

# Directors' remuneration report



**Leanne Wood**  
Remuneration Committee Chair

## Dear Shareholder

On behalf of the Board, I am pleased to present the directors' remuneration report for the year ended 27 June 2020, my first as the Remuneration Committee Chair of Go-Ahead. I would like to thank Katherine Innes Ker for her hard work and dedication in her role as Committee Chair before me.

The report is divided into three principal sections:

- This annual statement, which provides the context for the committee's decisions during the year
- A summary of the remuneration policy which was adopted at the 2018 AGM and remuneration paid to the Board in respect of the 2020 financial year
- The annual report on remuneration, which provides details of remuneration paid to the Board during the 2020 financial year and how we will apply the remuneration policy for the forthcoming year 2021

## COVID-19

I would firstly like to acknowledge the serious impact COVID-19 has had and continues to have on the Group's business and stakeholders in recent months. As noted in the Group Chief Executive's report, our priorities during this time have been to safeguard the health and wellbeing of our colleagues and customers, to play our role in society in challenging times, and to protect our business. It has been critically important to ensure we continue to be an integral part of public transport infrastructure, keeping vital services running for key workers and more recently, increasing service levels to provide safe travel as people return to their day-to-day lives. The significant contribution made by our colleagues cannot go unrecognised, with their hard work and innovation enabling the Group to respond quickly, supporting communities and Government during this challenging time.

Overall, our financial results for the year ended 27 June 2020 have been significantly impacted by the pandemic despite this only being present for just over a quarter of our financial year. The immediate and significant fall in passenger numbers meant that the Group had to take decisive action quickly to conserve cash and protect our business. This included suspending the interim

dividend and not proposing a final dividend to shareholders, furloughing many of our colleagues, ceasing all non-essential capital expenditure and postponing investment in new vehicles. The committee also acknowledges that Government support and funding has been essential to ensure we have continued to provide vital services to our communities during this crisis, while also ensuring our businesses have remained viable.

The committee has considered the impact of all of these factors on our current executive remuneration arrangements, both in terms of outcomes for the current financial year and targets for the year ahead. In immediate response to the crisis, the Group Chief Executive, Group Chief Financial Officer, Chairman and non-executive directors voluntarily reduced their salaries/fees by 20 per cent on a temporary basis from 1 April 2020 to the end of the UK Government's Coronavirus Job Retention Scheme on 31 October 2020, in addition to waiving the 1 April 2020 annual salary review. The committee has also used its discretion to not pay bonuses for the 2020 financial year as well as defer the 2020 LTIP grants and target setting.

There is no doubt that the impact of COVID-19 will shape even more of the decisions we make over the coming months and we will continue to consider the alignment of executive remuneration decisions with the stakeholder experience, Government support and funding and against the background of the performance of the business.

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**“It is important 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.”**

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### Performance for the 2020 financial year

For more details on how the business has performed during the 2020 financial year, please read refer to the strategic report on pages 1 to 62.

The majority of the executive directors' annual bonus was based on challenging financial measures. Performance against the operating profit (65 per cent) and cashflow (10 per cent) targets was below the threshold level and performance in respect of the remaining strategic measures (25 per cent) was mixed. The committee considered its exercise of discretion very carefully and in the context of the impact of COVID-19 on the Group's wider stakeholders, it was agreed that it would not be appropriate to pay an annual bonus to the executive directors for the 2020 financial year.

Vesting of the LTIP award granted to the Group Chief Executive in November 2017 was determined by performance against earnings growth (EPS), total shareholder return (TSR) and customer service metrics. Performance against the EPS and TRS metrics was below the threshold level and while customer service had improved over the three year period such that an element of this metric would have vested, the additional financial underpin for the customer service metric resulted in no vesting of the Group Chief Executive's 2017 LTIP award.

The committee recognises and appreciates the hard work and contribution of the executive directors throughout the full financial year and, in particular, their commitment and swift response to mitigating the impact of COVID-19 on the business so that it is well placed to emerge strongly. Notwithstanding this, the committee believes that the 2020 pay outcomes are appropriate in the context of aligning the executive directors' interests with those of our stakeholders at this time.

The remuneration policy operated over the 2020 financial year as intended by the committee. Full details of the relevant targets and performance achieved are set out in section one of the annual report on remuneration on pages 99 to 103.

### Discretion

The committee applies the exercise of discretion very carefully when considering the total amounts earned under the annual performance-related bonus and LTIP, including the overall performance of the Group and any exceptional factors. As explained earlier in my letter, the committee determined that discretion should be exercised to override the annual bonus outcome for 2020 to deliver no bonus payouts. The committee also determined that no discretion needed to be applied to override the LTIP outcome.

When determining the future vesting of any in-flight LTIP awards, the committee will carefully consider whether any discretion is required to ensure outcomes are fair and appropriate.

### Executive remuneration 2021

Over the last year, the committee reviewed the current remuneration framework, measures and targets in the context of the ever-changing political and industry landscape and more recently in light of COVID-19. It is important 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.

We are committed to ensuring that executives are properly rewarded for performance and not failure. In order to deliver our strategy successfully as well as providing motivation to perform, remuneration plays an important retention role and needs to be appropriately competitive without being excessive.

The annual performance-related bonus rewards executive directors for delivering our short term financial and operational goals with half of any bonus earned deferred in Go-Ahead shares for a period of three years. The financial and non-financial objectives against which annual performance-related bonus targets are assessed include Group operating profit, Group cashflow and strategic objectives. As usual, the annual bonus targets will be disclosed retrospectively in next year's report.

The long term focus of our strategy is supported through our LTIP under which performance is tested over three years. In-flight performance metrics currently include a mix of earnings growth, shareholder return, customer service and more recently international operating profit targets. A significant proportion of our executive directors' variable pay opportunity is represented by the LTIP to ensure that investment decisions are made, and operating efficiency achieved, against a background which is long term and aligned with our stakeholders' interests.

Given the exceptional circumstances, the committee has decided to defer the 2020 LTIP grants and target setting until there is greater visibility of the continuing impact of COVID-19. The committee will consider the potential impact of stock market movements on the number of shares to be granted under the 2020 LTIP. In any event, on vesting of these awards, the committee will carefully consider whether any discretion is required to ensure outcomes are fair and avoid any inappropriate windfall gains. We expect to provide full details of the targets in the regulatory news announcement when awards are made, as well as in next year's remuneration report.

We anticipate that executive directors' salaries and Board fees will be reviewed at the normal time during 2021, with any increases taking into account the business, social and economic environment at that point, as well as the salary position in respect of the wider workforce.

### IFRS 16

As explained in last year's report, the committee will consider the impact of the new statutory accounting standard IFRS 16 on outstanding and future executive remuneration measures and targets. This, however, does not apply to the executive directors' remuneration for the 2020 financial year on account of no variable remuneration being paid.

## Remuneration continued

### Engagement with shareholders

We thank our major shareholder and representative bodies for their engagement last year in supporting the committee to vary the weighting and choice of metrics used in the 2019 LTIP award and align the Group Chief Executive's pension arrangements to that of the majority of the workforce. Following this consultation, the committee confirmed the revised weighting and choice of LTIP metrics to our major shareholders and representative bodies, in addition to providing full details in the regulatory news announcement issued when awards were made in November 2019. Full details of all the LTIP metrics for the 2019 LTIP award can be found on page 107.

The committee will also consult with shareholders in advance if there are any substantive changes to the performance conditions for the 2020 LTIP grant.

### Remuneration committee advisor review

During the year, PricewaterhouseCoopers LLP (PwC) was appointed as the Group's new independent remuneration advisor to the committee following a tender process. Full details can be found on page 94.

### Corporate governance

Last year, we made good progress with the early adoption of the majority of the provisions of the revised UK Corporate Governance Code, published in July 2018 (the Code) and other new regulatory requirements. Whilst not formally incorporated into the remuneration policy until the AGM 2021, the changes we made were effective immediately and included the alignment of the executive pension provision with our wider workforce; approval of a new malus and clawback policy and senior management remuneration policy; implementation of discretionary power to override formulaic outcomes for LTIP awards; share price impact scenario reporting; and CEO pay ratio. See page 97 of the 2019 Annual Report and Accounts for further information.

Details of how the current policy addresses the provisions of the Code, including clarity, simplicity, risk, proportionality and alignment to culture, are provided in the 2019 Annual Report and Accounts.

This year, we continued to build on and strengthen our governance and reporting processes. The committee considers that it has always felt well informed about the pay and related policy arrangements for the Group's wider workforce and so has been able to consider wider employee pay as context for any decisions taken with respect to the executive directors.

During the year, however, we formalised our processes for reviewing these arrangements with an annual update now provided by the Group People Director to the committee on a business-by-business basis. It is pleasing to note that our first formal review during the year found the wider workforce arrangements to be consistent with our values and supporting a healthy culture. Over the year ahead, the committee intends to supplement this formal review by working with Harry Holt, who was appointed by the Board during the year as the non-executive director designated to oversee colleague engagement across the Group, to explain how executive pay arrangements align with the wider Group pay policy. Despite the Board's rolling programme of site visits having to be suspended in light of the current pandemic, we look forward to the opportunity to gain first-hand feedback in two-way discussion with the workforce.

### Looking ahead

The Group has demonstrated its strength with a resilient business model and the commitment of our people who have served our stakeholders well during this crisis. The last few months have highlighted how vital our role is in society, with our purpose and values remaining core to how we operate.

The year ahead marks the final year under the current remuneration policy, which was supported at the 2018 AGM with 99 per cent of shareholders voting in favour. Given the continued uncertainty we face in both the wider economy and the industry in which we operate, it is important that our future policy supports the delivery of our strategic goals and the creation of our shareholder value against the current backdrop.

A key focus for the year ahead is therefore to carry out a full review of our policy, taking account of developments in market best practice and investor expectations, as well as the specific needs of our business and the sector in which we operate. This review will also include the adoption of post-employment shareholding guidelines.

I look forward to engaging with shareholders prior to seeking approval for our new policy at the 2021 AGM.



**Leanne Wood**  
Remuneration Committee Chair

23 September 2020

## Remuneration committee

### Membership

- During the year, the remuneration committee comprised of the Committee Chair (Leanne Wood) and three independent non-executive directors (Clare Hollingsworth, Adrian Ewer and Harry Holt). Katherine Innes Ker stepped down as Committee Chair at the AGM last year
- The members of the committee have no personal interests in the matters to be decided by the committee other than as shareholders and have no conflicts of interest arising from cross-directorships
- The Group Chief Executive and the Group People Director attended relevant parts of the committee meetings during the year. No individual was present when their own remuneration was being determined

### Meetings

- The committee met five times during the year. Four of these meetings were scheduled, with one additional meeting held to discuss executive remuneration and the impact of COVID-19. Attendance by members at committee meetings can be found on page 74

### Key responsibilities and terms of reference

A summary of the key responsibilities of the remuneration committee includes:

- Designing remuneration policy and practices to support long term strategy, purpose and value
- Developing policy on executive remuneration and determining senior management, new director and Chairman remuneration
- Reviewing pension arrangements for the executive directors to ensure alignment with the wider workforce
- Reviewing workforce remuneration and related policies to ensure consistency with Group values and culture
- Ensuring remuneration policy promotes long term shareholdings by executive directors that align with shareholders interests
- Selecting, appointing and setting the terms for any remuneration consultants to advise the committee
- Committee effectiveness, including terms of reference

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

### Key focus areas during the year

- Set targets for the 2019 LTIP award and 2020 annual performance-related bonus
- Consulted with major shareholders and representative bodies on 2019 LTIP award metrics and weightings and alignment of Group Chief Executive pension arrangements with the wider workforce
- Approved 2019 annual performance-related bonus payout and nil vesting of the 2016 LTIP award

- Approved the 2019 directors' remuneration report
- Considered the impact of the new statutory accounting standard IFRS 16
- Reviewed senior management and Chairman remuneration
- Reviewed executive remuneration policy
- Reviewed the advisory services to the committee and approved the appointment of PwC as independent remuneration advisor

The committee also considered and approved the following during the year, which were subsequently waived due to the onset of COVID-19:

- Executive director and senior management salary increases from 1 April 2020
- Chairman and non-executive director fee increases from 1 April 2020

The Board subsequently volunteered to take a temporary 20 per cent reduction in their fees/salaries from 1 April 2020 to the end of the UK Government's Coronavirus Job Retention Scheme on 31 October 2020

### Effectiveness

- The internal review of the committee's effectiveness last year concluded that the committee was fully effective in discharging its duties and responsibilities. The review this year is being carried out by Independent Audit Limited as part of the external effectiveness review outlined on pages 76 and 77, the findings from which will be disclosed in next year's Annual Report

### Future focus

- Executive remuneration policy review ahead of the 2021 AGM
- Review the alignment of executive performance-related pay targets to support and deliver Go-Ahead's strategy, taking into account the ongoing impact of COVID-19
- Review and determine senior management remuneration
- Review the effectiveness and transparency of remuneration reporting
- Monitor compliance with the Code and develop further remunerated-related engagement with the workforce

### Allocation of time



## Remuneration continued

### External advisors to the committee

New Bridge Street (NBS) (part of Aon plc) acted as an independent remuneration advisor to the committee from the start of the financial year to 31 May 2020, when it ceased to provide independent remuneration committee advice to listed companies. At the time of their appointment by the committee, a thorough tender process was undertaken. Neither Aon Hewitt Limited nor the wider Aon plc provided any other services to the Group during this time and therefore the committee was satisfied that it provided objective and independent advice. NBS is a member of the Remuneration Consultants Group and complies with its Code of Conduct. The fees payable to NBS for advice throughout the year were £44,458 (2019: £64,300), charged on a time and material basis.

PwC was appointed independent remuneration consultant by the committee with effect from 28 June 2020 after a rigorous tender process led by the Remuneration Committee Chair and the Group Company Secretary. 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. PwC also acts as the Group's internal audit function, providing assurance over the effectiveness of key internal controls as identified as part of the risk assessment process. The committee is comfortable that the PwC engagement partner and team who provide remuneration advice to the committee, do not have connections with the Group or individual directors of the Group, that might impair their independence. The advice received is independent and objective.

### Statement of voting at Annual General Meeting

At last year's AGM (31 October 2019), the directors' remuneration report received the following votes from shareholders:

	Votes for and discretionary	Votes against	Total votes	Withheld
Remuneration report	30,557,653 98.74%	388,774 1.26%	30,946,427 100.00%	8,563

The remuneration policy was last approved for the year ended 30 June 2018 at the Annual General Meeting held on 1 November 2018, the voting outcome of which was:

	Votes for and discretionary	Votes against	Total votes	Withheld
Remuneration policy	30,249,362 99.00%	307,034 1.00%	30,556,396 100.00%	19,230

## Remuneration 2020 at a glance

### Summary of directors' remuneration policy

This report sets out a summary of Go-Ahead's policy on remuneration for executive and non-executive directors which was approved by shareholders at the AGM on 1 November 2018 and applies until the 2021 AGM. The full policy report is set out on pages 97 to 103 of our 2019 Annual Report and Accounts, available on our website. The policy is designed to attract, retain and motivate our leaders within a structure designed to support both the financial objectives and strategic priorities of the Group which is aligned with shareholders' and stakeholders' long term interests.

Element of remuneration	Link to strategy	Framework (operation and maximum opportunity)	Performance measures
Base salary	Enables the Group to recruit and retain individuals of the calibre required to deliver its strategic objectives.	Normally reviewed annually with changes effective from 1 April.  No maximum salary level, but salary increases will not normally exceed the average increase awarded to other UK based employees.	N/A
Benefits	To provide a market competitive level of benefits for executive directors.	Family private healthcare, death in service and life assurance cover, free travel on the Group's services and professional membership subscriptions.  Reasonable business-related expenses (if determined to be a taxable benefit).  Other benefits introduced for the wider workforce.  Benefits are intended to be market competitive but not subject to a maximum.	N/A
Pension allowance	Pension provision for executive directors has been aligned with the majority of the workforce.	Executive directors are eligible to participate in the Workplace Savings Section of The Go-Ahead Group Pension (which is the pensions auto-enrolment vehicle for the majority of employees) or receive a cash alternative equivalent.  Maximum is 3 per cent of qualifying earnings as pension provision.	N/A
Performance-related bonus	Focuses on key strategic objectives for year ahead.  Deferral of half of bonus into Group shares aligns executive directors' interests with those of shareholders.	Maximum of 150 per cent of salary.  Awards normally delivered: 50 per cent in cash following AGM and 50 per cent in shares deferred for a period of three years.  Subject to malus and clawback provisions for three years following the award.	Based on Group strategic objectives set for the year ahead. The majority of bonus will be subject to challenging financial targets.  Performance below threshold results in zero payment, with no more than 25 per cent bonus available at threshold. Payments rise from 0 per cent to 100 per cent of the maximum opportunity levels for performance between threshold and maximum targets.  A quality of earnings review and a health and safety underpin apply to the full bonus.

## Remuneration continued

## Summary of directors' remuneration policy continued

Element of remuneration	Link to strategy	Framework (operation and maximum opportunity)	Performance measures
Long Term Incentive Plan (LTIP)	Aligned to the strategic objectives of the Group to deliver long term returns to shareholders.	<p>Maximum annual award of 150 per cent of base salary for the Group Chief Executive, and 100 per cent for the Group Chief Financial Officer.</p> <p>Awards normally vest based on performance over a period of three years (with the accrual of dividend equivalents).</p> <p>Post-tax number of shares vesting will be subject to an additional two-year holding period.</p> <p>Subject to malus and clawback provisions, for three years following vesting.</p>	<p>Subject to a combination of financial and/or non-financial measures, tested over a period of at least three years.</p> <p>Performance below the threshold results in zero vesting. The starting point for the vesting of each performance element will be no higher than 25 per cent and rises on a straight-line basis to 100 per cent for attainment of levels of performance between threshold and maximum targets.</p> <p>Performance measures may be introduced or reweighted so they are directly aligned with the Group's strategic objectives.</p> <p>Performance metrics currently include compound annual growth in adjusted earnings per share (EPS*) and relative total shareholder return with each accounting for at least 25 per cent of the award. The committee has the discretion to vary the weighting and choice of metrics including the comparator groups prior to each award.</p>
All-employee shares plans	Encourage share ownership.	Participation is on the same basis as other eligible employees and in accordance with HMRC limits and guidelines as amended from time to time.	N/A
Share ownership	Aligns the financial interests of the executive directors with those of shareholders.	Executive directors are required to retain 50 per cent of the post-tax gain on vested LTIP and deferred share awards until such time as they have a holding of 200 per cent of base salary.	N/A
Chairman and non-executive directors' fees	Fees are set at a level to attract and retain individuals with appropriate expertise to complement the Group's strategy.	<p>Fees are reviewed annually each year with reference to comparable listed companies.</p> <p>Additional fees may be paid for any committee chairmanship and/or for the Senior Independent Director.</p> <p>The aggregate level of non-executive directors' fees shall not exceed the maximum limit set out in the articles of association.</p> <p>Non-executive directors are not eligible to receive performance-related remuneration or pension entitlements or to participate in share option schemes.</p>	N/A

\* In line with our commitment to transparent reporting, EPS is reported on a statutory basis. Where targets have been based on adjusted EPS (EPS before exceptional items), vesting will be determined by a calculation on an adjusted basis, based on reported Group operating profit adding back any exceptional items, which is consistent with prior years. The committee will also consider the impact of IFRS 16 on outstanding and future executive remuneration measures and targets. Any impact on executive remuneration will be neutralised (by converting IFRS 16 outturns back to IAS 17) to ensure that the executive directors are neither rewarded or penalised vis-a-vis the basis on which their awards were based.

## Summary executive remuneration 2020

	Group Chief Executive, David Brown	Group Chief Financial Officer, Elodie Brian
<b>Basic salary and pension</b>		
Base salary (£'000)	£582	£335
% increase from prior year <sup>1</sup>	0%	0%
Temporary reduced base salary (£'000) <sup>1</sup>	£465	£268
Pension (£'000) <sup>2</sup>	£1	£1

<b>2020 annual performance-related bonus</b>		
Maximum opportunity (% of salary)	150%	150%
Actual outcome following remuneration committee discretion (% of salary)	0% <sup>3</sup>	0% <sup>3</sup>
Cash amount	£nil	£nil
Amounts satisfied in shares	nil	nil

<b>2017 LTIP award</b>		
Maximum opportunity (% of salary)	150%	N/A <sup>4</sup>
Award vesting (percentage of maximum opportunity)	nil	N/A

- In response to COVID-19, the executive directors volunteered to take a temporary 20 per cent reduction in their base salary with effect from 1 April 2020 to the end of the UK Government's Coronavirus Job Retention Scheme on 31 October 2020, in addition to waiving the 1 April 2020 annual salary review. The 2020 incentive opportunities will be based on full unadjusted salary.
- Last year, pension provision for the executive directors was aligned with the majority of the workforce. The executive directors are therefore eligible to participate in the Workplace Savings Section of The Go-Ahead Group Pension Plan (which is the pensions auto-enrolment vehicle for the majority of employees) or receive an equivalent cash allowance. Both executive directors have opted to receive an equivalent cash allowance which represents 3 per cent of qualifying earnings.
- The committee considered its exercise of discretion carefully. In the context of the impact of COVID-19 on the Group's wider stakeholders, it was agreed that it would not be appropriate to pay an annual bonus to the executive directors for the 2020 financial year.
- The Group Chief Financial Officer's first LTIP award was granted in November 2019 for the three-year performance period 2020-2022.

The total single remuneration figure for our executive directors for the year ended 27 June 2020 is shown below:

### Total single remuneration figure for 2020 (£'000)

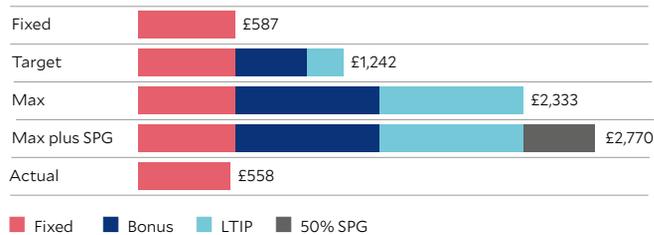
	2020	2019
Group Chief Executive, David Brown	558	1,269
Group Chief Financial Officer, Elodie Brian	320	46

## Remuneration continued

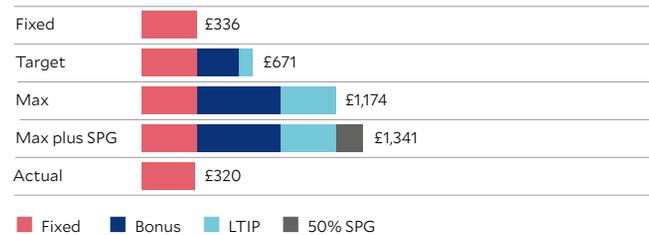
## Executive directors' remuneration – actual vs policy (£'000)

The charts show a comparison of the total single remuneration figure received by the executive directors for the year ended 27 June 2020 compared with the fixed, target and maximum opportunity which was available under Go-Ahead's remuneration policy. Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, we have also included an illustration of the maximum opportunity available following 50 per cent share price growth on the maximum LTIP award value.

## David Brown – Group Chief Executive



## Elodie Brian – Group Chief Financial Officer



## Executive remuneration compared with FTSE 250

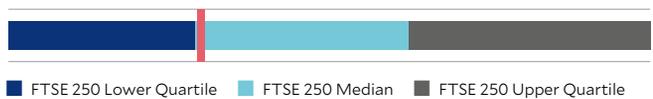
When setting the remuneration for the executive directors, one of the factors the committee considers is the relevant markets for the executive directors, which we believe is the FTSE 250, and the size of the Group compared with industry peers (FirstGroup plc, Stagecoach Group plc and National Express Group plc). Despite the recent fall in market capitalisation of the Group as a result of COVID-19, the committee believes that the FTSE 250 is still an appropriate benchmark for external comparison as it reflects the size and complexity of the Group and executive roles. This benchmark, however, will continue to be regularly reviewed.

The charts below shows the relative position of the Group Chief Executive's and Group Chief Financial Officer's base salaries in comparison with the lower median and upper quartiles of the FTSE 250.

## David Brown – Group Chief Executive

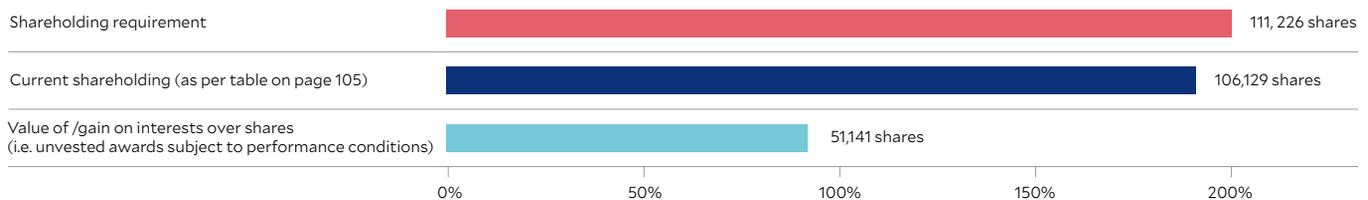


## Elodie Brian – Group Chief Financial Officer

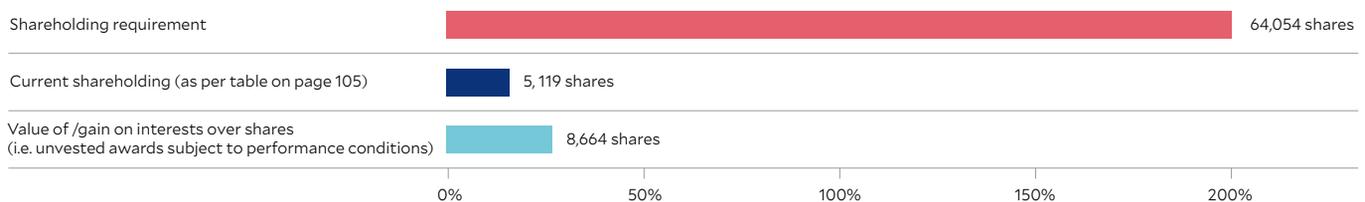


## Shareholding requirement

## David Brown – Group Chief Executive (% of salary)



## Elodie Brian – Group Chief Financial Officer (% of salary)



## Notes:

Current shareholding includes: (a) beneficial holdings including beneficial interests in shares held under the Group's Share Incentive Plan and (b) unvested ordinary shares under the deferred share bonus plan (DSBP) (on a net-of-tax basis). Unvested shares under the LTIP have not been included.

The current shareholding and value of/gain on interests over shares as a percentage of salary has been calculated using the Group Chief Executive's and Group Chief Financial Officer's full base salaries of £581,710 and £335,000 respectively.

The Group Chief Executive and Group Chief Financial Officer purchased 932 and 2,500 shares respectively between the period 30 June 2019 and 27 June 2020.

The value of the ordinary shares shown above has been based on the average share price between the period 30 June 2019 and 27 June 2020, being £10.46.

Value of/gain on interests over shares comprises unvested 2017, 2018 and 2019 LTIP awards for the Group Chief Executive and the unvested 2019 LTIP award for the Group Chief Financial Officer on a net-of-tax basis.

Unvested LTIP shares do not count towards satisfaction of the shareholding guidelines.

## Annual report on remuneration

Set out below is the annual report on directors' remuneration for the year ended 27 June 2020 which, together with the annual statement from the Remuneration Committee Chair, will be put to shareholders for an advisory vote at the AGM on 24 November 2020. The remuneration committee has prepared this report on behalf of the Board in line with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Listing Rules of the Financial Conduct Authority and applies the main principles relating to remuneration which are set out in the revised UK Corporate Governance Code published in July 2018.

The annual report on remuneration is divided into three sections:

- ▶ **Section 1: Single figure tables**
- ▶ **Section 2: Additional information on 2020 remuneration**
- ▶ **Section 3: Implementation of remuneration policy in 2021**

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.

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

	Salary <sup>1</sup> £'000	Taxable benefits <sup>2</sup> £'000	Short term incentives (performance-related bonuses)		Long Term Incentive Plan (LTIP) <sup>4</sup> £'000	Pension allowance <sup>5</sup> £'000	Other remuneration £'000	Total single remuneration figure £'000	Total fixed pay £'000	Total variable pay £'000
			Cash bonus <sup>3</sup> £'000	Deferred share bonus <sup>3</sup> £'000						
<b>Executive directors</b>										
Group Chief Executive, David Brown										
<b>2020</b>	<b>553</b>	<b>4</b>	—	—	—	<b>1</b>	—	<b>558</b>	<b>558</b>	—
2019	571	4	330	330	—	—	34	1,269	575	694
Group Chief Financial Officer, Elodie Brian										
<b>2020</b>	<b>319</b>	—	—	—	—	<b>1</b>	—	<b>320</b>	<b>320</b>	—
2019	46	—	—	—	—	—	—	46	46*	—

\* Elodie Brian was appointed as a statutory director from 5 June 2019. The salary received between 5 June 2019 and 29 June 2019 was backdated to 1 April 2019 in recognition of the qualifying services she performed during April and May in advance of her permanent statutory appointment.

## Remuneration 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 and will remain in place until April 2021 when they are reviewed again.

No salary increases were awarded this year on account of the COVID-19 pandemic. In addition, the executive directors volunteered to temporarily waive 20 per cent of their base salaries on a temporary basis from 1 April 2020 to the end of the UK Government's Job Retention Scheme on 31 October 2020, the revised salaries for which are shown in brackets below:

	From 1 April 2020	From 1 April 2019	% increase
<b>Executive directors</b>			
Group Chief Executive, David Brown	<b>£581,710</b> <b>(£465,368)</b>	£581,710	—
Group Chief Financial Officer, Elodie Brian	<b>£335,000</b> <b>(£268,000)</b>	£335,000	—

## 2. Taxable benefits

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

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

The table below illustrates the components of the annual performance-related bonus award at maximum and actual payouts for business objectives set at the start of the year for the executive directors.

Metric	Performance measure	Weighting (percentage of maximum)	Maximum opportunity (percentage of salary)	Achieved	Actual payout (percentage of salary)
Group profit	Group operating profit 2020	65%	97.5%	0%	0%
Group cashflow	Net debt after adding back restricted cash	10%	15%	0%	0%
Strategic KPIs	See page 101	25%	37.5%	0%	0%
<b>Total</b>		<b>100%</b>	<b>150%</b>	<b>0%</b>	<b>0%</b>

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

## Group operating profit (65 per cent)

For Group operating profit for the year ended 27 June 2020, target vesting was proportionately weighted between the operating profit contribution from bus (45.5 per cent) and rail (19.5 per cent), with payout on a sliding scale. The actual Group operating profit for bus was £68.1m and the actual Group operating profit for rail was £nil resulting in no payout for either bus or rail. These figures have been 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 2020	Threshold vesting: £88.5m	Threshold vesting: £11.7m	0%				
	Target vesting: £93.2m	Target vesting: £16.7m	50%	£68.1m	0%	£nil	0%
	Maximum vesting: £97.9m	Maximum vesting: £21.7m	100%				

### Cashflow (10 per cent)

The target for Group cashflow (defined as net debt after adding back restricted cash) was £274.9m, with maximum vesting at £261.2m. Actual Group cashflow for the year ended 27 June 2020 was £321.6m (2019: £237.4m on an adjusted basis), resulting in a 0 per cent payout. This has been calculated on a pre-IFRS 16 basis.

Measure	Target	Weighting (% of bonus)	Actual net debt	Actual payout
Net debt 2020	Target vesting: £274.9m	0%	£321.6m*	0%
	Maximum vesting: £261.2m	100%		

\* Net debt has increased by circa £80.0m following the lock up of unrestricted cash following the introduction of the Emergency Measures Agreements for both UK rail operations.

### Strategic KPIs (25 per cent)

The committee's assessment of the three key strategic targets is outlined below, with discretion applied such that no bonus will be payable for this element of the annual performance-related bonus.

Target	Assessment
Maximise profit in Southeastern, including end of franchise arrangements	Achieved – in response to COVID-19, the DfT introduced Emergency Measures Agreements (EMAs) across the industry. For Southeastern, the EMA terms were extended to a direct award contract of at least 18 months from 1 April 2020
Ensure the strategic growth of the business, including securing and mobilising international operations and/or identifying major opportunities	Not achieved – No new contract wins. Operations mobilised in Ireland, Germany and Norway.
Achieve a colleague engagement index of at least 68 per cent and deliver the 2018 Group-wide engagement plans	Achieved – Overall engagement score of 74 including growth in GTR and Southeastern

### 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.

### Rail customer service threshold

There was an additional underpin that enabled the committee to use its discretion if customer satisfaction across the Group's train operating companies in Spring 2020 (as measured by the Transport Focus National Rail Passenger Survey (NRPS) averaged across the Group's rail operating companies) was less than the London and South East Sector NRPS score of 81 per cent in Spring 2019. As the Spring 2020 NRPS score for the Group's train operating companies was 82 per cent and higher than the NRPS threshold, the committee agreed that no scaling back of bonus would have been required.

### 4. Nil vesting of 2017 LTIP award – Group Chief Executive only

The table on page 102 summarises the performance conditions for the Group Chief Executive's 2017 LTIP award and the actual performance achieved. This award was subject to performance conditions measured over the three financial years ending with the 2020 financial period.

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

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

- For the rail customer service target, the benchmark was the London and South East Sector NRPS score, with the threshold being the Spring 2017 London and South East Sector NRPS of 82 per cent. The target was to increase the score to 86 per cent over the three-year performance period.
- For the bus customer service target, the threshold was to maintain the 2017 Bus National Passenger Survey (NPS) score of 90 per cent, with the target to increase the score to 93 per cent over the three year performance period.
- While performance for both the rail and bus customer service targets was at, or above, threshold, in accordance with the additional profit threshold, there was nil vesting for the customer service element of the award. This threshold required earnings per share (EPS) growth over the three-year period to be greater than RPI +2 per cent before any element of this award could vest. For the year ended 27 June 2020, EPS growth was -36.1 per cent resulting in nil vesting for the customer service element of the 2017 LTIP award.

## Remuneration continued

## Section 1: Single figure tables continued

## Performance conditions and actual performance achieved for the 2017 LTIP award

	Earnings per share (EPS)		Total shareholder return (TSR)		Customer		
	EPS payout (% of each element)	Compound annual growth in adjusted EPS	Payout (% of TSR element)	Relative TSR vs FTSE 250 (excluding certain sectors)	Payout (% of each customer element)	Rail customer service target	Bus customer service target
Weighting (% of total award)	—	40%	—	40%	—	10%	10%
Below threshold	0%	Less than RPI + 2% p.a.	0%	Below median	0%	Less than 82%	Less than 90%
Threshold	10%	RPI + 2% p.a.	25%	Median	10%	82%	90%
Between threshold and maximum	Between 10% and 100%	Between RPI + 2% p.a. and RPI + 10% p.a.	Between 25% and 100%	Between median and upper quartile	Between 10% and 100%	Between 82% and 86%	Between 90% and 93%
Maximum	100%	RPI + 10% p.a.	100%	Upper quartile	100%	86%	93%
Performance achieved		Adjusted EPS of 56.6p. From a base of 181.6p this is equivalent to RPI (34.66)% p.a.		68th out of 113 "live" companies		82%	91%
<b>Actual % vesting</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

In line with our commitment to transparent reporting, EPS and Group operating profit are now reported on a statutory basis. At the time of this LTIP award, the targets were based on adjusted EPS and adjusted Group operating profit (before amortisation and exceptional items) and on a pre-IFRS 16 basis. The performance of the 2017 LTIP award has therefore been calculated on an adjusted basis, based on reported Group operating profit adding back amortisation and any exceptional items, which is consistent with prior years and it had also been neutralised (by converting IFRS 16 outturns back to IAS 17) to ensure that the executive directors were neither rewarded or penalised vis-a-vis the basis on which their rewards were based.

#### 5. Pension allowance

Further to aligning pension provision for the executive directors with the majority of the workforce last year, both the Group Chief Executive and Group Chief Financial Officer have opted to receive a cash allowance of 3 per cent of qualifying earnings. 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 2020/21 are gross taxable earnings between £6,240 pa and £50,000 pa. The lower and upper thresholds are reviewed each year by the government.

#### 6. Other remuneration

The value of the gross cumulative dividend payment is in relation to the Group Chief Executive's deferred share bonus award which was granted on 29 October 2015, for the year ended 27 June 2015, and which vested on 29 October 2018 following the end of the three-year deferral period.

### Non-executive directors' remuneration for the year ended 27 June 2020 (audited)

The table below sets out the total single remuneration figure received by each non-executive director for the year ended 27 June 2020 and the prior year:

Non-executive director	Committee membership and other responsibilities as at 27 June 2020				Total single remuneration figure	
	Nomination committee	Audit committee	Remuneration committee	Other	2020 £'000	2019 £'000
Clare Hollingsworth <sup>1</sup>	Chair	—	Member	Chairman	<b>164</b>	—
Adrian Ewer <sup>2</sup>	Member	Chair	Member	Senior Independent Director	<b>61</b>	60
Katherine Innes Ker <sup>3</sup>	Member	—	—	—	<b>54</b>	65
Harry Holt	Member	Member	Member	—	<b>50</b>	52
Leanne Wood <sup>4</sup>	Member	Member	Chair	—	<b>55</b>	52
Andrew Allner <sup>5</sup>	—	—	—	—	<b>63</b>	185

1. Clare Hollingsworth joined the Board as Non-Executive Chairman Designate on 1 August 2019 and succeeded Andrew Allner as Chairman of the Board and Nomination Committee Chairman with effect from the conclusion of the 2019 AGM.
2. Adrian Ewer succeeded Katherine Innes Ker as Senior Independent Director with effect from the conclusion of the 2019 AGM.
3. Katherine Innes Ker stepped down as Senior Independent Director and Remuneration Committee Chair with effect from the conclusion of the 2019 AGM and ceased to be a member of the audit and remuneration committees.
4. Leanne Wood succeeded Katherine Innes Ker as Remuneration Committee Chair with effect from the conclusion of the 2019 AGM.
5. Andrew Allner retired as Chairman of the Board and Nomination Committee Chairman with effect from the conclusion of the 2019 AGM.

### Fees payable to the Chairman and non-executive directors (audited)

Base fee levels for the Chairman and non-executive directors are shown below and will remain in place until April 2021 when they are reviewed again.

No fee increases were awarded this year on account of the COVID-19 pandemic. In addition, the Chairman and non-executive directors volunteered to take a temporary 20 per cent reduction in their fees with effect from 1 April 2020 to the end of the UK Government's Coronavirus Job Retention Scheme on 31 October 2020, the revised fees for which are shown in brackets below:

Chairman and non-executive directors' annual fees with effect from 1 April 2020	£'000
Chairman	189 (151)
Non-executive director	53 (42)
Senior Independent Director	5 (4)
Audit Committee Chair	8 (6)
Remuneration Committee Chair	8 (6)

## Remuneration continued

## Section 2: Additional information on 2020 remuneration

## Directors' shareholdings and share plan interests (audited)

A summary of all directors' shareholdings and share plan interests as at 27 June 2020 are shown in the table below:

	Outstanding scheme interests as at 27 June 2020			Total shares subject to outstanding scheme interests	Actual shares held <sup>5</sup>		Total of all share scheme interests and shareholdings as at 27 June 2020 <sup>9</sup>
	Unvested scheme interests (subject to performance measures) <sup>1</sup>	Unvested scheme interests (not subject to performance measures) <sup>2</sup>	Vested but unexercised share options		As at 30 June 2019	As at 27 June 2020	
<b>Executive directors</b>							
David Brown	146,485	34,735	—	181,220 <sup>4</sup>	86,583	87,719 <sup>6</sup>	268,939
Elodie Brian	16,347	3,405	1,537 <sup>3</sup>	21,289	—	2,500 <sup>7</sup>	23,789
<b>Non-executive directors</b>							
Clare Hollingsworth	—	—	—	—	—	2,290	2,290 <sup>9</sup>
Adrian Ewer	—	—	—	—	3,018	3,022	3,022 <sup>10</sup>
Katherine Innes Ker	—	—	—	—	116	116	116
Harry Holt	—	—	—	—	—	—	—
Leanne Wood	—	—	—	—	294	294	294
Andrew Allner	—	—	—	—	1,242	N/A	N/A <sup>11</sup>

1. LTIP awards still subject to performance measures. Excludes 2020 LTIP awards which have been deferred until there is greater visibility of the continuing impact of COVID-19.

2. Deferred share bonus plan awards that have not vested.

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

4. Of the 181,220 ordinary shares, 49,993 related to the 2017 LTIP award which will lapse in November 2020 following the remuneration committee's determination that there should be a nil vesting for this LTIP award as performance conditions have not been met. Further details can be found on pages 101 and 102.

5. Actual shares are beneficial holdings which include the directors' personal holdings and those of their spouses. They also include the beneficial interests in shares which are held in trust under the Group's Share Incentive Plan.

6. During the year, David Brown's beneficial shareholding increased by 1,136 ordinary shares. This consisted of 94 ordinary shares acquired through the Group's Sharesave Scheme which matured on 1 May 2019 and was exercised in October 2019. David Brown purchased 932 shares in March 2020 and a further 110 shares were purchased during the period 30 June 2019 to 27 June 2020 under the Group's Share Incentive Plan. In the period 28 June 2020 to 23 September 2020, David Brown's ordinary shareholding increased from 87,719 to 87,784 as a result of shares purchased under the Group's Share Incentive Plan. There have been no other changes in the shareholdings of the executive directors between 28 June 2020 and the date of this Annual Report and Accounts.

7. During the year, Elodie Brian's beneficial shareholding increased by 2,500 shares which she purchased on 21 April 2020.

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

9. Clare Hollingsworth purchased 2,290 ordinary shares on 13 March 2020.

10. Adrian Ewer's shareholding increased by four ordinary shares during the year following the reinvestment of dividend income.

11. Andrew Allner retired as Chairman with effect from the conclusion of the 2019 AGM.

## External appointments

In accordance with their service agreements, the executive directors are able to accept external appointments and are permitted to retain any fees paid for such services, provided that approval is given by the Board. The Group Chief Executive is a director of the Rail Delivery Group Limited and ATOC Limited and he does not receive any fees for either of these roles. He is also a non-executive director of Renew Holdings plc, for which he received £43,537 for the period 30 June 2019 to 27 June 2020 (2019: £45,000). The Group Chief Financial Officer does not have any external appointments.

### Directors' share ownership guidelines (audited)

Executive directors are 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 require executive directors to hold ordinary shares equal in value to 200 per cent of their salary as set out in the table below.

Executive directors are required to retain 50 per cent of the post-tax gain on vested LTIP and deferred share awards until the shareholding requirement is met. Additionally, LTIP awards must be retained for a further two years from the vesting (other than to pay tax and National Insurance Contributions due on receipt of shares). For LTIP awards granted from 2019, this holding period has been extended to the fifth anniversary from date of grant.

As mentioned earlier in this report, the remuneration committee intends to implement a formal policy for post-employment shareholdings in conjunction with the next remuneration policy vote at the 2021 AGM. More details will be included in next year's Annual Report.

The table below sets out the number of shares held by the executive directors at the beginning and end of the financial year and the impact on the value of these shares taking the average opening price and closing price for the year. The differences of (£0.8m) and £0.02m for the Group Chief Executive and Group Chief Financial Officer respectively show their shareholdings as a comparison to their single figure. A material proportion of the Group Chief Executive's wealth is tied to the share price of the Group, aligning him with the ownership experience of other shareholders during the period. The Group Chief Financial Officer was appointed on 5 June 2019 and has not been eligible to receive any performance-related bonus share awards relating to her statutory appointment during the year. Both the Group Chief Executive and the Group Chief Financial Officer purchased shares out of their own funds during the financial year. It should be noted that the average share price fell during the period (£19.50 for the period 1 June 2019 to 29 June 2019 compared with £10.46 for the period 1 June 2020 to 27 June 2020).

	Number of eligible ordinary shares held at 30 June 2019 <sup>1</sup>	Value of eligible ordinary shares held at 30 June 2019 <sup>2</sup> £m	Number of eligible ordinary shares held at 27 June 2020 <sup>1</sup>	Value of eligible ordinary shares held at 27 June 2020 <sup>3</sup> £m	Difference £m	2020 total single remuneration figure	Share ownership as % of salary as at 27 June 2020 <sup>4</sup>	Guideline on share ownership as % of salary	Guideline met
<b>Group Chief Executive</b>									
David Brown	96,447	1.9	106,129	1.1	(0.8)	<b>£557,826</b>	191%	200%	No <sup>5</sup>
<b>Group Chief Financial Officer</b>									
Elodie Brian	1,293	0.03	5,119	0.05	0.02	<b>£320,308</b>	16%	200%	No

1. Eligibility of shares: (a) beneficial holdings including beneficial interests in shares held under the Group's Share Incentive Plan have been included; (b) unvested ordinary shares under the deferred share bonus plan, which represent deferral of earned bonus, are eligible and count towards the requirement on a net-of tax basis and (c) unvested ordinary shares under the LTIP are not eligible and do not count towards the requirement during the performance period.
2. Value of ordinary shares is based on the average share price between the period 1 June 2019 and 29 June 2019, being £19.50.
3. Value of ordinary shares is based on the average share price between the period 1 June 2020 and 27 June 2020, being £10.46.
4. Share ownership as a per cent of salary has been calculated using the Group Chief Executive and Group Chief Financial Officer's full base salary of £581,710 and £335,000 respectively. The Group Chief Executive and Group Chief Financial Officer's share ownership increases to 239 per cent and 20 per cent respectively when their temporary base salaries, which were reduced by 20 per cent between the period of 1 April 2020 and the end of the UK Government's Coronavirus Job Retention Scheme on 31 October 2020, are used.
5. The Group Chief Executive's share ownership as a percentage of salary fell from 290 per cent last year to 191 per cent this year due to the fall in share price arising from the COVID-19 pandemic.

## Remuneration continued

## Section 2: Additional information on 2020 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 (which will vest in future years subject to performance conditions and/or continued service).

## Group Chief Executive, David Brown

Plan	Date of grant	Mid-market price on date of grant £	Option price £	Balance at 30 June 2019	Granted in year	Exercised in year	Lapsed in year	Balance at 27 June 2020	2017 LTIP award eligible for vesting 2020 <sup>6</sup>		Balance post lapsing of 2017 LTIP award
									Vested	Lapsed	
Sharesave <sup>1</sup>	22.03.16	—	19.11	94	—	94	—	—	—	—	—
Deferred Share Bonus Plan	16.11.18	15.61 <sup>2</sup>	—	18,612	—	—	—	18,612	—	—	18,612
	15.11.19	20.49 <sup>3</sup>	—	—	16,123	—	—	16,123	—	—	16,123
LTIP	16.11.16	20.47 <sup>4</sup>	—	39,698	—	—	39,698 <sup>5</sup>	—	—	—	—
	17.11.17	16.58 <sup>4</sup>	—	49,993	—	—	—	49,993	—	49,993	—
	16.11.18	15.79 <sup>4</sup>	—	53,912	—	—	—	53,912	—	—	53,912
	15.11.19	20.49 <sup>4</sup>	—	—	42,580	—	—	42,580	—	—	42,580
<b>Total</b>				162,309	58,703	94	39,698	181,220	—	49,993	131,227

- Sharesave is an all-employee share option plan and has no performance condition as per HMRC Regulations. David Brown's sharesave options were granted in 2016, matured in May 2019 and were exercised in October 2019.
- The number of shares over which the 2018 DSBP 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.
- 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 also in accordance with the Plan Rules.
- The number of shares over which the 2016–2019 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.
- As none of the performance conditions was achieved, the 2016 LTIP lapsed in full in November 2019.
- Relates to the 2017 LTIP award following the three year performance period ended 27 June 2020.

## Group Chief Financial Officer, Elodie Brian

Plan	Date of grant	Mid-market price on date of grant £	Balance at 30 June 2019	Granted in year	Lapsed in year	Balance at 27 June 2020
Deferred Share Bonus Plan	25.11.14	24.74 <sup>1</sup>	505 <sup>3</sup>	—	—	505 <sup>4</sup>
	19.11.15	25.17 <sup>1</sup>	658 <sup>3</sup>	—	—	658 <sup>4</sup>
	15.11.16	20.81 <sup>1</sup>	374 <sup>3</sup>	—	—	374 <sup>4</sup>
	17.11.17	17.27 <sup>1</sup>	402 <sup>3</sup>	—	—	402
	16.11.18	15.61 <sup>1</sup>	500 <sup>3</sup>	—	—	500
	15.11.19	20.49 <sup>1</sup>	—	2,503	—	2,503
LTIP	15.11.19	20.49 <sup>2</sup>	—	16,347	—	16,347
<b>Total</b>			2,439	18,850	—	21,289

- 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 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.
- The number of shares over which the 2019 LTIP 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.
- Relates to the deferred share bonus awards granted to Elodie Brian between 2014 and 2018, prior to her statutory appointment to the Board in June 2019, and during her employment as Finance and Contracts Director for Southeastern.
- Relates to the deferred share bonus awards granted between 2014 and 2016 and vested on 25 November 2017, 19 November 2018 and 15 November 2019 and remain unexercised.

## Long Term Incentive Plan

### 2019 LTIP award granted during the year ended 27 June 2020 (audited)

LTIP awards were granted to the executive directors during the year ended 27 June 2020, structured as a nil cost option, exercisable at the end of a three-year performance period commencing at the start of the 2020 financial period and ending with the 2022 financial period, subject to the satisfaction of performance conditions. The LTIP award is subject to malus and clawback provisions for three years following vesting. It is also subject to a holding period that applies until the later of (i) the fifth anniversary of the grant date or (ii) the second anniversary of vesting. During this time, any vested awards cannot be sold (other than to pay any tax or NICs due on exercise). This results in an overall five-year period before executives can realise the gain on the vested shares.

The 2020 grant policy was to grant an award with a face value of 150 per cent of base salary for the Group Chief Executive and 100 per cent of salary for the Group Chief Financial Officer as follows:

Executive director	Basis of award granted	Share price at grant date	Number of shares over which award was granted <sup>1</sup>	Face value of award <sup>2</sup> £'000	% of award which vests as threshold	Vesting determined by performance over
David Brown	150% of salary	£21.12	42,580	899	10% for EPS, 25% for TSR, 10% for each customer element and 10% for international operating profit	Three financial years ending on 2 July 2022
Elodie Brian	100% of salary	£21.12	16,347	345	10% for EPS, 25% for TSR, 10% for each customer element and 10% for international operating profit	Three financial years ending on 2 July 2022

1. The number of shares over which the award was granted was calculated using a share price of £20.49, 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 £21.12. This was the share price on 15 November 2019, the date of grant.

### Performance conditions attaching to the 2019 LTIP award

Following consultation with our major shareholders and shareholder representative bodies regarding proposed changes to the LTIP's performance targets and weightings, the performance conditions attaching to the 2019 LTIP award were as follows:

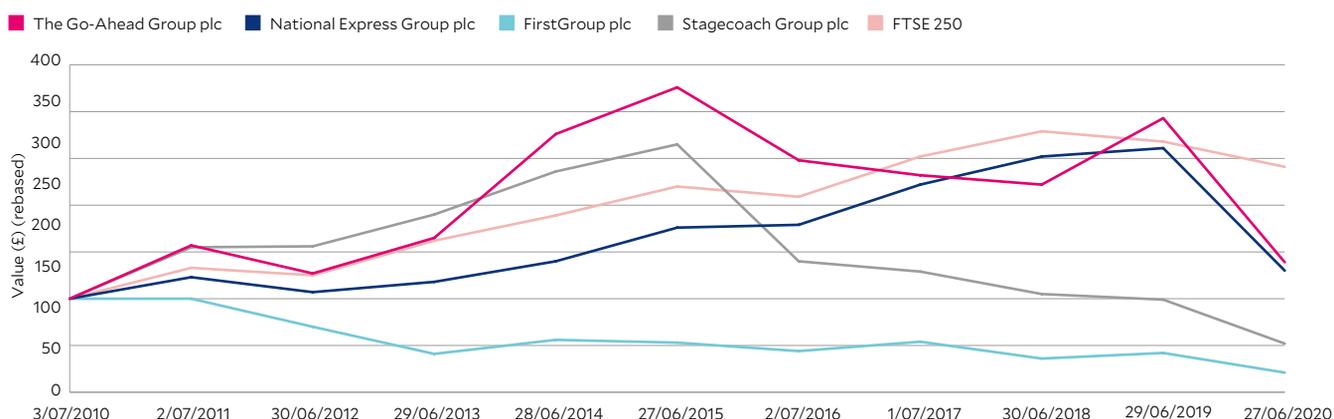
	Earnings per share (EPS)		Total shareholder return (TSR)		Customer			International operating profit	
	Payout (% of element)	Compound annual growth in EPS	Payout (% of element)	Relative TSR vs FTSE 250 (excluding certain sectors)	Payout (% of element)	Average bus customer service target	Average rail customer service target	Payout (% of element)	Target
Weighting (% of total award)	—	20%	—	50%	—	10%	10%	—	10%
Below threshold	0%	Less than RPI + 2% p.a.	0%	Below median	0%	Less than 90%	Less than 80%	0%	Less than £10m
Threshold	10%	RPI + 2% p.a.	25%	Median	10%	90%	80%	10%	£10m
Between threshold and maximum	Between 10% and 100%	Between RPI + 2% p.a. and RPI + 10% p.a.	Between 25% and 100%	Between median and upper quartile	Between 10% and 100%	Between 90% and 94%	Between 80% and 84%	Between 10% and 100%	Between £10m and £15m
Maximum	100%	RPI + 10% p.a.	100%	Upper quartile	100%	94%	84%	100%	£15m

## Remuneration continued

## Section 2: Additional information on 2020 remuneration continued

## Total shareholder return (TSR) performance graph 2010-2020

The graph below shows a comparison of The Go-Ahead Group plc cumulative TSR against that achieved by the FTSE 250 Index for the last ten financial years to 27 June 2020. The chart also shows cumulative TSR over the same period for the other major UK transportation groups. Despite the recent fall in market capitalisation of the Group as a result of COVID-19, 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. This benchmark, however, will continue to be regularly reviewed.



This graph shows the value, by 27 June 2020, of £100 invested in The Go-Ahead Group plc on 3 July 2010, compared with the value of £100 invested in the FTSE 250 Index and the peer group (National Express Group plc, FirstGroup plc and Stagecoach Group plc) on the same date. The other points plotted are the values at intervening financial year ends.

## 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 3 July 2010 to 27 June 2020. The total remuneration figure includes the performance-related bonus and LTIP awards (and the percentage of the maximum opportunity that these represent).

## Group Chief Executive's remuneration history

Year	Group Chief Executive	Single total remuneration figure £'000	Annual performance-related bonus (actual award vs maximum opportunity) £'000 (and % vesting)	Long term incentive vesting (vesting vs maximum opportunity) £'000 (and % vesting)
2020	David Brown	558	Nil <sup>1</sup>	Nil <sup>2</sup>
2019	David Brown	1,269	660 (75.8%) <sup>3</sup>	Nil <sup>4</sup>
2018	David Brown	1,175	582 (68.3%) <sup>5</sup>	Nil <sup>6</sup>
2017	David Brown	782	Nil <sup>7</sup>	220 (54%)
2016	David Brown	1,214	Nil <sup>7</sup>	647 (90%)
2015	David Brown	2,134	558 (69.6%)	1,067 (100.0%)
2014	David Brown	1,960	766 (97.5%)	666 (80.0%)
2013	David Brown	942	422 (55.3%)	—
2012	David Brown	1,022	513 (68.0%)	—
2011	David Brown	251 <sup>8</sup>	125 (100.0%)	—
2011	Keith Ludeman	1,564	530 (100.0%)	—
2010	Keith Ludeman	1,349	689(100.0%)	73 (21.7%)

- Based on the assessment of performance against targets, the Group Chief Executive was awarded no annual performance-related bonus for the year ended 27 June 2020.
- The 2017 LTIP award will lapse in full from 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 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.
- Following his appointment in April 2011, the Group Chief Executive was paid a pro-rata performance-related bonus for the financial year 2011.

### 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 percentage change in each executive and non-executive directors' total remuneration compared with the average change for all employees of the parent company for the year ended 27 June 2020. Going forward, this disclosure will build up over time to cover a rolling five-year period.

Given the parent company only employs a small proportion of the workforce (circa 200 employees), from next year, we intend to disclose the change in directors' remuneration compared with all employees, including overseas, as a more representative comparison alongside the statutory disclosure. It was not possible to do so this year due to the timing and impact of COVID-19.

	% change from 2019 to 2020		
	Salary <sup>1</sup>	Benefits	Bonus
David Brown	(3.2)%	7.3% <sup>2</sup>	(100)% <sup>3</sup>
Elodie Brian	(4.8)% <sup>4</sup>	0.0%	0.0% <sup>3</sup>
Clare Hollingsworth	N/A <sup>5</sup>	N/A	N/A
Adrian Ewer	1.7% <sup>6</sup>	N/A	N/A
Katherine Innes Ker	(16.0)% <sup>7</sup>	N/A	N/A
Harry Holt	(3.2)%	N/A	N/A
Leanne Wood	6.3% <sup>8</sup>	N/A	N/A
Andrew Allner	N/A <sup>9</sup>	N/A	N/A
Average employees <sup>10</sup>	3.6%	0.9%	(100)%

- No executive or non-executive director was awarded a base salary or fee increase this year. In immediate response to COVID-19, each director also volunteered to reduce their salaries/fees by 20 per cent on a temporary basis from 1 April 2020 to the end of the UK Government's Job Retention Scheme on 31 October 2020.
- The Group Chief Executive received family healthcare membership in the amount of £4,325 for the year ended 27 June 2020 (2019: £4,030).
- Neither the Group Chief Executive or the Group Chief Financial Officer were awarded an annual performance-related bonus for the year ended 27 June 2020 (2019: £660,822 and £nil respectively).
- 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 27 June 2020.
- Clare Hollingsworth was appointed to the Board as Non-Executive Chairman Designate on 1 August 2019 before succeeding Andrew Allner as Non-Executive Chairman at the conclusion of the 2019 AGM. No remuneration was received for the year ended 29 June 2019.
- Adrian Ewer succeeded Katherine Innes Ker as Senior Independent Director with effect from the conclusion of the 2019 AGM. He receives an additional £5,000 per annum for this role.
- Katherine Innes Ker stepped down as Senior Independent Director and Remuneration Committee Chair with effect from the conclusion of the 2019 AGM. Her annual fees have reduced by £5,000 and £8,000 per annum for these roles respectively.
- 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.
- Andrew Allner retired as Chairman of the Group with effect from the conclusion of the 2019 AGM.
- Reflects the average percentage change in salary, benefits and bonus for employees of the parent company for the year ended 27 June 2020 (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. For furloughed employees, their reduced salaries of 80 per cent have been included in the calculation plus any annual leave taking during the furlough period which was paid at 100 per cent, whilst receiving a reduction in salary.

## Remuneration continued

## Section 2: Additional information on 2020 remuneration continued

**Group Chief Executive pay ratio**

The table below sets out the ratios of the Group Chief Executive 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
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
2020	558	25	33	43
2019	1,269	27	34	44

**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)
2020	553	17	25	29
2019	571	9	32	23

The Group Chief Executive's remuneration package comprises a fixed element (base salary, family healthcare membership and a pension cash allowance), an annual performance-related bonus (maximum of 150 per cent of base salary with half paid in cash and half paid in shares deferred for a period of three years under the DSBP) and LTIP (maximum of 150 per cent of base salary). A significant proportion of the Group Chief Executive's potential remuneration is, therefore, performance related and dependent on the achievement of a broad range of challenging financial and non-financial targets. In addition, a significant proportion of the Group Chief Executive's remuneration is delivered in Go-Ahead Group shares. This means that the ratios will depend significantly on the Group Chief Executive's annual performance-related bonus and LTIP outcomes and may fluctuate significantly from year to year. Only the executive directors participated in the LTIP during the year. However, both the executive directors and other senior employees also receive part of their remuneration in shares through participation in the DSBP and all employees with at least six months' notice are eligible to participate in share-based incentives via the Group's HMRC approved Share Incentive Plan.

The median pay ratio has fallen between 2019 and 2020 due to the Group Chief Executive's total pay and benefits having decreased by £711,000. This is attributable to the lower base salary he received after volunteering to temporarily waive 20 per cent of his base salary in response to the COVID-19 pandemic between the period 1 April 2020 and the end of the UK Government's Job Retention Scheme on 31 October 2020, in addition to not receiving any variable performance-related remuneration for the year ended 27 June 2020.

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 Group Chief Executive remuneration is the total single figure remuneration for the year ended 27 June 2020 contained on page 99.
3. The workforce comparison is based on actual payroll data for the period 30 June 2019 to 27 June 2020.
4. The total single figure remuneration calculated for each employee includes full time equivalent base pay, annual bonuses for the 2019 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.
5. 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 29 June 2019.
6. Part time workers have been included by calculating the full time equivalent value of their pay and benefits.
7. Leavers, joiners and employees on reduced pay (due to sick pay, maternity leave, etc.) have been included.
8. 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.

### Relative importance of spend on pay

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

	2020 £m	2019 £m	% change
Dividends	30.9	43.8	(29.4)% <sup>1</sup>
Overall expenditure on pay	1,355.9	1,272.7	6.5% <sup>2</sup>

1. In light of the rapidly evolving COVID-19 situation, the Board took the prudent decision to suspend the 2020 interim dividend of 30.17p per share and not propose a final dividend to shareholders for the year ended 27 June 2020.
2. The 6.5 per cent increase in overall expenditure on pay has largely been driven by new operating companies which were not trading or only part trading last year. If these increases are removed the overall increase would be 3.6 per cent, which is in line with the prior year.

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

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

There were no payments made to former executive directors or payments for loss of office during the year ended 27 June 2020 (2019: £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.

## Remuneration continued

### Section 3: Implementation of remuneration policy in 2021

The committee is not proposing any changes to the remuneration policy for the financial year 2021.

#### Executive directors' 2021 base salaries

The base salaries of the executive directors for the period from 1 April 2020 to the end of the UK Government's Coronavirus Job Retention Scheme on 31 October 2020 were £465,368 and £268,000 for the Group Chief Executive and Group Chief Financial Officer respectively, reflecting a 20 per cent reduction. From 1 November 2020, the base salaries of the executive directors will be £581,710 and £335,000 for the Group Chief Executive and Group Chief Financial Officer respectively and will remain unchanged until the next annual review.

#### Benefits

The benefits for both executive directors will be adopted in line with the remuneration policy, approved during the 2018 AGM as summarised on pages 95 and 96, with the full policy report being set out on pages 97 to 103 of the 2019 Annual Report and Accounts, available on our website.

#### 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. Such provision will remain effective for the forthcoming financial year.

#### 2021 performance-related bonus

The performance measures and weightings for 2021, which remain unchanged from 2020, are as follows:

Metric	Weighting (% of maximum bonus)
Operating profit	65%
Group cashflow	10%
Strategic KPIs	25%

Operating profit, cashflow and strategic KPI targets will be stretching for the 2020 financial year and more information on the specific targets and performance against them will be provided retrospectively in next year's remuneration report to the extent that they are not commercially sensitive at the time.

A health and safety underpin will continue to apply to the full bonus, with the remuneration committee having discretion to reduce or not pay the bonus if health and safety performance was not satisfactory.

Any bonus payable will be satisfied 50 per cent in cash and 50 per cent in deferred shares. Malus and clawback provisions will apply to the full performance-related bonus and the audit committee will undertake a formal end-of-year quality of profit and budget review in conjunction with the auditor before approval of any bonus payment.

#### 2020 LTIP awards

Given the exceptional circumstances, the committee has decided to defer the 2020 LTIP grants and target setting until there is greater visibility of the continuing impact of COVID-19. The committee will consider the potential impact of stock market movements on the number of shares to be granted under the 2020 LTIP. In any event, on vesting of these awards, the committee will carefully consider whether any discretion is required to ensure outcomes are fair and avoid any inappropriate windfall gains. We expect to provide full details of the targets in the regulatory news announcement when awards are made, as well as in next year's remuneration report.

As described earlier in this report, the committee intends to carry out a full review of the remuneration policy during 2021, including developing a formal policy for post-employment shareholdings. An amended policy will be presented for approval at the 2021 AGM.

#### Non-executive directors' fees

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



**Leanne Wood**  
Remuneration Committee Chair

23 September 2020