

The logo for Go-Ahead, featuring the word "Go" in blue and "Ahead" in a darker blue, with a red arrow pointing from the "o" to the "A".

Go-Ahead

The Go-Ahead Group plc
Sustainability Report 2015

STRONGER TOGETHER

A photograph of a modern glass building facade. The text "We're part of the Go-Ahead Group" is visible on the glass. In the background, a multi-story brick building with many windows is visible under a bright sky.

We're part of the
Go-Ahead
Group

IN THIS REPORT

WHY DO WE PUBLISH A SUMMARY SUSTAINABILITY REPORT?

We produce this report annually to summarise some of the activities Go-Ahead's companies have undertaken throughout the year. This report supports our integrated Annual Report and Accounts which provides a comprehensive view of the Group: www.go-ahead.com/investors

There is also a dedicated sustainability section on our website www.go-ahead.com/sustainability where case studies; performance against our Key Performance Indicators (KPIs); datasheets; and our operating companies' sustainability reports are hosted.

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OUR INTEGRATED APPROACH

Sustainability and corporate responsibility are integral to our strategy and the way we operate at every level of the business. We have aligned our sustainability and business areas to better deliver shared value to all our stakeholders.



SOCIETY

To run our companies in a safe, socially and environmentally responsible manner



CUSTOMERS

To provide high quality, locally focused passenger transport services



OUR PEOPLE

To be a leading employer in the transport sector



FINANCE

To run our business with strong financial discipline to deliver sustainable shareholder value

Read more about our strategic priorities on page 3 →

OUR COMPANIES

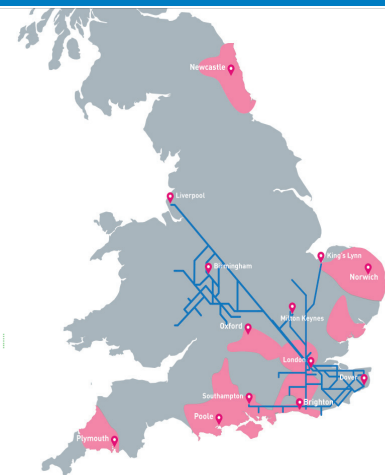
OUR BUS COMPANIES



OUR RAIL COMPANIES



All of our operating companies have produced a sustainability report, read more about them at www.go-ahead.com/our-companies →



FOLLOW US ONLINE

For more information about Go-Ahead and our operating companies visit: www.go-ahead.com



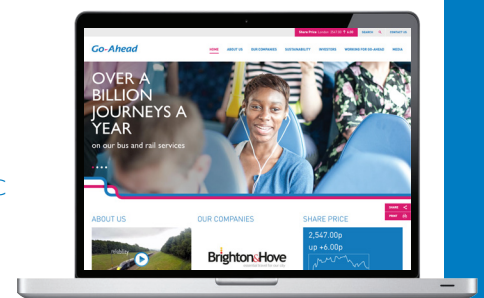
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GROUP CHIEF EXECUTIVE'S REVIEW



A POSITIVE CONTRIBUTION

At Go-Ahead we understand the importance and value of corporate responsibility. As a commercial organisation we aim to generate value for our shareholders while fulfilling our wider responsibilities to other stakeholders.

Sustainability and corporate responsibility are integral to the way we operate at every level of the business and this report summarises our work across our four strategic priorities: society, customers, our people and finance.

We believe our devolved management structure is a real strength for the Group and underpins our sustainable approach to running our companies. Our people are empowered to make local decisions and respond quickly to the changing needs of the passengers and communities we serve. We trust our experienced management teams to run our companies effectively, while having robust processes in place to ensure accountability to the Group.

Collaboration and partnership working are particular strengths for Go-Ahead. We have been accredited under the Prompt Payment Code (PPC) as we know there is a real benefit to both the supplier, and also to Go-Ahead as the customer, in paying promptly and adopting best practice in this area. We have always worked closely with our key strategic partners and continually strive to strengthen these relationships, as we believe this approach supports profitable business growth for shareholders.

Our transport business supports the UK economy generally, enabling over one billion passenger journeys each year, carrying millions of people to work, places of education, shops and leisure activities every day. Go-Ahead's companies play a key role in the communities they serve and support economic growth in the regions they operate. Punctual and reliable bus and train services benefit the passengers that use them as well as the villages, towns and cities they serve.

Working with local authorities and industry partners, we encourage the use of public transport, rather than private cars, resulting in safer, less congested roads and cleaner air.

Our focus on providing a good service for customers is at the centre of everything we do. We take care to garner feedback and listen to customers' comments and concerns through a variety of channels, including: surveys, public meetings, social media, conversations, direct correspondence, and we respond positively whenever we are able to do so. Our people's unstinting work in this area has borne fruit this year, as we have achieved the highest customer satisfaction level among large transport groups of 90 per cent in our regional bus operations.

We employ more than 26,000 people in the UK and aim to be the employer of choice in our sector. Over the past year we have invested £14.6m in developing and training our employees to ensure our workforce is flexible and able to adapt to changing environments and markets. The effectiveness of the Group is enhanced by the wealth of experience and range of expertise of its members. Through training and developing our people we are committed to building a stronger Group for the future and delivering long term sustainable value to our shareholders and improving services for customers.

Finally we pride ourselves on being transparent and open about our financial records. We remain one of just two FTSE 350 companies to receive a Fair Tax Mark – recognising we are open about our tax affairs and able to demonstrate we pay the right amount of corporation tax at the right time and in the right place.

David Brown,
Group Chief Executive
22 October 2015



View our sustainability video:
www.go-ahead.com/media/video_gallery →

OUR BUSINESS MODEL

Our business model is a continuous cycle, supporting our strategy. In addition to creating value for our shareholders we deliver value for our customers, our people, the communities we serve and wider society.



OUR STRATEGY

The Group has a clear strategy to which the Board is committed. Our key performance indicators, linked to our strategic priorities, are regularly reviewed and performance against these KPIs is discussed by the Board in every meeting.

OUR VISION

Our vision is to be a leading provider of high quality, innovative, customer-focused passenger transport services, delivering the local needs of passengers and communities.

OUR STRATEGY

Our Group strategy is to increase the profitability of our existing business while growing the Group to deliver sustainable shareholder value. This strategy is underpinned by our strategic priorities and is supported by our divisional bus and rail strategies.

OUR STRATEGIC PRIORITIES



SOCIETY

To run our companies in a safe, socially and environmentally responsible manner.

We believe a sustainable public transport network is essential to the future of any society and as a leading provider of passenger transport services, sustainability is integral to the way we run our business. Ensuring the safety of our passengers and our people is an absolute priority for us. We are also committed to making a contribution to the communities in which we operate as well as wider society. Reducing the environmental impact of our operations while providing a greener alternative to the private car contributes to the Government's environmental targets. The economic contribution from Go-Ahead helps support a sustainable economy and longer term prosperity.

[Read more on page 6 →](#)



CUSTOMERS

To provide high quality, locally focused passenger transport services.

Meeting the needs of our customers is vital to the success of the Group. Providing reliable, value-for-money passenger transport encourages more passengers to use our services and leaves us well placed to tender for contracts with our transport authority customers. Our devolved structure ensures strong localised expertise, focuses on the needs of the local customer and has the ability to respond quickly to changing conditions in the local markets. Good customer service is at the heart of everything we do and we are committed to delivering high levels of customer satisfaction across our operating companies.

[Read more on page 9 →](#)



OUR PEOPLE

To be a leading employer in the transport sector.

Our people are our most valuable and important asset. Without them our buses and trains cannot create value. It is our teams across the Group that keep the business moving and are the face of Go-Ahead. Investing in and developing our people enables them to fulfil their own potential and assists them in carrying out their jobs to the best of their ability, thereby improving the customer experience. Effective leadership development and succession planning are essential to sustainable success for the Group and a diverse workforce further enhances this.

[Read more on page 12 →](#)



FINANCE

To run our business with strong financial discipline to deliver sustainable shareholder value.

Our aim is to deliver shareholder value through a combination of earnings growth, strong cash generation and balance sheet management, supplemented by value-adding growth opportunities. We have a steadfast commitment to operating with strong financial discipline and a conservative view towards risk. The strength of our balance sheet allows us to pursue opportunities, adding value to the Group and making attractive returns to shareholders.

[Read more on page 15 →](#)

MEASURING OUR PERFORMANCE

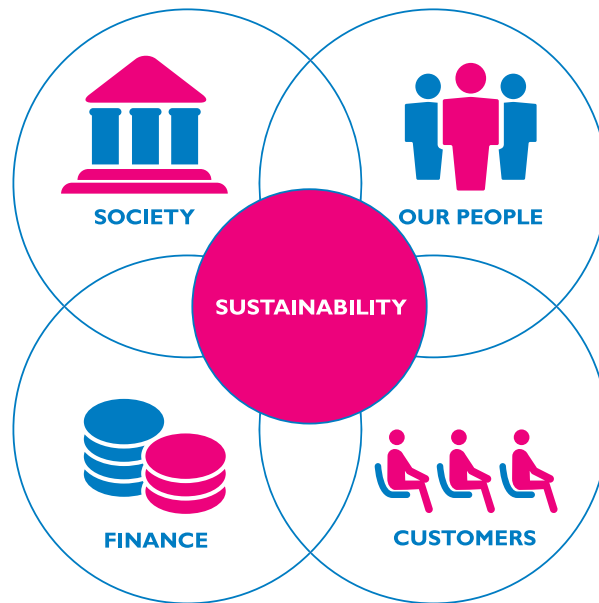
The key performance indicators (KPIs) presented in this report are the measures we use in the business to assess the Group's performance against our strategic objectives. These measures are regularly reviewed to ensure we are focusing on the right areas of performance. Last year we set new targets for 2020 across our four strategic priorities. Our target setting process is both a top-down and bottom-up approach, considering guidance from industry bodies while allowing for the unique features of our businesses and markets.

All our KPIs will be reviewed next year and mapped against the United Nations' Sustainable Development Goals (SDGs) to ensure we make a positive contribution to the 2030 goals. The directors' remuneration policy is designed to reflect the Group's performance, with elements of remuneration linked to each of our strategic priorities.

[Read more in the directors' remuneration report on pages 70 to 85 of our annual report →](#)

OUR APPROACH

Running our business sustainably is vital to our long term success. At Go-Ahead, operating sustainably is about performing well in each of our four business priority areas and identifying activities which help us deliver long-term value to all our stakeholders.



Our sustainability strategy is aligned with our business strategy and engages in activities that deliver long-term value to our people, customers, shareholders and the communities we serve, as well as society at large.

We believe it is important to deliver shared value to our stakeholders. Our bus and rail operations generate value for our people, communities and passengers, who make over a billion journeys on our services each year. We provide high levels of service to our transport authority customers and are a reliable partner to our industry colleagues. We also make a strong contribution to the UK economy through the employment of 26,000 people, the taxes we pay, the revenue we generate for our suppliers and the contribution our rail franchises make to Government finances.

Our top-down and bottom-up approach ensures that we are a socially responsible company at all levels. We have Group forums on a range of sustainability areas including: health and safety; diversity and inclusion; and insurance and risk. In these forums, our operating companies discuss material issues on these topics and share best practice, insights and learnings. The culture of the organisation ensures that all activities, from day-to-day operations to high level strategic decisions, are performed in line with this sustainable approach.

The Go-Ahead Group board of directors is ultimately responsible for sustainability. Our directors' remuneration is linked to performance against our strategic business objectives – including customer satisfaction – and bonuses are subject to clawback provisions.

[Read more in the directors' remuneration report on pages 70 to 85 of our annual report →](#)

MANAGING RISK

The Group's risk and governance framework allows the Board to understand the Group's most significant risk exposures and manage them accordingly within agreed levels of risk appetite and tolerance. Go-Ahead takes a conservative view of risk and attempts to minimise its exposure to undue risk. This is reflected in the Group's strategy.

[Read more about risks that are financially or reputationally material and relevant to the year under review on pages 36 to 39 →](#)

We included our priority risks in the annual report but other risks are considered in the risk management process. This includes longer term risks and emerging risks. For example, environmental risks and the impact of climate change as well as other risks that could have a material impact on the Group's performance, strategy or business model; these are also reviewed and managed by the Board.

OUR STAKEHOLDERS

Collaboration with stakeholders and working in partnership is fundamental in our approach to sustainability and to the way we run our business

As a leading provider of transport in the UK, we face a wide range of complex issues. Some of those issues are within our control, some we seek to influence and others are more challenging to manage and require partnering with forward-looking groups. At every level of our organisation collaborative working relationships both internally across our operating companies and externally with industry partners, allows us to be stronger together and can be seen to give us a positive advantage.

We always endeavour to listen to our stakeholders and respond positively to their concerns and aspirations. We analyse information we gather from research, meetings, surveys, and local forums with our stakeholders, which informs our strategy.

For example we included sustainability related questions in our employee and customer surveys as well as in our investor meetings to ensure we meet their expectations. This feedback enables us to understand key issues for different groups, define the most material issues for the Group and use it to plan our sustainability strategy and targets for all sustainability areas, including our community activities. We seek to provide feedback to our stakeholders about the outcomes from our engagement. We also have an internal newsletter that compiles successful stakeholder engagement stories from across our business units and is distributed to all employees.

We believe that by operating responsibly we are better placed to achieve long-term shareholder value and meet our stakeholders' expectations of our business.



Read more about our stakeholders online at www.go-ahead.com/sustainability/stakeholders →

OUR STRATEGIC PRIORITIES



SOCIETY

TO RUN OUR COMPANIES IN A SAFE, SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE MANNER

ACHIEVEMENTS

- Four star rating in Business in the Community Corporate Responsibility index
- Carbon Trust Standard triple accreditation
- Better-than-sector average Carbon Disclosure Project score
- 100% of our operating companies have implemented the London Benchmarking Group (LBG) model to measure community investment activities

OBJECTIVE

- To operate our services in a sustainable manner; reduce our environmental impact and be an outstanding member of the communities in which we operate

TARGETS

- To consistently reduce underlying carbon emissions per passenger journey
- To maintain our Carbon Trust Standard triple accreditation for carbon, water and waste
- To continue to work closely with stakeholders to inform our decisions
- To further develop our measurement system for our community investment activities
- To optimise the relationships with our corporate partnerships, Transaid and Railway Children



96%

FOUR-STAR RATING IN BUSINESS IN THE COMMUNITY CORPORATE RESPONSIBILITY INDEX

We make a positive contribution to the communities we serve and also to the wider society

A POSITIVE CONTRIBUTION

Being part of the local community underpins Go-Ahead's devolved management approach and enables our bus and rail companies to be more responsive to the different needs that passengers have. Whether customers are using wheelchairs or mobility scooters, have difficulty walking, are pregnant or travelling with young children, or have more complex learning difficulties or mental health issues – all our bus and rail companies strive to make their services as accessible to everyone as they can.

DEMENTIA FRIENDLY COMPANIES

With an estimated 850,000 people living with dementia in the UK, the Government set a challenge for 20 cities to become 'dementia friendly' by the end of 2015. Many more towns and cities are aiming to achieve this status and our operating companies have an integral role in supporting their local authority partners towards this aim. This strengthens the collaborative working relationship we have with local authorities and councils – something that is vital for the success of our companies.

Being 'dementia friendly' accredited requires towns to have easy-to-navigate physical environments and appropriate transport facilities. All our bus companies have dementia awareness as part of their regular driver training and refresher courses, using guidance from Alzheimer's Society's Dementia Friends initiative. The training ensures staff have an understanding of what they can do to support people with dementia to carry on with everyday life, continue to travel on buses, and keep doing things they enjoy.

[Read more about our dementia friendly initiatives and other society cases at www.go-ahead.com/sustainability →](http://www.go-ahead.com/sustainability)

MAKING OUR COMMUNITY INVESTMENT MATTER

Our operating companies make a big contribution to the communities in which they operate and have built long-standing relationships; such as the ten year partnership between rail company Southern and the Sussex Community Rail Partnership, which include activities ranging from gardening, artwork and historical displays. Activity of this kind demonstrates the importance of measuring the impact of our community activities across the Group so we can further develop our community investment programmes.

Our community investment strategy has three elements:

- At a corporate level Go-Ahead supports two international but UK-based charities that have strong links to our business: Railway Children and Transaid.
- Our operating companies support more local initiatives that reflect the concerns and priorities of the communities they serve.
- Individuals or groups of employees can also raise money for causes with which they have a personal link. These are supported (for example by sponsorship) by individual operating companies on an ad hoc basis.

As one of the UK's leading transport companies we have chosen national organisations as our nominated corporate charities. We think it is important that there is resonance between the work that we do and our charity partners. We review our working partnership on an ongoing basis to ensure the relationship is beneficial for both parts. This connection helps employees and other stakeholders to understand why it is these particular charities receive our support.

Our relationship with the charities is in line with our general business philosophy. The devolved approach we take with our operating companies is echoed in the fact that they are empowered to choose charities that are relevant to the priorities in their local area.



REDUCING OUR CARBON EMISSIONS

Go-Ahead continually seeks to reduce our carbon emissions and we are leading the way in investing in carbon reduction measures on our buses such as using hybrid, gas and electric powered vehicles and introducing flywheel technology to reduce fuel consumption, reducing both costs and emissions.

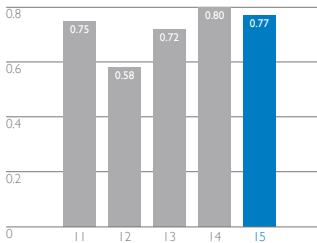
Go-Ahead has become the first passenger transport group to be awarded triple accreditation by the Carbon Trust Standard for achievements in carbon, water and waste reduction. This triple certification is the direct result of the success of the Group's 'Driving Energy Further' campaign, started in 2008 in partnership with the Carbon Trust. The Group has achieved a 15.9% in 2015 against a 2007/08 baseline on a like for like basis, and has extended its commitment to further reduce its emissions by 10% by 2018.

"I congratulate Go-Ahead for achieving an impressive score and I forward to continuing our work together to create a fairer society and a more sustainable future"

Stephen Howard, CEO of BITC

Society key performance indicators

SPADS PER MILLION MILES



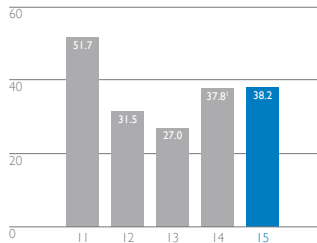
What does it mean? Train operating companies are legally required to report Signals Passed at Danger (SPADs). Although every SPAD is treated as a serious incident, most SPADs occur at low speed, where braking distance has been misjudged and the train is stopped by automatic warning systems, and therefore the likelihood of an accident is very low.

Why is it important? It helps us measuring against our commitment to provide a safe rail passenger service.

2015 performance The number of SPADs per million miles decreased by 12.5% to 0.77. Overall, we have achieved an improvement of 43.5% against our 2007/08 baseline. This is a significant improvement despite falling short of our 2015 target of 60%

2020 target To maintain low levels of SPADs per million miles, delivering continuous improvement.

BUS ACCIDENTS PER MILLION MILES



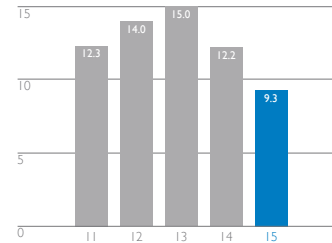
What does it mean? We monitor the number of bus accidents which result in a notification to a claims handler for every million miles we operate, whether we are at fault or not.

Why is it important? It helps us measuring against our commitment to provide a safe travel experience for our bus passengers and minimise risk to the general public. Good performance can also reduce cost through lower insurance claim costs.

2015 performance The number of bus accidents per million miles increased by 1.1% to 38.2. Overall, we have achieved an improvement of 33.1% against our 2007/08 baseline. This is a significant improvement despite falling short of our 2015 target of 60%.

2020 target To maintain low levels of bus accidents per million miles, delivering continuous improvement.

CARBON EMISSIONS PER PASSENGER JOURNEY (%)



What does it mean? We monitor the carbon emissions from our operations for every passenger we carry. CO2 conversion factors are used to measure overall CO2 emissions which are then measured per passenger journey.

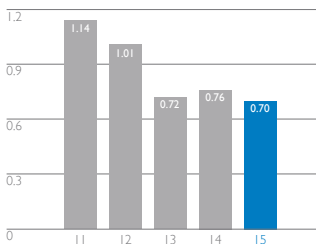
Why is it important? It helps us to measure against our commitment to improve energy efficiency while contributing to government and global carbon reduction targets. Good performance in this area also reduces costs through fuel efficiency.

2015 performance Carbon emissions per passenger journey have reduced 9.3% since 2007/08. On a like for like basis, removing the impact of bus and rail acquisitions, the improvement is 15.9% against the same baseline year as a result of initiatives introduced by the Group.

2018 target To reduce like for like carbon emissions per passenger journey by 10% against a 2015 baseline.

[Read more about our Greenhouse Gas \(GhG\) emissions on page 21 of our annual report](#) →

RIDDOR ACCIDENTS PER 100 EMPLOYEES



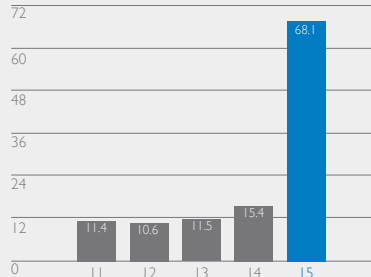
What does it mean? Reporting of Injuries, Diseases and Dangerous Occurrences Regulations is a statutory requirement for all companies and relates to a work place incident that results in absence from work for over seven days or is legally reportable to the Health and Safety Executive.

Why is it important? We measure against our commitment to providing a safe working environment.

2015 performance The number of Riddor accidents per 100 employees reduced by 7.9% to 0.70. Overall, we have achieved an improvement of 64.6% against our 2007/08 baseline, exceeding our 2015 target of 60%.

2020 target To maintain low levels of Riddor accidents per 100 employees, delivering continuous improvement.

CUSTOMER SPEND PER EMPLOYEE (£)



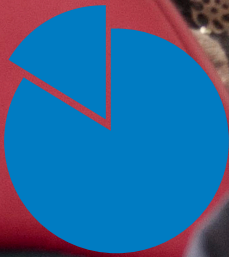
Our devolved business structure means that our local companies are better placed to make a positive contribution to the communities they serve. For this reason, all our companies have implemented the London Benchmarking Group (LBG) model to measure community investment activities and maximise the benefits of their contribution.

OUR STRATEGIC PRIORITIES



CUSTOMERS

TO PROVIDE HIGH QUALITY, LOCALLY FOCUSED
PASSENGER TRANSPORT SERVICES



90%

CUSTOMER SATISFACTION IN
INDEPENDENT BUS PASSENGER SURVEY

ACHIEVEMENTS

- Sector-leading 90% customer satisfaction score in the National Bus Passenger survey
- UK's largest smart card scheme outside London with 700,000 smartcards issued
- Two million passenger journeys made on our bus services every day
- 35% of all UK rail journeys made on our train services

OBJECTIVE

- To attract more passengers on to our services each year by providing a high-quality service that is reliable and convenient

TARGETS

- To increase online ticket sales through Go-Ahead's own On Track Retail ticketing system
- To maintain sector-leading bus customer satisfaction scores and improve levels of passenger satisfaction in our rail businesses
- To improve multi operator; multimodal ticketing solutions
- To increase levels of punctuality in line with industry targets

Providing services that customers want, need and value is fundamental to our business as we seek to attract new customers and retain existing ones.

LISTENING TO OUR CUSTOMERS

The new products and services we offer, and the changes we make, are a reflection of what customers tell us that they want through their conversations with staff, local suggestion schemes, social media and via more formal feedback like surveys and research.

This year we received a 90% customer satisfaction rating in the latest independent national bus passenger survey conducted by Transport Focus – the highest of the UK's five largest operators. This result is encouraging but we know continual improvement is required and have increased the amount of research undertaken to assist in understanding our customers and improve their experience on our services.

Every year more than 20,000 of our customers respond to surveys. Our Group companies engage 'passenger panels' for day-to-day feedback and also to take part in one-off focus groups. As a direct result of comments a number of improvements have been made to enhance the onboard experience such as the introduction of WiFi on many of our regional bus routes, usb phone charger sockets, and even increased padding in seat cushions. It is these small things, they tell us, that make a big difference to people's daily journeys.

DIGITAL INFORMATION AND TICKETS

We continue to work to enhance the real-time information for customers with new releases and upgrades to our bus and rail apps. The most recent versions now provide dynamic banner messages and in-app messages, improved personalisation, filters and live updates. We are leading the field in our sector in this area with increased payment options features such as Pingit and also – at the request of parents buying passes for teenage children – delegated payment options.

Our smartcard scheme remains the largest in the UK outside London's Oyster scheme and our mobile ticketing (m-tickets) products continue to grow in popularity with more than 2m m-tickets purchased on smartphones in the past year.

Working in partnership with other transport providers we have launched joint-operator smartcard and m-ticket schemes with local authorities in Oxford, Brighton and Newcastle. The introduction of 'the key' smartcard on its services won Southern the Technological Innovation category at the Rail Business Awards. The key smartcard is truly multi-modal and as well as Southern trains can be used on local Brighton & Hove buses and London's underground and bus network.

INTEGRATED TRAVEL: TRAIN, BUS, PLANE

Go-Ahead bus and rail companies serving Gatwick have collaborated with the airport to assist its employees, as well as airline passengers, to travel there from the South Coast in the early hours of the morning before train services begin. Metrobus and rail company Southern offer a joint ticket allowing travel out by bus and return by train. 'Early bird' bus services were introduced in May 2015, ahead of the busy summer period. The service has been promoted by Metrobus as well as Southern and Southeastern train companies and Gatwick has provided Metrobus with retail space in the main terminal to promote and sell bus and rail tickets. The joint project benefits both organisations, assisting the airport's allocation of shift rota times, reducing staff numbers required, and also providing Go-Ahead additional revenue from the new routes.

"The Bus Passenger Survey (BPS) is now the recognised measure of bus passenger satisfaction. Through reliable, credible and collaborative work with the bus industry, BPS has become an influential and useful tool".
Transport Focus

'ON TRACK' RAIL APP

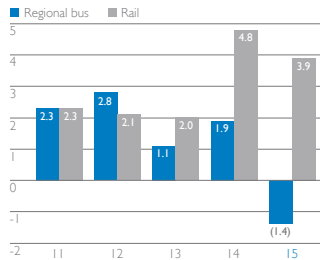
Go-Ahead's rail app 'On Track' is considered one of the best rail journey-planning apps in the UK, providing customers with the ability to look up train times, buy rail tickets and find out exactly how rail services are running to the minute.

Built in collaboration with rail passengers, 'On Track' provides rail passengers with all that is needed to plan a journey: identifying nearest stations, buying train and car park tickets, through to real-time train-running information. It also gives one-touch email or phone contact to customer services and allows passengers to claim compensation if their journey is delayed.

* Statutory independent watchdog Transport Focus national bus passenger survey 2014.

Customer key performance indicators

PASSENGER VOLUME GROWTH (%)



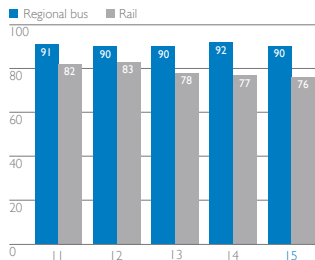
What does it mean? We measure the number of passenger journeys on a like for like basis.

Why is it important? We track this metric closely as performance against our rail franchise bid assumptions and progress towards our bus operating profit targets are significantly impacted by passenger volumes.

2015 performance In regional bus, like for like volumes fell 1.4% due to challenging economic conditions in the north east and roadworks in Oxford and Brighton deterring bus travel. In rail, we continued to deliver consistent growth throughout the challenging economic period from 2008 and this has continued in the year, with like for like growth of 3.9%.

2020 target To maintain growth at broadly similar levels to those consistently delivered in recent years.

CUSTOMER SATISFACTION (%)



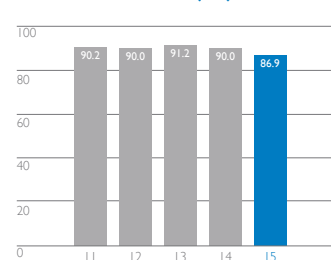
What does it mean? Customer satisfaction is measured by the independent passenger watchdog, Transport Focus. Surveys are conducted twice a year for rail and annually for our regional bus.

Why is it important? Providing high quality service is a strategic priority for the Group and customer satisfaction is a key measure of our performance. Identifying potential issues allows us to take action to improve.

2015 performance In bus, we achieved the highest overall passenger satisfaction score in the UK bus industry, at 90%. Rail scores declined slightly in the year to 76%, impacted by the significant infrastructure improvement.

2020 target To maintain our bus passenger satisfaction scores and improve in the rail division, bringing them in line with the industry average for the London and south east network.

REGIONAL BUS PUNCTUALITY (%)



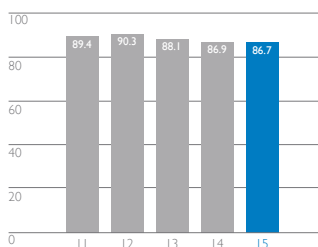
What does it mean? Punctuality is measured as a percentage of buses which arrive at stops between one minute before and five minutes after their scheduled time. The higher the percentage the better.

Why is it important? Service punctuality is important to our passengers and to helping us grow passenger numbers.

2015 performance 86.9% of our services ran on time. This decline on last year's performance is due to congestion and roadworks in some of our operating areas and a number of our operating companies moving to a new real-time monitoring system, providing more accurate data.

2020 target Achieve regional bus punctuality of over 95% in line with industry targets.

RAIL PUNCTUALITY (%)



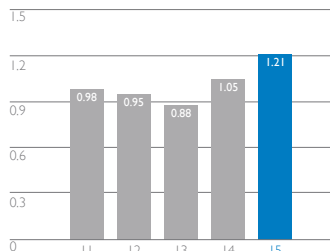
What does it mean? The punctuality of our rail operations is measured on the basis of the DfT's Public Performance Measure (PPM). PPM is the percentage of trains that arrive within five minutes of their scheduled arrival time.

Why is it important? Service punctuality is important to our passengers. Our PPM performance forms part of our franchise agreements with the DfT.

2015 performance Overall PPM for our rail companies was 86.7%. This is a decline of 0.2ppt against the prior year. Performance against this metric has been impacted for the last two years by infrastructure issues and improvements.

2020 target Increase levels of punctuality in all our franchises to 92.5% or above, in accordance with the ORR's London and South East operators' 2019 target.

LONDON BUS PUNCTUALITY (minutes)



What does it mean? Punctuality is measured by excess waiting time. The time passengers have to wait for a bus above the average scheduled waiting time. The lower the excess waiting time, the better the performance.

Why is it important? Service punctuality is important to the passengers. We earn extra revenue through Quality Incentive Contract (QIC) bonus payments if we exceed TfL punctuality targets, on a contract route basis. Contract extensions are based on performance.

2015 performance Average excess waiting time was 1.21 minutes below, a decline in performance of 15.2%. The industry average is 1.09 minutes.

2020 target Achieve low average excess waiting time of below one minute, in line with TfL's targets.

OUR STRATEGIC PRIORITIES



OUR PEOPLE

TO BE A LEADING EMPLOYER IN THE
TRANSPORT SECTOR

ACHIEVEMENTS

- Investors in People (IIP) accreditation across our operating companies including rail company Southeastern which retained Champion status, the highest IIP level
- 10% increase in number of female employees across the Group
- £14.6m invested in training and development this year

OBJECTIVE

- To be the employer of choice in our sector by continuing to invest in training and developing our people

TARGETS

- To maintain practices and processes that work to reduce levels of absenteeism
- To improve levels of employee engagement across the business
- To increase the diversity of our workforce and become more representative of the communities we serve
- To maintain consistently low levels of employee turnover

10%



INCREASE IN FEMALE EMPLOYEES
ACROSS THE GROUP

It is important for us to be an organisation that value and respects its employees and we work hard to make sure there is a positive, inclusive culture across all our business.

We know that engaged, motivated employees are likely to go 'above and beyond' for colleagues and customers and have fewer absent work days, all of which have clear benefits for the organisation.

HEALTH AND WELLBEING

We have strong evidence showing that our employee wellbeing initiatives, promoting and supporting healthy lifestyles for staff, increase engagement and reduce absence. Across the UK absenteeism costs businesses around £30bn a year* so our internal 'better together' forums have focused on sharing wellbeing best practice initiatives across the Group. As a result Southeastern has been recognised by Business in the Community for integrating wellbeing into the company's culture resulting in reduced levels of absence and improved engagement.

INCREASING DIVERSITY

We operate in increasingly diverse communities and recognise and appreciate the diversity of our customers, employees, suppliers and other stakeholders. We believe that a diverse workforce is likely to assist us in being more adaptable to social, technological and political changes as they occur, as it is an important component to combat 'groupthink' and helps stimulate innovation. Employing people who are a reflection of the community they are based within is important for us and demonstrating our work in this area can assist when bidding for new contracts.

Over past decades, our largest employee groups such as bus and train drivers and engineers, have traditionally attracted male candidates and, once recruited, we retain high proportions of these staff. Currently, as expected, we have a disproportionately higher percentage of men working for the Group than women, which we are taking steps to address. Over the past year we've increased the number of women by 10%, which indicates we're moving in the right direction. This of course is not an issue that affects Go-Ahead in isolation, with a national shortage of engineers and fewer girls taking up engineering at higher education level**.

To increase diversity, we have active recruitment campaigns to encourage more female applicants and make our businesses more attractive to both potential employees and customers. It makes good business sense to recruit and retain the best people of all backgrounds. Encouraging diversity and inclusion works to create a culture of equity and opportunity where differences are celebrated and hardworking people, from any background, can rise through the organisation. This in turn has a positive influencing effect with external applicants recognising Go-Ahead as an attractive employer to work for.

TRAINING AND COACHING LEADERS

Retaining experienced, valuable people is good business practice and we have strong succession plans at local and Group level with well-established schemes to identify those with potential to be the managers and leaders of the future.

Go-Ahead is committed to a coaching and mentoring approach for the professional and personal development of our leaders, managers and supervisors. This is an important component of ensuring that our workforce remains flexible to adapt to changing environments and markets.

We provide our employees with access to ongoing training on sustainability to ensure they understand the long-term issues facing the business. Our training and development Group-wide programme 'The Academy', gives access to a number of sustainability related courses facilitated by partner Ashridge Business School. These courses go from more generic topics such as introducing sustainability to more specific courses on sustainability areas such as diversity or environment.

The pace of technological, social and political change makes it likely that a manager's traditional reliance on technical or functional expertise will no longer be enough. Challenges are now being faced that leaders may not have experienced before – and a coaching approach to problem solving and personal development enables leaders to continue to support teams effectively and in turn ensure the long term sustainability of our business.

* 2013 PricewaterhouseCoopers

** 2011 Engineering UK: An investigation into why the UK has the lowest proportion of female engineers in the EU.

SUCCESSION PLANNING

The estimated cost of replacing an employee earning £25,000 per annum is around £30,600* – made up of the 'cost of lost output' while the new member gets to know the ropes, and the 'logistical cost' of recruiting and absorbing a new worker. Specific roles such as train drivers cost even more than this, as up to 12 months' training is needed before an individual can be productive in the workplace.

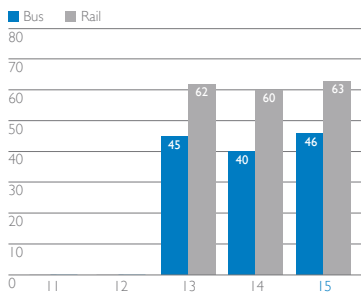
Retaining experienced senior managers also adds a value to an organisation that can sometimes be hard to quantify. We are aware that losing our key people can be a risk to success. Over the past three years we have introduced comprehensive succession plans across the business to consider our current and future capability requirements.

*Oxford Economics February 2014

"There's no doubt that directors remain committed to continuous improvement. You have worked hard to implement changes to ensure that the organisation demonstrates best contemporary employment practices and your achievement of this award is very well deserved."
Investors in People

Our people key performance indicators

EMPLOYEE ENGAGEMENT INDEX (%)*



What does it mean? We measure how engaged our people are through annual independent staff surveys, conducted across our businesses.

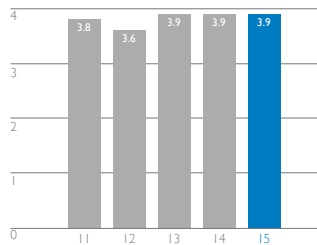
Why is it important? Go-Ahead strives to be an employer of choice in the transport sector and values the insight gained from employee feedback. In addition to making Go-Ahead an attractive place to work, high levels of employee engagement will contribute to the success of the Group.

2015 performance In the year, our bus division recorded levels of employee engagement of 46%, up 6pts on last year's performance.

2020 target All of our bus and rail companies set their own challenging targets to increase levels of employee engagement.

*Survey began 2012/13

ABSENTEEISM (%)



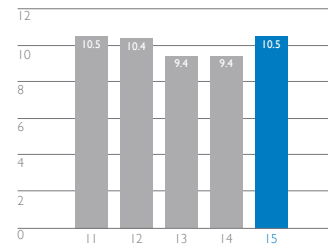
What does it mean? We measure employee absence by the percentage of scheduled hours not worked due to unplanned absence from work.

Why is it important? High levels of absenteeism could be reflective of low levels of staff satisfaction and engagement. By monitoring levels of absence we are able to identify areas of the business with potential employee relations or staff shortage issues. This also helps us with our resource planning and allocation.

2015 performance In the year, the overall rate of Group absence was 3.9%, with 3.8% in our bus division and 4.0% in rail.

2020 target Maintain low levels of absenteeism, below the national average.

EMPLOYEE TURNOVER (%)



What does it mean? Employee turnover is measured by the percentage of employees who leave the business in a defined time period.

Why is it important? High levels of employee turnover could be reflective of low levels of staff satisfaction and engagement. By monitoring levels of turnover we are able to identify areas of the business with potential employee relations issues. This also helps to identify issues such as staff shortage and assists us in resource planning and allocation.

2015 performance The overall rate of employee turnover was 10.5% for the Group, with 14.6% in our bus division and 6.2% in rail.

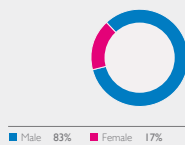
2020 target Maintain consistently low levels of employee turnover.

DIVERSITY AND EQUAL OPPORTUNITIES

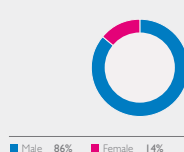
Go-Ahead recognises the value of diversity in all areas and at all levels of the business. During the year, a Group diversity forum was established comprising individuals from across the business. An area of particular focus for the forum in the year was gender diversity. We continue to ensure that there is no bias towards either gender and that all appointments and internal promotions are made on the basis of merit.

[Read more about our diversity and equal opportunity measures on page 29 of our annual report →](#)

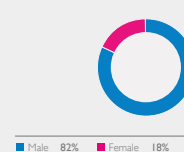
BOARD GENDER DIVERSITY



OVERALL GROUP GENDER DIVERSITY



SENIOR MANAGEMENT GENDER DIVERSITY



OUR STRATEGIC PRIORITIES



FINANCE

TO RUN OUR BUSINESS WITH STRONG FINANCIAL DISCIPLINE TO DELIVER SUSTAINABLE SHAREHOLDER VALUE



1st

FIRST IN FTSE 350 TO ACHIEVE FAIR TAX MARK

ACHIEVEMENTS

- Overall profits during the year up 11.1%, slightly ahead of expectations
- Increase in the full year dividend to 90.0p, in line with our progressive dividend policy
- Continued strong free cashflow and robust balance sheet
- First FTSE 350 company to achieve the Fair Tax Mark
- Most effective communications of overall investment proposition (Investor Relations Society Awards)
- Recognised by Chartered Institute of Credit Management for compliance with the Prompt Payment Code (PPC)

OBJECTIVE

- To run our business with strong financial discipline to deliver sustainable shareholder value

TARGETS

- To achieve £100m of bus operating profit in 2016/17
- To deliver value from existing franchises, including benefits associated with the £6.5bn Thameslink Programme
- To maintain adequate dividend cover throughout the economic cycle
- To continue to explore value adding opportunities

Running our business with strong financial discipline to deliver sustainable shareholder value covers a wide range of activities.

We have been recognised for our transparency and openness and on the launch of the voluntary FairTax Scheme in 2014 became the first company in the FTSE 350 to be awarded the Fair Tax Mark and we remain just one of two in the FTSE350 to have achieved this. Our Board continues to work toward being assessed as 'low risk' by HMRC and ensures that the Group adheres to its policy of not undertaking tax planning or making use of tax havens.

ETHICAL PROCUREMENT

Our ethical procurement approach is embedded in our supply chain procurement and management processes. As a buyer of goods and services we have a responsibility for the supply chains from which these goods and services come into our organisation. We will take into account ethical as well as commercial and technical factors, when considering which suppliers to partner with.

We encourage our suppliers to adhere to similar high standards of corporate responsibility as our own businesses and to have in place appropriate safeguards against bribery, corruption and facilitation payments. In particular, we expect our suppliers to be committed to high standards of health and safety and demonstrate a respect for the environment.

PROMPT PAYMENT CODE

We seek to partner with suppliers to develop long-term business relationships that benefit both organisations with the aim of improving the quality, environmental performance and sustainability of goods and services. So, understanding the importance of paying suppliers promptly, particularly small suppliers, this year we have been accredited under the Prompt

Payment Code (PPC). The code sets standards for payment practices and best practice and is administered by the Chartered Institute of Credit Management. Compliance with the principles of the code is monitored and it covers prompt payment, as well as wider payment procedures.

As well as the moral and fairness imperative to pay suppliers promptly, there is a real benefit to both the supplier and also to Go-Ahead as the customer. Strong, trusting and collaborative relationships with suppliers lead to more favourable contracts and services which increases our competitiveness.

As an organisation that understands the importance of a reliable cashflow, we believe it is right to make sure our suppliers are paid on time. Late payments could damage suppliers' businesses, which in turn could have a detrimental impact on ours. We consider this is not just good practice and ethical behaviour but is a demonstration of our responsible approach to business. It is this sustainable approach and the transparent reporting of our activities in this area that helps Go-Ahead demonstrate that it is an ethical fund for investment and can be a point of differentiation from other organisations in our sector.

Directors' remuneration is linked to performance against our strategic business objectives including customer satisfaction and bonuses are subject to clawback provisions.

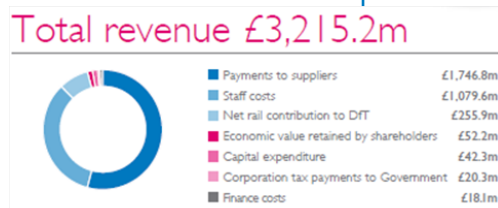
[Read more in the directors' remuneration report on pages 70 to 85 of our annual report →](#)

DIVIDEND

The Board is proposing a total dividend for the year of 90.0p per share (2014: 84.5p), a rise of 6.5%, following a 4.3% increase in the interim dividend. This includes a proposed final payment of 63.4p per share (2014: 59.0p) payable on 13 November 2015 to shareholders registered at the close of business on 30 October 2015.

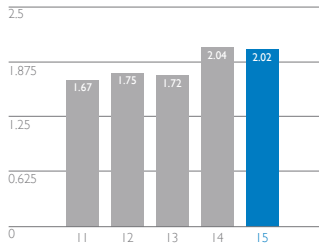
OVERVIEW AND HIGHLIGHTS

Revenue for the year was £3,215.2m, up £512.8m, or 19.0%, on last year (2014: £2,702.4m), with growth in both bus and rail. The majority of this increase was attributable to the rail division, predominantly due to the introduction of the GTR franchise on 14 September 2014.



Finance key performance indicators

DIVIDEND COVER (X)



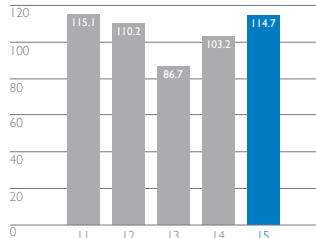
What does it mean? We measure the level by which our dividend payments can be covered by earnings (adjusted earnings per share divided by dividend per share).

Why is it important? We are committed to delivering shareholder value through our dividend policy. We measure our dividend cover to help us assess how much of our profits we can pay to shareholders as a dividend whilst allowing sufficient retained earnings to reinvest.

2015 performance Dividend cover was in line with our policy at 2.02 times earnings on a pre-IAS 19 basis.

2020 target Maintain adequate dividend cover throughout the economic cycle, in line with our policy of two times cover, excluding the impact of IAS 19 (revised).

OPERATING PROFIT (£m)

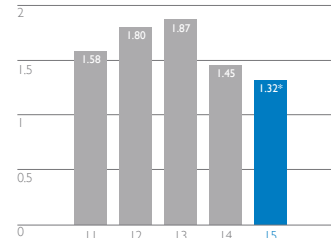


What does it mean? We measure operating profit before amortisation, goodwill impairment and exceptional items to provide more comparable year-on-year information.

Why is it important? This helps us measure the underlying performance of our operating companies. Profit growth enables us to reinvest in the business and deliver shareholder value.

2015 performance Total Group operating profit was £114.7m, up 11.1%. Bus operating profit of £89.0m was marginally behind our expectations and we believe we will achieve £100m of bus operating profit during the course of 2016/17, one year later than originally expected. Bus target: To achieve £100 of bus operating profit in 2016/17, a year later than originally expected. Rail target: Deliver value from existing franchises and achieve margins nearer industry average of 3%.

ADJUSTED NET DEBT/EBITDA (X)



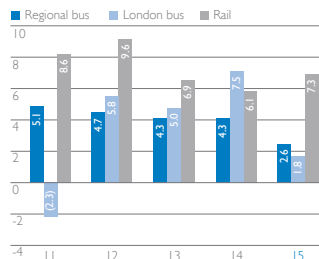
What does it mean? This ratio is used to indicate the Group's ability to pay down its debt from earnings. Adjusted net debt, which is total net debt plus restricted cash in our rail division, is measured against earnings before interest, tax, depreciation and amortisation (EBITDA).

Why is it important? We have a bank covenant limit of 3.5x and are required to remain below this level. This ratio also helps us measure against our commitment to preserve a strong capital structure and maintain our investment grade credit ratings.

2015 performance In line with management's expectations, adjusted net debt to EBITDA was 1.32x, slightly below our target range. 2020 target To maintain adjusted net debt/EBITDA within our target range of 1.5x and 2.5x throughout the economic cycle.

2020 target To maintain adjusted net debt/EBITDA within our target range of 1.5x and 2.5x throughout the economic cycle.

LIKE FOR LIKE REVENUE GROWTH (%)



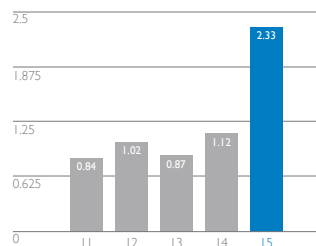
What does it mean? For our rail operations, we measure revenue generated through the provision of passenger transport services. In our bus division, non-passenger revenue is less material, so we measure total revenue instead.

Why is it important? Growing revenue through a combination of growth in passenger numbers and modest fare increases drives operating profit.

2015 performance In regional bus, like for like revenue growth was 2.6%. Growth has slowed since prior years as passenger volumes have been impacted by economic conditions and roadworks in some of our operating areas.

2020 target To maintain growth at broadly similar levels to those delivered over recent years.

CASHFLOW/EBITDA (X)



What does it mean? This ratio is used to monitor the conversion of operating profit into operating cash.

Why is it important? Good performance against this KPI demonstrates strong working capital management and financial discipline. Strong cash generation provides liquidity.

2015 performance Cashflow generated from operations was 2.33 times EBITDA, with the year on year increase largely due to the introduction of the GTR franchise in September 2014.

2020 target To match or exceed cashflow generated from operations to EBITDA.

Registered Office

The Go-Ahead Group plc
3rd Floor
41-51 Grey Street
Newcastle Upon Tyne
NE1 6EE

Tel: +44 (0) 191 232 3123

Head Office

The Go-Ahead Group plc
4 Matthew Parker Street
Westminster
London
SW1H 9NP

Tel: +44 (0) 20 7799 8999

Website: www.go-ahead.com

Email: communications@go-ahead.com



**BUREAU
VERITAS**

SUMMARY VERIFICATION STATEMENT
FROM BUREAU VERITAS UK LTD

Summary verification statement from Bureau Veritas UK Ltd

For the seventh year, Bureau Veritas UK Ltd has worked with The Go-Ahead Group plc. to verify selected sustainability Key Performance Indicator (KPI) data contained within the Group's Annual Report.

The information and data reviewed for this verification process relates to the period from 28 June 2014 to the 27 June 2015.

Read the statement in full on

www.go-ahead.com/sustainability

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Go-Ahead