and ensures their views are understood and considered appropriately in Board decision making
- Ensures Board decisions are taken on a sound and well-informed basis

Group Chief Executive

- Responsible for the day-to-day management of the Group and the Group's performance
- Leads the senior leadership team, including development and succession planning
- Promotes the Group's purpose, vision and culture agenda
- Ensures the development and execution of strategy, with responsibility for the Group's overall performance
- Facilitates effective two-way communication between the Board, the business and the workforce
- Represents Go-Ahead externally to all stakeholders

Senior Independent Director

Following completion of the Scheme of Arrangement, the Senior Independent Director stepped down from the Board. The responsibilities of this role were acting as a sounding board for the Chair, appraising the Chair's performance and acting as an intermediary for other directors and shareholders, if needed. These responsibilities were in addition to fulfilling normal non-executive director duties of:

- Contributing to strategy development
- Scrutinising and challenging management's execution of strategy within the Group's risk appetite and control framework
- Providing support to the executive directors through external perspective and experience
- Serving on Nomination, Audit and Remuneration Committees

Board decision-making framework

Go-Ahead's culture ensures that there is a proper consideration of the potential impact of decisions. As a matter of course, Section 172 matters are considered in the Board's discussions on strategy, including how they underpin long term value creation and the implications for business resilience. The Board oversees the implementation of decisions taken. Annual Board strategy meetings, effectiveness reviews, post-investment reviews and lessons learned provide the opportunity for reflection.

The Board's general approach to decision making is facilitated as follows:

Board and committee meetings

The Board agenda is set in collaboration between the Chair, Group Chief Executive and Group Company Secretary. The Board's Forward Planner supports meeting agenda content over the year to ensure that time is balanced between different elements of strategy and operational performance, as well as the Board's wide-ranging governance and regulatory responsibilities.

Ensuring there is sufficient time allocated to key strategic decisions is an important consideration for the Chair, to enable directors to discharge their duties fully and effectively.

There is a clearly defined schedule of matters reserved for the Board and the Group Company Secretary ensures all Board procedures are complied with. To allow directors to utilise their time and skills effectively at Board meetings, papers are circulated securely and electronically to all directors a week before each meeting.

During the year, members of the senior leadership team and advisors were invited to attend and present at meetings, providing the non-executive directors with a broader perspective and insight.

Division of responsibilities continued

Board decision-making framework continued

Board and committee meetings continued

Informal meetings and Board dinners are held usually either before or after Board meetings. Unscheduled meetings are held as required where topics warrant more time or decisions need to be made outside of the normal cycle of meetings.

Each director is expected to attend all meetings of the Board and of those committees on which they serve and is required to devote sufficient time to the Group's affairs allowing them to fulfil their duties effectively.

Board training and development

The Board believes that continuous director training and development supports Board effectiveness. With the ever-evolving regulatory and policy landscape in which the Group operates, it is critical that the Board maintains a good working knowledge of the transport sector and how the Group operates within this sector, as well as being aware of recent and upcoming developments in the wider legal and regulatory environment.

Directors are encouraged to be proactive and identify areas where they would like additional information to ensure that they are adequately informed about the Group.

The Board confirms that all members have the requisite knowledge, ability and experience.

Information and support

The Board is supplied with high quality information, presented in a form designed to enhance Board effectiveness. During the year, the Board continued to operate in accordance with its comprehensive Board Procedures Manual, which includes formal procedures for the working of the Board and its committees within the governance framework, delegated authorities, the timely provision of appropriate information and the duties and responsibilities of directors, including standards of conduct and compliance.

The Board also had access to a dedicated online resource centre portal, containing Board related policies, reference documents and training and support materials.

Directors have access to the advice and services of the Group Company Secretary and may also take independent legal and/or financial advice at the Group's expense when it is judged necessary in order to discharge their responsibilities effectively.

Board induction programme

All new directors receive a tailored induction programme either shortly before or upon joining the Board. This programme ensures that new Board members have a full understanding of the business and their responsibilities and duties as directors so that they can be effective in their roles. The Chair and the Group Company Secretary agree the personalised induction plan, which is designed for each individual, taking into account their existing knowledge, specific areas of expertise and proposed committee appointments.

Nomination Committee Report

Board composition and succession

Composition of Committee

As at 9 October 2022, being the day prior to the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited becoming effective, the Nomination Committee comprised the Committee Chair (Clare Hollingsworth) and four independent non-executive directors (David Blackwood, Dominic Lavelle, Harry Holt and Leanne Wood). By invitation, the executive directors and Group HR Director attended some meetings, with presentations from external advisors as appropriate.

Meetings

Attendance at Committee meetings can be found on page 69.

Overview of responsibilities

During the year, the Committee operated in accordance with its terms of reference which were reviewed and approved by the Board. Key responsibilities were as follows:

Board composition and succession planning

During the year the Committee kept under review the size and structure of the Board with succession planning continuing to be a key priority. The following changes took place to the Board's composition:

- Following retirement of David Brown in late 2021, Christian Schreyer was appointed as the new Group Chief Executive, full details of which were set out in last year's Nomination Committee Report
- David Blackwood and Dominic Lavelle were appointed as non-executive directors in January 2022, succeeding Adrian Ewer as Senior Independent Director and Audit Committee Chair respectively. The step taken to separate the roles of Audit Committee Chair and Senior Independent Director added greater non-executive capacity and therefore greater robustness and independence to the roles and responsibilities of the Board. The Audit Committee Chair was also appointed to the board of GTR to provide a clear line of sight to the Audit Committee and Board
- Sarah Mussenden was appointed as Group Chief Financial Officer in May 2022, succeeding the Interim Group Chief Financial Officer, Gordon Boyd

Biographies for each Board member during the year can be found on pages 66 to 67 including the relevant skills, experience and contributions to the roles. Details of Board changes following the year end can be found on page 68.

Appointment process and time commitments

During the year, the Group engaged Odgers Berndtson (OB) to assist with the search that led to the appointments of the new Board members above. OB was engaged because of its strong credentials, knowledge of the business and cultural fit, in addition to its ability to access a diverse pipeline of talent.

For each appointment, a detailed role specification was agreed and used to produce an initial long-list of candidates. A short-list of candidates was then taken through to the next stages which included fireside chats with the Chair, first stage interviews with a sub-committee of the Committee and then final preferred candidates meeting the wider Committee.

Prior to appointment to the Board, any significant time commitments were required to be disclosed and approved by the Committee. The letters of appointment for the Chair and non-executive directors also set out expected time commitments to the Board, with any additional external appointments following appointment requiring prior approval by the Board. A full list of external appointments held by our directors during the year ended 2 July 2022 can be found on pages 66 and 67.

Nomination Committee Report continued

Leadership and talent succession planning

A key area of focus for the Committee continued to be overseeing the executive talent pipeline and senior leadership succession plans.

The Committee supported the reshaping of the Group Executive Committee which emerged from the Group Chief Executive's business review with the new set of values and behaviours, which underpin Go-Ahead's renewed purpose and the Group's new business model, providing further clarity and focus for leadership.

The Committee was also briefed on the initiatives underway to support, develop and retain the senior leadership team as well as attract new talent into the business. This included updates on the extensive work being carried out across the business to improve ethnic and gender diversity. Importantly our graduate and apprenticeship schemes continue to deliver a good supply of increasingly diverse talent. More details about the initiatives underway are included on pages 37 to 39.

Diversity and inclusion

The Board Diversity Policy, which is reviewed on an annual basis, sets out the approach towards inclusion and diversity for the Board of directors of the Group and this policy sits alongside the Group's wider inclusion and diversity policy and initiatives which seek to have a workforce reflecting the diversity of the communities we serve.

The Board recognises the benefits of having an inclusive and diverse Board, seeing it as an essential element of its strategy and building competitive advantage. It is the Board's belief that a diverse Board with different perspectives enhances the quality of debate and decision making to the benefit of all stakeholders. The objective of the policy is to maintain a Board whose membership reflects as broad a combination of skills, experience, age, disability, ethnicity, gender, sexuality, education and social background as possible.

The Board Diversity Policy has been implemented by ensuring that the terms of reference of the Committee reflect diversity in the criteria for identifying suitable candidates for nomination to the Board. The policy is also reflected in the Committee's discussions with external search consultancies in any search process for a new director.

We consider that our policy in respect of Board diversity has remained effective during the financial year ended 2 July 2022.

In addition to Board diversity, the Group believes in promoting diversity and inclusion at all levels of the organisation. During the year, the Committee welcomed the key areas of focus to deliver the Group's wider diversity and inclusion strategy and the examples of the range of initiatives underway across the business, further details of which are provided on pages 37 to 39.

Gender pay gap

The Committee annually reviews the Group's gender pay gap data and the strategies in place to recruit more women into all positions throughout the business. As at the date of our 2021 Gender Pay Gap Report, the median pay gap was 7.5 per cent and 21.8 per cent across our UK bus and rail businesses respectively against the national average median pay gap of 10.4 per cent in the UK. For further detail on the 2021 Gender Pay Gap Reports, please go to <https://www.go-ahead.com/our-people/gender-pay-gap-reporting>.

Board and committee effectiveness

For details of the internal effectiveness review undertaken for the Board and committees for the year ended 2 July 2022, please see page 77 of the Corporate Governance Report.

Audit, risk and internal control

Purpose

The Committee has been established by the Board primarily for the purpose of overseeing accounting, financial reporting, the role and remit of our Internal Audit function, internal control and risk management processes and the external audit of the Group's financial statements.

Composition

As at 9 October 2022, being the day prior to the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited becoming effective, the Audit Committee comprised the Committee Chair (Dominic Lavelle) and three independent non-executive directors (David Blackwood, Leanne Wood and Harry Holt). Dominic Lavelle has recent and relevant financial experience. Committee members are considered to have the appropriate range of financial, commercial and sectoral competence. Detailed information on their relevant skills, experience and contributions can be found on pages 66 and 67. Committee membership changed following the purchase and delisting of the Group's shares, but the Committee will continue to meet for the purposes outlined above for the foreseeable future.

The Chair, Group Chief Executive, Group Chief Financial Officer, Group Financial Controller, Group Head of Internal Audit, Group Safety Lead and external auditor are regularly invited to attend Committee meetings. The Committee Chair holds additional pre-Committee meetings with the Group Chief Financial Officer, Group Financial Controller and external and internal auditors in preparation for the forthcoming meeting. At least annually, the Committee meets privately with the external and internal auditors without the executive directors or management present.

Meetings

Committee meetings usually take place immediately prior to Board meetings. Attendance at Committee meetings can be found on page 69.

Overview of responsibilities

During the year, the Committee operated in accordance with its terms of reference which were reviewed and approved by the Board. Key responsibilities were as follows:

External audit and financial reporting

- Reviewed the 2021 Annual Report and Accounts, ensuring information was fair, balanced and understandable
- Monitored the continued recovery from the impact of COVID-19
- Reviewed the impact on the 2022 Annual Report and Accounts of the movements in the onerous contract provisions for rail contracts in both Germany and Norway
- Considered findings of the independent review and settlement of LSER matters of concern (as detailed in the 2021 Annual Report and Accounts)
- Considered prior year adjustments, misstatements and related control issues and ensured appropriate mitigations and improvements in processes and controls for the current year end
- Monitored the integrity of the Group's financial statements including related regulatory news announcements
- Reviewed significant financial reporting judgements and estimates made by senior leadership
- Reviewed the going concern assessment
- Reviewed the external auditor's remuneration, terms of engagement and reappointment
- Monitored the independence, objectivity and effectiveness of the external auditor
- Approved the use of the external auditor for non-audit services in line with policy
- Commenced audit retender process
- Reviewed external auditor and senior leadership reports on half and full year results
- Monitored progress of preparation and filing of subsidiary statutory annual accounts

Risk management and internal controls

- Reviewed the effectiveness of risk management and internal control procedures
- Assessed the Group's principal and emerging risks
- Reviewed the impact of the settlement of the LSER matters of concern and the subsequent finalisation of the amounts in the current year Group financial statements

Audit Committee Report continued

Overview of responsibilities continued

Internal audit including health and safety

- Considered and reviewed reports from the co-sourced internal audit function (PricewaterhouseCoopers LLP (PwC), Ernst & Young LLP (EY) and the Group Internal Audit team) on the Group's financial controls, disclosures and accounting and fraud risk assessment policies and processes
- Reviewed results of health and safety audits across the business, benchmarking against international and best practice standards
- Reviewed the effectiveness of the Internal Audit function
- Agreed a new three-year internal audit plan

Cyber security

Following year end, a major cyber security incident was identified and was a critical focus area for the Board. Further information is provided in the Board activities section of the Corporate Governance Report.

Significant issues and judgements

Significant accounting issues, judgements and estimates are reviewed at the half year and full year Committee meetings. The matters considered by the Committee to be significant for the 2022 Annual Report are set out in the following table. These were subject to robust challenge and debate between the executive directors, management, the external auditor and the Committee.

Key financial matters for 2022	How the Committee addressed these key financial matters
<p>Review of the accounting treatment of income and costs arising from franchise agreements in the rail components of the Group.</p> <p>See pages 148 and 149 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 executive directors and, where appropriate, the external auditor.</p> <p>The Committee also considered the accounting for rail as a consequence of the Emergency Measures Agreement and Emergency Recovery Measure Agreement and the new National Rail Contract in GTR and agreed with the treatment that was applied including the assessment and recognition of performance bonuses.</p>
<p>Assessment of settlements and associated accounting treatments in connection with the old Southeastern franchise, including the settlements of financial penalty.</p>	<p>The Committee reviewed the final settlements agreed with the Department of Transport (DfT) in respect of the LSER matters of concern and items in commercial dispute. Where appropriate, independent advice was sought to inform the Committee. Having considered the findings of the Independent Committee, the Committee agreed with management's proposed accounting treatment and related disclosures.</p> <p>Under the Railways Act 1993, the DfT imposed a financial penalty of £23.5m. In the prior year, in the absence of a specific precedent or relevant guidance, it was difficult to estimate precisely the likely quantum of any penalty. The Group, having considered independent legal advice, included a provision for £30.0m. The difference, a £6.5m credit, has been included as an exceptional item in the financial statements of the year.</p>
<p>Ongoing review of provisions for liabilities, specifically relating to third-party claims, lease return and dilapidation provisions for rolling stock, stations, depots and 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 Committee. This also included the decision by the DfT to award GTR a National Rail Contract on 1 April 2022 and the amounts that are still subject to agreement in relation to dilapidations for both depots and rolling stock. 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. Specific legal advice is also taken, where appropriate, in relation to third-party claims such as boundary fare claims. Increases in provisions, utilisation and release of provisions are all reviewed for reasonableness in light of these reports and the Group's specific circumstances and having considered the proposed provisions and their reasonableness the Committee agreed with management's proposed treatment and disclosures.</p>
<p>Impairment testing in respect of the value of goodwill and tangible and intangible assets on the Group and company only investments.</p> <p>See note 14 of the consolidated financial statements</p>	<p>The ongoing review of goodwill, tangible and intangible assets and carrying value of investments, as presented by management, is reviewed and challenged, as necessary, by the Committee.</p> <p>The assessment 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 historical performance against expectations set in previous years. Having considered the reviews undertaken and financial projections, including the valuation of the takeover, the Committee was satisfied that the process followed, and the accounting treatment were appropriate.</p>

Audit Committee Report continued

Key financial matters for 2022

How the Committee addressed these key financial matters

Prior year adjustment relating to asset backed pension scheme.

As part of the impairment review carried out above, a review of the investments and intercompany receivables were also undertaken, which identified historical errors in the treatment of pension scheme assets in the Parent Company balance sheet.

The Committee has reviewed the re-statement along with independent advice in relation to both the assessment of the fair value of the pension asset and the associated tax treatment. The Committee is satisfied with the process followed and the resulting accounting treatment.

Assessment of the Group's German rail contracts and carrying value of associated assets.

[See note 7 of the consolidated financial statements](#)

The German business commenced the operation of its rail services in June 2019 in Baden-Württemberg with a further contract in Bavaria going live in December 2021. The remaining contract commenced in December 2022.

Whilst initial operating losses were planned due to the initial ramp-up of services, the level of operating losses continues to be higher than was originally expected. In line with IAS 36 and IAS 37, an assessment of the carrying value of assets and future contract liabilities has been performed both at the half and full year with a full review of the future forecast and operational plans to assess whether the contracts are onerous in nature. The Committee challenged the controls for the preparation of the onerous contract provision, enhancing some of the steps from previous years. This included several stages of review and challenge at both Divisional and Group level, and the utilisation of third-party experts as appropriate.

Whilst one of the contracts in Bavaria had yet to commence at year end and the other contract has just recently started, due to market changes, clarity gained regarding matters with the local rail authorities and experience obtained since the recent start of operations, there was a need to update the assumptions made in the original bid and in past forecasts.

During the year, we performed a full detailed review of all material contracts across the Group to consider the completeness of the onerous contract provisions. This involved a detailed review and challenge of the assumptions within each contract.

As a result, it has been determined that an increase of £41.1m in the provision is required, of which £36.0m has been recognised as an exceptional operating charge in the year ended 2 July 2022. It was also identified that some of the assumptions and modelling errors applied to the German Bavarian 2020 model were incorrect and therefore a prior year adjustment was recognised as a result. The impact of this adjustment is to decrease the 2021 opening reserves by £5.1m and increase the value of the onerous contract provision by £5.1m.

The Committee considered and challenged the inputs of these models and cashflow forecasts as presented by management and considered the appropriateness of the resulting disclosure with reference to IAS 1. The Committee also considered and challenged the changes in judgements in the models made for the FY2022 year end in line with IAS 8.

Audit Committee Report continued

Key financial matters for 2022

How the Committee addressed these key financial matters

Assessment of the Group's Norwegian rail contracts and carrying value of associated assets.

See note 7 of the consolidated financial statements

The Norwegian business commenced the operation of its rail services in December 2019.

Under the original contract, which began in December 2019, the revenue risk associated with changes in passenger demand rested with Go-Ahead. During the COVID-19 pandemic, the Norwegian Government provided financial support to rail operators, preventing material losses.

The ongoing impacts of COVID-19 and the levels of Norwegian Government support triggered a requirement to update the assumptions made in the original bid.

An amended contract takes effect from 1 July 2022 and runs for the duration of the original contract, until December 2027 (plus a two-year extension option until December 2029). The contract provides a revenue support mechanism until the end of the contract. The contract also includes an incentive scheme linked to revenue growth. As a result of these improved contractual arrangements, the onerous contract provision has been reassessed and has significantly decreased.

In line with IAS 36 and IAS 37 an assessment of the carrying value of assets and future contract liabilities has been performed post-year end to assess whether the contract is onerous in nature.

As a result, it has been determined that a decrease of £51.6m in the provision is required, which has been recognised as an exceptional operating credit in the year ended 2 July 2022.

The Committee considered and challenged the inputs of these models and cashflow forecasts as presented by management and considered the appropriateness of the resulting disclosure with reference to IAS 1.

The Committee also considered and challenged the changes in judgements in the models made for the FY2022 year end in line with IAS 8.

As disclosed on page 211 there are subsequent discussions with the RD in relation to the contract. The committee has made appropriate challenges and assessment as part of their processes.

Assessment of the available resources to support the going concern assumption.

See page 49 to 50 for more information

The Committee reviewed and challenged management's forecasts and the impact of various possible downside scenarios including reverse stress assumptions. These took account of the recovery for COVID-19 on passenger volumes, the availability and duration of government funding measures and the impact on the Group's funding arrangements and associated ring-fencing measures as a result of a change of control following the takeover of the Group.

In undertaking this evaluation and the sources of liquidity available, including ring-fencing of the Group facilities and the extension of the facilities in the new parent, the Committee concluded that existing debt facilities would continue to be available.

Following the review, which the Committee carried out at its meeting in January 2023, the Committee recommended to the Board the adoption of the going concern statement for inclusion in this Annual Report.

Assumptions underpinning the calculation of the Group's defined benefit pension liabilities.

See note 28 of the consolidated financial statements

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.

Audit Committee Report continued

Key financial matters for 2022

How the Committee addressed these key financial matters

Understanding and treatment of separately disclosed items in the year end accounts.

See note 7 of the consolidated financial statements

The Committee has considered separately disclosed items in the 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.

For each item, the Committee has considered the judgements made by management, considering each item in isolation, as well as the aggregate view of the impact on both alternative performance measures and statutory profits. In addition, the Committee considers and takes account of any bias towards recording items as exceptional which may have an impact on the covenant reporting.

The Committee agreed it was appropriate to treat as exceptional the onerous contract provisions relating to International Rail, and the settlement of the financial penalty and associated matters of concern in relation to LSER.

Whilst the Committee considered the treatment of Stadler settlements in Germany and pre-EMA settlements in GTR, it was determined that they should not be treated as exceptional because material contractual settlements such as these, are not uncommon in the normal operation of these businesses and losses relating to Germany from the Stadler issues had been not been taken as exceptional when they arose.

Costs relating to the takeover of the Group have also been treated as exceptional. This treatment has been applied in line with the Group's accounting policy for exceptional items.

Ensuring operating company compliance with Group policies and procedures and maintaining the required financial control environment.

The Committee, with input from the executive directors, approves the remit, scope and three-year plan 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 which, in particular, were in respect of IT controls during the year ended 2 July 2022. 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 the control environment in which they operate.

Audit Committee Report continued

Risk management and internal controls

As reported in the previous year, the Board identified a number of areas to enhance the Group's corporate governance and internal controls. Primarily identified as a consequence of franchise matters in LSER and International Rail, the Board committed to a series of improvements, further information of which can be found in the Chair's statement and Corporate Governance Report.

During the year, and in light of the award to GTR of a National Rail Contract, the Committee Chair and the Group Chief Financial Officer were both appointed to the board of GTR to strengthen the Committee's oversight of risk management and internal control within that business. In addition, GTR's internal audit function, including NRC compliance, was placed under the oversight of the Group Internal Audit function. The Committee considered and approved separate Group and GTR internal audit plans for FY2023, with NRC non-compliance forming a key part of GTR's FY2023 plan.

Throughout the year, the Committee monitored the Group's risk management and internal control systems by receiving regular internal audit reports and holding meetings with the Head of Internal Audit. A summary of the risk and control framework and its effectiveness is set out in the Strategic Report on pages 51 to 64 together with the Board's assessment and description of the Group's principal risks, procedures to identify emerging risks and an explanation of how risks are mitigated and how the mitigating controls are assessed and tested. The Committee receives quarterly reports from the Internal Audit function and formally considers the Group's principal and emerging risks twice a year.

The Committee's review took into account the Board's biannual review of significant risks and emerging risks, as well as the effectiveness of the co-sourced model for internal audit (see below).

Internal Audit

The Head of Internal Audit attends Committee meetings on a quarterly basis to provide an update on progress against the approved internal audit plan. The Committee has approved a new three-year risk-based internal audit plan which focuses on the key financial, IT, operational and compliance risks faced by the business. The Head of Internal Audit reports to the Group Chief Financial Officer and has direct access to the Committee Chair. In FY2022, the Committee approved the move to a co-sourced model it established an in-house internal audit function and retained the services of the outsourced assurance provider to supplement the delivery of assurance engagements.

Fair, balanced and understandable

At the Board's request, the Committee considered whether the 2022 Annual Report, taken as a whole, is fair, balanced and understandable, and whether it provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Committee reviewed both the narrative and financial sections of the reports to ensure they were consistent and presented clearly and gave a balanced view of business performance during the year, and that appropriate weight was given to both positive and negative aspects. The Statement of Directors' Responsibilities on page 115 includes a statement that the Annual Report is fair, balanced and understandable.

External audit

The Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor, Deloitte LLP (Deloitte). This includes making recommendations to the Board concerning the appointment, reappointment and removal of the external auditor, as well as assessing its independence on an ongoing basis and negotiating the audit fee.

Independence and objectivity of external auditor

The Board recognises the importance of auditor independence, and its impact on effectiveness, and is aware of the situations which may give rise to the impairment of auditor independence. The Committee regularly considers the objectivity and effectiveness of the auditor in relation to both the audit process and the relationship with the Group.

In light of the matters of concern at LSER, the Committee reconsidered auditor independence and, following discussions with the external auditor, the Committee was satisfied that the external auditor remained independent.

Policy on the provision of non-audit services

The Committee is responsible for developing, implementing and monitoring the Group's policy on the engagement of the external auditor to supply non-audit services. In line with the FRC's Ethical Standard, 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 or is a natural extension of its audit work or there are other overriding reasons that make it 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 is subject to approval by the 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.

Audit Committee Report continued

External audit continued

Fees of external auditor

During the financial year, the Group external auditor's fees were £3.5m (2021: £2.7m). Non-audit fees payable to the Group's external auditor were nil (2021: £0.2m).

External audit tenure

On behalf of the Board, the Committee oversees the relationship with the external auditor. Deloitte was appointed as the Group's auditor in October 2015 and was most recently reappointed at a General Meeting of the Company held in March 2022. The Group has commenced a retender process for its external audit for the 2023 financial year but Deloitte has confirmed that it will not participate in the tender process.

Directors' Remuneration Report

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 2 July 2022.

The Committee spent considerable time over the last year working on the remuneration arrangements for both the outgoing and incoming executive directors, as well as finalising the details of the new remuneration policy, and the Committee was pleased with the strong support achieved at the General Meeting in March 2022 for both the Remuneration Report (99.03%) and the new remuneration policy (86.79%).

This Directors' Remuneration Report is divided into two principal sections:

- This annual statement on pages 90 to 91, which provides the context for the Committee's decisions during the year and other regulatory information
- The Annual Report on Remuneration, which comprises information on the activities of the Remuneration Committee on page 92 and provides details of remuneration paid to the Board during the 2022 financial year and how we will apply the remuneration policy in the 2023 financial year on pages 94 and 105

Board changes

As detailed in last year's Directors' Remuneration Report, David Brown retired as Group Chief Executive on 5 November 2021. Following his retirement, David voluntarily waived his rights to his outstanding unvested 2019 Deferred Share Bonus Plan award and 2019 and 2020 LTIP awards. Given his retirement from the Board, the Committee determined that no annual performance-related bonus would be awarded to David for the 2022 financial year.

Christian Schreyer joined the Board on 1 November 2021 and succeeded David Brown as Group Chief Executive with effect from 5 November 2021. Elodie Brian resigned as Group Chief Financial Officer on 27 September 2021, and Gordon Boyd joined the Board on 28 September 2021 as Interim Group Chief Financial Officer before resigning from the Board with effect from 28 March 2022. Details of the remuneration arrangements for all three individuals were in line with the relevant remuneration policy and were set out in last year's report.

Following a thorough selection process, Sarah Mussenden was appointed as Group Chief Financial Officer with effect from 9 May 2022. Taking into account her extensive experience in transport and regulated businesses, as well as her strong financial accounting and audit background, the Committee determined that the remuneration package for the new Group Chief Financial Officer would be as set out in the table below.

New Group Chief Financial Officer remuneration

Base salary	£375,000
Annual performance-related bonus	Maximum of 150 per cent of base salary
RSP	Maximum of 50 per cent of base salary
Pension	Eligible to join Go-Ahead's Workplace Savings Section (which is the pensions auto-enrolment vehicle for the majority of employees) or receive a cash alternative equivalent representing 3 per cent of qualifying earnings
Relocation allowance	n/a
Other benefits	Eligible to join the Group's family healthcare membership

The Group Chief Financial Officer left Go-Ahead at the end of the year. The remuneration she was paid on leaving was in accordance with our remuneration policy.

Directors' Remuneration Report continued

Performance for the 2022 financial year

As set out in further detail in our operating review, the Group has delivered promising financial performance throughout the year as it emerges from a challenging period.

Group operating profit has exceeded targets set for the year, with strong performance across both our bus and rail divisions. The Group operating profit element of the annual performance-related bonus in relation to 2022 performance (60 per cent weighting) achieved 97 per cent of maximum payout. Despite the significant external challenges, Group cashflow performance (15 per cent weighting) exceeded the stretch targets and as such vested in full. Performance against the remaining strategic measures (25 per cent weighting) was also exceptionally strong, with the National Rail Contract in GTR being secured and successful development of a new corporate strategy approved by the Board, amongst achievement of other targets set out on page 96, which resulted in an overall bonus outcome of 98.2 per cent of maximum.

The Interim Group Chief Financial Officer was not eligible for a 2022 annual performance-related bonus. The new Group Chief Executive and Group Chief Financial Officer's 2022 annual performance-related bonus is pro-rated for time on the Board.

The above strong performance led to an overall annual performance-related bonus outcome for 2022 of 147.3 per cent of salaries, pro-rated to time employed during the year. The Committee reviewed this outcome in light of overall business performance and wider stakeholder experience and determined that the formulaic outcome for the Group Chief Executive and the Group Chief Financial Officer was appropriate. For the Group Chief Executive, it is reflective of the progress made in the year both against the targets set and in preparing the business for the next stage of its development by completing the business review. The Committee also noted the Group Chief Executive's critical role in leading the Company through the discussions with Gerrard Investment Bidco Limited on the terms of a recommended cash acquisition of the Company, further details of which are set out in the Chair's statement on page 5 and the Board activities section of the Corporate Governance Report on page 70. For the Group Chief Financial Officer, the outcome reflects the pivotal role she played in the completion of the takeover mentioned above.

No Restricted Share Plan (RSP) awards granted to the executives were due to vest in the year.

Implementation of remuneration policy in 2022

The directors' remuneration policy was successfully approved by shareholders at the 2022 General Meeting including the introduction of the Restricted Share Plan (RSP). The Committee is satisfied that our policy is aligned to both shareholders' and other key stakeholders' interests and continues to operate in line with our long term business strategy, culture and values.

The full directors' remuneration policy is set out on pages 117 to 128 of our 2021 Annual Report and Accounts, available on our website.

For information on how the proposed remuneration policy is to be implemented for the 2023 financial year, please see page 105.

Looking forward

Now that the Group's shares have delisted from the London Stock Exchange, this report will not be subject to a shareholder vote at an annual general meeting. I would like to thank shareholders for their support and constructive feedback over recent years.



Clare Hollingsworth
Chair

24 February 2023

Directors' Remuneration Report continued

Remuneration Committee

Composition of Committee

As at 9 October 2022, being the day prior to the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited becoming effective, the Remuneration Committee comprised the Committee Chair (Leanne Wood), the Group Chair (Clare Hollingsworth) and three independent non-executive directors (David Blackwood, Dominic Lavelle and Harry Holt).

The members of the Committee had 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.

The Group Chief Executive (and his predecessor), former Group Chief Financial Officer, Group HR Director and Group Legal Director attended relevant parts of the Committee meetings during the year ended 2 July 2022. No individual was present when their own remuneration was being determined.

Meetings

The number of Committee meetings held throughout the year and attendance can be found on page 69.

Overview of responsibilities

The Committee operates in accordance with its terms of reference which are reviewed and approved by the Board annually. The Committee's responsibilities during the year ended 2 July 2022 included:

Remuneration policy

- Continued review of remuneration policy ahead of three-year renewal
- Approved the change in non-executive director notice periods from six months to three months consistent with market practice

Executive director target setting and outcomes

- Approved nil payment of the 2021 annual performance-related bonus and nil vesting of the 2018 Long Term Incentive Plan (LTIP) award
- Established financial and non-financial underpins for the 2021 Restricted Share Plan (RSP) award and targets for the 2022 annual performance-related bonus

Board and senior leadership remuneration

- Reviewed and approved Chair fees and senior leadership salaries. Reviewed payout of senior management 2021 annual performance-related bonuses

Shareholder engagement

- Consulted with major shareholders ahead of the proposed new remuneration policy
- Consulted with major shareholders on the introduction of the 2021 RSP award including financial and non-financial underpins
- Ensured the new remuneration policy promotes long term shareholdings by executive directors that align with shareholders' interests

Wider stakeholders

- Reviewed wider workforce remuneration and related policies to ensure consistency with Group values and culture
- Considered remuneration-related themes (including employee pay) arising from colleague engagement

Governance and Committee effectiveness

- Approved the 2021 Directors' Remuneration Report which included reviewing the effectiveness and transparency of remuneration reporting
- Considered findings of internal effectiveness review
- Kept under review the relationship with Committee's external advisors
- Undertook annual review of Committee's terms of reference
- Monitored the UK Corporate Governance Code as well as general updates on market best practice provided by the Committee's external advisors

Scheme of Arrangement

- Approved treatment of options under the Deferred Share Bonus Plan (DSBP), LTIP and RSP

Board changes during the year

- Approved the remuneration for the new Group Chief Executive and Interim and permanent Group Chief Financial Officers
- Approved the former Group Chief Executive and Group Chief Financial Officer leaver arrangements

Directors' Remuneration Report continued

External advisors to the Committee

PricewaterhouseCoopers LLP (PwC) acts as an independent remuneration advisor to the Committee. PwC was appointed by the Committee in June 2020, following a rigorous tender process. PwC is one of the founding members of the Remuneration Consultants Group Code of Conduct and adheres to this Code in its dealings with the Committee.

As disclosed last year, PwC has previously supported the Audit Committee with internal audit which, during the year ended 3 July 2021, transitioned to in-house resource. Following this transition, PwC has continued to provide resource, technical capability and ad-hoc specialist internal audit work as required and the Remuneration Committee is satisfied that these services do not impede PwC's objectivity in providing remuneration advice. The Committee is also comfortable that the PwC engagement partner and team, which provide remuneration advice to the Committee, do not have connections with the Group or individual directors of the Group that might impair their independence and that the advice received is independent and objective.

The fees payable to PwC for advice during the year ended 2 July 2022 were £141,375 (excluding VAT), charged on a time and material basis.

Statement of voting at the General Meeting (GM) of shareholders

At the Company's GM held on 28 March 2022, the Directors' Remuneration Report and policy received the following votes from shareholders:

	Votes for and discretionary	Votes against	Total votes	Withheld
Remuneration Report	29,541,032 99.03%	288,638 0.97%	29,829,670 100.00%	5,886
Remuneration policy	25,381,326 86.79%	3,862,674 13.21%	29,244,000 100.00%	591,556

Directors' Remuneration Report continued

Annual Report on Remuneration

Set out below is the Annual Report on Directors' Remuneration for the year ended 2 July 2022. As the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited completed on 10 October 2022, this report, together with the Annual Statement on pages 90 to 91 is not subject to a shareholder vote at an annual general meeting.

The Remuneration Committee has prepared this report on behalf of the Board in line with the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and applies the main principles relating to remuneration which are set out in the UK Corporate Governance Code.

The Annual Report on Remuneration is divided into three sections:

Section 1: Single figure tables

Section 2: Additional information on 2022 remuneration

Section 3: Implementation of remuneration policy in 2023

The external auditor has reported on certain sections of this report and stated whether, in its 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 ended 2 July 2022.

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.

For further information on the figures footnoted within the table below, please see pages 95 to 97.

	Salary ¹ £'000	Taxable benefits ² £'000	Short term incentives (performance-related bonuses)		Long Term Incentive Plan (LTIP) ⁴ £'000	Pension allowance ⁵ £'000	Total single remuneration figure £'000	Total fixed pay £'000	Total variable pay £'000
	£'000	£'000	Cash bonus ³ £'000	Deferred share bonus ³ £'000					
Executive directors									
Group Chief Executive, Christian Schreyer									
2022	367	68	540	—	—	1	976	436	540
2021	—	—	—	—	—	—	—	—	—
Group Chief Financial Officer, Sarah Mussenden									
2022	56	—	82	—	—	—	138	56	82
2021	—	—	—	—	—	—	—	—	—
Former Group Chief Executive, David Brown									
2022	202	1	—	—	—	—	203	203	—
2021	543	4	—	—	—	1	548	548	—
Former Group Chief Financial Officer, Elodie Brian									
2022	81	—	—	—	—	—	81	81	—
2021	313	—	—	—	—	1	314	314	—
Former Interim Group Chief Financial Officer, Gordon Boyd									
2022	601	—	—	—	—	—	601	601	—
2021	—	—	—	—	—	—	—	—	—

Directors' Remuneration Report continued

Section 1: Single figure tables continued

Commentary on the executive directors' single figure table

1. Salary

Base salary levels for the executive directors are shown below:

	From 1 April 2022	From 1 April 2021	% increase
Executive directors			
Group Chief Executive, Christian Schreyer ¹	£550,000	£550,000	N/A
Group Chief Financial Officer, Sarah Mussenden ¹	£375,000	N/A	N/A
Former Group Chief Executive, David Brown ²	N/A	£581,710	—
Former Group Chief Financial Officer, Elodie Brian ³	N/A	£335,000	—

1. Christian Schreyer and Sarah Mussenden joined the Board on 1 November 2021 and 9 May 2022 respectively. The base salaries stated above were pro-rated for their respective time in role during the financial year.

2. David Brown retired as Group Chief Executive on 5 November 2021.

3. Elodie Brian resigned as Group Chief Financial Officer with effect from 27 September 2021.

Gordon Boyd acted as Interim Group Chief Financial Officer between 28 September 2021 and 28 March 2022. He received an all-inclusive base salary of £100,000 per month and did not participate in any incentive awards or receive any additional benefits, including pension.

2. Taxable benefits (audited)

The taxable benefit for the former Group Chief Executive comprised family healthcare membership.

The taxable benefit for the current Group Chief Executive comprises his relocation allowance (£8,333 payable monthly for the first 24 months of employment) and a contribution to his private medical scheme which commenced in January 2022 and for which he receives £265 per month.

3. Annual performance-related bonus (audited)

The table below illustrates the components of the 2022 annual performance-related bonus award for the Group Chief Executive and Group Chief Financial Officer at maximum and actual payouts for business objectives set at the start of the year. Due to the delay in publication of the Company's audited financial statements for the year ended 2 July 2022, payout was determined by the Remuneration Committee's preliminary assessment of performance undertaken in July 2022. No discretion was applied by the Committee to the formulaic outcome.

Under the terms of the Scheme of Arrangement which completed between Go-Ahead and Gerrard Investment Bidco Limited on 10 October 2022, the annual performance-related bonus was paid fully in cash and pro-rated for the time the Group Chief Executive and Group Chief Financial Officer had been on the Board.

Metric	Performance measure	Weighting (percentage of maximum)	Maximum opportunity (percentage of salary)	Achieved	Actual payout (percentage of salary)
Group profit	Group operating profit 2022	60%	90%	58.2%	87.3%
Group cashflow	Net debt after adding back restricted cash	15%	22.5%	15%	22.5%
Strategic KPIs	See page 96	25%	37.5%	25%	37.5%
Total		100%	150%	98.2%	147.3%

The following tables illustrate in more detail the actual performance against each individual metric.

Group operating profit (60 per cent)

For Group operating profit for the year ended 2 July 2022, target vesting was proportionately weighted between the operating profit contribution from bus (42 per cent) and rail (18 per cent), with payout on a sliding scale. The actual Group operating profit, before exceptional items and based on the Remuneration Committee's preliminary assessment of performance in July 2022, was £80m for bus and £4.3m for rail resulting in a 97 per cent vesting for both bus and rail. These figures were calculated on a pre-IFRS 16 and a pre-exceptional basis.

Measure	Bus (70%)	Rail (30%)	Weighting (% of bonus)	Actual Group operating profit (bus)	Actual payout (bus)	Actual Group operating profit (rail)	Actual payout (rail)
Group operating profit	Threshold: £58m	Threshold: (£5m)	0%				
	Target: £68m	Target: (£1.6m)	50%	£80.0m	70%	£4.3m	27%
	Maximum: £78m	Maximum: £5m	100%				

Directors' Remuneration Report continued

Section 1: Single figure tables continued

Commentary on the executive directors' single figure table continued

3. Annual performance-related bonus (audited) continued

Cashflow (15 per cent)

The target for Group cashflow (defined as net debt on a pre-IFRS 16 basis excluding restricted cash) was £202.1m, with maximum vesting at £192.1m, revised to £259.7m which accounted for the Flexbuss acquisition and the delay of DfT dividend payments. Actual Group cashflow for the year ended 2 July 2022, based on the Remuneration Committee's preliminary assessment of performance in July 2022, was £240.4m (2021: £305.9m). Since this was below the revised maximum level of £259.7m, this resulted in a 100 per cent payout.

Measure	Bus (70%)	Weighting (% of bonus)	Actual net debt	Actual payout
Net debt	Threshold: £212.1m	0%		
	Target: £202.1m	50%	£240.4m	100%
	Maximum: £192.1m (revised to £259.7m)	100%		

Strategic KPIs (25 per cent)

The Committee determined that there should be full vesting of the strategic element of bonus. This took into account the Committee's assessment of the strategic KPI measures as outlined below as well as an assessment of strategic performance generally.

Strategic KPI measure	Commentary
UK Rail – secure National Rail Contract in GTR	Achieved - contract commenced on 1 April 2022
German Rail – successful start of operations in Bavaria	The first of two contracts started on 12 December 2021 and performance has been in line with the mobilisation plan and expectations. Mobilisation for the start of the second, and final, contract in the region commenced in December 2022
Regional Bus – transition to enhanced partnerships	Achieved several enhanced partnerships across the business
Develop new corporate strategy and receive approval of the Board	Achieved and announced to the market in April 2022
People strategy – progress against the current overall engagement score	Achieved

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 would have been required in light of the Group's health and safety performance having been maintained during the year.

4. 2019 LTIP award – former Group Chief Executive only (audited)

Following his retirement, the former Group Chief Executive, David Brown, voluntarily waived his rights to his unvested 2019 LTIP award. There was therefore no vesting of this award upon completion of the three-year performance period ending with the 2022 financial period.

5. Pension allowance

The Group Chief Executive has opted to receive a cash allowance of 3 per cent of qualifying earnings, as did his predecessor. The Group Chief Financial Officer also opted to receive the same cash allowance, with the first payment made in September 2022 and backdated to the date she joined the Group, amounting to £203 for the year ended 2 July 2022. This is equivalent to the employer contribution rate they would have received had they participated in the Workplace Savings Section of The Go-Ahead Group Pension Plan (the pensions auto-enrolment vehicle for the majority of employees).

For the purposes of auto-enrolment legislation, qualifying earnings for the tax year 2022/23 are gross taxable earnings between £6,240 per annum and £50,270 per annum. The lower and upper thresholds are reviewed each year by the Government.

The Interim Group Chief Financial Officer received no pension allowance during his time in post.

Directors' Remuneration Report continued

Section 1: Single figure tables continued

Non-executive directors' remuneration for the year ended 2 July 2022 (audited)

The table below sets out the total single remuneration figure received by each non-executive director for the year ended 2 July 2022 and the prior year:

Non-executive director	Committee membership and other responsibilities as at 2 July 2022				Total single remuneration figure	
	Nomination Committee	Audit Committee	Remuneration Committee	Other	2022 £'000	2021 £'000
Clare Hollingsworth	Chair	—	Member	Chair Senior Independent Director	190	176
David Blackwood*	Member	Member	Member	—	29	N/A
Dominic Lavelle*	Member	Chair	Member	—	38	N/A
Harry Holt	Member	Member	Member	—	53	49
Leanne Wood	Member	Member	Chair	—	61	57
Adrian Ewer*	—	—	—	—	38	61

* David Blackwood and Dominic Lavelle joined the Board as non-executive directors on 1 January 2022. They succeeded Adrian Ewer as Senior Independent Director and Audit Committee Chair respectively with effect from 19 January 2022 when Adrian stepped down from the Board with effect from the same date.

Fees payable to the Chair and non-executive directors

Base fee levels for the Chair and non-executive directors for the year ended 2 July 2022 are shown below.

The fee level for the Chair was reviewed on 1 April 2022 and increased by 3 per cent. The base fee levels for the non-executive directors were also reviewed on 1 April 2022 and similarly increased by 3 per cent 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 for the role of Senior Independent Director.

In addition to the below, Dominic Lavelle receives an additional fee of £30,000 per annum for his appointment to the GTR board which provides a line of sight to the Audit Committee and Board.

David Blackwood (Senior Independent Director), Leanne Wood (Remuneration Committee Chair) and Harry Holt (Non-Executive Director) stepped down from the Board with effect from the completion of the Scheme of Arrangement.

	From 1 April 2022 £'000
Chair	194
Non-Executive Director	54
Senior Independent Director	5
Audit Committee Chair	8
Remuneration Committee Chair	8

Directors' Remuneration Report continued

Section 2: Additional information on 2022 remuneration

Directors' shareholdings and share plan interests (audited)

A summary of all directors' shareholdings and share plan interests as at 2 July 2022 are shown in the table below.

Plan	Outstanding scheme interests as at 2 July 2022				Actual shares held ¹⁰		Total of all share scheme interests and shareholdings as at 2 July 2022 ¹¹
	Unvested scheme interests (subject to performance measures) ¹	Unvested scheme interests (not subject to performance measures) ²	Vested but unexercised share options	Total shares subject to outstanding scheme interests	As at 3 July 2021	As at 2 July 2022	
Executive directors							
Christian Schreyer	42,203	—	—	42,203	—	—	42,203 ³
Sarah Mussenden	—	—	—	—	—	—	—
Former executive directors							
Gordon Boyd (interim) ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Brown	135,061	16,123	18,612	169,796 ⁵	87,919	N/A ⁶	N/A ⁶
Elodie Brian	—	—	2,439 ⁷	2,439	5,900	N/A ⁸	N/A ⁸
Non-executive directors							
Clare Hollingsworth	—	—	—	—	2,290	2,290	2,290 ⁹
David Blackwood	—	—	—	—	—	—	—
Dominic Lavelle	—	—	—	—	—	—	—
Harry Holt	—	—	—	—	—	—	—
Leanne Wood	—	—	—	—	294	294	294 ⁹
Adrian Ewer ¹²	—	—	—	—	3,022	N/A	N/A

1. Nil cost options awarded under the Long Term Incentive Plan (LTIP) and Restricted Share Plan (RSP) and subject to performance measures or underpins respectively.

2. Nil cost options awarded under the Deferred Share Bonus Plan (DSBP) and not subject to performance conditions.

3. Following the Court hearing on 6 October 2022, which sanctioned the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited (the Scheme of Arrangement), Christian Schreyer's 2021 RSP award vested in full.

4. Gordon Boyd resigned from the Board as Interim Group Chief Financial Officer on 28 March 2022.

5. Of the 169,796 ordinary shares, 135,061 relate to the 2019 and 2020 LTIP awards and 16,123 shares relate to the 2019 DSBP award which David Brown voluntarily waived following his retirement. Further details can be found on page 99.

6. David Brown retired from the Board as Group Chief Executive on 5 November 2021.

7. Relates to vested but unexercised 2014, 2015, 2016, 2017 and 2018 deferred share bonus awards which were granted on 25 November 2014, 19 November 2015, 15 November 2016, 17 November 2017 and 16 November 2018 respectively when Elodie Brian was Finance and Contracts Director of Southeastern.

8. Elodie resigned from the Board as Group Chief Financial Officer on 27 September 2021.

9. Following completion of the Scheme of Arrangement on 10 October 2022, all outstanding shares were acquired by Gerrard Investment Bidco Limited.

10. 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 were held in trust under the Group's Share Incentive Plan.

11. All share plan interests, vested, unvested and unexercised, together with any holdings of ordinary shares.

12. Adrian Ewer resigned from the Board as Audit Committee Chair and Senior Independent Director with effect from 19 January 2022.

Directors' share ownership guidelines (audited)

Prior to the Scheme of Arrangement which completed on 10 October 2022, executive directors were encouraged to build up a high level of personal shareholding to ensure a continuing alignment of interests with shareholders as soon as possible and within five years of their date of appointment. The shareholding guidelines required executive directors to hold ordinary shares which equalled in value to 200 per cent of their base salary.

In addition, executive directors were required to retain 50 per cent of the post-tax gain on vested LTIP, RSP and DSBP awards until the shareholding requirement was met. Additionally, LTIP and RSP awards were required to be retained until the fifth anniversary from date of grant.

As at 2 July 2022, neither the Group Chief Executive nor Group Chief Financial Officer held any beneficial shares given they had only been in post for a short time. Trading in Go-Ahead's shares had also been restricted for a significant time due to the delays in the announcement of the Group's 2021 results and the subsequent suspension of its shares. Therefore, their shareholding as a percentage of salary was nil and the shareholding guideline had not been met.

Directors' Remuneration Report continued

Section 2: Additional information on 2022 remuneration continued

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

The following tables set out details of the executive directors' outstanding share awards as at 2 July 2022. The Group Chief Financial Officer, in post between 9 May 2022 and 31 December 2022, and the Interim Group Chief Financial Officer in post between 28 September 2021 and 28 March 2022 did not have any outstanding share awards and options during the year ended 2 July 2022.

Group Chief Executive, Christian Schreyer

Christian Schreyer received a 2021 Restricted Share Plan (RSP) award, details of which are set out in the table below, and further information is provided on page 100.

Plan	Date of grant	Mid-market price on date of grant £	Balance at 3 July 2021	Granted in year	Exercised in year	Lapsed in year	Balance at 2 July 2022
RSP	5.5.22	9.774	—	42,203	—	—	42,203
Total			—	42,203	—	—	42,203

Former Group Chief Executive, David Brown

Following his retirement, David Brown voluntarily waived his rights to his 2019 Deferred Share Bonus Plan (DSBP) award and to his unvested 2019 and 2020 Long Term Incentive Plan (LTIP) awards. His 2018 DSBP award vested on 16 November 2021.

	Date of grant	Mid-market price on date of grant £	Balance at 3 July 2021	Granted in year	Exercised in year	Lapsed in year	Balance at 2 July 2022
DSBP	16.11.18	15.61 ¹	18,612	—	—	—	18,612
	15.11.19	20.49 ²	16,123	—	—	—	16,123
LTIP	16.11.18	15.79 ³	53,912	—	—	53,912	—
	15.11.19	20.49 ³	42,580	—	—	—	42,580
	15.12.20	9.44 ³	92,481	—	—	—	92,481
Total			223,708	—	—	53,912	169,796

1. The number of shares over which the 2018 Deferred Share Bonus Plan award was granted was calculated using the average of the middle market quotations during the period of 20 dealing days immediately prior to the date of grant in accordance with the Plan Rules.
2. In accordance with emerging best practice, the number of shares over which the 2019 Deferred Share Bonus Plan award was granted was calculated using the average of the middle market quotations during the period of five dealing days immediately prior to the date of grant also in accordance with the Plan Rules.
3. The number of shares over which the 2018–2020 LTIP awards were granted was calculated using 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.

Former Group Chief Financial Officer, Elodie Brian

Elodie Brian's 2018 DSBP award vested on 16 November 2021. Her 2019 DSBP award and 2019 and 2020 LTIP awards lapsed upon her leaving date.

Plan	Date of grant	Mid-market price on date of grant £	Balance at 3 July 2021	Granted in year	Exercised in year	Lapsed in year	Balance at 2 July 2022
DSBP	25.11.14	24.74 ¹	505 ³	—	—	—	505 ⁴
	19.11.15	25.17 ¹	658 ³	—	—	—	658 ⁴
	15.11.16	20.81 ¹	374 ³	—	—	—	374 ⁴
	17.11.17	17.27 ¹	402 ³	—	—	—	402 ⁴
	16.11.18	15.61 ¹	500 ³	—	—	—	500 ⁴
	15.11.19	20.49 ¹	2,503	—	—	2,503	—
LTIP	15.11.19	20.49 ²	16,347	—	—	16,347	—
	15.12.20	9.44 ²	35,506	—	—	35,506	—
Total			56,795	—	—	54,356	2,439

1. The number of shares over which the 2014–2018 DSBP awards were granted was calculated using the average of the middle market quotations during the period of 20 dealing days immediately prior to the date of grant in accordance with the Plan Rules. In accordance with emerging best practice, the number of shares over which the 2019 DSBP award was granted was calculated using 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 number of shares over which the 2019 and 2020 LTIP awards were granted was calculated using 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.
3. Relates to the DSBP awards granted to Elodie Brian between 2014 and 2018, prior to her statutory appointment to the Group Board in June 2019, and during her employment as Finance and Contracts Director for Southeastern.
4. Relates to the DSBP awards granted to Elodie Brian between 2014 and 2018 which vested on 25 November 2017, 19 November 2018, 15 November 2019, 17 November 2020 and 16 November 2021 and remained unexercised as at 2 July 2022. Following year end, Elodie exercised her 2014–2018 DSBP awards on 14 September 2022, 6 October 2022, 25 August 2022, 1 September 2022 and 6 October 2022 respectively.

Directors' Remuneration Report continued

Section 2: Additional information on 2022 remuneration continued

Restricted Share Plan (RSP)

2021 RSP award granted during the year ended 2 July 2022 (audited)

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 at threshold	Vesting determined by performance over
Christian Schreyer	75% of base salary	£9.84	42,203	415	No threshold or other level of performance that dictates a formulaic outcome. See financial and non-financial underpins below this table.	Three financial years ending on 29 June 2024

1. The number of shares over which the award was granted was calculated using a share price of £9.774, 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 £9.84. This was the share price on 5 May 2022, the date of grant.

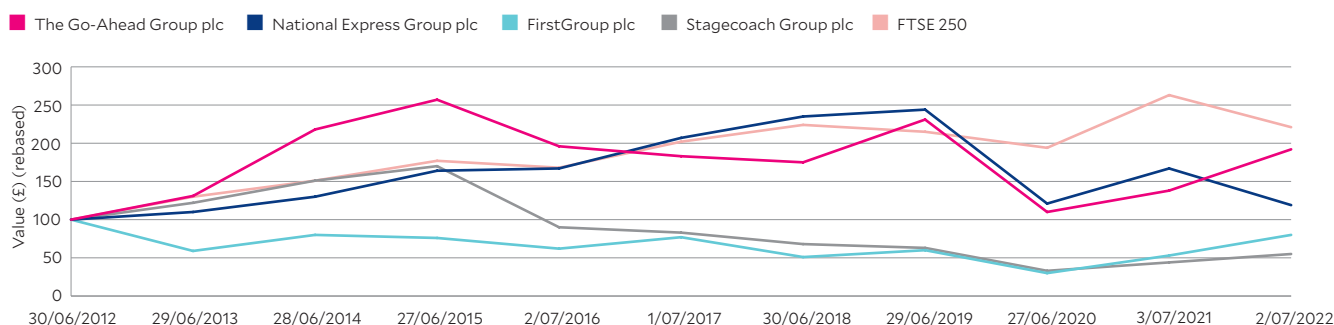
Financial and non-financial underpins attaching to the 2021 RSP award (audited)

The financial and non-financial underpins set at the time of grant attaching to the 2021 RSP award were as follows:

- Cash generation/net debt ratio** – maintain a healthy level of cash generation, maintain a net debt/EBITDA ratio (excluding exceptionals) within the target range set by the Group's capital allocation policy and resume appropriate returns to shareholders
- Colleague engagement** – continue to progress the colleague engagement score as measured regularly through surveys and drive the diversity and inclusion agenda to increase the proportion of female and ethnically diverse colleagues at all levels in the organisation
- Health and safety** – maintain key safety metrics and avoid any major incident causing harm or reputational damage
- Climate change strategy** – develop the business case for decarbonisation and progress towards net zero target

Total shareholder return (TSR) performance graph 2012- 2022

The graph below shows a comparison of The Go-Ahead Group plc (now re-registered as The Go-Ahead Group Limited) cumulative TSR against that achieved by the FTSE 250 Index for the last ten financial years to 2 July 2022. The chart shows cumulative TSR over the same period for the other major UK transportation groups. In assessing the performance of the Group's TSR, the Committee believes that the FTSE 250 index comparator group is still an appropriate and fair benchmark in assessing the performance of the Group's TSR.



Directors' Remuneration Report continued

Section 2: Additional information on 2022 remuneration continued

Remuneration of the Group Chief Executive over the last ten years

The table below shows the remuneration of the Group Chief Executive for the period from 29 June 2013 to 2 July 2022. The total remuneration figure includes the annual 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	Total single remuneration figure £'000	Annual performance-related bonus (actual award vs maximum opportunity) % vesting	Long term incentive (vesting vs maximum opportunity) % vesting
2022	Christian Schreyer	976	98.2% ¹	nil ²
2022	David Brown	203	nil ³	nil ⁴
2021	David Brown	548	nil ⁵	nil ⁶
2020	David Brown	558	nil ⁷	nil ⁸
2019	David Brown	1,269	75.8% ⁹	nil ¹⁰
2018	David Brown	1,175	68.3% ¹¹	nil ¹²
2017	David Brown	782	nil ¹³	54.0%
2016	David Brown	1,214	nil ¹³	90.0%
2015	David Brown	2,134	69.6%	100.0%
2014	David Brown	1,960	97.5%	80.0%
2013	David Brown	942	55.3%	—

- Based on the assessment of performance against targets, the Group Chief Executive was awarded an overall annual performance-related bonus of 98.2 per cent of the maximum bonus opportunity (147.3 per cent of base salary) for the year ended 2 July 2022 which was pro-rated for his time on the Board.
- Following completion of the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited on 10 October 2022, the Group Chief Executive's 2021 RSP award vested in full.
- The former Group Chief Executive was awarded no annual performance-related bonus for the year ended 2 July 2022.
- Following his retirement, the former Group Chief Executive voluntarily waived his 2019 and 2020 LTIP awards.
- The Group Chief Executive was awarded no annual performance-related bonus for the year ended 3 July 2021.
- The 2018 LTIP award lapsed in full from November 2021 on account of none of the performance measures being met following the three-year performance period ended 3 July 2021.
- The Group Chief Executive was awarded no annual performance-related bonus for the year ended 27 June 2020.
- The 2017 LTIP award lapsed in full in November 2020 on account of none of the performance measures being met following the three-year performance period ended 27 June 2020.
- Based on the assessment of performance against targets, the Group Chief Executive was awarded an overall annual performance-related bonus of 75.8 per cent of the maximum bonus opportunity (113.6 per cent of base salary) for the year ended 29 June 2019.
- The 2016 LTIP award lapsed in full from November 2019 on account of none of the performance measures being met following the three-year performance period ended 29 June 2019.
- In accordance with the executive directors' request to reduce any performance-related bonus by 25 per cent, the Committee exercised discretion and reduced the Group Chief Executive's overall 2018 bonus by 25 per cent resulting in an actual bonus of 68.3 per cent of maximum bonus (102.4 per cent of salary).
- The 2015 LTIP award lapsed in full in November 2018 on account of none of the performance measures being met following the three-year performance period ended 30 June 2018.
- At the request of the Group Chief Executive, there were no annual performance-related bonuses paid for the years 2017 and 2016.

Directors' Remuneration Report continued

Section 2: Additional information on 2022 remuneration continued

Annual change in directors' remuneration compared to average employee remuneration

In accordance with the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the table below shows the movement in the salary, benefits and annual bonus for all directors between the current and previous financial year compared to the average change for all employees of the Group's parent company.

The increase in percentage change from 2021 to 2022 of salary/fees reflects the 20 per cent reduction in base salaries that the executive and non-executive directors voluntarily waived for part of the 2021 financial year in response to the COVID-19 pandemic. For non-executive directors only, it is also reflective of the 3 per cent increase to base fee levels applicable from 1 April 2022.

	% change from 2021 to 2022			% change from 2020 to 2021			% change from 2019 to 2020		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Christian Schreyer ¹	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sarah Mussenden ¹	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gordon Boyd ¹	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Brown	7.1% ²	4.1% ³	0.0% ⁴	(1.8)% ⁵	2.6%	0.0% ⁴	(3.2)% ⁵	7.3%	(100)% ⁴
Elodie Brian	7.1% ⁷	0.0%	0.0% ⁴	(2.0)% ⁵	0.0%	0.0% ⁴	(4.8)% ^{5,6}	0.0%	0.0% ⁴
Clare Hollingsworth ⁸	7.9%	N/A	N/A	(1.8)% ⁵	N/A	N/A	N/A	N/A	N/A
David Blackwood ⁹	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dominic Lavelle ⁹	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Harry Holt	7.9%	N/A	N/A	(1.8)% ⁵	N/A	N/A	(3.2)% ⁵	N/A	N/A
Leanne Wood ¹⁰	7.9%	N/A	N/A	3.0% ⁵	N/A	N/A	6.3% ⁵	N/A	N/A
Adrian Ewer ¹¹	7.9%	N/A	N/A	0.9% ⁵	N/A	N/A	1.7% ⁵	N/A	N/A
Average employees of parent company ¹²	5.6%	2%	N/A% ¹³	2.6%	(10)%	N/A ¹³	3.6%	0.9%	(100)% ¹³

- Christian Schreyer and Sarah Mussenden were appointed as Group Chief Executive and Group Chief Financial Officer with effect from 5 November 2021 and 9 May 2022 respectively. Gordon Boyd was Interim Group Financial Officer between 28 September 2021 and 28 March 2022. No remuneration was received by any of these directors during the year ended 3 July 2021.
- David Brown stepped down from the Board as Group Chief Executive on 5 November 2021. To provide a representative comparison, the percentage change has been calculated as if he received his full base salary of £581,710 for the full year ended 3 July 2021.
- To provide a representative comparison, the percentage change has been calculated as if David Brown received family healthcare membership for the full financial year. For the year 2 July 2022, this would have amounted to £4,620. The Group Chief Executive received family healthcare membership in the amount of £4,439 for the year ended 3 July 2021 and £4,325 for the year ended 27 June 2020 (2019: £4,030).
- Neither David Brown or Elodie Brian were awarded an annual performance-related bonus for the years ended 2 July 2022, 3 July 2021 or 27 June 2020 (2019: £660,882 and £nil respectively).
- No executive or non-executive director was awarded a base salary or fee increase for the years ended 3 July 2021 or 27 June 2020. Each director volunteered to temporarily waive 20 per cent of their base salaries/fees between 1 April 2020 and 31 October 2020.
- The Group Chief Financial Officer was appointed as statutory director from 5 June 2019. To provide a representative comparison, the percentage change has been calculated as if she received her full base salary of £335,000 for the full year ended 29 June 2019.
- Elodie Brian stepped down from the Board as Group Chief Financial Officer on 27 September 2021. To provide a representative comparison, the percentage change has been calculated as if she received her full base salary of £335,000 for the full year ended 2 July 2022.
- Clare Hollingsworth was appointed to the Board as Non-Executive Chair Designate on 1 August 2019 before succeeding Andrew Allner as Non-Executive Chair at the conclusion of the 2019 AGM. Remuneration for 2020 was part year from 1 August 2019 to 27 June 2020. To provide a representative comparison, the percentage change from 2020 to 2021 has been calculated as if she received fees of £179,360 for the full year ended 27 June 2020. No remuneration was received for 2019.
- David Blackwood and Dominic Lavelle were appointed as non-executive directors in January 2022, succeeding Adrian Ewer as Senior Independent Director and Audit Committee Chair respectively. No remuneration was received by either of them for the year ended 3 July 2021.
- Leanne Wood succeeded Katherine Innes Ker as Remuneration Committee Chair with effect from the conclusion of the 2019 AGM. She receives an additional £8,000 per annum for this role.
- Adrian Ewer succeeded Katherine Innes Ker as Senior Independent Director with effect from the conclusion of the 2019 AGM and received an additional £5,000 per annum from assumption of that role together with an additional £8,000 per annum for his role of Audit Committee Chair. Adrian stepped down from the Board with effect from 19 January 2022. To provide a representative comparison, the percentage change from 2021 to 2022 has been calculated as if he received fees of £66,127.26 for the full year ended 2 July 2022.
- Reflects the average percentage change in salary, benefits and bonus for employees of the parent company for the current and previous financial year (excluding the Board) on a full time equivalent basis. Leavers, joiners and employees on reduced pay (due to sick pay, maternity leave, etc.) have been excluded as have employees on secondment. Where applicable, reduced salaries of 80 per cent in respect of furloughed employees have been included in the calculation plus any annual leave taken during the furlough period, which was paid at 100 per cent, whilst receiving a reduction in salary.
- In total, employees of the Group's parent company earned £1.5m in bonus for the year ended 2 July 2022 (2021: £1.0m). Given bonuses in the prior year were paid at minimal levels, no meaningful increase in percentage can be presented in the current year. No bonuses were paid to employees of the Group's parent company for the year ended 27 June 2020.

Directors' Remuneration Report continued

Section 2: Additional information on 2022 remuneration continued

Group Chief Executive pay ratio

The table below sets out the ratios of the combined total remuneration of the Group Chief Executive and his predecessor in the financial year ended 2 July 2022 to the equivalent pay for the lower quartile, median and upper quartile UK employees (calculated on a full time basis). The ratios have been calculated in accordance with The Companies (Miscellaneous Reporting) Regulations 2018.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2022	Option A	43:1	34:1	26:1
2021	Option A	22:1	17:1	14:1
2020	Option A	22:1	17:1	13:1
2019	Option A	47:1	37:1	29:1

Total pay and benefits

Year	CEO £'000	25th percentile pay ratio £'000	50th percentile pay ratio £'000	75th percentile pay ratio £'000
2022	1,179	27	35	45

Base salary component of total pay and benefits

Year	CEO £'000	25th percentile pay ratio £'000	50th percentile pay ratio £'000	75th percentile pay ratio £'000
2022	569	20	27	41

The 2022 total pay and benefits for the Group Chief Executive was calculated by combining the total remuneration of the former Group Chief Executive (David Brown) and the new permanent Group Chief Executive (Christian Schreyer) as set out in the total single figure remuneration table on page 94. Calculations have been based on remuneration received by Christian Schreyer from 1 November 2021, the date he joined the Board as a statutory director, notwithstanding he succeeded David Brown as Group Chief Executive with effect from 5 November 2021.

The median pay ratio has increased between 2021 and 2022 due to the combined Group's Chief Executive's total pay and benefits having increased by £631,000. This includes an increase in salary due to (i) the former Group Chief Executive temporarily waiving 20% of his base salary between 1 April 2020 and 31 October 2020 in response to the COVID-19 pandemic and hence resulting in a lower than normal salary for the financial year ended 3 July 2021 and (ii) the five day overlap from the date Christian Schreyer joined the Board as statutory director and the date the former Group Chief Executive retired as mentioned above. It also includes an increase in taxable benefits primarily due to the relocation allowance received by the current Group Chief Executive (£8,333 payable monthly for the first 24 months of employment). The largest contributory factor is however the current Group Chief Executive's annual performance-related bonus awarded for the year ended 2022, awarded in recognition of the progress made in the year both against the targets set and in preparing the business for the next stage of its development by completing the business review. The bonus awarded also reflected the Group Chief Executive's critical role in leading the Company through the discussions with Gerrard Investment Bidco Limited on the terms of a recommended cash acquisition of the Company, further details of which are set out in the Chair's statement on page 5 and the Board activities section of the Corporate Governance Report on page 70.

By contrast, the former Group Chief Executive did not receive an annual performance-related bonus for 2020 or 2021 due to the impact of the COVID-19 pandemic resulting in lower total single remuneration figures for these years and hence lower pay ratios. The 2022 median CEO pay ratio is therefore more in line with 2019.

The Committee believes that the median pay ratio is consistent with the Group's pay, reward and progression policies. Base salaries of all colleagues, including the executive directors, are set with reference to a range of factors including market comparators, individual experience and performance in role.

1. "Option A" methodology was selected on the basis that it provides the most robust and statistically accurate means of identifying the median, lower quartile and upper quartile colleagues.
2. The workforce comparison is based on actual payroll data for the period 3 July 2021 to 2 July 2022.
3. The total single figure remuneration calculated for each employee includes full time equivalent base pay, annual bonuses for the 2021 performance year, overtime, benefits, allowances and employer pension contributions. For furloughed employees, total single figure remuneration is based on reduced salaries of 80 per cent.
4. Due to the timing constraints of when employee annual bonuses are determined and paid across the Group, the value of employee annual bonus payments included in the calculation is in respect of the year ended 3 July 2021.
5. Part time workers have been included by calculating the full time equivalent value of their pay and benefits.
6. Leavers, joiners and employees on reduced pay (due to sick pay, maternity leave, etc.) have been included.
7. Smart pension reductions have been excluded on the basis that these are a voluntary arrangement whereby an employee forgoes part of their salary in exchange for additional pension contributions rather than a reduction in the salary provided.

Directors' Remuneration Report continued

Section 2: Additional information on 2022 remuneration continued

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 ended 2 July 2022 being reported compared with the previous financial year ended 3 July 2021.

For further information on the figures footnoted within the table below, please see page 164.

Year	2022 £m	2021 £m	% change
Dividends*	Nil	Nil	Nil
Overall expenditure on pay	1,291.5	1,418.8	(9.0)

* Given the financial position of the Group, the Board took the decision not to propose an interim dividend to shareholders. Under the terms of the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited which completed on 10 October 2022, a special dividend of £1.00 per share has been paid to shareholders on 24 October 2022 in lieu of a final dividend for the year ended 2 July 2022 (2021 total dividend: £nil).

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)

The Group made a contribution of £15,000 plus VAT towards the former Group Chief Financial Officer's legal fees in connection with her departure. Other than this there were no payments made to former executive directors or payments for loss of office during the year ended 2 July 2022 (2021: £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.

Appointments – executive directors and non-executive directors' service contracts

Details of the service agreements of executive directors, letters of appointment for the Chair and non-executive directors, retirement and re-election of directors and external appointments are outlined within the remuneration policy on pages 117 to 128 of the 2021 Annual Report and Accounts.

Directors' Remuneration Report continued

Section 3: Implementation of remuneration policy in 2023

Following approval at the 2022 General Meeting, the Committee is not proposing any changes to the Group's remuneration policy for the 2023 financial year.

Executive directors' 2023 base salaries

The Group Chief Executive was appointed on a base salary of £550,000. The Group Chief Financial Officer was appointed on a base salary of £375,000.

Benefits

The benefits for executive directors will be in line with the remuneration policy, as set out in our 2021 report.

Pensions

Pension provision for executive directors has been aligned with the majority of the workforce, with the executive directors being eligible to receive 3 per cent of qualifying earnings as pension provision or receive a cash alternative equivalent.

2023 performance-related bonus

The Committee has determined that the Group Chief Executive will be eligible to receive a 2023 annual performance-related bonus opportunity, equal to 150 per cent of base salary.

The performance measures and weightings for 2023, which remain unchanged from 2022, are as follows:

Metric	Weighting (% of maximum bonus)
Operating profit	60%
Group cashflow	15%
Strategic KPIs	25%

The Group cashflow metric will be defined as free cashflow in order to provide focus on working capital. Operating profit, cashflow and strategic KPI targets will be stretching for the 2023 financial year.

Discretion exists to adjust the formulaic outcome of any incentive to better reflect the underlying performance of the business, which will include a review of health and safety performance.

Given completion of the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited, the outcome of the performance-related bonus will be assessed at the end of the year.

Malus and clawback provisions will apply to the annual performance-related bonus.

2022 Restricted Share Plan (RSP) award

Given the sanction of the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited completed prior to the grant date of the 2022 RSP awards, the awards will not be made.

Relocation allowance

Due to the international relocation required to perform the role, the Group Chief Executive will continue to receive a monthly relocation allowance of £8,333 for the first 24 months of his employment, as disclosed in last year's report. The Committee felt that a relocation allowance spread over two years was appropriate under the circumstances taking into account the specifics of the international relocation to the UK including the ongoing uncertainty around the international travel constraints.

Group Chief Financial Officer leaver arrangements

The Group Chief Financial Officer left Go-Ahead at the end of the year. The remuneration she was paid on leaving was in accordance with our remuneration policy.

Non-executive directors' fees

Non-executive directors' fees and the supplement paid for chairing a committee or being the Senior Independent Director remained unchanged from 1 April 2022 up until the Scheme of Arrangement between Go-Ahead and Gerrard Investment Bidco Limited completed on 10 October 2022.

Arrangements on change of ownership

Given the recent change of ownership, remuneration arrangements are expected to remain broadly in line with the relevant provisions of the Remuneration Policy, save that a review of the Policy is being undertaken in the context of the business no longer being listed on the London Stock Exchange.



Clare Hollingsworth
Chair

24 February 2023

Corporate governance

Directors' Report

The directors present their Directors' Report and audited financial statements for the year ended 2 July 2022.

Information incorporated by reference

The following information is provided in other appropriate sections of this Annual Report and Accounts and is incorporated by reference:

Information	Reported in	Page(s)
Corporate governance	Corporate Governance Report	65 to 114
	Directors' Statement of Responsibilities	115
Directors	Board overview	66 to 69
	Directors' Remuneration Report – directors' shareholdings and share plan interests	98 to 100
Employees	Non-Financial Information Statement	2
	Strategic Report – employee policies, employee engagement and information on diversity and inclusion	37 to 39
	Directors' Report – employee involvement (including policy on employment of disabled persons)	108
Business model	Strategic Report	9 to 10
Likely future developments in the business	Strategic Report	1 to 64
Important events since 2 July 2022	Strategic Report	106 and 107
Greenhouse gas emissions and energy consumption	Strategic Report	45 to 48
	Appendix to Directors' Report	111 to 114
Risk factors and principal risks	Strategic Report	51 to 64
Stakeholder engagement	Strategic Report	25 to 27
	Corporate Governance Report	75 to 76
Going concern	Strategic Report	49 to 50

Post-balance sheet events

Regional Bus

On 19 August 2022, the DfT announced that the Bus Recovery Grant (BRG) will be extended for a further 6 months to the end of March 2023, with £130.0m of funding available for UK bus services. Following this, on 17 February 2023 a further extension of BRG funding to 30 June 2023 was announced, with an additional £80.0m of funding available.

On 19 December 2022, the DfT announced the introduction of a scheme to cap most single bus fares in England (outside London) to £2 from 1st January 2023 until 31st March 2023, with funding available for UK bus services of £60.0m. Following this on 17 February 2023 an extension to the scheme was announced to 30 June 2023, with £75.0m of additional funding available.

The Group has won the first two contracts to be awarded by Transport for Greater Manchester as part of its plan to re-regulate bus services in the city region under its new Bee Network. Go-Ahead's Go North West operating company will run 55 bus routes in both Wigan and Bolton from 17 September 2023.

On 14 November 2022, Go-Ahead purchased 100% of the issued share capital of Clyst St-Mary-based coach and bus operator, Dartline Coaches, for approximately £5.0m. The acquisition saw 118 employees and 84 vehicles become part of Go South West's operating company and will expand the Group's business in the region. Goodwill of approximately £1.0m was recognised as a result of the transaction. At the acquisition date, Dartline Coaches held tangible fixed assets of approximately £3.4m, current assets of £2.0m and liabilities of £1.5m. The accounting for this transaction is currently being finalised at the time of publication of the Annual Report and Accounts.

On 1 February 2023, Go-Ahead acquired 100% of the issued share capital of Southdown Buses for approximately £5.0m. Southdown Buses is a bus company operating in East Surrey, Kent and Sussex. Southdown, which operates 25 buses and employs 43 people, will operate as a subsidiary of Go-Ahead's Brighton-based operating company. The company runs scheduled routes and provides rail replacement bus services, and it will expand the Group's business in the region. The accounting for this transaction is currently in progress at the time of publication of the Annual Report and Accounts.

Directors' Report continued

Post-balance sheet events continued

London & International Bus

On 24 August 2022, it was confirmed that the Land Transport Authority of Singapore had granted a three-year contract extension to Go-Ahead Singapore to continue operating in the Loyang region of the island. The extension begins in September 2023 and will run until September 2026. This follows the initial five-year contract which saw the Group's entry into the Singapore bus market in September 2016. This is Go-Ahead Singapore's second contract extension, with the first being a two-year extension awarded in August 2020, running from September 2021 to September 2023.

In December 2022, Go-Ahead won a contract to operate buses in Sydney, under a joint venture with an Australian company, UGL. This takes the Group into a new market, and is in line with the ambition set out for international expansion under the Group's new strategy. The buses will run under a brand the Group has created for the joint venture, called U-Go Mobility. From July 2023, the Group will be operating a network of 225 buses, to be run by more than 400 colleagues in an area stretching from Sydney's southern beaches to the city's south-western suburbs. The Group will be delivering more than 500,000 passenger journeys daily.

International Rail

Subsequent to the year-end, a dispute has arisen with the Norwegian Rail Directorate relating to specific terms for the compensation for loss of passenger income mechanism that had been agreed under the revised agreement traffic agreement dated 28 June 2022. Based on legal advice obtained and review of correspondence between the Company and the Rail Directorate at the time of the signing of the revised agreement in June, the Directors are satisfied that the onerous provision has been calculated based on the terms of the revised agreement. Whilst the Directors are confident of a successful outcome, until such time as the dispute is resolved with the Directorate there remains a possible risk that if successfully challenged by the Directorate, this could increase the onerous contract provision by up to £20.0m. The Directors consider that the onerous contract provision reflects their best estimate of the terms agreed at the time.

Offer and subsequent purchase of Go-Ahead by Gerrard Investment Bidco Limited ("Bidco")

On 13 June 2022, the boards of directors of Bidco and Go-Ahead announced they had reached agreement on the terms of a recommended cash offer for the Group, pursuant to which Bidco would acquire the entire issued share capital of Go-Ahead (the "Scheme of Arrangement"). Bidco is a newly formed company indirectly owned by Kinetic TCo Pty Ltd (Kinetic) and Globalvia Inversiones S.A.U. (Globalvia). This offer was increased on 4 August 2022, to 1,550p for each Go-Ahead share, comprising 1,450p in cash and a special dividend of 100p per Go-Ahead share.

On 16 August 2022, the Scheme of Arrangement was approved by the requisite majority of shareholders. The Scheme of Arrangement was subject to certain other conditions including sanction by the Court which took place on 6 October 2022, with the Scheme of Arrangement becoming effective on 10 October 2022 and the Group's shares being delisted on 11 October 2022.

Cyber security incident

On 5 September 2022, a cyber security incident was announced by the Group after unauthorised activity was detected on its network. Upon becoming aware of the incident, the Group immediately engaged external forensic specialists and took precautionary measures with its IT infrastructure. There is no financial impact of this in the financial year ended 2 July 2022 and the financial impact in FY23 is currently still being assessed.

Board changes

For information on Board changes that occurred subsequent to the year ended 2 July 2022, please see the Board Overview on pages 66 to 69 of the Corporate Governance Report.

Group's articles of association (the articles)

The articles may only be amended by a special resolution at a general meeting of shareholders and must comply with the provisions of the Companies Act 2006 (the Act). In conjunction with the re-registration of the Company to a private limited company on 13 October 2022, new articles of association were adopted by special resolution on 10 October 2022.

Directors' Report continued

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 Group's articles of association and conflicts of interest policy. All Board directors are required to make the Board aware of any other commitments and potential conflicts of interest are advised to and approved by the Board and recorded in the conflicts register.

The Board has delegated authority to the Nomination Committee to keep under annual review any conflict or potential conflict of interest situations authorised by the Board and to determine whether it is appropriate for such matter(s) to remain so authorised. Following a review in 2022, the Nomination Committee concluded that no changes were required to the conflicts register.

Appointment and removal of directors

During the year ended 2 July 2022, the appointment and removal of directors was governed by the articles, the UK Corporate Governance Code (the Code), the Act and related legislation. Directors could be appointed by the Company, by ordinary resolution or by the Board. The Company could, by ordinary resolution, remove any director before the expiry of the director's period of office. The powers of the directors continue to be set out in the articles and the Act. Following completion of the acquisition, a joint venture agreement between Globalvia, Kinetic and the Company was entered into setting out additional approval mechanisms for Board changes.

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 2 July 2022 and continue to remain in force.

Employee involvement and equal opportunities

Go-Ahead is committed to employee involvement throughout the business. The Group is intent on motivating staff, keeping them informed on matters that concern them in the context of their employment, and involving them through local consultative procedures.

Employees are kept well informed on matters of interest and the financial and economic factors affecting the Group's performance. This is done through management channels, Group forums, meetings, publications and intranet sites. More detail on inclusion and development, together with information on employee engagement and learning and development, can be found in the "Our people" section of the Strategic Report.

During the year, Go-Ahead supported employee share ownership by operating an all-employee Share Incentive Plan, in which 1,691 colleagues participated as at 2 July 2022. Following completion of the Scheme of Arrangement, the Share Incentive Plan ceased to operate.

The Group believes in equal opportunities regardless of gender, age, religion or belief, sexual orientation, race and, where practicable, disability. This approach is underpinned by our commitment to providing equal opportunities to our current and potential employees and applying fair and equitable employment practices. The Group gives full and fair consideration to job applications from people with disabilities, considering their skills and abilities. Where an employee may become disabled, whether through accident, illness or injury, every reasonable and practicable consideration will be given to ensure that they may remain in employment. There may be some instances where reasonable adjustments cannot be made; where this occurs the Company will endeavour to find a suitable alternative position. The Group's equal opportunities, diversity and inclusion policy forms part of our code of conduct policy.

Substantial shareholdings

As at 2 July 2022, the Group had been notified of the following major interests in voting rights in the Company:

	Number of ordinary shares disclosed	% of voting rights disclosed
abrdn plc	5,240,801	12.14
Jupiter Fund Management plc	4,375,421	10.13
Aberforth Partners LLP	2,194,233	5.08

Following completion of the Scheme of Arrangement and, as at the date of this report, Bidco controls 100 per cent of the Company's issued share capital (excluding shares held in treasury) and voting rights.

Directors' Report continued

Shareholder and control structure

As at 2 July 2022, the Group's issued share capital comprised a single class of shares referred to as ordinary shares, with a nominal value of 10p each. As at this date, there were 47,079,620 ordinary shares in issue, of which 3,902,230 were held in treasury and carried no voting rights. Until 7.30am on 11 October 2022, the ordinary shares were admitted to trading on the London Stock Exchange.

The Group did not purchase any of its own shares during the year either for cancellation or to hold as treasury shares, and no such shares were purchased between the period end and the date of this report. However, Computershare Trustees (Jersey) Limited, the Trustees of The Go-Ahead Group Employee Trust (the Trust), purchased ordinary shares of 10p each in the Group as part of a planned programme of share purchases to satisfy awards made under the Group's Restricted Share Plan, Long Term Incentive Plan and Deferred Share Bonus Plan awards.

The Group is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights other than:

- Certain restrictions which may from time to time be imposed by laws and regulations
- Restrictions whereby certain employees of the Group require the approval of the Group to deal in the Group's securities

All shareholders have the same voting rights for each share regardless of the total number of shares held. On a show of hands at a general meeting of the Group, every holder of shares present in person or by proxy and entitled to vote shall have one vote (except in circumstances where a proxy has been appointed by more than one member, in which case he or she will have one vote for and one vote against if he or she has been instructed by one or more member to vote for the resolution and by one or more member to vote against). On a poll, every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. The notice of a general meeting will specify any deadlines for exercising voting rights in respect of the meeting concerned.

The powers of the directors to issue or repurchase ordinary shares are as set out by a resolution passed by shareholders at the 2021 Annual General Meeting. The authorities for the directors to allot relevant securities, up to an aggregate nominal amount of £1,439,246 and for the disapplication of pre-emption rights on the allotment of securities, for cash up to an aggregate nominal amount of £215,886 were not utilised in the financial year or up to the date of this Annual Report and Accounts and such authorities expired on 30 December 2022.

At the 2021 Annual General Meeting, the Company was granted authority by its shareholders to repurchase up to 4,317,739 of its ordinary shares. No shares were acquired under this authority which expired on 30 December 2022.

The Group's UK Rail franchise agreement, and any successor thereof, is subject to change of control criteria that would mean, on a change of control, there would be deemed to be an "event of default" that could potentially terminate the rail franchise. This is, however, subject to the discretion of the Secretary of State. Additionally, the Group's sterling bond issue dated 6 July 2017, and the revolving credit and loan facilities dated 16 July 2014, 27 April 2017, 23 October 2017, 20 July 2018, 9 July 2019 and 30 September 2021 are subject to change of control clauses that contain certain specified conditions which could lead to a compulsory repayment of the bond and loans respectively. Transport for London, the Land Transport Authority (LTA) in Singapore and the National Transport Authority in Ireland all have powers to prevent the operation of, respectively, London Bus, Go-Ahead Loyang PTE. Limited and Go-Ahead Transport Services (Dublin) Limited contracts by an existing operator which is the subject of a change of control. In Germany, certain areas of our franchise arrangements contain change of control provisions which require approval from the Passenger Transport Authority. These are the E-Net Allgäu Bavaria and ABN Lot 1 franchise arrangements. Also, in Norway there is a change of control clause in the agreement stating that change of control must be approved by the client, the Railway Directorate.

In parallel with the takeover process, and where appropriate, consent of third parties to the change of control of the Group was sought. As at the date of this report, consent has been received for all material contracts. Additionally, consent has been received from the relevant lessors of rolling stock.

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.

Results and dividend

The results for the year are set out in the consolidated income statement on page 134.

Under the terms of the Scheme of Arrangement which became effective on 10 October 2022, the Board recommended a special dividend of 100p per share in lieu of a final dividend for the year ended 2 July 2022.

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 (2021: £nil). Additionally, the Group did not incur any political expenditure as defined in the Act (2021: £nil).

Financial instruments

Details of the Group's financial risk management in relation to its financial instruments are available in note 24 of the consolidated financial statements.

Directors' Report continued**Share schemes****Employee Benefit Trust**

During the year, Computershare Trustees (Jersey) Limited, the Trustees of The Go-Ahead Group Employee Trust (the Trust), held 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 Restricted Share Plan (RSP), 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 42,882 ordinary shares at a total price of £359,950 (including all associated costs). The average price was £8.32 per share. As at 9 October 2022 (being the day prior to the Scheme of Arrangement becoming effective) the Trust held 185,814 ordinary shares representing 0.43 per cent of the issued share capital of the Group, less treasury shares, in trust for the benefit of the executive directors and senior managers of the Group under the RSP, LTIP and DSBP. Up until this date, the voting rights in relation to these shares were exercised by the Trustee and dividends waived while the shares were 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 Go-Ahead Group plc. In order to preserve certain tax benefits, these shares were held in a trust by Computershare Trustees Limited for participating employees. Whilst these shares were held in trust, the voting rights attached to them were not exercised by the Trustee or the employees for whom they are held.

As at 6 October 2022 (being the day the Scheme of Arrangement was sanctioned by the Court), 1.63 per cent of the issued share capital of the Group, less treasury shares, was held by Computershare Trustees Limited.

In accordance with the Share Incentive Plan rules, employees were entitled to direct Computershare Trustees Limited to accept the offer from Bidco in respect of the shares held on their behalf.

Approval

The Directors' Report was approved for issue by the Board of directors on 24 February 2023.

By order of the Board



Carolyn Ferguson
Group Company Secretary

24 February 2023

Greenhouse gas emissions

Our carbon footprint in tonnes of equivalent carbon dioxide (CO₂e):

	2021/22		2020/21		2019/20		2018/19	
	Consumption	tCO ₂ e	Consumption	tCO ₂ e	Consumption	tCO ₂ e	Consumption	tCO ₂ e
Scope 1								
Gas (bus) (kWh)	5,887,933	1,075	6,363,349	1,166	5,640,483	1,037	6,015,533	1,106
Gas biogas (bus) (Kgs)	238,343	—*	—	—	—	—	—	—
Gas premises (bus) (kWh)	23,789,343	4,343	27,091,214	4,962**	25,327,060	4,657	23,811,076	4,381
Gas premises (rail) (kWh)	14,361,594	2,622	28,213,640**	5,168**	23,026,795	4,234	24,922,178	4,582
Bus diesel (10% biodiesel blend) (ltrs)	132,762,139	339,584	132,291,707	332,360	136,608,713	347,810	142,617,090	369,964
Bus diesel (100% bio-diesel blend) (ltrs)	66,033	11	—	—	—	—	—	—
Bus HVO biodiesel (ltrs)	289,147	10	—	—	—	—	—	—
Ancillary fleet diesel (bus) (ltrs)	820,695	2,099	961,820	2,416	—	—	—	—
Ancillary fleet diesel (rail) (ltrs)	142,624	365	—	453	—	—	—	—
Gas oil (rail) (ltrs)	4,556,261	12,569	—***	10,656	4,325,028	11,927	5,381,957	14,845
AdBlue (bus) (ltrs)	5,706,952	1,358	4,992,905	1,188	4,414,278	1,051	n/a***	n/a***
Fugitive HFC emissions from air conditioner (bus)	—	4,410	—	4,370	—	7,384	—	n/a***
Fugitive HFC emissions from air conditioner (rail)	—	2,887	—	4,203	—	4,502	—	n/a***
Total scope 1 (tCO₂e)		371,333		366,942**		382,602**		394,878
Scope 2								
Traction electricity (kWh)	1,114,087,851	218,261	1,380,109,732**	293,610	1,477,645,807	346,306	1,356,323,985	346,676
Mains electricity premises (bus) (including Singapore and Ireland) (kWh)	19,914,310	4,804	19,833,628**	4,999**	19,264,512	5,179	18,789,409	3,953
Mains electricity premises (rail) (kWh)	53,560,125	10,393	71,293,912	15,165	71,999,941	16,814	74,410,676	19,019
Mains electricity premises (head office) (kWh)	133,566	26	115,257	24	122,954	29	183,629	47
Mains electricity electric bus (kWh)	14,149,779	2,879	9,206,680**	2,046**	4,729,277	1,110	2,352,029	601
Solar electricity generated and consumed in premises (bus) (kWh)	208,563	—	222,800	—	211,301	—	175,415	—
Solar electricity generated and consumed in premises (rail) (kWh)	521,769	—	857,865	—	734,430	—	431,706	—
Solar electricity generated and consumed in premises (total) (kWh)	730,332	—	1,080,665	—	945,731	—	607,121	—
Total scope 2 – location (tCO ₂ e)		236,363		315,844**		369,438		370,296
Total scope 2 – market (tCO ₂ e)		12,415		39,325**		67,279		61,971
Scope 1 & 2								
Total scope 1 & 2 aggregated (location-based)	—	607,696	—	682,786	—	752,040	—	765,174
YoY % change	—	(11.00)%	—	(9.21)%	—	(1.72)%	—	(7.65)%
% change on 2019/20 baseline	—	(19.19)%	—	(9.21)%	—	n/a	—	n/a
Scope 3								
Electricity – transmission and distribution (total)	—	21,261	—	27,820**	—	31,554	—	31,510

* Figure is 0.3 rounded down to nil.

** Figure restated due to actual data provided on premises energy consumption by the energy supplier. This data replaced estimations provided by the supplier at the end of the 2020/21 reporting period. More information in the 'Methodology, scope and exclusions' subsection below.

*** Figure not available.

Greenhouse gas emissions continued

Breakdown by division:

	2021/22		2020/21		2019/20		2018/19	
	Location	Market	Location	Market	Location	Market	Location	Market
Scope 1, 2 and 3								
Bus (tCO ₂ e)	361,175	355,714	354,053**	348,918**	368,761	364,115	381,314	382,413
Rail (tCO ₂ e)	267,752	49,291	356,527**	85,167**	415,283	117,798	416,169	105,084
Head Office (tCO ₂ e)	28	2	27	2	31	2	51	63
Total (tCO₂e)	628,955	405,007	710,607	434,087	784,075	481,916	797,534	487,561
Scopes 1-3 by country								
UK (tCO ₂ e)	538,538	330,983	626,479	334,292	703,158	389,243	742,915	432,914
Singapore (tCO ₂ e)	46,759	46,759	46,593	46,593	47,010	47,010	48,283	48,283
Ireland (tCO ₂ e)	13,933	14,022	13,671**	13,718**	11,964	12,010	6,336	6,364
Norway (tCO ₂ e)	1,248	1,009	1,044	768	1,025	736	—	—
Germany (tCO ₂ e)	28,342	12,092	22,820**	38,716**	20,919	32,915	—	—
Sweden (tCO ₂ e)	135	142	—	—	—	—	—	—
Total (tCO₂e)	628,955	405,007	710,607**	434,087**	784,075	481,916	797,534	487,561
Out of scopes								
Biogenic content of biodiesel (tCO ₂ e)	15,870	—	20,144	—	15,188	—	12,436	—
Scope 1, 2 and 3 and Out of scopes								
Total (tCO ₂ e)	644,825	420,878	730,751**	454,231**	799,263	497,104	809,121	500,795
YoY % change	(11.76)%	(7.34)%	(8.57)%	(8.62)%	(1.22)%	(0.74)%	(7.33)%	(2.52)%
% change on 2019/20 baseline	(19.32)%	(15.33)%	(27.28)%	(16.68)%	(20.45)%	(8.82)%	(19.46)%	(8.15)%
Total vehicle miles operated	659,413,857	—	749,034,991	—	733,702,870	—	706,393,581	—
Total bus and rail mileage								
All scopes kg CO ₂ e/vehicle mile	0.9779	0.6383	1.0045**	0.6244**	1.0841	0.6775	1.1454	0.7089
YoY % change	(2.7)%	2.2%	(7.4)%	(5.4)%	(4.9)%	(4.4)%	(10.4)%	(5.7)%
% change on 2019/20 baseline	(9.8)%	(5.3)%	(7.4)%	(5.4)%	n/a*	n/a*	n/a*	n/a*
Total global energy consumption (kWh)	2,631,385,886		2,917,925,461		3,032,726,257		2,983,369,795	

* Figure not available.

** Figure restated due to actual data provided on premises energy consumption by the energy supplier. This data replaced estimations provided by the supplier at the end of the 2020/21 reporting period. More information in the 'Methodology, scope and exclusions' subsection below.

Annual emissions figures for prior years have been restated to reflect the collation of subsequent changes in consumption data and the correction of emissions.

Methodology, scope and exclusions

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.

In line with the GHG Protocol and guidance, we have reported all scope 1 and 2 emissions, and CO₂ relating to fugitive emissions from air-conditioning equipment in our premises and fleet, the consumption of AdBlue (used in exhaust abatement technology installed on some of our latest diesel buses to reduce NOx emissions) and CO₂ emissions relating to fuel consumption by ancillary vehicles. Our materiality threshold for GHG emissions is 5 per cent.

We do not currently report on our scope 3 emissions other than those arising from losses within the electricity transmission and distribution systems. As part of the work in setting a science-based target (SBT), a screening exercise was carried out in 2021 to quantify our scope 3 emissions and established that these emissions were under the 40 per cent threshold specified by the Science-Based Targets initiative (SBTi). Therefore, we did not have to set reduction targets for our scope 3 emissions but plan to do so as well as incorporate it into future GHG reporting. We also report our "out of scopes" CO₂e emissions which relate to the biogenic content of fuels used by our bus fleets.

To ensure consistency, all scope 1 emissions (UK and overseas) are calculated by using the UK's Department for Business, Energy & Industrial Strategy (BEIS) CO₂e conversion factor for each energy source. We report our scope 2 emissions on both a "location" and a "market" basis. This dual reporting applies to CO₂e emissions arising from our electricity consumption only. The location-based method uses the national average carbon emission factors for mains electricity that take the whole mix of fuels used to generate electricity into account in each country we operate. The correct location-based CO₂e conversion factors for 2022 were used for all electricity consumed. The market-based method uses supplier or product-specific carbon factors (where available) that reflects supply contract specifications agreed between supplier and customer. In some instances, particularly for traction electricity where we do not contract directly with the energy provider, the supplier or product-specific market-based CO₂ conversion factors are not available. Where this occurs, we follow the hierarchy of market-based factors as specified in the GHG Reporting Protocol and have used the most recent national mix residual factors that are available instead.

Greenhouse gas emissions continued

Methodology, scope and exclusions continued

All the above emissions sources fall within the businesses included in our consolidated financial statements. We define our organisational reporting boundary by applying the financial control approach with a materiality threshold set at 5 per cent.

Emissions are expressed in terms of carbon dioxide equivalent (CO₂e). Our relative performance metric is kilogrammes of CO₂e per vehicle mile operated. This metric ensures there is a direct correlation between our performance and the purchase of increasing numbers of low carbon vehicles as well as the measures we are taking to improve our energy efficiency.

To maintain transparency and enable stakeholders to see our performance trends over time, we provide historical data for both our absolute CO₂e emissions and our relative performance metric. We restate figures for historical CO₂e emissions and our relative performance when there has been a subsequent change in energy consumption data or if methodologies change or if accounting errors were made. 2021 figures have been restated due to actual data provided on premises energy consumption by the energy supplier, replacing the estimated figures available at the date the prior year Annual Report and Accounts were signed.

Context

We provide historical GHG emissions data back to 2019 – as disclosed in the table above. Our performance over time must be seen in the context of the changes in the composition of the Group since 2019 but also, in particular, since 2020, which is the baseline year for our climate change strategy and validated science-based target.

Within the Bus division, Go-Ahead Ireland and Go North West began operating in September 2018 and June 2019 respectively. Additionally, Swedish Flexbuss Sverige AB was acquired in April 2022. It is relevant to remark that Go South West's operations and CO₂ emissions increased by 40 per cent in 2021 following the start of the contract to operate bus services throughout Cornwall.

Within the Rail Division, we began operating rail services in Germany in June 2019 (with further expansion of services in December 2021) and in Norway in December 2019 – please note that the 2020 Norwegian rail data (baseline year) presented in the table above correspond to part year only. All these additions expanded our operations and consequently increased our absolute CO₂ emissions. On the other hand, in October 2021, London & South Eastern Railway Limited exited the Group, which contributed to a CO₂ emissions reduction.

Performance

Our SBTi-approved science-based target requires us to achieve a 75 per cent absolute reduction in our total scope 1 and 2 GHG emissions by 2035 from our 2020 baseline performance, with scope 2 GHG emissions calculated on a location basis. In 2022, we achieved an 11.0 per cent year on year absolute reduction in scope 1 and 2 CO₂ emissions and a 19.2 per cent absolute reduction compared to our 2020 baseline. We are therefore on track to achieve our science-based target. On the same basis, our CO₂ emissions per vehicle mile in 2022 were 1.8 per cent lower year on year and were 9.7 per cent lower than in our 2020 baseline.

Our CO₂ reduction performance has been driven by efficiency improvements in our fleet and premises, and heavily impacted by the decarbonisation of the national electricity networks in the countries in which we operate and changes to our Company structure, which includes the exit of London & South Eastern Railway Limited, the expansion of our train services in Germany, and the acquisition of Flexbuss.

Actions we are taking to reduce energy consumption and improve energy efficiency to drive down our CO₂ emissions

In 2022, the main focus of our activities was the implementation of our climate change strategy which includes our science-based target to reduce our scope 1 and 2 CO₂ emissions by 75 per cent by 2035 relative to our 2020 baseline performance. In the context of carbon emissions and energy consumption, we looked for opportunities to accelerate the transition of our fleet away from fossil fuels, increase number of passengers on our buses and trains (modal shift) and improve our energy efficiency regardless of the energy source.

Read more about our climate change strategy at www.go-ahead.com

Transition to zero-emission fleet initiatives

We have a target to transition our entire bus and rail fleets to zero emission by 2035. While this is particularly challenging for buses, within rail all of our operations are fully electric other than GTR services on two small sections of non-electrified track where a limited diesel fleet operates. GTR continues to work closely with industry partners to enable their diesel fleet to be replaced by zero-emission trains.

During the year ended 2 July 2022, we focused on the following activities:

- Engaging with the UK Government to ensure adequate funding for the bus transition to zero emission buses
- Working in partnership with transport authorities to submit proposals to access funding via existing schemes: Bus Service Improvement Plans (BSIPs) and Zero Emission Bus Regional Areas (ZEBRA). In 2022, Oxford Bus Company was granted funding to purchase 104 electric buses – and their necessary infrastructure – that are expected to start operating in 2024
- Expanding our electric bus fleet – we reached c.350 vehicles in 2022. Most of the new electric buses were acquired by Go-Ahead London, but Go North East, Go South Coast, Go-Ahead Singapore, Oxford Bus Company and Go North West have also extended their electric bus fleet. Overall, we registered a 264 per cent increase in electric bus mileage and a 201 per cent increase in consumption by electric buses since 2020. These electric buses have all displaced diesel buses and their CO₂ emissions are typically 80 per cent lower than equivalent diesel buses
- Working to create our Zero Emission Centre of Excellence, a new area within Go-Ahead that will support our operating companies to decarbonise their fleet by creating a hub of intelligence and expertise in zero-emission vehicles
- Purchasing our first hydrogen-powered buses (54 vehicles) that will be operated by Brighton & Hove and Metrobus in the Crawley, Redhill and Gatwick Airport area and securing a 15-year hydrogen supply deal with Air Products

Greenhouse gas emissions continued

Energy efficiency measures

Fleet

Within the Bus division, whilst transition to zero emission buses remains the long term ambition and is the only way for us to achieve our science-based targets, we are constantly working to we operate our diesel vehicles as efficiently as possible to drive down fuel consumption and related CO₂ emissions.

When purchasing new diesel buses, we have long specified that, other than in exceptional circumstances, all new buses must be certified as low-emission buses (LEBs), which are, by definition, the most fuel-efficient and cleanest diesel buses available to us to purchase. These new buses are generally far more fuel efficient than the older buses that they replace, so investment to refresh the bus fleet has been one of the main drivers of improved fuel efficiency throughout the years.

Training all drivers to drive in the most fuel-efficient way is also key. We have invested in systems (e.g. telemetry) to improve our driving techniques and monitor our driving performance as well as working with local authorities to introduce bus priority measures to increase our fuel efficiency.

As a result of the initiatives mentioned above, our diesel fleet efficiency in 2022 was 3.2 per cent better than it was in 2020, which equates to a saving of 4.25 million litres of diesel or nearly 11,000 tCO₂e.

Within the Rail division, whilst we are not responsible for specifying and purchasing the rolling stock that we operate (as we do for buses), we used equivalent fuel efficiency initiatives to improve performance and saw the diesel and electric fleet in 2022 improve its efficiency by 8.0 per cent and 10.5 per cent respectively compared with performance in 2020, resulting in a CO₂ reduction of over 23,000 tCO₂.

Premises

Within our premises our longstanding initiatives to drive down electricity and gas consumption by continuously improving efficiency are ongoing. The rollout of LED lighting across our property portfolio has largely been completed already but in 2022 the lighting at Manchester and Loyang (Go-Ahead Singapore) bus depots was upgraded to LED, with a 31 per cent reduction in total electricity consumption achieved at Manchester. Other initiatives include an ongoing programme to replace life-expired plant and equipment with new, more efficient equipment, fitment of controls on lighting and heating and ensuring that energy efficiency is incorporated into the basic design of all new build and major refurbishment projects.

We are also seeking to utilise lower carbon energy sources where possible. From July 2019, all electricity consumed in the Group's UK premises, including that used by our electric bus fleet, was generated from renewable sources and zero rated for CO₂ on a market basis. In 2022, the same became valid for all our UK and Norwegian traction electricity, as well as approx. 75 per cent of traction electricity consumed in Germany.

Additionally, we are looking into continuing to install solar electricity panels. These have been installed at Go-Ahead Germany's Essingen depot and at four bus depots in the UK. Within the Rail division, GTR has worked in partnership with Network Rail to install solar film at Denmark Hill station. We plan to install solar PV at more sites in future and are presently carrying out a feasibility study to identify further potential sites.

Certification

In October 2018, Go-Ahead's Bus division achieved ISO 50001 certification regarding its energy management systems. The scope of the certification was extended during 2020, to include East Yorkshire Motor Services and Go North West, and extended again in 2021 to include Go-Ahead Ireland.

Considering the existing certifications already held by Govia Thameslink Railway, all of Go-Ahead's UK and Ireland operations are now covered by ISO 50001 certification, recognised as best practice for energy management. In October 2021, our Bus division's ISO 50001 certification was successfully re-certified for further three years.

Measures to increase energy efficiency and reduce GHG emissions		
Actions	2021	2022
Purchasing low and/or zero-emission buses	✓	✓
Investing in fuel-efficient driving (e.g. telemetry) for bus and rail	✓	✓
Replacing incandescent lighting for LED across our premises	✓	✓
Replacing life-expired equipment with new/ more efficient equipment across our premises	✓	✓
Installing solar electricity panels	✓	✓
Group electricity supply from fully renewable sources	✓	✓
ISO 50001 certification for UK operations	✓	✓
Science-based target for GHG emissions reduction - scope 1 and 2	✓	✓
SBTi validated science-based target for GHG emissions reduction - scope 1 and 2		✓

Statement of directors' responsibilities

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the Group financial statements in accordance with United Kingdom International Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have also chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework.

Under company law, the directors must not approve the 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 parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Group's ability to continue as a going concern

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 to enable them to ensure that the Group financial statements comply with the Companies Act 2006.

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

The directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Company's performance, business model and strategy.

Disclosure of information to the auditor

Each of the persons who are directors at the date of approval of this report confirms that:

- There is no relevant audit information (as defined in Section 418(3) of the Act) of which the Group's auditor is unaware
- They have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Act.

By order of the Board



Clare Hollingsworth
Chair

24 February 2023