

Nomination committee report



Clare Hollingsworth
Chairman

Dear Shareholder

On behalf of the Board, I am pleased to present the nomination committee's report for the year ended 27 June 2020, my first as the Nomination Committee Chairman of Go-Ahead.

Board and committee changes

I was appointed Chairman Designate with effect from 1 August 2019 and succeeded Andrew Allner as Chairman and Nomination Committee Chairman following last year's AGM. A change in Chairman is an opportunity for any company and my tailored and thorough induction programme during the year has been well paced, enabling me to quickly develop my knowledge of all parts of the business. I would like to thank my colleagues on the Board and throughout the business for the support they have provided during my transition into this role. You can read more about my induction programme on page 75. The process followed for my appointment last year is set out on page 83 of the 2019 Annual Report and Accounts.

Katherine Innes Ker has now served on the Board for over ten years. She was succeeded as Senior Independent Director by Adrian Ewer and as Remuneration Committee Chair by Leanne Wood following last year's AGM. Now Katherine has overseen the transition of my chairmanship, she will be standing down from the Board following this year's AGM. On behalf of the Board, I would like to thank Katherine for her collegiate support and valuable contribution to the business over the years.

Board effectiveness

I am pleased that the timing of our triennial external Board evaluation process coincided with the first year of my appointment. This provides me and the Board more generally with an independent perspective of our effectiveness as well as insights for how we could improve our individual and collective performance. This external review complements the individual performance discussions I have held with each director at the end of my first year.

Despite the challenges of COVID-19 delaying the start of the external process, I believed it was important that an external effectiveness review of the Board still be undertaken. In addition to supporting the committee's assessment of Board composition

and succession planning, it also provides a unique opportunity to consider how the Board performed in response to the ongoing COVID-19 pandemic. Given the scale and the unprecedented nature of the crisis, we were keen to capture any direct learnings that would inform our responses to similar events in the future. More information on the external Board effectiveness review process that is now well underway can be found on pages 76 and 77.

Board composition and succession planning

Board composition and succession planning are two key responsibilities of the committee. You will have read in my governance overview how the Board adapted quickly to the impact of COVID-19, with one immediate priority for the nomination committee being to review and agree the emergency cover succession plans for our executive directors. This was done to prepare for a situation where one or both of our executive directors were unable to fulfil their roles due to the pandemic and was supplementary to the annual review of Board succession planning.

During the year, the committee assessed the plans in place for the orderly succession to senior management positions below Board level and undertook a review of the senior management team demographic.

“Go-Ahead’s commitment to diversity, which starts at the top, makes our business stronger, smarter and more representative of the communities we serve.”

The committee also received updates on the initiatives underway to build a diverse talent pipeline aligned to our culture and values, including executive, senior leadership and management development, executive and senior management development programmes, as well as operations management training, apprenticeship and graduate programmes.

→ Read more about the work we are doing in this area on [pages 28 and 29](#)

Board composition and succession continued

Diversity and inclusion

The Board recognises the benefits of having a diverse and inclusive Board, seeing it as essential to the success of Go-Ahead's strategy and building competitive advantage. It is the Board's belief that a diverse Board with different perspectives enhances the quality of debate and decision making to the benefit of all stakeholders. Despite being relatively small in number, the Board wants its membership to reflect as broad a combination of skills, experience, age, disability, ethnicity, gender, sexuality, education and social background as possible. When selecting new members for the Board, the committee will always take these considerations into account.

The Board believes that it has a responsibility to support the business in building a culture where everyone feels included and rewarded for the work they do and individual differences are recognised and valued. The Board's Diversity Policy forms part of Go-Ahead's Group-wide diversity and inclusion strategy which seeks to have a workforce which reflects the diversity of the communities we serve. In our colleague engagement surveys this year, it was encouraging to see that the number of colleagues responding positively to "individual differences are respected by Go-Ahead" had increased.

As reported last year, progress has been made with gender diversity on the Board. Following my appointment as Chairman, 57 per cent of Board roles are held by women. This exceeds the 33 per cent target set out in the Hampton-Alexander Review. The Board is also mindful of the recommendation of the Parker Review Report for FTSE 250 companies to have at least one director from an ethnic minority background by 2024. With no such representation on our Board presently, this will be an important consideration for the committee when next refreshing the Board.

The Board's policy also sets out our commitment to developing and strengthening our senior talent pipeline and culture to support career progression and improve diversity in all its forms. During the year, the committee started to take a more active role in setting diversity objectives, with a particular focus on ethnicity as well as gender, where targets were agreed with the committee. Supported by regular updates from the Group People Director, the committee's oversight now encompasses the Board, the senior management population, as well as the wider workforce and includes monitoring progress against these targets.

The committee has seen the positive impact our initiatives and programmes can have in providing an inclusive environment to our workforce, with our graduate and apprenticeship schemes notably bringing more ethnic and gender diversity into the business. Going forward, we will continue to focus on developing the talent pipeline across the workforce, supporting the work of the People Steering Group – a cross-business, cross-functional team created during the year.

→ You can read more about our Group-wide diversity and inclusion initiatives on [page 29](#)

Gender pay gap

We believe that the fair treatment and reward of all employees, regardless of gender, is fundamental to performing successfully as a company. Transport has historically been a male-dominated industry, which skews the balance of pay. Our businesses are working hard to improve female representation by aiming to recruit, develop and retain women at every level across the organisation.

We have recently published our third year of gender pay gap data for our bus and rail divisions. It is pleasing to note that our median pay gap across the UK bus business is 7.1 per cent, which is substantially lower than the UK average of 17.3 per cent. Our median pay gap in UK rail is 20.1 per cent.

Read more about the strategies and initiatives underway to improve the representation of women throughout our bus and rail divisions and narrow the gender pay gap on [page 29](#).

Assessment of independence and time commitments of the non-executive directors

Following our assessment this year, the committee is satisfied that throughout the year, all non-executive directors remained independent as to both character and judgement and in accordance with the revised UK Corporate Governance Code published in July 2018 (the Code). This was with the exception of Katherine Innes Ker who is designated as a non-independent non-executive director, having served for more than ten years on the Board. The committee gave specific consideration to Adrian Ewer's continuing independence given his tenure now exceeds seven years and is confident that he continues to demonstrate independent judgement in all Board discussions.

Before appointing prospective directors, the Board takes into account the other demands on the directors' time and any significant time commitments are disclosed prior to appointment. The letters of appointment for the Chairman and non-executive directors set out their expected time commitments to the Group. Any additional external appointments following appointment to the Board require prior approval by the Board in accordance with the Code.

This year, full consideration was again given to the number of external appointments held by the non-executive directors, including the time commitment required for each. The nomination committee did not identify any instances of overboarding and confirms that all individual directors have sufficient time to fulfil their responsibilities and are fully engaged with the Group's business. This was particularly evident by the additional time each non-executive director devoted during the peak of the COVID-19 pandemic and beyond. No approvals were sought during this year for any external appointments. The full list of external appointments held by our directors can be found on [pages 66 and 67](#).

Annual re-election of directors

As required by the Code, all directors will be subject to re-election at the next Annual General Meeting (AGM) except for Katherine Innes Ker who will stand down from the Board after this year's AGM. Details setting out why each director is deemed to be suitable for reappointment, and how their contribution continues to be important to the Group's long term success, can be found on pages 66 and 67.

Looking ahead

The committee's focus over the year ahead will be to continue to build a more diverse and inclusive business. This is more important than ever, as we work closely with the communities we serve to plan and operate transport systems that fully meet all stakeholders needs.

Board and senior management succession planning and strengthening our senior talent pipeline and culture to support career progression and improve diversity in all its forms will also remain key priorities. We look forward to considering the findings of this year's external Board effectiveness review, as well as monitoring our compliance with the Code.



Clare Hollingsworth
Nomination Committee Chairman

23 September 2020

Nomination committee

Membership

- During the year, the nomination committee comprised the Committee Chairman (Clare Hollingsworth), three independent non-executive directors (Adrian Ewer, Harry Holt and Leanne Wood) and one non-independent non-executive director (Katherine Innes Ker)

Meetings

- The committee usually meets at least twice a year. This year, one additional meeting was held to discuss emergency cover options in response to COVID-19. Attendance by members at committee meetings can be found on page 74
- By invitation, the Group Chief Executive, Group Chief Financial Officer and Group People Director regularly attend meetings, with presentations from external advisors as appropriate

Key responsibilities and terms of reference

- Board and committee composition, structure and size
- Balance of skills, knowledge, experience and diversity
- Review of time commitments and external directorships
- Leading the process for Board appointments
- Board diversity policy and targets
- Group-wide diversity policy and targets
- Gender pay gap results
- Oversight of the leadership talent development pipeline
- Board evaluation
- 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

- Tailored induction for the new Chairman (see page 75)
- Compliance with the Code and committee remit
- Board and senior management succession planning
- Talent management and leadership development oversight

- Board and Group-wide diversity policy, strategy and targets
- External Board effectiveness review

Conflicts of interest

- The committee keeps under annual review any conflict or potential conflict of interest situations authorised by the Board in accordance with the Group's articles of association and Conflicts of Interest Policy
- Following a review of the above in 2020, the committee concluded that no changes were required to the conflicts register

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

- Board and senior management succession planning
- External Board effectiveness review findings
- Monitor diversity strategy and progress against targets
- Talent management and leadership development oversight
- Monitor compliance with the 2018 Code and committee remit

Allocation of time

