



Go Ahead



Sustainability Report
for the year ended 1 July 2018

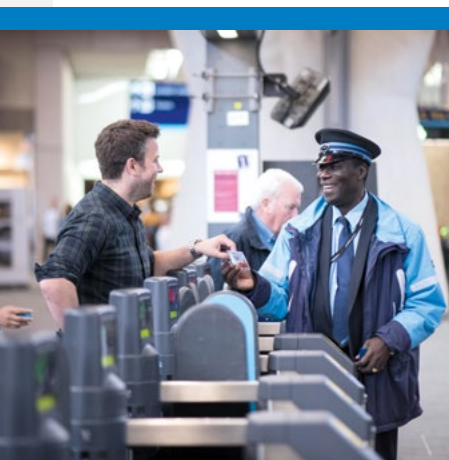


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Watch our video that summarises our performance last year at:

www.go-ahead.com/sustainability

ABOUT US

Our business is based on strong fundamentals

Go-Ahead is one of the UK's leading public transport providers, responsible for more than a billion journeys each year on our bus and rail services.



Regional bus

We run fully owned commercial bus businesses through our seven bus operators predominantly in the south of England. We employ over 7,500 people and run around 2,800 buses within these businesses. We have operations in Brighton, Oxford, East Yorkshire, Plymouth, East Anglia and on the south coast as well as in north east England



London bus

We operate tendered contracts for Transport for London (TfL). This comprises 164 routes from 17 depots in the capital. Around 85% of these depots are freehold. We are the biggest bus operator in London with 23% share of the market, running over 2,100 buses and employing more than 7,000 people.

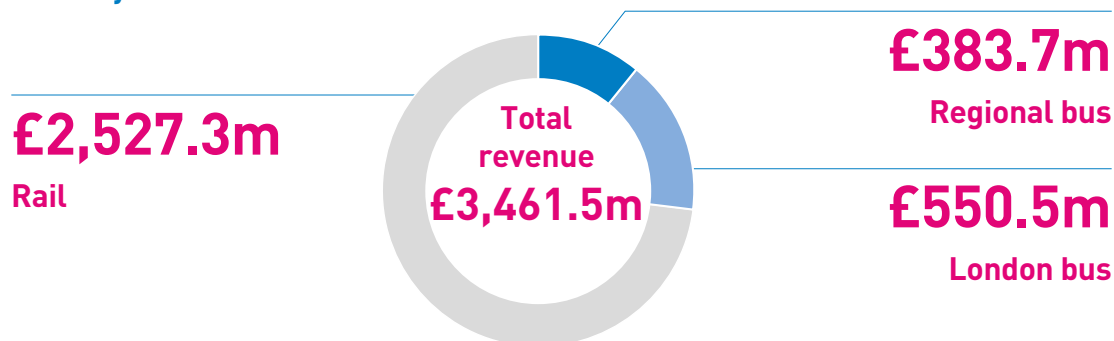


Rail

Through Govia, a 65% owned joint venture with Keolis, Go-Ahead currently operates two UK rail franchises for the Department for Transport (DfT), GTR and Southeastern and operates over 4,800 daily services. Until December 2017, Go-Ahead ran the London Midland franchise. Our rail operations employ over 11,500 people.

HIGHLIGHTS

Performance in the year



£135.9m

Total operating profit
(pre-exceptional items)
(2017: £150.6m)

£161.0m

Total operating profit
(post-exceptional items)
(2017: £150.6m)

102.08p

Dividend per share
(2017: 102.08p)

181.6p

Earnings per share
(pre-exceptional items)
(2017: 207.7p)

£232.8m

Cash generated
from operations
(2017: £224.4m)

91%

Regional bus customer
satisfaction
(2017: 90%)

75%

Rail customer
satisfaction
(2017: 82%)

0.70kg

Carbon emissions
per passenger journey
(2017: 0.75kg)

Business overview

- Results ahead of expectations
- Bus and rail operating profit pre-exceptional items at £91.4m (2017: £90.7m) and £44.5m (2017: £59.9m) respectively
- Stable final dividend proposed resulting in a maintained full year dividend of 102.08p
- Solid financial profile with net debt to EBITDA of 1.3x below our target range of 1.5x to 2.5x and well below the covenant ceiling of 3.5x
- Highest ever passenger satisfaction score (91%) received in regional bus
- GTR impacted by industry implementation of May timetable change; reliability significantly improved since subsequent July timetable amendment
- Southeastern rail franchise extended to 1 April 2019 and shortlisted for the next South Eastern franchise



Facing the future with confidence



As one of the UK's largest providers of public transport, Go-Ahead plays a vital role in underpinning social and economic activity in the communities where we operate, and bus and rail travel is also an answer to congestion and air quality issues. By providing essential bus and rail services internationally, we help people connect with each other and get where they want to go; enabling access to education, retail and employment.

A world where every journey is taken care of

Our vision is 'a world where every journey is taken care of' and, while we know there is always room for improvement, we're proud that we take care of more than a billion passenger journeys a year.

Our strategy is delivering against our vision and is underpinned by our beliefs and attitudes, to understand where we are going, why we are going there and what we have to do to get there.

We have a clear and simple strategy with three core pillars: to protect and grow our core business; win new bus and rail contracts; and develop for future transport needs.

"Doing the right thing for our customers has always been a core part of who we are and drives our thinking as we make improvements across the business."

David Brown,
Group Chief Executive

Protect and grow the core

We have been a leading provider of bus and rail services to passengers across the UK for over 30 years. We will protect and grow these activities through a strong, local customer focus, efficient operations and with appropriate investment in the future. Our devolved management approach empowers our local management teams to deliver services that are valued by passengers, local authorities and communities alike.

Win new bus and rail contracts

Our international expansion is a significant part of our new contract pipeline. Our extensive experience in the UK positions us well in international markets. We have made good progress towards our target for international operations to contribute 15% to 20% of Group operating profit by 2022. We have already secured eight contracts internationally in Singapore, Germany, Ireland and Norway, and we're exploring further opportunities in these markets as well as in Australia and the Nordic region.

Develop for the future of transport

The third pillar explores how we can better serve the changing way people live their lives and how this impacts their mobility needs. We are using our skills, knowledge and assets to explore new growth opportunities for the future of our business. Over the past year, we've launched a range of public transport solutions including the UK's largest demand responsive trial of high-quality minibuses.

A responsible business

Over the last year, we have made progress in evolving our strategy, to reflect some of the wider areas that we focus on as a business. We have identified additional key areas for which Go-Ahead has a responsibility and have sharpened our strategy to align our internal and external stakeholders.

Through the areas of Better teams, Happier customers, Stronger communities, Smarter technology and a Cleaner environment, we aim to deliver change, shape our culture and prepare for the future challenges and opportunities facing us and our communities.

By working collaboratively and in partnership with all of our stakeholders and ensuring we operate in a sustainable way, we will continue to work towards our vision of a world where every journey is taken care of.

David Brown,
Group Chief Executive



A world where every journey is taken care of

We generate value for our investors,
by building a sustainable business which meets
the needs of our customers and communities

Our vision will be delivered by our three strategic objectives



Protect and grow the core

Safeguarding and developing our core bus and rail businesses through our three operating divisions



Win new bus and rail contracts

Securing contracts in the UK and using our core experience to expand into international markets



Develop for the future of transport

Using our skills, knowledge and assets to explore new growth opportunities for the future of our business

With responsibility as a business for safer and...



Better teams

We are committed to attracting, developing and retaining the best talent and driving high levels of motivated and engaged colleagues.



Happier customers

Our customers are at the heart of what we do. We aim to provide high levels of customer service across all our operations.



Stronger communities

We enable communities to flourish by providing access to education, retail and employment, allowing people to stay connected.



Smarter technology

We invest in technological solutions and utilise our market leading retail capabilities to drive growth and innovation.



Cleaner environment

We promote the benefit that public transport has over private in improving air quality and strive to reduce any negative impact we may have on the environment.

Our approach is underpinned by our core beliefs and attitudes



We believe in

- Trusting people
- Being can do people
- Building relationships
- Being one step ahead



We are

- Accountable
- Down to earth
- Collaborative
- Agile

Creating sustainable value

We create value for all our stakeholders through our sustainable business model

Our resources and strengths...

Our success is dependent on effectively using our key resources and strengths

...enable our business...

Our key resources and strengths enable us to generate revenue through our three operating divisions: regional bus, London bus and rail

Stakeholder relationships

We work closely with our stakeholders which include customers, communities, strategic partners and suppliers, government and investors. These relationships are built on mutual understanding and trust, and on our commitment to engage with all our stakeholders to provide a high quality service.

Dedicated people

We employ around 28,000 people whose work and dedication are key to the success of Go-Ahead. High levels of colleague engagement, job satisfaction and providing a safe, supportive working environment contribute to our performance. By creating a culture of excellence, we ensure we maintain a skilled and motivated workforce.

Financial platform

Our cash generative capabilities and a conservative level of net debt enables us to ensure that our business remains well funded and that we can continue to reinvest cash into operations, deliver returns to our providers of capital and take advantage of growth opportunities that emerge.

Fleet and depots

We operate over 5,000 buses and run 952 trains through a combination of outright ownership and leasing assets to take our customers to where they need to go in a safe and reliable manner. We continue to invest in our asset base and, in the last year, our capital expenditure amounted to £126.7m.

Thought leadership

We have built our experience and reputation over 30 years of operating in transport markets. As a leader in the industry, we have substantial know how which includes our innovative technology and our forward thinking approach to developing solutions for the future of transport to enhance customer experiences.



Revenue and profit are generated through our three operating divisions in two main ways:

1. The provision of transport services to fare-paying passengers, whose revenue covers the cost of service and a profit margin. Most bus operations in the UK outside London operate on this commercial basis.
2. The provision of passenger transport services on behalf of public sector transport authorities. We tender for and operate contracts in two main sub-categories:
 - **Gross cost contracts** where our entire revenue comprises payments made by the transport authority to us with the authority retaining all fare revenue raised and therefore revenue risk. This includes the UK London bus market and the GTR rail franchise.
 - **Net cost contracts** where our revenue is a combination of income from fares and payments from transport authorities. Most UK rail franchises are run on this basis.

Good cost controls are vital in areas such as staff utilisation, fuel efficiency and negotiating and managing contractual relationships. Part of the Group's core skill set is managing all of these areas without compromising safety or quality.

Driving performance against our three strategic priorities:



Protect and grow the core



Win new bus and rail contracts



Develop for the future of transport

The three pillars of our strategy help us build these relationships, providing great customer experience, controlling our costs and enabling us to invest for growth in the process. Through this strategy we aim to deliver excellent service to our customers, returns to our shareholders and value to Go-Ahead stakeholders.



...to create value and outputs for our stakeholders

By running a profitable, sustainable and responsible business, we create value and deliver long term benefits to shareholders, passengers and communities

Meeting customer needs

We deliver high quality, locally focused services, enabled by our devolved structure, which ensures a better understanding of our customers and ability to respond to their needs. Through this, we have maintained our sector leading position on our regional bus customer satisfaction score.

Securing a skilled workforce

We strive to be a best in class employer by providing a rewarding work environment, offering market related compensation and rewarding performance. As a responsible employer, we are focused on colleague wellbeing, retention, training and development.

Creating profits

By effectively managing the inputs to our business and executing our strategy, we create profits and cash returns which enable us to pay interest on our debt and to provide an attractive dividend to our shareholders.

Prioritising sustainability

The transport we provide helps to support economic growth. As a significant purchaser of products and services, our operations provide funds to suppliers. We manage this value chain to minimise risks and contribute to the efficient delivery of our services.

Shaping policy and change

We work closely with central and local government to shape policy and regulatory changes which enhance the future of transport and contribute to fiscal revenue through our tax payments.

Enhancing communities

We make a significant and positive contribution to the communities in which we operate, enabling communities to remain connected, and do so in a responsible way. We strive to reduce any negative impact our operations may have on the environment.

Customers

91%

regional bus customer
satisfaction score
(2017: 90%)

Our people

66%

colleague engagement score
(2017: 59%)

Investors

102.08p

full year dividend payment
(2017: 102.8p)

Strategic partners and suppliers

£1.9bn

payment to suppliers
(2017: £1.9bn)

Government

£28.7m

corporation tax payments
to government
(2017: £34.1m)

Communities

0.70kg

carbon emissions per
passenger journey
(2017: 0.75kg)

STRATEGIC OBJECTIVES



Protect and grow the core

This year, we have remained focused on developing and improving our customer offering, with the introduction of new trains, additional capacity and real time information. We introduced a new smartcard, KeyGo, and DelayRepay15 passenger compensation scheme.

We also accelerated our business efficiency programme at Southeastern to improve financial performance whilst retaining our customer focus.

534 million

annual rail passenger journeys

Acquisitions

During the year we acquired two regional bus businesses, a sightseeing company in Oxford and East Yorkshire Motor Services, headquartered in Hull, which will deliver cost synergies and drive revenue in the long term through the expertise of our local teams.

Regional bus

Throughout the year we invested £41.1m on new buses and a further £6.8m making improvements to our bus services.

70%

buses with contactless technology

London bus

We run the UK's only all electric bus depot and will shortly be trialling the first tri-axle double decker bus in London, providing capacity for 130 passengers.

12.5%

London bus punctuality improvement



Win new bus and rail contracts

In September 2016, we began operating a bus contract in the Loyang district of Singapore and we now run over 400 buses on 27 routes.

In August 2017, the Group was awarded its first Irish bus contract in the outer Dublin metropolitan area and won our second bus contract in March 2018, taking the total number of routes operated by Go-Ahead in Dublin to 30.

Go-Ahead is currently preparing for the start of three German rail contracts in 2019, in Baden-Württemberg and Bavaria. In June 2018, the Group was awarded a fourth German rail contract, E-Netz Allgäu, which will commence in 2021.

eight

international contracts won to date

South Eastern

We are shortlisted for the next South Eastern franchise to be awarded by the Department for Transport (DfT), which is expected to commence on 1 April 2019. Our rail bid team has submitted a strong bid for the franchise that will deliver value for passengers, taxpayers and shareholders alike.



Future growth

We have a clear international strategy and a robust framework through which this strategy will be delivered. We have three decades of experience operating complex transport networks in the UK. We're in an excellent position to leverage that expertise in new international markets, offering value to passengers and tendering authorities. We are focused on markets with stable political and legal systems, where there's appetite for public transport use, and the tendering authorities are committed to introducing international expertise. Our target markets have visible pipelines of contracts and opportunities to develop in other areas once a local platform has been established.

15%-20%

target of Group operating profit by 2022
by developing international operations

Go-Ahead international strategy

Why

Opportunities in the UK are well defined in a mature market.
We have expertise and skills from our UK bus and rail operations that other countries recognise and want to benefit from

How

Our strategy is to proactively target new bus and rail contracts and develop for the future of transport

What

Plays to our strengths:	Good return on capital	Visible pipeline of work
<ul style="list-style-type: none"> Land transport Urban environment High quality operations Strong employee recruitment and engagement Focus on customer experience Devolved local management 	Preferred market entry via contract with regulatory authority	Low capital requirements

Where

Stable political & legal systems	Consistent with our values	Transport authority which wants international expertise
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Current pipeline

Today	Tomorrow
Singapore Ireland Germany	Germany Ireland Australia Nordics Singapore

Success

Our target is 15-20% Group operating profit by 2022

Develop the future of business

Earlier this year, Go-Ahead acquired a 12% stake in Mobileeee, a Frankfurt based award winning car sharing company.

The company offers electric car sharing, carpool management, fleet solutions and fleet management, bringing together modern, affordable and sustainable solutions that allow users to participate in a new world of mobility.

Now in its seventh month, Mobileeee has over

140

cars in operation



OUR PERFORMANCE

We effectively monitor the progress of our operating companies

Deregulated bus



Regulated bus

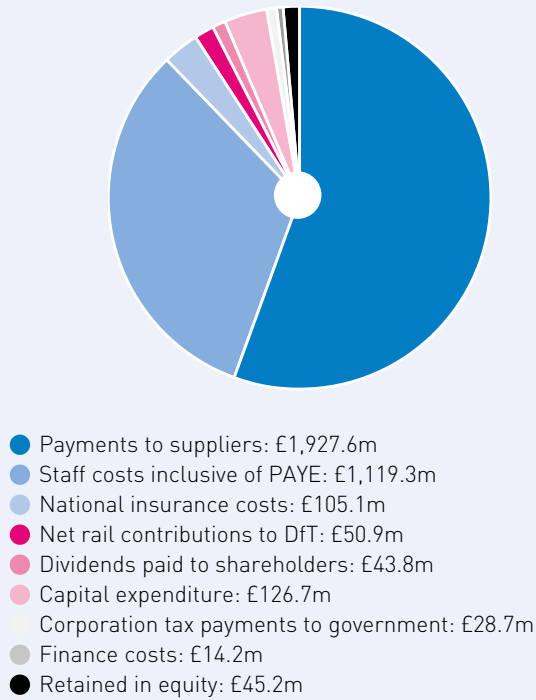


Rail



Economic contribution Total revenue £3,461.5m

In addition to our commitment to generating shareholder value, we also create wider economic value. Around 90% of Group revenue is spent paying our people and suppliers, enabling further economic activity. Over 3% is paid directly to the Government.



We are expanding our footprint, reaching more passengers

Singapore

In September 2016, we began operating a bus contract in the Loyang district of Singapore, which has a similar contract structure to that in London. Employing over 1,000 employees, we now run more than 400 buses on 27 routes from our local depot.



Ireland

We won our first Irish bus contract in August 2017 to operate 125 buses across 24 routes in Dublin. In March 2018, we won our second bus contract, taking the total number of routes to 30. Go-Ahead Ireland will commence operating its first route from September 2018.



Germany

Go-Ahead Bahn and Bus is currently preparing for the start of three German rail contracts in 2019, in Baden-Wurttemberg and Bavaria. In June 2018, the Group was awarded a fourth German rail contract for the E-Netz Allgäu routes, which will commence in 2021.

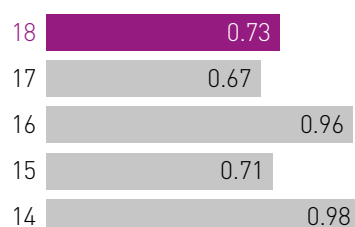


● Bus regions — Rail networks

Our financial success measured by key performance indicators underpins our sustainable approach

Cashflow/ EBITDA (X)

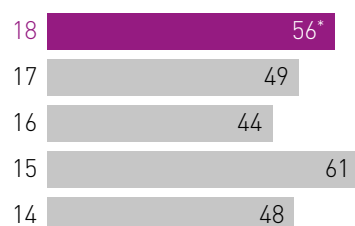
0.73



Dividend payout ratio (%)

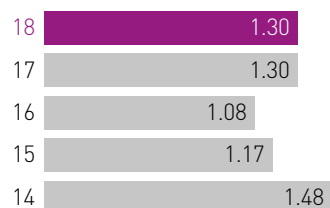
56%

* pre-exceptional items



Adjusted net debt/EBITDA (X)

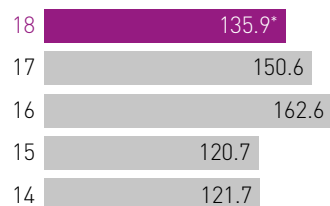
1.30



Operating profit (£m)

135.9

* pre-exceptional items



Like for like revenue growth (%)

0.4

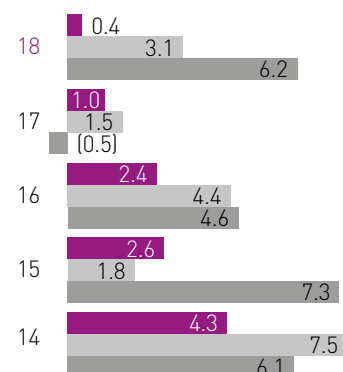
3.1

6.2

■ Regional bus

■ London bus

■ Rail



Annualised revenue secured on international contracts

£250m

Performance

We continue to see an attractive pipeline of opportunities in our selected target markets and have so far secured annualised revenues of around £250m from successful international bids, with the award of a second bus contract in Dublin and a fourth German rail contract during the year.

Projects and initiatives actively being tested and trialled

Performance

Our project team is currently exploring a range of solutions and working on a number of initiatives to make public transport a clear and simple choice. These include:

- PickMeUp
- Mobileeee
- The Billion Journey Project
- New forms of contactless ticketing
- Mobility as a Service (MaaS)
- Hammock



Further details are set out on page 28 of our Annual Report 2018.

Focused on sustainability

Not only do we strive to be a good transport operator, we also aim to be a responsible business by supporting the UK economy, embracing local and national environmental initiatives, being a fair employer and being open and transparent about our business activities and finances.

Sustainable business



FTSE4Good

FTSE4Good

Go-Ahead was the first FTSE250 company to be certified with FTSE4Good accreditation and we have been recertified for seven consecutive years

Our credentials include:



ISO 50001
ENERGY MANAGEMENT



Fair Tax



FTSE4Good



BUSINESS
IN THE
COMMUNITY



INVESTORS
IN PEOPLE

The United Nations vision for a more sustainable planet has 17 Sustainable Development Goals (SDGs). We recognise that we play an important role in society and can contribute positively to this vision. Of these goals, we have identified five where we believe we can make a positive social impact:



3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION

Maintaining high levels of engagement

Feedback from the investment community forms part of strategic Board discussions. The Investor Relations team advises the Board on communications with the financial market. This includes a monthly Board report on market views and expectations, sector updates and changes in our shareholder register. In addition, we engage in a programme of investor and analyst meetings and roadshows through the year.

In early 2018, we conducted an investor perception survey comprised of investment institutes, current shareholders and non-holders, and sell-side analysts. Our aim was to gather insight of market views about the Group and sector, to gain more perspective on our performance and strategy, and to ensure our investment proposition was understood. These opinions, views and expectations have supported us in clarifying and reinforcing our message and enabled management to respond to any investor community concerns.

This year also saw our first Institutional Investor and Analyst networking event in London. This knowledge sharing event gave attendees the opportunity to meet with the executive and divisional management at Go-Ahead.

Sustainability materiality review

The Sustainability materiality review helps us focus on the most relevant issues for our key stakeholders. We place importance on minimising the gaps between stakeholder expectations and our actions and performance. This review ensures the right measures are in place to focus our attention on what matters to stakeholders but also support us to achieve our vision..

Of the 30 or more issues reviewed during the process, the issues below are those identified as key to the business and important to our stakeholders.



Vision

A world where every journey is taken care of

Strategy



Protect and grow the core



Win new bus and rail contracts



Develop for the future of transport

Responsible Business Priorities

SDGs

Material Issues

KPIs

Better teams



- Employee engagement
- Corporate governance
- Regulatory compliance
- Safety and security

- Employee engagement score
- Absenteeism
- Employee turnover
- RIDDOR
- Apprentices/graduates

Happier customers



- Customer satisfaction
- Accessibility and affordability

- Passenger volume
- Customer satisfaction
- Regional bus punctuality
- London bus punctuality
- Rail punctuality
- SPADs
- Bus accidents

Stronger communities



- Impacts on local communities
- Supply chain
- Public policy

- Community spend
- Stakeholder engagement
- Sustainable procurement

Smarter technologies



- Technology and innovation

- Cashless payments

Cleaner environment



- Greener travel and carbon emissions
- Waste
- Water

- Carbon emissions per passenger journey
- CO₂ /vehicle mile



Further details of Responsible Business Priorities are set out on page 12.



Further details of the Sustainable Development Goals are set out on page 10.



Further details of the Material issues are set out on page 10.



Further details of the KPIs are set out on page 9.

Better teams



Our business is built by colleagues whose dedication, innovation and ambition help deliver the best transport service to our customers.

We are committed to creating an environment which is safe and where colleagues feel they belong, that is inclusive and diverse, focuses on learning and development and promotes high levels of engagement.

The best talent

We continuously aim to attract and retain the best talent with the knowledge, skills, values and behaviours required to deliver Go-Ahead's objectives and establish a culture which gives all colleagues the opportunity and support to reach their full potential.

Our Graduate Programme, now in its seventh year, has a higher level of success in retaining graduates during the programme compared with the industry average, with 93% of graduate entrants choosing to stay with the Group. Every graduate within the bus division, regardless of future career options, learns to drive a bus and works as a driver for several weeks. In rail, graduates will spend a period as an on-board supervisor. This experience is seen as critically important to Go-Ahead: understanding the responsibility of the workforce that they will be managing and acquiring the knowledge to improve the customer experience is imperative.



Strengthening capabilities and building a learning organisation

In order to be seen as an employer of choice and maintain a high level of employee retention, we aim to provide market competitive remuneration and a comprehensive benefits package. We ensure that all colleagues are recognised and rewarded for their contribution and commitment. We recognise the importance of learning and development and have a policy of continuous improvement to support ongoing development. We invested £21.1m in training and professional development this year. We hold reviews twice a year and encourage regular discussions with line managers to highlight any training requirements, future objectives, career aspirations or challenges. Our High Potential Programme provides the tools to enable participating colleagues to become the future leaders of our business. We have further improved our online platform, the Learning Hub, which provides a wealth of information and training. We have also introduced Personal Development Hours to support our colleagues to invest more time into their personal and professional development. We were pleased to receive two Investors in People Gold accreditations during the year as recognition for the way we lead, support and manage our colleagues to promote a culture of high performance.

Bus gender pay gap result



The median pay for men is **3.8%** higher than that of women.

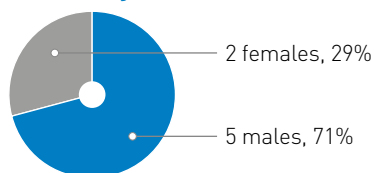
Rail gender pay gap result



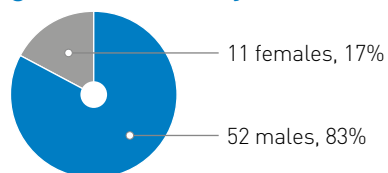
The median pay for men is **18.5%** higher than that of women.



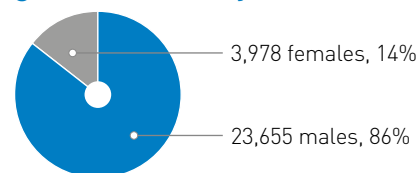
Board gender diversity



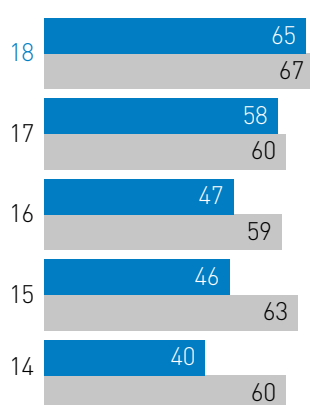
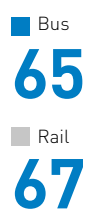
Senior management gender diversity



Overall Group gender diversity

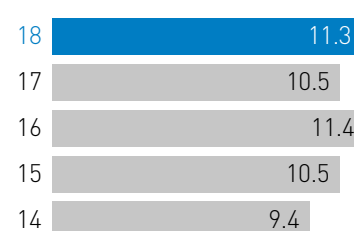


Employee engagement index (%)



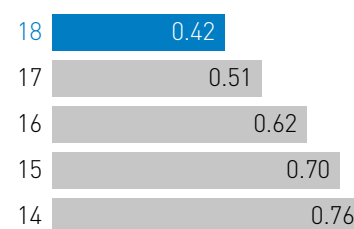
Employee turnover (%)

11.3



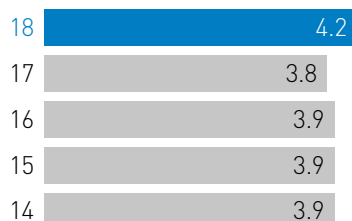
RIDDOR accidents per 100 employees

0.42



Absenteeism (% of working hours)

4.2



Further details are set out on page 30 of our Annual Report 2018.



Happier customers



Customers are at the heart of Go-Ahead and it is our mission to provide them with a consistent and reliable service.

We build relationships with our customers through our front line staff, customer ambassadors and social media. These interactions allow us to better understand the needs of our passengers and where to focus improvements, which allows us to provide a better all-round service.

Making travelling with us the simple and easy choice

During the year, we invested £87.3m on new buses and refurbishments, £12.3m improving our bus services and a further £27.1m making improvements to our rail services including upgrading station facilities and improving our technology to enhance customers' experiences.

We offer our customers a range of flexible and easy payment options to make travelling with us simple. Our bus smartcard scheme, 'the key', is now the largest commercial scheme outside London with over one million users. We were also one of the first in the sector to introduce mobile ticketing and have invested in a new mobile ticketing app enabling our bus passengers to plan and buy their tickets and track the exact location of their bus.

In rail, we have introduced a new smartcard, KeyGo, across GTR services enabling fare capping and Pay As You Go. Customers using KeyGo can continue their journey with the same smartcard, on all Go-Ahead local bus operations, giving customers one easy solution for multiple modes of travel. During the year, we introduced Delay Repay across the network and we were the first train operator to introduce DelayRepay15, compensating any passenger using the KeyGo smartcard who is delayed by

15 minutes or more. Our effort to improve our customer service offering was recognised through winning the Passenger Innovation of the Year Award at SmartRail Awards 2018. We also launched our Gatwick Express app which provides specific flight information for those travelling to and from the airport, making it easier for our passengers to plan their onward journeys.

With value for money being an important customer consideration when travelling, we are always looking to develop attractive ticketing options. Examples include Go North East's £10 family ticket, providing unlimited daily travel on our network for a family of five. Plymouth Citybus offers a £5 Weekend Wonder ticket for unlimited travel from Friday evening to Sunday night. Both of these operators have also overhauled child and student fares for £1.



Operational excellence in Singapore

Our operational excellence is also being recognised in our new markets. In 2017, the Transport Gold Award was awarded to eight of the Go-Ahead Singapore bus drivers, for displaying exemplary service and gracious behaviour to customers, further displaying our vision of a world where every journey is taken care of.



UK Bus Operator of the Year

Our continual efforts to be the UK's leading transport provider have not gone unrecognised.

Go-Ahead bus company Go South Coast was awarded UK Bus Operator of the Year at the UK Bus Awards 2017 with Brighton & Hove Buses, another of Go-Ahead's businesses, taking second place.

In March, Go-Ahead London was named Bus Operator of the Year at the London Transport Awards.



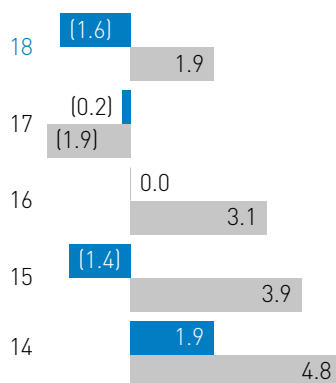
Like for like passenger volume growth (%)

■ Regional bus

(1.6)

■ Rail

1.9



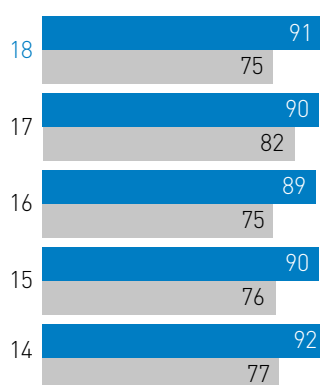
Customer satisfaction (%)

■ Bus

91

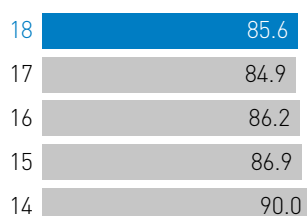
■ Rail

75



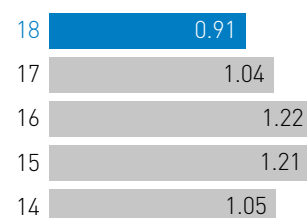
Regional bus punctuality (%)

85.6



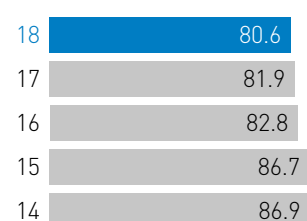
London bus punctuality (minutes)

0.91



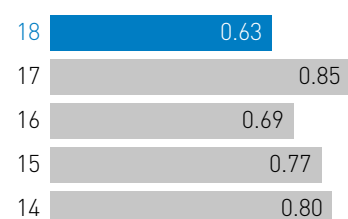
Rail punctuality (%)

80.6



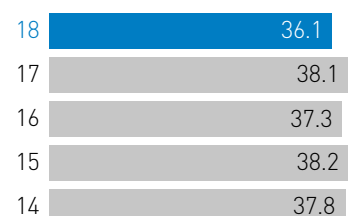
SPADs per million miles

0.63



Bus accidents per million miles

36.1



Further details are set out on page 29 of our Annual Report 2018.

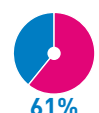
How the UK travelled in 2017*:

Modal share

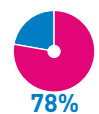


Other

Trips



Distance



* Source: DfT

Stronger communities



As an operator of public transport, we provide a vital service to communities.

Our services have continued to ensure that millions of people are able to get to work, education and access services. Over the past year, we have made a significant contribution to the local economy through the 28,000 people we employ, the £1.9b payments to suppliers, £50.9m generated by our rail operations for the government, and £28.7m paid in corporation tax.

Our local approach

Being part of the local community underpins Go-Ahead's devolved management approach and enables our bus and rail companies to be more responsive to the different needs of local passengers. Our businesses regularly join in national fundraising work to raise awareness of important causes. Many of our colleagues also carry out their own fundraising activities in their spare time, and we aim to match those fundraising efforts wherever possible. We have implemented the London Benchmarking Group model to measure and evaluate our community investment. Since incorporating this measurement in 2015, our community investment has more than doubled to over £1m. At a corporate level, Go-Ahead supports two UK-based charities which have a transport focus, Railway Children and Transaid.

95%

Business in the Community corporate responsibility score

Active approach

We respond to DfT's consultations on various issues, both informally through contacts with civil servants and formally through the official consultation processes. We have an active role in the DfT's Open Data Initiative for the bus industry and are currently responding to a consultation on audio visual equipment on buses.

In rail, we are part of the DfT's Strategic Industry Vision. Our Head of Rail Development acts as a representative for the operators within this steering group, and also chairs the Passenger Services and Strategy working group within the Rail Delivery Group.

Being part of the local community underpins Go-Ahead's devolved management approach and we adopt a collaborative approach with local authorities. We have developed a consultative approach with councils to develop better partnerships and improve outcomes, and three of our regional bus managing directors sit on the boards of their Local Economic Partnerships.



Working with our corporate charities

We are pleased to have strategic working partnerships with our corporate charities: Railway Children and Transaid. At last year's Group annual management conference both corporate charities held interactive sessions with senior managers from across the Group.





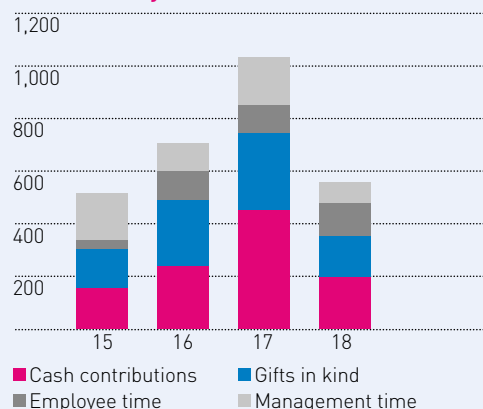
Measuring our community programmes

It is important for us that all our companies measure their community investment activities. For this reason, we have implemented the LBG (London Benchmarking Group) model to measure in order to maximise the benefits of their contribution. We are leading the industry in measuring the impact of our community programmes in the local communities we serve.



For more about our community investment, visit: www.go-ahead.com/sustainability

Community investment (£'000)



Sustainable procurement

Earlier this year Lloyd's Register Quality Assurance (LRQA) conducted an in-depth study and produced an executive report which confirmed that we operate in accordance with the ISO 20400:2017 standard on sustainable procurement including accountability, transparency, respect for human rights and ethical behaviour.

We also ran our first ever Sustainable Supplier Awards which highlighted the best practice amongst our suppliers with a focus on the ISO 20400:2017 principles. The event, which we will hold annually, aims to encourage our suppliers to develop and improve their sustainability impact.

Transport for everyone

We are also committed to providing an inclusive service. All our bus and rail operators strive to make their services as accessible as possible. This year, we launched our Helping Hand card across our UK bus network which helps passengers with accessibility needs, specifically hidden disabilities, communicate with bus drivers. All of our customer facing colleagues have training in assisting people living with dementia and those who are blind or partially sighted. Our buses and trains are accessible to wheelchair users and we continue to increase audible announcements and information screens across our services.

Being mindful that the majority of passenger journeys don't start and end with a bus or train journey, we are committed to investing in innovative solutions to drive the future of transport growth and provide the best customer experience from door to door.

Working in partnership

Both of our rail franchises have either a partnership plan or a BS11000 Collaborative Business Relationship accreditation with Network Rail and TfL. We also participate in a number of technical committees with the Confederation of Passenger Transport such as the Engineering Committee, Road Operations Committee, Skills and Training Committee, Insurance and Risk Committee to name a few.

When working with suppliers, we engage with them regularly to effectively monitor, manage and mitigate risks in our supply chain. We also conduct periodic surveys of our current suppliers to monitor how we are perceived and use that feedback to enhance our working relationships. For significant suppliers, contract managers are assigned to manage the relationship with meetings taking place on a monthly basis. We also hold regular meetings to discuss contract performance and opportunities for improvement.

Smarter technologies



Passenger and customer needs are changing and so are we. To remain relevant to our customers and to stay in tune with changing expectations of the transport sector, we are seeking new ways to use our skills, knowledge and assets to grow and set us apart from the competition.

Continuous innovation

Our project team is currently exploring a range of solutions to make public transport a clear and simple choice for end-to-end journeys.

One such solution is Mobility as a Service (Maas), the integration of various forms of transport services into a single mobility service which is accessible on demand. This is enabled by combining transportation services from public and private transportation providers through a unified gateway that creates and manages the trip, which users can pay for with a single account.

With the continued growth of global eCommerce and increasing demand for product personalisation, there is an opportunity to leverage our assets through innovation. We have been exploring if Go-Ahead facilities such as spare capacity in depots, on buses and supporting services can be made to work for logistics partners and conducted a pilot at our Crawley depot during the year.



Oxford PickMeUp

This year, Go-Ahead launched the UK's largest demand responsive bus service, allowing passengers to summon a luxury minibus collection within minutes at a virtual bus stop nearby using a new mobile app.

The PickMeUp service, which is being piloted by the Oxford Bus Company, aims to meet the changing needs of people in the city and to reduce congestion.

Now in its second month of operation, PickMeUp has over

30,000
journeys





Hammock

At the end of 2017, Hammock, a new Go-Ahead company, was established to deliver consultancy, retail and digital solutions for public transport. It seeks to leverage Go-Ahead's expertise in delivering innovative retailing and digital solutions, making travel easier for customers and local authorities. To date, we have won two contracts with a local authority.

Go-Ahead Group awarded the Smart Cities UK Transport Award for 2018

Go-Ahead teamed up with technology experts at iBlocks to pioneer a cutting edge form of mobile ticketing, called Hopsta. The app allows passengers to pay for their bus travel solely on their smartphone via iBeacons, when they board our buses. Following a successful trial by students on our Unilink buses, operated by Go South Coast, a new and more sophisticated system is currently being piloted in the North East. It marks the latest technological success from Go-Ahead.

The Billion Journey Project

In July this year, Go-Ahead launched the Billion Journey Project, a new accelerator lab programme. The largest of its kind in the UK, the programme was developed with the ambition of helping start-ups and scale-ups implement their products across the rail and bus industry. The programme, which will initially nurture 10 companies, offers technical assistance and mentorship from our team of transport experts and will support new businesses looking to change and shape the future of transport by focusing on improving passenger experiences.



Cleaner environment



By managing our businesses in a responsible and sustainable way, we help create a thriving economy whilst limiting our impact on the environment.

Responsible operations

We are a founding member of Greener Journeys, a national alliance of bus companies encouraging the modal shift from car to bus and coach to reduce emissions. In the UK, we are the largest operator of electric buses, with the first fully dedicated electric depot in Waterloo, and almost a quarter of our entire fleet conforms to Euro 6 standard, meaning the engines are some of the cleanest in the industry. Further afield, Go-Ahead Singapore has introduced a system called SwitchOff to its buses which automatically turns off an engine which has been idle for more than 10 minutes, helping reduce exhaust fumes and fuel wastage.



Go-Ahead London, TfL and manufacturer BYD jointly won the Grand Prix award at this year's Low Carbon Champions gala dinner for their effective partnership in delivering the vehicles, operational capacity and infrastructure to begin running London's first two all-electric bus routes.



Improving on our environmental impact

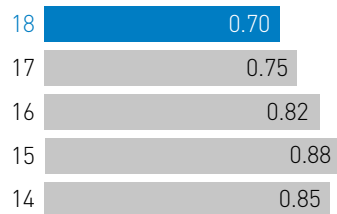
Go-Ahead was the first passenger transport company to be awarded triple accreditation by the Carbon Trust Standard for carbon, waste and water reduction. We are now working towards a new standard and throughout the year have made great progress in achieving the ISO 50001 international standard for energy across the whole Group, demonstrating our commitment to continual improvement in energy management. We are also the highest rated transport company.

We are looking at ways of how we can improve our environmental impact and how we measure this. To improve on our most recent score within the global Carbon Disclosure Project, we are currently conducting an extensive risk and opportunities assessment on climate change and are exploring how we can improve our transparency on greenhouse gas emissions. We are committed to doing the appropriate assessments and are working on incorporating the financial implications of climate change in our reporting going forward in compliance with the Taskforce on Climate-Related Financial Disclosures. As part of our long term commitment for a cleaner environment, we are working with government institutions to tackle climate change, air quality and pollution and we are exploring setting appropriate Science Based Targets.



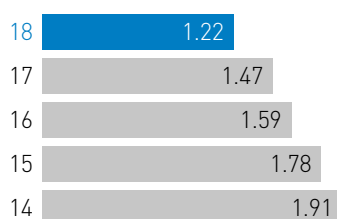
Carbon emissions per passenger journey (kgs)

0.70



Carbon emissions per vehicle mile (kgs)

1.22



Further details are set out on page 31 of Annual Report 2018.



Patrick Butcher
Group Chief
Financial Officer

David Brown
Group Chief Executive

Andrew Allner
Chairman

Buses are part of the solution to the issues of congestion and air quality. In this environment, we are maintaining our focus on customer service, using technology and innovation to make bus travel more attractive and easier to use. Our focus on cost and efficiency also continues. Recognising the long term nature of these trends, we are developing for the future of transport with a number of initiatives being trialled to provide attractive customer propositions in a changing world, which have the potential to grow in the future.

Greenhouse gas emissions

We report on greenhouse gas (GHG) emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, and the UK government's Environmental Reporting Guidance methodologies together with the Department for Business, Energy & Industrial Strategy (BEIS) conversion factors for Company Reporting 2018. In line with this guidance, we have reported the emissions sources* which are required. These sources fall within the businesses included in our consolidated financial statements.

Emissions are expressed in terms of equivalent carbon dioxide (CO₂e). Our relative performance metric has always been kilogrammes of CO₂e emissions per passenger journey but due to increasing difficulty in obtaining passenger journey data for several of our operating companies, we are moving to a new relative performance metric of kilogrammes of CO₂e per vehicle mile operated. To maintain transparency, we will report against both relative performance metrics this year before moving to reporting only on the new performance metric from next year onwards with a target to achieve 20% reduction on CO₂e per vehicle mile by 2021 from our 2016/17 baseline.

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

Overall, in 2017/18 CO₂e emissions have reduced by

13%

in absolute terms and, against both relative metrics, our performance has continued to improve.

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

Tackling climate change

Energy management is an important area for our business and we are proud to have achieved international accreditation ISO 50,001 to recognise our group-wide efforts. This follows our previous achievement as the first transport company to achieve triple accreditation from the Carbon Trust for our efforts on managing carbon emissions, water and waste.

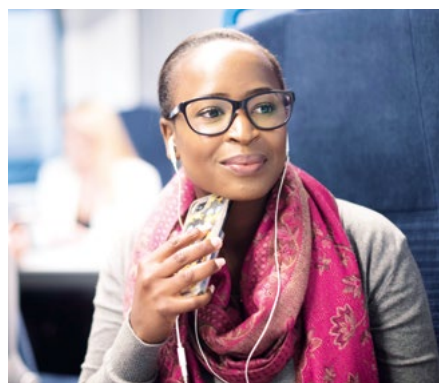
We remain committed to minimising our environmental impact and our strategies take into account the risks and opportunities associated with climate change. We align and commit to contribute to the Sustainable Development Goals (SDGs) and we are working towards setting Science-Based Targets to ensure that we do our fair share in reducing carbon emissions.



Creating value for our stakeholders

We play an important role providing a vital service for our communities through the people we employ and the taxes we pay. We place great importance on partnership, adopting a collaborative approach with governments, local communities and strategic partners; developing and running services that create long term value for all of us.

Our stakeholders are the groups of people and individuals who have an interest in what we do, how we do it, and the impact that we have as a business. By engaging our key stakeholders meaningfully, we gain insights into their expectations and needs and identify the material issues that are of high concern. This feedback forms part of our decision making process and helps us continuously improve, and progress towards our vision and long term ambitions.



Customers



Customers are at the heart of Go-Ahead and it is our mission to provide them with a consistent and reliable service.

We build relationships with our customers through our front line staff, customer ambassadors and social media. These interactions allow us to better understand the needs of our passengers and where to focus improvements, which allows us to provide a better all-round service.



Our people



Our business is built by colleagues whose dedication, innovation and ambition help deliver the best transport service to our customers.

We are committed to creating an environment which is safe and where colleagues feel they belong, that is inclusive and diverse, focuses on learning and development and promotes high levels of engagement.



Investors



We run our business with strong financial discipline and aim to provide attractive returns to our investors.

We place great importance on our relationships with our shareholders and have a long tradition of engaging with our investors to maintain high levels of transparency and to build trust. We are pleased to have received recognition for our commitment to openness and effective communication by winning the Best Financial Reporting award at this year's IR Magazine Awards.

Stakeholder engagement

To understand how well we are displaying our vision and values to our stakeholders, and where we can improve our stakeholder engagement strategy to grow our businesses, we conduct stakeholder surveys at our operating companies. The following scores are out of 10.

Brighton & Hove Buses
2017: 8.6 (2016: 9.0)

Go North East
2017: 8.8 (2016: 8.2)

Go South Coast
2017: 9.0 (2016: 8.8)

Go-Ahead Group
2017: 8.8 (2016: 8.2)

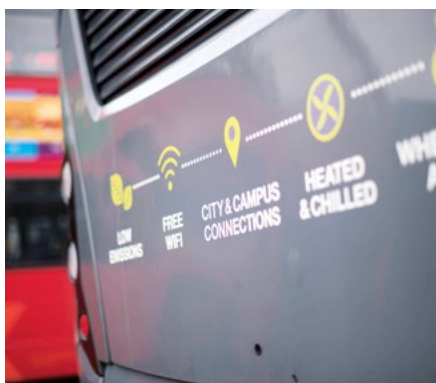
Go-Ahead London
2017: 8.2 (2016: 7.4)

Metrobus
2017: 9.2 (2016: 8.6)

Oxford Bus Company
2017: 9.0 (2016: 9.0)

Plymouth Citybus
2017: 9.4 (2016: 9.6)

Southeastern
2017: 7



Strategic partners and suppliers



Our strategic partners include local authorities, TfL, Keolis and Network Rail, as well as a broad range of other suppliers.

They provide the public sector infrastructure such as railway tracks and local authority bus stations and lease trains and buses, all of which we rely upon to deliver an efficient service.



Government



Policy and regulatory change affect our bus and rail businesses and create the framework in which we operate.

Working closely with both central and local governments enables us to add our private sector experience and expertise to the public agenda and produce better policy outcomes and service delivery.



Communities



As an operator of public transport, we provide a vital service to communities.

Our services have continued to ensure that millions of people are able to get to work, education and access services. Over the past year, we have made a significant contribution to the local economy through the 28,000 people we employ, the £1.9b payments to suppliers, £50.9m generated by our rail operations for the government, and £28.7m paid in corporation tax.

ESG DATA



Better Teams

	2018	2017	2016
Investors in People (status)	Yes	Yes	Yes
RIDDOR accidents per 100 employees+	0.42	0.51	0.65
Number of employees+	27,633	29,095	27,525
Employees in a union (%)	43%	42%	43%
Number of physical assaults on staff per passenger journeys+ (per million ppj's)	0.5	0.4	0.4
Number of staff training days+	122,875	124,024	107,679
Total spent on training (£)+	21,019,801	21,973,468	18,371,294
Training spend per employee	£783.11	£755.23	£667.44
Bus accidents per million miles	36.1	38.1	39.3
Fleet with CCTV (%)	96.8%	91.8%	93.9%
Total VOSA PSV vehicle test pass rate (%)	97.0%	96.4%	97.4%
SPADS per million miles	0.63	0.85	0.69
% of stations managed with secure station status*	24%	38%	33%
Number of reported crimes+	11,764	11,392	8,924
% of female employees	14.4%	14.4%	14.2%
% of women in senior management roles	17.0%	18.0%	17.0%
% of female Board members	29.0%	17.0%	17.0%
% of Black, Asian, Minority Ethnic (BAME) employees	24.5%	23.2%	21.7%
% of employees Prefer Not to Say/Unknown	20.5%	21.8%	0.0%



Happier Customers

Customer satisfaction (latest Passenger Focus score) (%)	86%	87%	85%
Passenger volume growth (% increase / decrease)	-2.7%	2.8%	2.0%
Passenger journeys (to nearest 1 m)	1,227	1,334	1,297
Rail punctuality PPM (%)	80.6%	81.9%	82.8%
Regional bus punctuality (% increase / decrease)	0.7%	-1.1%	-4.6%
London excess bus waiting time (mins)+	0.91	1.04	1.22
London excess bus waiting time (% increase / decrease)	(14.3)	(14.8)	0.8
Expenditure on new buses in financial year (£'000)+	82,791	86,997	71,077
Number of buses*	5,083	5,178	4,893
% of fleet with Euro 4*	30%	18.9%	64.5%
% of fleet with Euro 5*	38%	40.7%	0.0%
% of fleet with Euro 6*	29%	7.8%	0.0%
% of fleet with Hybrid*	19%	16.3%	11.7%
% of fleet with Electric*	2%	1.0%	0.0%
% of fleet with Gas*	0%	0.2%	0.0%
Average age of bus fleet*	6.5	7.2	7.8
Number of train units*	952	1,088	1,120
Bus fleet which is DDA compliant (%)	86.0%	87.6%	94.1%
Trains certified accessible (RVAR) (%)	54.6%	51.2%	59.6%
Trains certified accessible (PRM-TS) (%)	37.8%	36.8%	0.0%
Accessible managed stations (%)	58.5%	31.8%	59.2%



Stronger Communities

	2018	2017	2016
Total contributions (£):	£660,544	£1,173,894	£839,316
Cash contributions (£)	£195,674	£449,430	£239,231
Gifts in kind (£)	£156,191	£294,155	£250,433
Value of employee time (£)	£126,911	£106,595	£109,508
Management time (£)	£78,036	£181,985	£109,404
Leverage – Total spend on payroll giving (£)	£103,733	£141,729	£130,740
Community spend per employee	£24.61	£40.35	£30.49
Individuals/beneficiaries directly reached (number)	123,133	182,852	212,924
Partners organisations/beneficiaries directly reached (number)	3,175	2,606	2,274
Stakeholder events (number)	322	1,769	2,436
Employee involvement (number)	1,345	800	1,153



Cleaner Environment

Carbon emissions per vehicle mile (kgs)	1.22	1.47	1.59
Progress towards our 10% reduction target by 2018 (2015 baseline)	21%	14.9%	6.1%
Carbon emissions per passenger journey (kgs)	0.70	0.75	0.82
Scope 1 GHG emissions (tonnes)	406,564	426,150	405,845
Scope 2 GHG emissions (tonnes)	422,818	520,393	607,321
Scope 3 GHG emissions (tonnes)	36,027	48,655	54,932
Water per passenger journey (l)	0.77	0.71	0.69
Waste (%)	-	80%	83%



Finance

Like for like revenue growth – Regional bus	0.4	1.0	2.4
Like for like revenue growth – London bus	3.1	1.5	4.4
Like for like revenue growth – Rail	6.2	-0.5	4.6
Adjusted net debt/ EBITDA (X)	1.3	1.3	1.08
Operating profit	135.9	150.6	162.6
Cashflow/EBITDA (X)	0.73	0.67	0.96
Dividend cover	56%	49%	44%
Revenue (m)	3,461.5	3,481.1	3,361.3
Payments to suppliers (m)	1,927.6	1,887.4	1,697.4
Staff costs (m)	1,119.3	1,130.4	1,123.3
National insurance costs (m)	105.1	107.2	92.2
Net rail contributions to DfT (m)	50.9	77.6	222.4
Dividends paid to shareholders (m)	43.8	41.8	39.4
Capital expenditure (m)	126.7	141.9	113.9
Corporation tax payments to government (m)	28.7	34.1	24.8
Finance costs (m)	14.2	13.4	17.6
Retained in equity (m)	45.2	47.3	30.3



Registered Office

The Go-Ahead Group plc
3rd Floor 41-51 Grey Street
Newcastle Upon Tyne
NE1 6EE

+44 (0) 191 232 3123

Head Office

The Go-Ahead Group plc
4 Matthew Parker Street
Westminster
London SW1H 9NP

+44 (0) 20 7799 8999
www.go-ahead.com

