

Preparing for the 2018 UK Corporate Governance Code

★ Leading in governance

The 2018 Code applies to the Group from the 2020 financial year. To ensure appropriate preparations were made in advance of the effective date, the Board received an early briefing from the Group Company Secretary addressing the key themes and initial response to the changes. More detailed discussions were then incorporated into the Board's Forward Planner during the year.

Given our devolved management structure, we have also spent time working with our local operating companies to establish the most effective way of gathering and assessing the information required for the wider workforce. Some of the key highlights from the year are as follows:

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 work we have undertaken during the year has therefore sought to preserve this. Acting as intermediary with the Board, operating companies have been delegated responsibility for ensuring that there is an effective mechanism for genuine two-way engagement between their operating company boards and colleagues. Feedback will be generated from each operating company on a biannual basis and reported up to the Board. In turn, the Board will review the feedback and consider what Board information should be cascaded back down to the operating companies for them to share with their colleagues.

The Board will also designate a non-executive director to review and support these arrangements as they evolve and become embedded across the business, to ensure they are effective and provide a genuine means of two-way engagement with the workforce.

More details will be included in next year's Annual Report.

Workforce and remuneration policies

It has been an important part of our work this year to ensure that management within our local operating companies understand what the 2018 Code means to them and the value it can add. Briefings have therefore been provided by the Group Company Secretary to senior management and new reporting processes introduced to gather the information the Board needs. Over the year ahead, the Board will review this information in conjunction with our operating companies to ensure that workforce and remuneration policies and practices are consistent with our values and support a healthy culture.



Stakeholder engagement

The Board already listens and interacts with stakeholders in a way which informs decision making and is consistent with the ethos of Section 172 of the Companies Act 2006. During the year, we explored how we could build upon the engagement strategies already in place to strengthen the stakeholder voice in the Boardroom.

One of the changes we made was to increase the regularity of updates to the Board and improve the quality of briefings received from senior management on the key views and areas of focus for each of our stakeholder groups.

This has enabled more constructive and meaningful input into the Board's decision-making process. Read more about how the Board listens to our stakeholders and the outcome of doing so on pages 72 to 75.

Our purpose

With a lot of work already undertaken to develop vision and values as part of our wider culture change programme, a project was recently undertaken to articulate a new Group purpose. Our purpose statement, which was developed in partnership with colleagues from across the business is "to be the local partner taking care of journeys that enhance the lives and wellbeing of our communities across the world". The Board will monitor the culture, policies and behaviours across the business to ensure that these are aligned with our purpose, values and strategy.

Early adoption of remuneration provisions from the 2018 Code

Separately, the Board has also already made the following key decisions in response to the 2018 Code:

Executive pensions

- With the appointment of our new Group Chief Financial Officer, we have aligned executive director pension contributions with the majority of employees who are auto-enrolled into the Workplace Savings Section of The Go-Ahead Group Pension Plan. Members of the Workplace Savings Section receive an employer contribution rate of 3% of qualifying earnings

Senior management remuneration policy

- We have adopted a new policy which consolidates and formalises all the information already reviewed by the remuneration committee. While the committee has always had more than an oversight role in senior management remuneration, this will help facilitate its new extended obligation of "setting" senior management remuneration going forward

Malus and clawback policy

- We have adopted a new policy which aligns our malus and clawback provisions with best practice. In addition to providing more adequate protection for the Group, our new policy has been extended to include the recovery of remuneration in circumstances such as corporate failure and/or reputational damage

Long Term Incentive Plan

- While already operating in practice, we have updated our Plan Rules to include a discretionary power to override formulaic outcomes and ensure that the holding period extends to the fifth anniversary of the award grant