



**“An inclusive and diverse culture will support the delivery of the Group’s strategy.”**

**Andrew Allner,**  
Nomination Committee Chair

**I am pleased to present the nomination committee’s report covering our key activities for the year ended 30 June 2018. This report should be read in conjunction with the section on how we have complied with the 2016 UK Corporate Governance Code (the Code), on pages 110 to 115, which also provides other details about the committee.**

**Q How does the committee ensure there is the right skills, experience and behaviours on the Board?**

We regularly review the skills, experience and behaviours of the Board to ensure that we can deliver effectively against our strategic objectives, both now and in the future. Our annual Board review also gives us the opportunity to evaluate individual and collective boardroom behaviours ensuring they support our strategic direction, vision and culture.

In October 2017, we welcomed Harry Holt and Leanne Wood to the Board as new independent non-executive directors. Our Board development programme the previous year helped us to identify the specific skills, expertise and behaviours we needed to strengthen the Board, which then informed the recruitment process that resulted in their appointments.

[Read more about Harry and Leanne’s ongoing induction programme on page 64.](#)

The majority of the Board are independent non-executive directors. Independence is reviewed on an annual basis. This year, a more rigorous review was undertaken for Katherine Innes Ker who, as at 30 June 2018, had served on the Board for almost eight years.

[The Board’s collective experience covers a range of relevant sectors, as illustrated on page 75.](#)

**Q Were there any further Board changes during the year?**

Other than those mentioned above, there were no further changes to the Board during the year. However, following the year end, the Board announced that Patrick Butcher, Group Chief Financial Officer, would be leaving the Group later this year to join Capita plc as Chief Financial Officer. At the time of this report being published, Russell Reynolds Associates, an external search agency, had been appointed to assist the Board with the appointment of a successor. Full details of the process undertaken will be provided in next year’s Annual Report.

**Q How does the committee assess the time commitments of the non-executive directors?**

The committee reviews the time commitment of each non-executive director on at least an annual basis. This is to ensure they have sufficient time to fulfil their responsibilities and are able to be fully engaged and actively involved with the Group’s business throughout the year.

This year, the committee strengthened its review to include the new guidance from the Institutional Shareholder Services (ISS) on overboarding.

An assessment of the directorships held by each Board member based on the new ISS points-based system was undertaken and I, your Chairman, was found to be the only director who was overboarded. The committee therefore carried out a more detailed review of my external time commitments, including my role as Chairman of Fox Marble plc, a very small AIM company, which is significantly less onerous than my other non-executive directorships. Another consideration was my extensive time commitment to Go-Ahead, which could be evidenced. Since this assessment I have ceased to be Non-Executive Chairman of Marshalls plc. My other non-executive directorships remain under ongoing review.

Following this review, the committee and the Board confirmed that they were satisfied that I, and my fellow non-executive directors, have sufficient time to meet their Board responsibilities.

Going forward, the ISS guidance will be taken into account when making new Board appointments or approving additional external appointments for existing Board members. In accordance with the Board’s Conflicts Policy, additional external appointments cannot be undertaken without prior approval of the Board. Our executive directors can also not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.

All directors, including myself, will be submitting themselves for re-election at the 2018 annual general meeting.

**Q What is the committee’s approach to inclusion and diversity?**

Our approach to inclusion and diversity on the Board is set out in the Board’s Inclusion and Diversity Policy. During the year, the committee reviewed and updated the policy to include an increased emphasis on inclusion, as well as diversity. Measurable objectives are also now included in the policy, which are based on the principles of fairness, respect and inclusion. All Board nominations and appointments are based on individual competence, skills and expertise, measured against identified objective criteria.

The Board remains committed to improving levels of female representation on the Board, while ensuring that diversity in its broadest sense remains a key priority. Following the change of our Board composition on 23 October 2017, our female representation has increased from 17% to 29%. The committee will always engage executive search firms that are accredited under The Enhanced Code of Conduct for Executive Search Firms, which promotes gender diversity and best practice.

The committee also oversees the inclusion and diversity strategies across the Group and is committed to developing and strengthening our talent pipelines and culture across the business to improve diversity in its broadest sense. Through our culture change programme, we receive regular updates on the inclusion and diversity initiatives across the Group. The committee’s role is to provide oversight and scrutiny to ensure that the strategies in place deliver improvements and promote a culture that upholds the principles of inclusion, diversity and equality.

[Read more about our inclusion and diversity initiatives across the Group, on page 24.](#)

**Q How has the committee considered succession planning and the leadership talent pipeline?**

Effective succession planning and a diverse pipeline of talent are key priorities for the committee.

During the year, the committee reviewed the succession plans for both the Board and the senior management team. For the Board, the committee discussed the succession planning for both Katherine Innes Ker, as Senior Independent Director, and myself as your Chairman, as we are the longest serving members. For the senior management team, which is the first layer below Board level, the annual leadership review included assessing succession strength to business-critical roles, leadership performance and functional expertise, as well as identifying those individuals with longer term leadership or executive director potential.

In conjunction with the succession planning review, the committee also reviews the leadership talent pipelines, particularly in the context of the Board’s commitment to promote a strong, resilient and diverse pipeline of talent for the future. This includes recruiting, developing and promoting individuals from the widest possible talent pool. Four pools of talent are now actively sponsored, including high potential colleagues, mid-level managers, operational roles and graduates. Several of our bus and rail businesses also support talent pools locally. Securing future skills and increasing diversity, were key focus areas during the year, in addition to developing strategies and initiatives to support greater female representation.

As stated in the Hampton-Alexander Review, published in November 2017, the combined analysis of our Group executive committee and their direct reports shows female representation at the level of 40.9%. As reported in our Gender Pay Gap Report, published in April 2018, the number of women in leadership and roles in our UK bus and rail workforce has increased above the industry-wide average to 15.4% and 17.3% respectively. Whilst this represents progress in the right direction, it is the committee’s role to monitor the strategy and targets to secure lasting change.

**Q What role did the committee play in the Group's reporting against the UK Gender Pay Gap Regulations?**

In April 2018, our gender pay gap results were published along with plans to narrow our gender pay gap. The committee's role in relation to reporting against the new regulations was to provide oversight and ensure reporting compliance against the six measures set out in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. As the data was independently calculated, assurance was also provided regarding the accuracy of the published data.

Although in a number of areas the gender pay gap at Go-Ahead is lower than the national average, it is our ambition to narrow this gap. Following the gender pay gap results, the committee reviewed the strategies being deployed to ensure appropriate plans are in place to achieve the desired outcome and narrow the gender pay gap. The committee will also monitor these on an ongoing basis.

[More information on the gender pay gap analysis results is available on our website \[www.go-ahead.com\]\(http://www.go-ahead.com\).](#)

**Q What were the findings of the annual committee effectiveness review?**

A review of the committee's effectiveness was carried out internally this year as part of the Board's evaluation. The review concluded that the committee was fulfilling its duties effectively. In particular there had been improved reporting and insight into a number of strategically important areas such as talent, diversity, leadership and succession planning across the businesses. The Board felt that this focus should continue, with one of the key actions from the review being that the committee should build upon their oversight of the inclusion and diversity strategies across the Group, including monitoring key performance indicators and action plans.

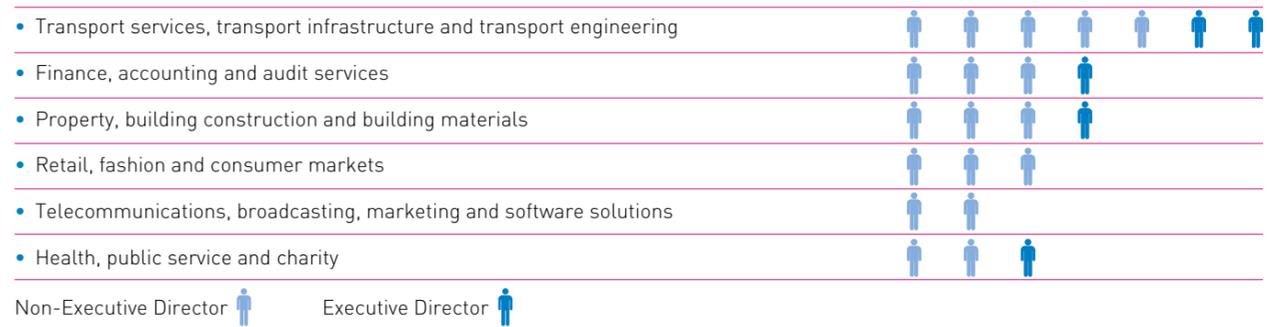
**Q What will be the committee's focus for the year ahead?**

The committee will continue to support the Board in the year ahead by ensuring the Board's succession planning is effective, particularly in relation to the search and selection process for the new Group Chief Financial Officer. We will continue to support the work which is being undertaken on senior management succession planning and talent pipelines. Inclusion and diversity at all levels throughout the business will be a key focus area. The committee will review the changes arising from the new 2018 UK Corporate Governance Code, where the focus is on the increased importance of high quality board composition and diversity.

**Nomination committee highlights**

- **Built upon the initiatives identified as part of last year's Board development programme**
- **Continued focus on aligning Board and senior management succession planning to business strategy**
- **Considered the challenges and opportunities facing the Group and the skills and expertise needed on the Board in the future**
- **Oversight of leadership and talent initiatives, linking to cultural transformation**
- **Reviewed Board Inclusion and Diversity Policy and improved oversight of Group-wide inclusion and diversity initiatives**
- **Reviewed and published gender pay gap results**
- **Considered impact of changes in voting guidelines relating to Board directorships and overboarding**
- **Reviewed the effectiveness of the committee, including its terms of reference**
- **Received updates on best practice and governance developments**

**Board experience by sector**



**Planning for future leadership**

The committee oversees our Graduate Programme, which is an important way of introducing talent into both our bus and rail operating companies. The third year of the rail graduate programme has successfully concluded and a further tranche of graduate entrants will join the Group in September 2018. The bus graduate programme has been strengthened so it complements the bus business strategy, particularly where operations are being mobilised overseas. The committee tracks the careers of graduate entrants, with retention during the graduate programme higher than the industry average.

Talent development is also a key focus area, and during the year the committee was updated on the new initiatives for improving talent development across the Group. One new initiative was for colleagues with longer term leadership potential to participate in either a high potential programme or a management development programme to accelerate their growth. Candidates on the high potential programme also worked on the strategic business projects to enhance their experiential development. It was these projects which formed part of the rolling programme of presentations to the Board.

[Read more about our Graduate Programme and our initiatives to attract talent on pages 23 and 24.](#)

The committee recognises that, in addition to developing our own people, identifying external talent fulfils a vital role in improving organisational effectiveness and it is important we continue to be able to attract high calibre talent to senior roles both in the UK and overseas.

**Inclusion and diversity initiatives across the Group**

The committee has been updated on the inclusion and diversity strategies developed across the Group, with objectives and actions consistent across all operating companies. The pace and impact of activity have been far reaching, supported by the creation of a new role of Head of Inclusion, Diversity and Colleague Engagement. This role has helped shape and co-ordinate strategy and provides thought leadership on matters relating to inclusion and diversity across the bus and rail divisions. Additional support has also been provided by the Inclusion and Diversity Steering Group and the new Bus and Rail Working Groups.

Diversity training has previously been made available to all Head Office managers and additional training is currently under review to be launched during 2018/19. In support of our inclusion and diversity strategy, we are partnered with Business in the Community (BitC), Business Disability Forum, Inclusive Employers, Prince's Trust and Everywoman, the world's largest women's network. As Champion Members of BitC's Gender Equality Campaign, we can compare our gender rebalancing initiatives to best practice approaches.

[Read more about our inclusion and diversity initiatives on page 24.](#)

**Development opportunities for all colleagues**

The committee continues to recognise the importance of supporting the personal development of all colleagues across the Group. The committee is regularly updated on how colleague development is being supported, which includes initiatives delivered by rail and bus HR teams as well as Group-wide approaches. An example during the year was the launch of Personal Development Hours, an initiative designed to support the developing culture of Go-Ahead and to encourage more professional and personal development. The objective is to drive continuous improvement of leadership and colleague capability, enhancing our opportunity to perform year in, year out. The initial roll out has taken place at Head Office, with further implementation across the operating companies envisaged over the next 18 months.

In the coming year, the committee will oversee a greater focus on leadership development as a key enabler of the business strategy. Senior management will also be supported to maintain robust development plans ensuring that they invest in their own personal and professional development.