

## Chairman's introduction to corporate governance

# Setting the benchmark for high standards



Clare Hollingsworth  
Chairman

### Dear Shareholder

I am pleased to present my first corporate governance report as Chairman of Go-Ahead. Since joining the business, I have been reassured to see how Go-Ahead's governance framework is integral to everything we do. It sets the benchmark for high standards and ensures Go-Ahead's culture and values are led from the top. This is evident not only with the Board, but throughout the business into all our operating companies, which is particularly important given our devolved management structure.

I hope this report will provide you with an overview of the way in which the Board has operated over the last year and insights into how our robust corporate governance principles underpin the decisions we take.

### COVID-19

The timing of this report coincides with the ongoing COVID-19 pandemic and you will have read in the strategic report about the actions we have taken as a business.

As a Board, we have adapted quickly to these unprecedented times, holding weekly meetings during the peak of the crisis. Our purpose is to be the local partner taking care of journeys that enhance the lives and wellbeing of our communities across the world. This has driven the actions we have taken within our governance framework, with our devolved operating model proving invaluable at providing a tailored response quickly to the communities we serve.

The Board's collective values, experience and diversity of viewpoint have been important during this time as we guide the business through the crisis and beyond and return to a position of strength. I would like to thank my Board colleagues for their time and commitment both in and outside of the boardroom over the last year, but particularly over the last few months.

Recognising the scale of the impact of COVID-19 and the ongoing significant levels of uncertainty, we have gone back to examine the fundamentals of the way we operate, challenge our assumptions and test our beliefs, to find the best way to emerge from this crisis and become stronger for the longer term.

### Corporate governance

Last year's report explained how already we complied with many of the changes introduced by the revised UK Corporate Governance Code published in July 2018 (the Code) and during the year we have continued to make further changes to embed best practice governance throughout the business.

This is the first year in which Go-Ahead has reported under the Code and our statement of compliance can be found on page 65.

Go-Ahead has always sought to build a good reputation for corporate governance, adopting best practice and reporting. I am committed to upholding this ambition, and ensuring we continue to meet our responsibilities and duties both to our stakeholders and the communities we serve.

### Board and committee changes

Good succession planning and the composition and diversity of the Board and its committees are an integral part of good governance and board effectiveness. Over 50 per cent of our Board roles are now held by women and the nomination committee regularly reviews Board composition, structure and executive succession to ensure that the right skills, experience, behaviours, characteristics and diversity are in place, and that any refreshment of the Board is well planned. Biographical details of Board members and their skills, experience and contributions can be found on pages 66 and 67.

As reported last year, our succession planning resulted in a number of changes to the Board and our committees following the 2019 AGM, including my appointment as Chairman. Further details are provided on page 79 of the nomination committee report. Since joining the Board, I have undertaken a comprehensive and tailored induction, details of which can be found on page 75.

### Board effectiveness

The Board appointed Independent Audit Limited to undertake an external effectiveness review this year. While unfortunately this work had to be postponed due to the onset of COVID-19, we resumed the review as soon as possible. Fortunately the delay gave us a valuable opportunity to assess how the Board performed during the crisis and any key learnings can be used to strengthen our performance going forward.

At the time of writing this report, the review is not finalised but is nearing completion and you can find further information of the process we have undertaken, in addition to the Board's review of progress against the actions from last year's internal review, on page 77.

### Stakeholder engagement

The Board has always placed great importance on listening to all our stakeholders and we have established processes in place to make sure that their voices are heard and inform the decisions we take.

This has been particularly important during the COVID-19 crisis, where feedback from stakeholders has been at the forefront of the Board's deliberations. It has been clear that the partnerships built before the crisis have served us well, as we have collaborated with stakeholders to resolve issues and create the best solutions together. An overview of how and why we engage with our stakeholders, the key topics raised, together with examples of how we responded, can be found on pages 22 to 25.

Earlier in the year, the Board also reviewed the arrangements we introduced last year for workforce engagement. As a result, Harry Holt was appointed as the non-executive director responsible for workforce engagement. You can read more about these arrangements and how they support better engagement on page 70.

### Sustainability and the community

We are determined to drive positive change both within our business and in partnership with suppliers, customers, local government, investors and local communities. Our strategy and business model aim to deliver sustainable growth for all stakeholders including the communities we support. You can read more about how environmental, social and governance (ESG) factors are integral to our decision-making process and management of our business throughout the strategic report on pages 1 to 62.

### Looking ahead

The decision not to make an interim or final dividend payment for the 2020 financial year was not taken lightly. It was made with the intention of strengthening our balance sheet and maximising liquidity at a time of unprecedented uncertainty. We thank our shareholders for their continued support during this time. The business has always enjoyed proactive engagement with investors and appreciates their understanding in allowing management the time and space to stabilise the business and start to work through the implications of the pandemic for the future.

The AGM this year will be held later than usual on 24 November 2020. Unfortunately, because of the ongoing difficulties in holding meetings during the current lockdown, the Board has taken the decision to adapt the format of this year's AGM and shareholders will not be able to attend in person. This has been a difficult decision, but one taken with the safety of our shareholders in mind. Details of the arrangements, including how shareholders can vote electronically and submit questions in advance, can be found on page 78.

Our focus over the year ahead will be to continue to develop our strategic response to the unprecedented challenges we are facing. We will be relentless in our efforts to return public transport back to its rightful place: being recognised as the safe and most sustainable mode of travel for the communities we serve. To do this, maintaining a safe working environment for our colleagues and a safe travelling environment for our customers will be key, as will working in partnership with our different stakeholders.

The Board understands the importance of dividends to Go-Ahead shareholders and will continue to assess the appropriate timing for the resumption of dividend payments, taking into consideration the Group's financial performance and level of Government support, balance sheet strength and outlook. In the meantime, the Board will strive to ensure that we make the right decisions to support the long term sustainable success of our business.



**Clare Hollingsworth**  
Chairman

23 September 2020

## Compliance with the 2018 UK Corporate Governance Code (the Code)

It is the view of the Board that The Go-Ahead Group plc substantially complies\* with the principles and provisions of the July 2018 edition of the UK Corporate Governance Code issued by the Financial Reporting Council (available from [www.frc.org.uk](http://www.frc.org.uk)). Further information on how Go-Ahead applied the principles and provisions throughout the year can be found as follows:

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\* We are currently working towards implementing Provision 36 of the Code, where a formal policy for post-employment shareholdings will be introduced in conjunction with the new remuneration policy vote at the 2021 AGM. More details will be included in next year's Annual Report and Accounts.

## Board of directors

## Clare Hollingsworth, Non-Executive Chairman



**Appointment:** Clare Hollingsworth joined the Board as Non-Executive Chairman Designate on 1 August 2019 before becoming Non-Executive Chairman of the Group on 31 October 2019.

**Independent:** On appointment.

**Relevant skills, experience and contributions:** Extensive Board experience both at executive and non-executive level across a range of sectors, including safety critical businesses in rail, aviation

and healthcare. Worked nationally and internationally, and within different ownership models. Significant stakeholder management experience, including across regulators and UK Government. Former Non-Executive Chairman of Eurostar International Ltd, Non-Executive Director at Savills plc and Assura plc and CEO of Caledonian Airways Ltd, Bupa Hospitals Ltd and Spire Healthcare Ltd.

**Other appointments:** Non-Executive Director of UK Government Investments and Molnycke AB and Senior Independent Director of The LTA.

## David Brown, Group Chief Executive



**Appointment:** David Brown was appointed to the Board as Deputy Chief Executive on 1 April 2011 before becoming Group Chief Executive on 3 July 2011.

**Independent:** Not applicable.

**Relevant skills, experience and contributions:** With over 37 years of experience in the bus and rail industry, David offers a wealth of commercial, financial and general management experience. He has extensive practice of leading and growing businesses, both in the UK and overseas, and for delivering transformational change. David has an in-depth knowledge of the Group's operations and markets, which helps him to lead the business and be a key contributor to Board discussions.

He regards stakeholder and shareholder engagement crucial and spends considerable time hosting colleague briefings and maintaining sector-wide relationships in the transport industry.

David has previously served as Managing Director of Surface Transport at Transport for London and as Chief Executive of Go-Ahead's London bus business.

**Other appointments:** Director of Rail Delivery Group Limited, Director of ATOC Limited (Chairman of the remuneration committee) and Senior Independent Director of Renew Holdings plc (Chairman of the remuneration committee and member of the nomination and audit committees).

## Elodie Brian, Group Chief Financial Officer



**Appointment:** Elodie Brian was appointed to the Board as Group Chief Financial Officer on 5 June 2019.

**Independent:** Not applicable.

**Relevant skills, experience and contributions:** Elodie graduated from the HEC School of Management, and has over 16 years of experience in financial management. She has extensive international capability and contributes considerable financial insight to the Board from the perspective of consumer markets. Elodie has wide-ranging knowledge of the rail industry and financial negotiations, gained in part from spending over ten years working at Southeastern Railway, latterly as the Finance and Contracts

Director. She brings a high level of probity and a sharp awareness of risks to the Board, and her comprehensive understanding of the financial position of the Group is invaluable when engaging with shareholders.

Elodie has a proven track record of driving and delivering results and her extensive knowledge and technical experience of accounting principles, financial planning and analysis to support operating/commercial decisions are critical in Board discussions and in serving the long term interests of the Group.

**Other appointments:** None.

## Adrian Ewer, Senior Independent Director



**Appointment:** Adrian Ewer joined the Board on 25 April 2013 and succeeded Katherine Innes Ker as Senior Independent Director with effect from 31 October 2019.

**Independent:** Yes.

**Relevant skills, experience and contributions:** Adrian is a chartered accountant who brings extensive experience gained from senior financial roles at a number of financial services and listed companies. He also has comprehensive knowledge of public transport infrastructure and investment gained in part from his seven years as CEO at John Laing plc. Adrian's extensive board

experience and understanding of different points of view and business circumstances underpin his appointment as Senior Independent Director.

Adrian brings to the Board a wealth of proficiency in major long term contracts. He displays strong customer focus and aptitude for finance and strategy and, as a fellow member of the Institute of Chartered Accountants in England and Wales, ensures that the Board has access to sound, recent and relevant financial information.

**Other appointments:** None.

## Leanne Wood, Non-Executive Director

N A R



**Appointment:** Leanne Wood joined the Board on 23 October 2017 and succeeded Katherine Innes Ker as Remuneration Committee Chair with effect from 31 October 2019.

**Independent:** Yes.

**Relevant skills, experience and contributions:** Leanne's contribution to the Board is enhanced by her broad expertise in leading corporate strategy and organisational transformation obtained while working in senior roles at major consumer brands, including Burberry and Diageo. She has a particular strength for customer insight, which is key in leading Board discussions on stakeholder engagement and considering the views of the workforce. Her ability to consider the consequences of

remuneration decisions, drawing on her understanding of the employee and wider business perspectives, allows her to be an effective Remuneration Committee Chair.

Leanne has extensive corporate experience working in several international executive roles. She is a graduate of the University of Cambridge, holding both a Master of Arts and an MBA from Institut Européen d'Administration des Affaires (INSEAD).

**Other appointments:** Chief Human Resources Officer at Vodafone Group plc and non-independent Non-Executive Director of Vodacom (member of the remuneration and nomination committees).

## Harry Holt, Non-Executive Director

N A R



**Appointment:** Harry Holt joined the Board on 23 October 2017 and is the non-executive director responsible for workforce engagement.

**Independent:** Yes.

**Relevant skills, experience and contributions:** After a distinguished career in the British Army, Harry is now a proven business leader having fulfilled a number of senior executive positions at Rolls-Royce. Most recently he was President of their Nuclear Business Division, before taking up his current role as Chief People Officer, leading an ambitious transformation and restructuring programme across the company. He is skilled in all

aspects of leadership, with a deep and practical experience of leading large organisations through change to successful attainment of their strategic ambitions. Harry brings to the Board a broad range of experiences and capabilities including: operational management, strategy, health and safety, employee engagement and cultural transformation.

Harry previously served eight years as Chairman of the Royal Foundation's Endeavour Fund, complementing his listed company experience with a non-corporate perspective.

**Other appointments:** Chief People Officer at Rolls-Royce plc and Chairman of Rolls-Royce Submarines Limited.

## Katherine Innes Ker, Non-Executive Director

N



**Appointment:** Katherine Innes Ker joined the Board on 9 July 2010 and was appointed as Remuneration Committee Chair in February 2012 and Senior Independent Director in April 2013. Katherine stepped down as Senior Independent Director and Remuneration Committee Chair on 31 October 2019 and will be standing down from the Board after the 2020 AGM.

**Independent:** No.

**Relevant skills, experience and contributions:** Katherine has a strong track record of delivering operational excellence and has significant experience in financial, commercial and strategic roles. Her experience of working with major listed companies both at executive and non-executive levels allows her to have a deep insight into the impact of strategic changes on the bus and rail

transport sectors and brings a highly knowledgeable perspective to the Board's business discussions.

Katherine also contributes helpful insights to shareholder relations through the differing perspectives gained in her various roles. She is a graduate of Oxford University, holding both a Master's degree in Chemistry and a Doctorate in Molecular Biophysics.

**Other appointments:** Non-Executive Chairman of The Mortgage Advice Bureau (Chairman of the remuneration and nomination committees and member of the audit committee), Senior Independent Director of Forterra plc (Chairman of the remuneration committee and member of the audit and nomination committees), Non-Executive Director of Vistry Group PLC (member of the remuneration, audit and nomination committees) and Independent Chairman of the remuneration committee, Balliol College, Oxford.

## Carolyn Ferguson, Group Company Secretary

N A R



**Appointment:** Carolyn Ferguson was appointed as Group Company Secretary on 1 July 2006.

**Independent:** Not applicable.

**Relevant skills, experience and contributions:** Carolyn is an experienced Company Secretary and governance professional with a proven track record of working with the Group Board and senior management team to the highest of ethical and professional standards, supported by robust corporate governance principles. She is also an effective driver of pensions de-risking strategy for the

Group's defined benefit bus schemes. She is a Fellow of the Institute of Chartered Secretaries and Administrators and a qualified and practising coach and mentor. Carolyn began working for the Group as Assistant Company Secretary in 2001, before being appointed to Group Company Secretary in 2006. Her previous employment includes working for Northern Electric, predominantly in the field of pensions.

**Other appointments:** Non-Executive Director of Better Boards Ltd and Trustee Director of The Go-Ahead Group Pension Plan.

# Governance framework

The Board is responsible for maintaining a strong and effective system of governance throughout the Group.

## Experienced leadership

As illustrated in our governance framework on pages 68 and 69, the Group operates a devolved operating model. Day-to-day management of the Group's activities, governance and oversight has been delegated to the executive directors. They are supported in this role by a team of highly skilled and experienced senior managers who are encouraged and empowered to operate our subsidiary companies as autonomous business units.

The senior management team comprises the managing directors of each operating company, along with individuals responsible for the key centralised Group functions. Further details of our senior management team can be found on our website. The executive directors meet with the senior management team on a monthly basis, through local operating company board meetings and Group executive committee meetings. These more formal meetings are supported by several cross-business forums that serve to facilitate the sharing of knowledge, ideas and best practice. These meetings and forums are an essential part of the Group's devolved management approach, facilitating quality discussion and decision making while also preserving the management and autonomy of local operations within the Group's core beliefs and attitudes. We believe that this approach encourages the right balance between local and Group initiatives and facilitates the sharing of best practice and expertise across the Group, while ensuring that we deliver more operating collectively than we would independently.

Delegation

## The Board – roles and responsibilities

Go-Ahead is led by a Board which is responsible for creating and delivering long term sustainable value for the business. The Board is accountable for balancing the varying interests of the business, including those of our shareholders, colleagues and customers and the communities we serve.

### Chairman

- Leads the Board, sets the agenda and promotes a culture of open and constructive debate
- Ensures individual director and collective Board effectiveness and Board succession planning
- Promotes the highest standards of corporate governance, in line with best practice
- Ensures effective engagement with all stakeholders, including shareholders and colleagues
- Ensures Board decisions are taken on a sound and well-informed basis

### Non-Executive Directors

- Contribute to strategy development
- Scrutinise and challenge management's execution of strategy within the Group's risk appetite and control framework
- Provide a range of external perspectives and encourage robust debate

### Senior Independent Director

- Provides a sounding board to the Chairman
- Appraises the Chairman's performance
- Acts as an intermediary for other directors, if needed
- Available to respond to shareholder concerns when contact through the normal channels is inappropriate

## Board committees – roles and responsibilities

Delegated to by the Board and responsible for maintaining effective governance. The detailed responsibilities of the Board's three committees are set out in their terms of reference, available on our website.

### Nomination committee

Ensures the Board and its committees have the correct balance of skills, experience and behaviours and that appropriate succession plans are in place

→ Read more on [pages 79 to 81](#)

## Senior management team – roles and responsibilities

Responsible for executing strategic objectives and realising competitive business performance within our risk management framework, compliance policies, internal control systems and reporting requirements.

### Operating company boards

- Operate autonomously and led by local senior management
- Board meetings held on a monthly basis with the executive directors chairing
- Local senior management report to the executive directors directly on management issues including risk
- Local senior management ensure operating compliance with Group policies and procedures
- Acting as an intermediary with the Board, executive directors ensure there is meaningful two-way feedback with operating company boards

### Group Chief Executive

- Leads the senior management team, including development and succession planning
- Promotes the Group's purpose, vision and culture agenda
- Ensures the execution of strategy, with responsibility for the Group's overall performance
- Facilitates effective two-way communication between the Board, the business and the workforce

### Group Chief Financial Officer

- Supports the Group Chief Executive in implementing the Group's strategy
- Provides strategic and financial guidance to ensure that the Group's financial commitments are met
- Responsible for the preparation and integrity of financial reporting
- Ensures maintenance of effective internal controls and risk management procedures

### Group Company Secretary

- Acts as independent advisor
- Responsible for corporate governance, good information flows and ensuring best practice
- Provides a sounding board for all directors
- Supports the Chairman to facilitate induction programmes, Board development and effectiveness

### Audit committee

Oversees the Group's financial reporting, maintains an appropriate relationship with the external auditor and monitors the Group's internal control and risk management system

→ Read more on [pages 82 to 89](#)

### Remuneration committee

Establishes the Group's remuneration policy and ensures there is a clear link between performance and executive remuneration

→ Read more on [pages 90 to 112](#)

### Cross-business rail and bus steering groups

- Comprise the managing directors in each operating company
- Meet with the executive directors on a regular basis to explore and identify new opportunities and initiatives
- Share knowledge, experience and best practice across operations
- Supported by a number of cross-business forums including safety, engineering, HR, diversity and inclusion, commercial and marketing, customer experience, operations and finance.

### Group executive committee

- Comprises senior managers responsible for the key centralised Group functions
- Meets monthly with the executive directors to review the business and policies
- Monitors and assesses the extent to which vision and culture have been embedded throughout the Group
- Identifies synergies which can then be cascaded through cross-business groups and forums
- Shares knowledge and collaborates on key Group-wide projects

## Governance in action continued

### Workforce engagement

Our devolved management structure means it is important that our operating companies retain autonomy and responsibility for engagement with their own colleagues. The changes we made to improve the Board's engagement with our workforce have necessarily sought to preserve this.

Last year we introduced a process whereby acting as intermediary for the Board, operating companies were delegated responsibility for ensuring that there was an effective mechanism for genuine two-way engagement between their operating company boards and colleagues. Feedback generated from each operating company was shared with the Board. In turn, the Board reviewed this feedback and considered what Board information should be cascaded back to the operating companies for them to share with their colleagues.

These more formal feedback channels are supplemented with the Board's rolling programme of visits to Go-Ahead's operating companies, which are an important part of the Board's engagement with colleagues across the business. During the year, the Board visited Go North East, Go-Ahead Ireland and Plymouth Citybus, in addition to the Chairman's introductory visits to a number of businesses. While further visits were planned, those that had to be postponed as a result of the COVID-19 crisis will be rescheduled over the coming year. By spending time with management, customer-facing and operational colleagues, the Board can hear first hand about the work and initiatives underway and gain understanding into how our values and culture are being brought to life in a day-to-day setting. These valuable insights are then taken back to the boardroom and factored into the Board's deliberations.

Since Harry Holt's appointment as the non-executive director designated to review and support workforce engagement across the business, the Board has further strengthened its approach to engagement with colleagues and the wider workforce. In addition to the Board's rolling programme of operating company visits now including a specific meeting with employee forum representatives, an annual review of the effectiveness of these arrangements has also been introduced. The Board believes it is important for these arrangements to be effective and provide a genuine means of two-way engagement with the workforce.

At the Board's visit to Plymouth Citybus earlier in the year, Harry commented:

**“The Platinum status accreditation Plymouth Citybus received under the Investors in People programme was a key area of discussion on the Board's visit. Understandably they are all very proud of this achievement – as indeed they should be – but it was fascinating to learn about all the hard work that had gone into this success. As we walked around the business, talking to many colleagues, it was easy to see why this accreditation had been earned and what a significant difference it had made to employee engagement. It was also no coincidence that the customer satisfaction scores were so strong. There is a lovely virtuous circle between leading your people well, high levels of employee engagement and excellent customer satisfaction. The Plymouth Citybus team are firmly in that sweet spot and my thanks to the great team there for an informative and enjoyable visit.”**

### Whistleblowing, fraud and anti-bribery procedures

At Go-Ahead, we are committed to the highest standards of ethical conduct, honesty and integrity in our business practices. The Board recognises that transparent communication is essential to maintain our business values and is supportive of a culture where there is genuine means for the workforce to raise any concerns. During the year, in line with the revised UK Corporate Governance Code published in July 2018, the Board reviewed the whistleblowing policies in place across the Group. Our findings were positive, confirming that our policies were comprehensive and accessible, providing colleagues with the opportunity to raise concerns about any form of wrongdoing in confidence, anonymously and with protection from retaliation.

The Group also has zero tolerance of corruption, fraud, criminality (including financial crime), or the giving and receiving of bribes for any purpose. The Group's Code of Conduct sets out what is expected from colleagues and stakeholders to ensure they protect themselves as well as the Group's reputation and assets. Additionally, the Group has tailor-made online training for competition law, anti-bribery and corruption, which colleagues in high-risk areas (including the Board and senior management) are required to complete periodically. Any breach of procedures will be regarded as serious misconduct, potentially justifying immediate dismissal.

# Board governance

Our Board is collectively responsible for creating and delivering the long term sustainable success of the Group, generating value for stakeholders and contributing to wider society.

### The Board's role

The Board has responsibility for leading the Group and to ensure its long term success, taking into consideration the views and interests of all stakeholders. The Board sets the Group's strategy to deliver on its purpose, within an agreed risk appetite, ultimately ensuring implementation within our risk management and governance framework. The Board's role is integral to the Group's values and culture.

In conjunction with the appointment of a new Chairman, the Board undertook a comprehensive review of board policies and procedures, including the roles and responsibilities of the Chairman, the Group Chief Executive and the Senior Independent Director, the schedule of matters reserved for the board, terms of reference for all committees and the board's delegated authorities policy. A full description of the Board's role, including its specific responsibilities, is available on our website.

The size and composition of the Board and its committees is kept under review by the nomination committee to ensure there is an appropriate balance of capabilities, business experience, independence and diversity on the Board and its committees to meet the Group's business needs.

### Board meetings

The Board agenda is set in collaboration between the Chairman, Group Chief Executive and Group Company Secretary. Pre-agreed meeting agendas, supported by the Board's Forward Planner, ensure time is balanced between different elements of our strategy and operational performance, as well as the Board's wide-ranging governance and regulatory responsibilities.

Ensuring there is sufficient time allocated to key strategic decisions is an important consideration to enable directors to discharge their duties fully and effectively.

A clearly defined schedule of matters reserved for the board and the Group Company Secretary ensures all board procedures are complied with. To allow directors to utilise their time and skills effectively at Board meetings, papers are circulated securely and electronically to all directors a week before each meeting.

Members of the senior management team and advisors are regularly invited to attend and present at meetings, providing the non-executive directors with a broader perspective and insight.

The Board holds nine scheduled meetings a year including a meeting dedicated exclusively to discussing the Group's strategy. Informal meetings and Board dinners are held usually either before or after Board meetings to allow directors to spend more time together, enabling a healthy boardroom culture that encourages open, transparent and constructive debate. Unscheduled meetings are held as required where topics warrant more time or decisions need to be made outside of the normal cycle of meetings. At the height of the COVID-19 crisis, for example, the Board was holding weekly meetings.

Each director is expected to attend all meetings of the Board and of those committees on which they serve and is required to be able to devote sufficient time to the Group's affairs allowing them to fulfil their duties effectively as directors.

## Considering stakeholders in our decision-making

The Board believes that listening and engaging effectively with our key stakeholders is critical to ensuring the right decisions are made which take into account their needs and priorities. Our stakeholders' interests are therefore considered as part of the Board's decision-making processes throughout the year, in addition to receiving more formal stakeholder updates as part of our established reporting process twice a year. In these updates, the Board undertakes a review of the Group's key stakeholders, including why we engage, how we engage, key topics of engagement and how this engagement informs our decisions.

Our devolved management operating model is also a key feature of the Board's decision making process, with the executive directors who sit on the board of each operating company acting as an intermediary with the Board, ensuring there is two-way feedback between the Board and operating company boards. In line with this approach, the viability of a number of principal decisions (for example, acquisitions, disposals and major capital investments) will first be considered at operating company board meetings. If approved, the executive directors will then submit a proposal to the Group Board. This process supports the Board performing its duties in compliance with section 172 of the Companies Act 2006.

## Board leadership and purpose continued

### Key focus areas

Examples of some of the key matters considered by the Board during the year are set out below. Each scheduled Board meeting includes a report from the Group Chief Executive, including safety, operational and overall business performance and a report from the Group Chief Financial Officer including financial performance, cashflow and net debt, analysts' reviews, share price performance, analysis of the shareholder register and shareholder feedback.



### Strategy formulation and monitoring

An important focus area during the year has been the execution of our international strategy. This routinely involves the Board reviewing target opportunities in the current and future pipeline, approving the allocation of resources to support the growth plan, target bid and contract reviews and monitoring performance against plan.

In response to the mobilisation challenges within our German rail operations, the Board has taken decisive action to turn around performance and decided to pause development activities in new international rail markets while further consideration is given to our strategic options. Supplementary to this, the Board has also undertaken a detailed governance review to see what lessons can be learned going forward.

The timing of the annual Board Strategy Day also enabled the Board to reconsider our strategy with its three strategic pillars against the backdrop of COVID-19, and test whether it remained relevant. Although at a time of great uncertainty, when the Government itself was still unclear as to how and when to start to lift the measures put in place to reduce the spread of COVID-19, the Board Strategy Day provided an opportunity to step back from the immediate impact of the crisis. As a Board we sought to navigate the current state of uncertainty by assessing a range of possible outcomes and building scenarios, which we will continue to review and develop over time.

### Financial reporting, risk and controls

The Board has approved the Group's 2020 Annual Report and Accounts, ensuring they are fair, balanced and understandable, in addition to approving the half year statements and trading updates earlier in the year. A comprehensive assessment of the prospects and viability of the Group and the appropriateness of preparing the financial statements on the going concern basis has also been undertaken.

Extensive discussions have taken place on the Group's budgets and forecasting in light of COVID-19, which has included scenario modelling, capital investment, cashflow, net debt and liquidity considerations. Capital allocation and dividend policy have been reviewed in the context of COVID-19 and remain under consideration as part of the Board's wider decision-making framework.

## How the Board focused on colleague engagement during the year

### July 2019

The Group's Annual Management Conference provided an opportunity for the Board to meet with senior management from across the Group and operating companies

### October 2019

A visit to Go-Ahead Ireland represented the last visit from the former Go-Ahead Chairman. The Board enjoyed a meeting with the local company directors and senior management as well as touring the Ballymount and Naas depots

### September 2019

The Chairman Designate met with senior management during her first visit to Brighton. Themed discussions took place around stakeholders and the community, diversity and inclusion, the environment and customer focus

### October 2019

Travelling in a new "X-lines" bus, the Board enjoyed a tour of the Gateshead Riverside and Consett depots, as well as receiving an executive overview presentation from Go North East directors

As part of the new Chairman's induction, she also visited Go-Ahead London, Govia Thameslink Railway and Southeastern

Health and safety and cyber security remain key risk focus areas for the Board, with regular updates and reviews of policy and KPI reporting. The Board takes its responsibility for the oversight of defining and managing risk very seriously. As well as reviewing the processes in place to calculate and manage risk effectively, the Board also regularly reviews its risk appetite statement. This year the actual and expected impact of the COVID-19 was taken into account, with modest changes made to Go-Ahead's risk appetite statement as a result.

### Environmental, social and governance (ESG)

The Board recognises that there is a growing sense of urgency for businesses to do the right things and be more transparent about their impact on the world and the people in it. Our business has been responding to the changing societal and environmental trends for some time now, assessing the potential impact and interacting with our stakeholders to help shape our strategy for the future. During the year, this focus has continued with climate change being one of the Board's in-depth risk reviews and the Board's Strategy Day including a dedicated session on ensuring our environmental, societal and governance priorities are aligned to our long term sustainability. You can read more about the Group's commitment to ESG and the Board's priorities during throughout the strategic report on pages 1 to 62.

### People and culture

We have continued to monitor our culture to ensure it is aligned with the Group's values, strategy and purpose. In conjunction with our operating companies, the Board spent time reviewing and strengthening its workforce engagement processes and reviewing workforce and remuneration policies.

Our reviews have been positive and consistent with the Group's values which support and reinforce a healthy culture. Further details on how the Board has strengthened its engagement with the workforce can be found on page 70.

The Board continues to believe that a healthy culture is embedded throughout the organisation through its monitoring and assessment of the Group's health and safety policy, targets and performance; colleague engagement survey results and action plans; and customer satisfaction survey results.

The nomination committee also spent time this year reviewing diversity and inclusion strategy and policy, gender pay gap reporting and how talent more broadly is nurtured and developed. You can read more on this on page 80.

### Shareholders and stakeholder engagement

Actively listening to and engaging effectively with our wide variety of stakeholders is key to ensuring responsible decisions are made. Pages 22 to 25 provide insight into the views and interests of all our stakeholders who are represented in the boardroom, together with the key topics raised and examples of how we responded. The Board appreciates the need to ensure that the decisions we take create value for all our stakeholders and support creation of long term sustainable value so that, ultimately, we can continue to be a vital part of the communities we serve.

Last year, we increased the regularity of updates to the Board and improved the quality of briefings received from senior management on the key views and areas of focus for each of our stakeholder groups. This year, the Board has overseen increased levels of engagement across all stakeholder groups. This has been part of a desire to build stronger relationships that enable constructive and two-way meaningful input into Board decision making. To read more about our engagement with shareholders, see page 78.

#### December 2019

Harry Holt was appointed as the non-executive director responsible for workforce engagement

#### Postponed visits

Visits to Go-Ahead Ireland, Go North West and Go South Coast previously arranged between March and June 2020 as part of the new Chairman's induction were postponed due to COVID-19. These will be rescheduled once safety restrictions have been lifted

#### February 2020

A highlight of the Board's visit to Plymouth Citybus was learning from colleagues about all the hard work that had gone into the success of earning the Platinum status accreditation

#### March 2020

At the Board's March 2020 meeting, an update was given on rail and head office colleague engagement survey results, with actions taking place both at Group and operating companies to improve engagement

## Board leadership and purpose continued

### Board and committee meeting attendance

The following table shows the directors' attendance at scheduled meetings they were eligible to attend:

	Board <sup>6</sup>	Audit committee	Remuneration committee <sup>7</sup>	Nomination committee <sup>8</sup>
Board attendance	Scheduled	Scheduled	Scheduled	Scheduled
<b>Total meetings</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>2</b>
Clare Hollingsworth <sup>1,2</sup>	8/8 – 100%	—	3/3 – 100%	2/2 – 100%
David Brown <sup>3</sup>	9/9 – 100%	—	—	—
Elodie Brian <sup>3</sup>	9/9 – 100%	—	—	—
Katherine Innes Ker <sup>4</sup>	9/9 – 100%	2/2 – 100%	3/3 – 100%	2/2 – 100%
Adrian Ewer	9/9 – 100%	5/5 – 100%	4/4 – 100%	2/2 – 100%
Leanne Wood	9/9 – 100%	5/5 – 100%	4/4 – 100%	2/2 – 100%
Harry Holt <sup>5</sup>	8/9 – 88.9%	5/5 – 100%	4/4 – 100%	2/2 – 100%

- The Chairman attends audit committee meetings by invitation as appropriate, which have not been included.
- The Chairman joined the Board as Chairman Designate and member of the nomination and remuneration committees on 1 August 2019 and succeeded Andrew Allner as Group Chairman and Nomination Committee Chairman from the conclusion of the 2019 AGM.
- The executive directors attend committee meetings by invitation as appropriate, which have not been included.
- Katherine Innes Ker has now served on the Board for over ten years. Following the 2019 AGM, she ceased to be a member of the audit and remuneration committees (in addition to stepping down as Senior Independent Director). This ensured compliance with the 2018 UK Corporate Governance Code, which requires members of the audit and remuneration committees to be wholly independent.
- Harry Holt was unable to attend one scheduled Board meeting on 21 January 2020 on account of the original date of the meeting being changed at short notice and the revised meeting date conflicting with a long-standing prior commitment. Harry was sent all papers in advance, with the opportunity to provide input before and after the meeting via the Group Company Secretary.
- Unscheduled Board meetings were held on 2 August 2019, 20 March 2020, 27 March 2020, 3 April 2020 and 17 April 2020, with all but one in response to COVID-19.
- An unscheduled remuneration committee meeting was held on 22 May 2020 to discuss executive remuneration and the impact of COVID-19.
- An unscheduled nomination committee meeting was held on 16 April 2020 to discuss emergency cover options in response to COVID-19.

### Board training and development

The Board believes that continuous director training and development supports Board effectiveness. With the ever-evolving regulatory landscape in which the Group operates, it is critical that the Board maintains a good working knowledge of the transport sector and how the Group operates within its sector, as well as being aware of recent and upcoming developments in the wider legal and regulatory environment.

To assist the Board in undertaking its responsibilities, regular presentations are provided from senior management. Examples during the year included updates on ESG, health and safety, cyber security, Section 172 and stakeholder and workforce engagement. Additionally, the Group Company Secretary provides regular updates on corporate governance, legislative and regulatory matters. An example during the year was the update provided to the Board on the evolving approaches to governance matters during the COVID-19 crisis, with key focus areas for the Board including: engagement and communication, AGMs, dividends, executive pay, financial reporting and additional capital.

Examples of other ongoing training and development opportunities provided to all directors include:

- Key focus area updates and in-depth risk reviews
- Compliance and legal briefings including competition law, anti-bribery and corruption
- Board policies and committee terms of reference

- Site visits to operating companies
- Attendance at the annual management conference
- Participation in the Board's annual effectiveness review

Directors are encouraged to be proactive and identify areas where they would like additional information to ensure that they are adequately informed about the Group.

The Board confirms that all members have the requisite knowledge, ability and experience to perform the functions required of a director of a UK premium listed company.

### Information and support

The Board is supplied with high quality information, presented in a form designed to enhance Board effectiveness. A comprehensive Board Procedures Manual is maintained, which includes formal procedures for the working of the Board and its committees, delegated authorities, the timely provision of appropriate information and the duties and responsibilities of directors, including standards of conduct and compliance. Last year, a new Board Mandate was adopted which articulates the Board's purpose and accountabilities, with particular regard to the Board leading by example and demonstrating the Group's culture and values.

Directors have access to the advice and services of the Group Company Secretary and may also take independent legal and/or financial advice at the Group's expense when it is judged necessary in order to discharge their responsibilities effectively.

## Board induction programme

All new directors receive an extensive and tailored induction programme either shortly before or upon joining the Board. This programme ensures that new Board members have a full understanding of the business and their responsibilities and duties as directors so that they can be effective in their roles.

### Chairman induction – Clare Hollingsworth

**“My induction has been well tailored and professionally organised. It has enabled me to quickly develop my knowledge of all parts of the business and to gain an understanding of the interaction between the Group’s centralised functions and the devolved, autonomous operating companies.”**

Clare Hollingsworth  
Chairman

The Chairman’s induction was tailored to her role as Chairman of a public limited company, listed on the London Stock Exchange. The programme was designed to cover all regulatory and compliance aspects, in addition to ensuring the Chairman gained sufficient knowledge and understanding of the business to effectively lead the Board in its strategic discussions and oversight of the Group.

### Key focus areas of the Chairman’s induction:

- Board – how it leads by example, discharges directors’ duties and strives for excellence.
- Strategy – how we create, deliver and manage long term sustainable value.
- ESG – how these priorities are aligned to our broader strategy.
- Risk – reviewing key risks, internal controls and the Group’s articulated risk appetite.
- Stakeholders – how the Group listens to and balances the interests of different stakeholders in decision making.
- Culture – how our culture underpins our purpose, values and strategy.
- Governance and regulation – how our governance framework and regulatory compliance support the business.

The Chairman was given access to all Board and committee meeting papers, in addition to an overview of the Board’s Resource Centre, where information such as the Board Procedures Manual, policies and Board Mandate can be found. Introductory meetings were arranged with each Board member and the senior management team, in addition to visits to all of the Group’s operating companies. While COVID-19 has prevented the Chairman from visiting all operating companies within her first year, these will be rescheduled as soon as the current restrictions are lifted. The Chairman also met independently with some shareholders as well as the Group’s key advisors, including the internal and external auditors.

# Board evaluation

In line with best practice, the Board is now undertaking an externally facilitated effectiveness review.

An internal review facilitated by the Group Company Secretary has been undertaken for the last two years. These reviews have built upon the findings of the externally facilitated Board effectiveness programme which the Board last undertook three years ago. In line with best practice, the Board is now undertaking an externally facilitated effectiveness review, this time with Independent Audit Limited (Independent Audit) which has been appointed to facilitate an interview based approach. Independent Audit does not have any other connection to the Group or individual directors.

The Board believes that an interview based approach will add more value than purely a questionnaire based approach as it enables more in-depth discussion and provides for deeper insights. Of particular importance will be the opportunity to consider any changes that may be appropriate, given a change of Chairman. It will also enable the Board to reflect upon how it performed in response to the COVID-19 crisis.

The process, which was delayed at the outset due to COVID-19, is now well underway. Following initial meetings with the Chairman and Group Company Secretary, Independent Audit is meeting with each individual Board member by video-conference on a

one-to-one basis. Board and committee meeting papers have been reviewed and a full suite of Board and committee meetings observed by video-conference. Independent Audit will shortly discuss its findings on an anonymous basis with the Chairman and the Group Company Secretary, following which a final report will be produced for discussion and action planning with the wider Board.

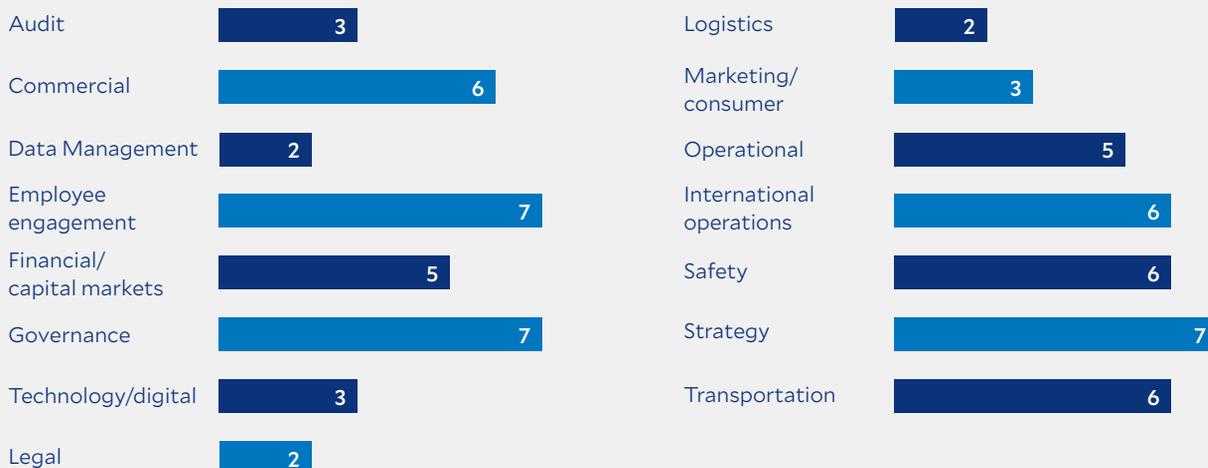
### Individual director effectiveness

The Chairman also met with each director on an individual basis to discuss their personal performance and the perceived effectiveness of the Board and its committees. The Senior Independent Director will lead the process of evaluating the performance of the Chairman, in conjunction with the findings of the externally facilitated review.

### Board committee effectiveness

A review of the nomination, audit and remuneration committees' effectiveness will be carried out by Independent Audit as part of the external evaluation outlined above. Findings will be disclosed in next year's report.

## Board skills and experience



## Progress against the principle areas of Board focus from the 2019 Board effectiveness review

The Group Company Secretary led the assessment of the progress against the principal areas of Board focus arising from last year's review and as set out on page 79 of the 2019 Annual Report and Accounts. The Board discussed these key areas at both the half year and the year end to ensure that it was making progress throughout the year, with the year end review also considering how the implementation of the actions had positively contributed to overall Board effectiveness. A summary of the Board's conclusions are as follows:

### Composition and succession planning

There had been a well-managed transition and induction for the new Chairman. Senior management succession planning processes had been strengthened, in addition to a review of executive succession planning. The Board's wider succession planning will be reviewed again as part of the externally facilitated Board effectiveness review, and at the end of the Chairman's first year with the Group. The objective will be to ensure the Board remains well positioned for the future, with the right balance of skills, experience and diversity to support the Group's long term success.

### Colleague and stakeholder engagement

Good progress had been made with increasing the frequency and quality of information to the Board, in addition to a strengthening of the engagement channels and processes implemented last year.

For colleague engagement in particular, the appointment of Harry Holt as the non-executive director responsible for workforce engagement had resulted in further progress being made to develop the ways by which the Board ensured there was genuine two-way engagement with the workforce within our devolved management framework. The Board's visits to operating companies also now include the non-executive directors meeting with employee forum representatives, thereby providing an opportunity for the Board to understand local themes and take key messages back into the boardroom.

### People strategy and culture

The Board's oversight of the wider workforce had been enhanced through the reviews of workforce policies and practices, and diversity policy and strategy for the wider Group. These reviews supplemented the reviews the Board already undertook of a broad range of cultural indicators which included colleague engagement survey results, diversity and inclusion initiatives, graduate programmes, talent development and senior management succession planning.

### Strategy and structure

The Board reviewed the impact of new business and international expansion on the current organisational model to ensure that the governance framework and resourcing would support the development and delivery of strategy. Given the challenges experienced with mobilising the rail contracts in Germany, the current arrangements for governance and resourcing are under further review.

### Governance

The Board received regular governance updates during the year to ensure that the appropriate processes were in place to comply with the revised UK Corporate Governance Code published in July 2018. These included updates to the nomination and remuneration committees, where the remits of these committees in particular had been extended. A number of the measures also introduced have also supported the Board's fulfilment of its responsibilities under Section 172 of the Companies Act 2006.

## Process for Board and committee evaluation

**January 2020** — Board discussed and agreed that an externally facilitated evaluation should be undertaken.

**February 2020** — Chairman and Group Company Secretary consider the different approaches and providers.

**March 2020** — Decision to appoint Independent Audit to undertake the externally facilitated evaluation approved by the Board.

**April 2020** — Review paused for COVID-19.

**July 2020** — Preparatory planning meetings between Chairman, Group Company Secretary and Independent Audit.

**August and September 2020** — Review formally resumed with a series of interviews with individual directors conducted by video-conference.

**September 2020** — Independent Audit observed Board and committee meetings by video-conference, with access provided to papers in advance.

**October 2020** — Draft findings and confidential feedback to be provided to the Chairman and Group Company Secretary.

**November 2020** — Independent Audit to discuss its final report findings with the wider Board.

**November and December 2020** — Priority development areas to be agreed and action plans prepared, with progress to be tracked over the year ahead (and reported on in next year's Annual Report).

## Engagement with shareholders

The Board believes that effective communication and proactive engagement with shareholders is important in establishing a mutual understanding of both the Group and shareholder objectives. We place great importance on our relationships with our shareholders and continually strive to provide high levels of transparency and build trust. This commitment has been particularly important in recent months as we have sought to provide regular updates and maintain an open channel of communication between the Group and its shareholders throughout the COVID-19 pandemic.

The Group Chief Executive and Group Chief Financial Officer are the Board's principal contacts with institutional investors. The Chairman, the Senior Independent Director and the Committee Chairs are also available to shareholders to discuss strategy, governance and any concerns they may have.

The Group has a dedicated Investor Relations team which acts as the primary point of contact with the investor community. Throughout the year, we maintained open and frequent dialogue with investors, providing updates on significant events affecting the Group, including business strategy and financial performance.

The Group Chief Financial Officer and the Investor Relations team provide the Board with regular reports and updates, including analysts' reviews and analysis of the shareholder register. Output from effective two-way engagement with shareholders is an important contribution to the Board's strategic discussions.

Institutional investors and analysts receive regular communications from the Group. This includes formal full year and half year results presentations followed by meetings to promote a better understanding of the business and its strategic plans. In the intervening periods, Go-Ahead continues its dialogue with the investor community by meeting key investor representatives and attending conferences. We aim to provide access to operational parts

of our business where possible, such as the site visit to our all-electric bus depot in Waterloo, London, in 2019.

We communicate with the wider investment community, including our smaller shareholders, through regulatory news releases and trading updates via the London Stock Exchange, which are also published on our website. Our corporate website, in particular the Investor section, provides a wealth of information including a dedicated results centre, access to reports, factsheets, latest news and presentations, as well as a share price analysis. Investors, and other interested parties, can subscribe to receive news through email updates by registering their details on our website, which is fully responsive to mobile devices.

### Annual General Meeting (AGM)

The AGM will be held later this year on 24 November 2020. To comply with the public health and safety social distancing requirements currently in force, the AGM will be run as a closed meeting and it will not be possible for shareholders to attend in person (other than those directors designated as attending for the purposes of the quorum).

Shareholders will be able to vote and submit questions in advance and full details of the business to be discussed at the AGM will be posted to registered shareholders at least 20 working days in advance of the meeting and will also be available on our website. We will consider all questions received and, to the extent practicable, publish answers on our website.

The results of the voting will be announced to the London Stock Exchange and made available on our corporate website as soon as practicable after the meeting.

At last year's AGM, all resolutions were passed with votes in support ranging from 90.52 per cent to 99.99 per cent.