> **"Our policy on executive remuneration is clear, transparent and aligned to the successful delivery of our strategy."**
>
> **Katherine Innes Ker,**
> Remuneration Committee Chair

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

Single remuneration figure (£'000)

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

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

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

Annual statement

Dear Shareholder,

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

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

Executive performance and reward

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

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

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

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

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

Departure of the Group Chief Financial Officer

Shortly after the 2017/18 year end, the Board was informed of the Group Chief Financial Officer's intention to leave the Group later this year to take up the role of Chief Financial Officer at Capita plc. While full details will be disclosed in next year's Annual Report and Accounts, we can confirm that the remuneration he will be paid on leaving will be in accordance with our policy. All LTIP and deferred shares will lapse upon cessation of employment. This includes half of the 2017/18 annual performance-related bonus, the deferred share element of which will not be awarded.

Executive remuneration policy

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

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

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

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

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

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

Performance in 2017/18

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

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

Focus for the year ahead

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

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

Katherine Innes Ker,
Remuneration Committee Chair

5 September 2018

Q&A with Katherine Innes Ker

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

There are three main elements of executive directors' remuneration:

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

Q What is the committee's approach to remuneration?

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

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

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

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

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

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

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

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

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

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

About this report

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

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

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

The remuneration committee's year 2017/18

July
- Set targets for 2017/18 annual performance-related bonus taking into account long term strategy and review outcomes

August
- Set targets for 2017/18 LTIP award
- Agreed to undertake a remuneration committee advisor review with delegation to a sub-committee
- Approved the directors' remuneration report for the year ended 1 July 2017

November
- Completed remuneration committee advisor review and formally approved continued appointment of New Bridge Street (NBS) (part of Aon plc)
- Reviewed overall remuneration policy for senior management
- Approved the annual performance-related bonuses of senior management for the year ended 1 July 2017

February
- Detailed review of executive remuneration policy
- Approved recommendation of annual share plans hedging review
- Reviewed and approved terms of reference
- Considered and noted senior management salary review from 1 April 2018
- Considered and approved Chairman's fees from 1 April 2018

April
- Ongoing review of executive remuneration policy

June
- Ongoing review of executive remuneration policy
- Review of executive director share ownership guidelines
- Reviewed estimated outcome of the 2017/18 annual performance-related bonus and vesting of the 2015/16 LTIP award
- Reviewed and approved changes to share scheme rules in the context of the General Data Protection Regulation

Remuneration 2017/18 at a glance

Policy element	Group Chief Executive	Group Chief Financial Officer
Base salary with effect from 1 April 2018	£567,520	£387,590
% increase from prior year	2.7%	2.7%
Pension	Does not receive any form of pension provision	Receives a non-pensionable cash supplement of 13% of base salary
2017/18 annual performance-related bonus		
• Maximum opportunity (% of salary)	150%	150%
• Actual bonus (% of salary)	102.4%	102.4%
• Cash amount	£290,500	£198,398
• Amount satisfied in shares	£290,500	–
More information on page 95		
2015/16 LTIP award		
• Maximum opportunity (% of salary)	150%	Not applicable. The 2015/16 LTIP award was granted prior to the Group Chief Financial Officer commencing employment
• Number of shares initially granted	32,618	
• Number of shares vested	Nil vesting	
• Number of shares lapsed	32,618	
More information on page 97		
Total single figure remuneration	£1,174,426	£630,448
Shareholding requirement	200% of base salary	200% of base salary (this year, the Group Chief Financial Officer's shareholding requirement has increased from 150% to 200%)
Current shareholding as at 30 June 2018 (as a % of base salary)	234%	33%

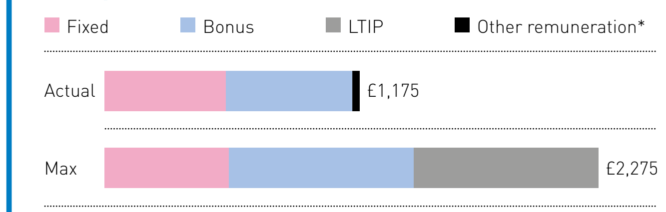
Chairman and non-executive director fees

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

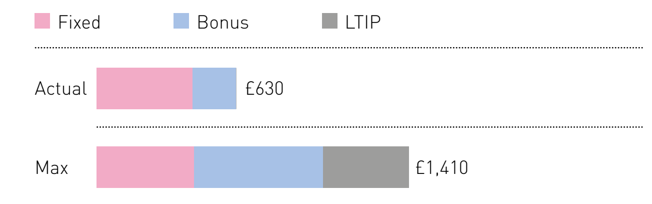
Executive directors' remuneration – actual vs policy (£'000)

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

David Brown
Group Chief Executive



Patrick Butcher
Group Chief Financial Officer



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

Remuneration policy report

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

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

Remuneration linked to strategy

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

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

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

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

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

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

Remuneration policy table for executive directors

Element & maximum	Purpose & link to strategy	Operation	Maximum	Performance targets
Base salary	• Salary is the core reward for the role and enables the Group to recruit and retain individuals of the calibre required to deliver its strategic objectives and lead its management team, without paying more than is necessary • Base salary also reflects the individual's skills, expertise, experience and role within the Group	• Paid monthly in cash • Salaries are set by the committee which reviews all the relevant factors, including: – The scope of the role and responsibilities – Experience in post, skills and potential – Sustained performance in the role – Pay and conditions elsewhere in the Group – Appropriate market data • Salaries are normally reviewed annually • The committee may also review salaries on an ad hoc basis if an executive director is promoted and/or there is an increase in their responsibilities	• Annual salary increases for executive directors will not normally exceed the average increase awarded to other UK based employees • However, larger increases may be awarded in certain circumstances, including but not limited to: – Increase in scope of responsibilities of the role – To apply salary progression for a newly appointed director – Where a director's salary has fallen significantly below market position	• n/a
Performance-related bonus	• Focuses on the key strategic objectives for the year ahead • Deferral of half of bonus into Group shares aligns executive directors' interests with those of shareholders	• Normally, annual non-pensionable payments made after the AGM • Half of any bonus is normally paid in cash following the AGM and half is paid in shares deferred for a period of three years • Based on the achievement of specific financial and non-financial objectives • Subject to recovery and withholding provisions for three years following the award[1]	• Maximum of 150% of salary	• The committee will review performance measures and targets at the start of the year. Performance criteria will be aligned to the Group strategic objectives at that time. The majority of the bonus will be subject to challenging financial targets • Performance below threshold results in zero payment, with no more than 25% bonus available at threshold. Payments rise from 0% to 100% of the maximum opportunity levels for performance between threshold and maximum targets • A quality of earnings review applies to the full bonus • A health and safely underpin applies to the full bonus which enables the committee to exercise its discretion to reduce or not pay a bonus if health and safety performance is not satisfactory
Long Term Incentive Plan (LTIP)	• Aligned to the strategic objectives of the Group to deliver long term returns to shareholders	• Annual grant of performance shares that vest three years after grant (subject to the satisfaction of performance conditions) • Participation and individual award levels will be determined at the discretion of the committee within the Policy • Vested awards must be retained (other than to pay tax or NICs due on receipt of the shares) for two further years • Subject to recovery and withholding provisions for three years following vesting[1] • The committee has the discretion in certain circumstances to grant and/or settle an award in cash. In practice this will only be used in exceptional circumstances for executive directors • Dividend equivalents may be paid	• Maximum of 150% of salary for the Group Chief Executive and 100% of salary for other executive directors • Exceptional circumstances maximum (e.g. on recruitment) of 200% of salary	• Awards will be granted subject to a combination of financial and/or non-financial measures, tested over a period of at least three years. Performance conditions will measure the long term success of the Group • In respect of each performance measure, performance below the threshold results in zero vesting. The starting point for the vesting of each performance element will be no higher than 25% and rises on a straight line basis to 100% for attainment of levels of performance between threshold and maximum targets. There is no opportunity to retest • The committee may introduce or reweight performance measures so that they are directly aligned with the Group's strategic objectives for each performance period • Performance metrics currently include compound annual growth in adjusted earnings per share (EPS[2]) and relative total shareholder return (TSR) with each accounting for at least 25% of the award. The committee has the discretion to vary the weighting and choice of metrics including the comparator groups prior to each award. However, it would consult with shareholders before introducing significantly different metrics
Pension allowance	• Provides a cash alternative to pension contributions in line with market practice	• Monthly, non-pensionable payment, normally paid in cash	• Up to 15% of salary may be provided[3]	• n/a
Other benefits	• Ensures package is competitive with market practice and employees have a minimum level of insured benefits	• Incorporates various cash/non cash benefits which may include: family private healthcare, death in service and life assurance cover (4x base salary), free travel on the Group's services and professional membership subscriptions • Any reasonable business related expense (including tax thereon) can be reimbursed if determined to be a taxable benefit • Executive directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms	• Benefits are intended to be market competitive but are not subject to a maximum as the cost of providing the insured benefits is set by third party providers and can vary from year to year	• n/a
All employee share plans	• Executive directors are eligible to participate in HMRC approved all employee schemes which encourage share ownership	• Executive directors may participate in these plans in line with HMRC guidelines currently prevailing (where relevant), on the same basis as other eligible employees	• Participation levels operate in accordance with HMRC limits as amended from time to time	• n/a
Share ownership	• To align the financial interests of the executive directors with those of shareholders	• Executive directors are required to retain 50% of the post tax gain on vested LTIP and deferred share awards until such time as the executive directors have a holding of 200% of base salary	• 200% of salary holding for both directors[4]	• n/a

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

Considerations when determining remuneration policy

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

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

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

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

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

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

Committee discretions

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

- Selecting the participants in the plans on an annual basis
- Determining the timing of grants of awards and/or payment
- Determining the quantum of awards and/or payments (within the limits set out in the policy table on (pages 88 and 89)
- Determining the extent of vesting based on the assessment of performance
- Making the appropriate adjustments required in certain circumstances (e.g. change of control, rights issues, corporate restructuring events, and special dividends)
- Determining good leaver status for incentive plan purposes and applying the appropriate treatment
- Undertaking the annual review of performance measures and their weightings, and setting targets for the annual performance-related bonus and LTIP from year to year
- Ability to recognise exceptional events within existing performance conditions

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

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

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

Consistency with remuneration for the wider Group

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

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

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

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

Performance measure selection

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

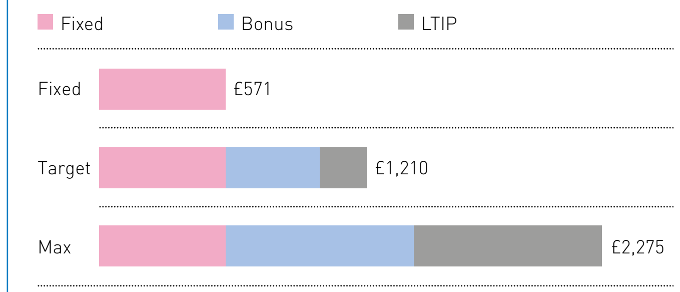
In choosing the performance metrics and targets we ensure that there is a strong and demonstrable link between management incentives and the Group's strategic objectives. We have also set a performance-based framework for remuneration which is consistent with the Group's scale and unique structure. This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

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

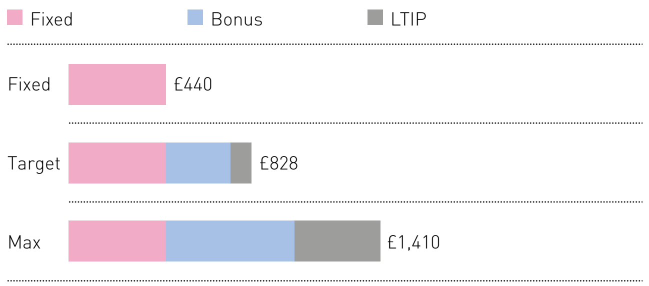
The charts below provide estimates of the potential future reward opportunity for the executive directors split between fixed, target and maximum remuneration scenarios. The scenarios do not take into account share price appreciation or dividends. They also do not take into account that the Group Chief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

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

Group Chief Executive



Group Chief Financial Officer



The assumptions underlying each scenario are described below:

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

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

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

Recruitment remuneration

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

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

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

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

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

Recruitment remuneration continued

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

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

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

Service agreements of executive directors

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

Departure of executive directors

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

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

Loss of office payments

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

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

Policy table for Chairman and non-executive directors

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

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

Letters of appointment for Chairman and non-executive directors

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

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

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

Retirement and re-election of directors

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

External appointments

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

Annual report on remuneration

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

The annual report on remuneration is divided into three sections:

Section 1: Single figure tables

Section 2: Additional information on 2017/18 remuneration

Section 3: Implementation of remuneration policy in 2018/19

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

Section 1: Single figure tables

Executive directors' single figure table (audited)

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

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

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

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

Commentary on the executive directors' single figure table:

1. Salary

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

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

2. Taxable benefits

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

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

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

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

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

Group operating profit

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

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

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

Cashflow

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

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

Strategic KPIs

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

Measure	Target	Decision
Protect and grow the core	• Develop strategies to grow bus passenger numbers • Secure contract wins in London • Maximise value from London Midland franchise • Secure extension to Southeastern franchise and submit bid for new franchise • Stabilise GTR contract performance and set pathway to profitability	3%
Win new bus and rail contracts	• Win a second bus contract in Singapore • Win a further contract in Germany and continue successful mobilisation of Netz1 Lots 2 and 3 • Explore international bus and rail opportunities	3%
Develop for the future of transport	• Assess, resource and fund six strategic projects, which have clear project plans and are starting to deliver benefits	5%
Change themes	• Lean – make further progress rolling out lean across operating companies and set KPIs to monitor performance • Technology – roll out contactless across regional bus and implement new bus app • Culture change – improve colleague engagement as demonstrated through survey results • Leadership – introduce professional development hours and personal development plans for all senior management team	3%
Reputation	• Ensure that Go-Ahead's reputation is enhanced with key stakeholders • Restore investor confidence in Go-Ahead	2%

Health and safety target threshold

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

Rail customer service threshold

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

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

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

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

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

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

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

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

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

5. Pension allowance

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

6. Other remuneration

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

Non-executive directors' single figure table (audited)

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

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

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

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

Fees payable to the Chairman and non-executive directors

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

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

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

Section 2: Additional information on 2017/18 remuneration

Directors' shareholdings and share plan interests (audited)

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

	Outstanding scheme interests as at 30/06/18				Actual shares held[5]		
	Unvested scheme interests (subject to performance measures)[1]	Unvested scheme interests (not subject to performance measures)[2]	Awards eligible for vesting 2017/18[3]	Total shares subject to outstanding scheme interests	As at 1 July 2017	As at 30 June 2018	**Total of all share scheme interests and shareholdings as at 30 June2018[4]**
Executive directors							
David Brown	122,309	11,425	–	133,734	66,011	80,528[6]	**214,262**
Patrick Butcher[7]	40,835	6,770	–	47,605	4,363	7,663	**55,268**
Non-Executive directors							
Andrew Allner	–	–	–	–	1,242	1,242	**1,242**
Katherine Innes Ker	–	–	–	–	116	116	**116**
Adrian Ewer	–	–	–	–	3,003	3,003	**3,003**
Harry Holt[8]	–	–	–	–	–	–	**–**
Leanne Wood[8]	–	–	–	–	–	294	**294**
Nick Horler[9]	–	–	–	–	1,038	1,038	**–**

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

Directors' share ownership guidelines (audited)

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

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

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

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

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

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

Group Chief Executive, David Brown

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

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

Group Chief Financial Officer, Patrick Butcher

Plan	Date of grant	Mid-market price on date of grant (£)	Option price (£)	Balance at 1 July 2017	Granted in year	Vested in year	Vested in 2016/17 but exercised during 2017/18 year	Lapsed in year	**Balance at 30 June 2018**	Awards eligible for vesting 2017/18: Vested	Awards eligible for vesting 2017/18: Lapsed	**Balance post exercise**
Deferred share bonus plan	15.11.16	20.81	–	6,770	–	–	–	–	**6,770[2]**	–	–	**6,770**
LTIP	16.11.16	20.47	–	18,073	–	–	–	–	**18,073[2]**	–	–	**18,073**
	17.11.17	16.58[1]	–	–	22,762	–	–	–	**22,762[2]**	–	–	**22,762**
Total			–	24,843	22,762	–	–	–	**47,605[2]**	–	–	**47,605**

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

LongTerm Incentive Plan

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

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

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

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

Performance conditions attaching to the 2017/18 LTIP award

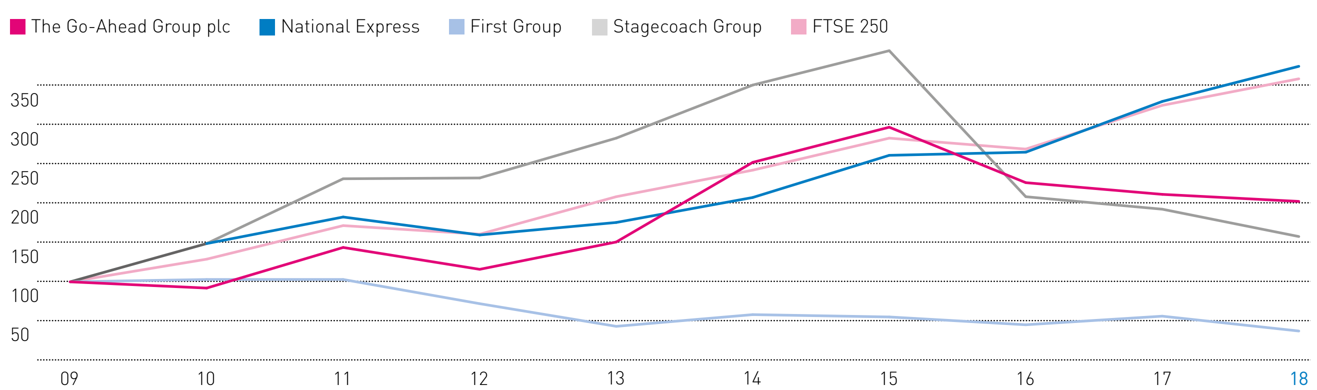
The EPS, TSR and customer service measures and targets for the 2017/18 LTIP award are detailed below:

	EPS payout (% of element)	Compound annual growth in EPS*	Payout (% of TSR element)	Relative TSR vs FTSE 250 (excluding certain sectors)	Payout (% of each customer element)	Rail customer service target	Bus customer service target
Weighting (% of total award)	–	40%	–	40%	–	10%	10%
Below threshold	0%	Less than RPI + 2% p.a.	0%	Below median	0%	Less than 82%	Less than 90%
Threshold	10%	RPI + 2% p.a.	25%	Median	10%	82%	90%
Between threshold and maximum	Between 10% and 100%	Between RPI 2% p.a. and RPI 10% p.a.	Between 25% and 100%	Between median and upper quartile	Between 10% and 100%	Between 82% and 86%	Between 90% and 93%
Maximum	100%	RPI + 10% p.a.	100%	Upper quartile	100%	86%	93%

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

Total shareholder return (TSR) performance graph

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



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

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

Remuneration of the Group Chief Executive over last nine years

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

Group Chief Executive's remuneration history

Year	Group Chief Executive	Single total remuneration figure £'000	Annual performance-related bonus (actual award v maximum opportunity) £'000 (and % vesting)	Long term incentive vesting (vesting v maximum opportunity) £'000 (and % vesting)
2017/18	David Brown	1,175	£582 (68.3%)[1]	£0[2]
2016/17	David Brown	782[3]	£0[4]	£220[5] (54%)
2015/16	David Brown	1,214	£0[4]	£647 (90%)
2014/15	David Brown	2,134	£558 (69.6%)	£1,067 (100.0%)
2013/14	David Brown	1,960	£766 (97.5%)	£666 (80.0%)
2012/13	David Brown	942	£422 (55.3%)	–
2011/12	David Brown	1,022	£513 (68.0%)	–
2010/11	David Brown	251[6]	£125 (100.0%)	–
2010/11	Keith Ludeman	1,564	£530 (100.0%)	–
2009/10	Keith Ludeman	1,349	£689 (100.0%)	£73 (21.7%)

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

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

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

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

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

Relative importance of spend on pay

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

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

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

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

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

Material contracts

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

External advisors to the committee

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

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

Statement of voting at annual general meeting

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

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

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

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

Section 3: Implementation of remuneration policy in 2018/19

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

Executive directors' 2018/19 base salaries

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

Benefits

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

Pensions

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

2018/19 performance-related bonus

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

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

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

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

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

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

2018/19 LTIP awards

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

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

Performance conditions attaching to the 2018/19 LTIP award

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

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

Non-Executive directors' fees

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

Katherine Innes Ker,
Remuneration Committee Chair

5 September 2018