

# Moving people Connecting communities



**Go-Ahead**

Sustainability Report

for the year ended 28 June 2014

## Moving people, more efficiently

Each one of the billion journeys taken on our services every year is important to us. Our focus is on helping people move around, getting to where they want to be, by using our bus and rail operations. Good public transport plays a vital role in connecting communities, supporting businesses and strengthening the UK economy.

Since it was founded almost three decades ago, Go-Ahead has transformed from a small bus operator in north east England to one of the UK's leading providers of passenger transport. Over the years, many things have changed; but one thing that has remained core to Go-Ahead is our commitment to our customers and our people. We employ over 26,000 people in the UK and every day more than three million journeys are made on our services.

We are proud of our sustainable approach to managing our operations and continuously endeavour to reduce our impact on the environment; provide a value-for-money service for customers, invest in employees' training and development and increase shareholder value.

Visit us at [www.go-ahead.com](http://www.go-ahead.com)

Follow us on Twitter and Facebook

 [twitter.com/Go-AheadGroup](https://twitter.com/Go-AheadGroup)

 [facebook.com/Go-AheadGroupPLC](https://facebook.com/Go-AheadGroupPLC)



Our new corporate video gives a behind-the-scenes overview of a 'day in the life' of Go-Ahead's operating companies, working 24 hours a day to serve our customers and local communities.

[www.go-ahead.com/corporate-video-2014](http://www.go-ahead.com/corporate-video-2014)

## Our companies





## In this report

- 2** Group Chief Executive's review
- 3** Strategy
- 4** Our stakeholders
- 6** Society
- 8** Customers
- 10** Our people
- 12** Finance
- 14** Our approach
- 15** Sustainability performance indicators

## 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 [go-ahead.com/ir/results-centre](http://go-ahead.com/ir/results-centre)

There is also a dedicated sustainability section on our website [go-ahead.com/sustainability](http://go-ahead.com/sustainability) where case studies; performance against our Key Performance Indicators (KPIs); datasheets; and our operating companies' sustainability reports can be found.



We have also created short videos which demonstrate our approach to sustainability

[go-ahead.com/media/video\\_gallery](http://go-ahead.com/media/video_gallery)

## Group Chief Executive's review



“At Go-Ahead, taking a responsible and sustainable approach to running our business means operating our buses and trains safely, reducing the impact of our operations on the environment.”

David Brown,  
Group Chief Executive

**We are focused on our customers' needs as well as investing in and developing our staff and contributing to our local communities and wider society. This approach leaves us better placed to grow our business profitably for our shareholders.**

I am proud of the contribution that our business makes to a better, more environmentally-sound society. We have endeavoured over the past few years to 'drive energy further' across all our bus and rail companies and this year we were pleased to be the first UK transport company to achieve the Carbon Trust triple standard for water, waste and carbon reduction. Reducing our energy consumption by investing in innovative flywheel technology, as well as electric and hybrid buses is the right thing to do for the environment and reduces our fuel costs. This is not an area where we can stand still and we will continually look for ways to reduce our carbon footprint.

Our operating companies play a vital role in the communities they serve. Reliable public transport services benefit the passengers that use them and the villages, towns and cities they serve. By working in partnership with local authorities and industry partners and encouraging use of public transport rather than private cars results in safer, less congested roads and cleaner air. Just 5% of the UK's domestic transport CO<sub>2</sub> emissions come from buses, compared to nearly 67% from cars and taxis.

Our customers rely on us to provide reliable, punctual bus and train services that they can depend upon. Delivering excellent levels of customer service is important to us and I am impressed by the standards of service across the Group. Our bus division achieved its highest ever passenger satisfaction score which, at 92% is industry leading and we maintained our high levels of service punctuality. Our focus on providing a good service for customers underpins everything we do and we always listen to feedback and respond positively whenever we are able to.

Our aim is to be the employer of choice in the sector: the safety and wellbeing of our people is our priority and we pride ourselves on the health and safety standards we maintain across the Group. Our organisational values and culture encourage an environment through which individuals can thrive and develop. Several of our operating companies and the Group head office are recognised by Investors in People (IiP) and benefits such as a recent Sharesave scheme for employees are part of a package of measures we have to make Go-Ahead a great place to work. Our strong graduate and apprenticeship schemes across our companies make sure we are finding the people who are likely to be running our businesses in the future.

Finally, we aim to be as transparent as possible about our financial records and this year we were the first company in the FTSE 350 to receive a Fair Tax Mark – recognising that we are open about our tax affairs and seek to pay the right amount of corporation tax at the right time and in the right place.

A handwritten signature in blue ink, appearing to read 'D Brown'.

David Brown,  
Group Chief Executive

## Our vision

Our vision is to be the UK's leading provider of high quality, innovative, customer-focused passenger transport, 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.

Sustainability and corporate responsibility are integral to our strategy and the way we operate at every level of the business.

➔ Details of our business model and our bus and rail strategies are included in our Annual Report on pages 10, 38 and 42

## Aligning our strategic priorities and sustainability reporting areas

While our approach to our strategic priorities and sustainability has always been aligned, we have taken steps to improve the reporting of this. Our former five key sustainability areas of safety, environment, passengers, employees and communities have now been aligned with our business strategic priorities of society, customers, our people and finance.

## Strategic priorities



### 1. 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 and 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 economic recovery and longer term prosperity.

➔ Read more about Society on pages 6 and 7



### 2. 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 decentralised 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 the board.

➔ Read more about Customers on pages 8 and 9



### 3. 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 about Our people on pages 10 and 11



### 4. 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, and 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 about Finance on pages 12 and 13

## Our stakeholders

# Collaboration with stakeholders and partnership-working 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 pioneering and forward-looking groups. At every level of our organisation collaborative working relationships can be seen to give us a positive advantage.

We believe that by operating responsibly we are better placed to achieve long-term shareholder value and meet our stakeholders' expectations of our business. We always endeavour to listen to our stakeholders and respond positively to their concerns and aspirations whenever it is possible and reasonable to do so. We analyse information we gather from research, meetings, surveys, local forums and other kinds of consultation with our stakeholders. 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 set new commitments. We also seek to provide feedback to our stakeholders about the outcomes from our engagement.

The majority of our stakeholder groups are interested or impacted by the issues set out below, however; this table only identifies the most material issues for each stakeholder group.

	Customers	Our people	Communities	Investors	Government	Strategic partners and suppliers	Media
<b>Society</b>							
Safety	•	•					
Environment			•		•		
Local needs			•				
Government and local authority policy			•		•		
Quality management						•	
<b>Customers</b>							
Punctuality and reliability	•						
Value for money	•						
Access to information	•						
Innovation	•					•	
<b>Our people</b>							
Pay and conditions		•					
Staff training and development		•					
<b>Finance</b>							
Financial performance				•			
Shareholder value				•			
Transparency				•	•		



➔ Read more about our stakeholders at [www.go-ahead.com/sustainability/stakeholders](http://www.go-ahead.com/sustainability/stakeholders)

# Our strategic priorities



## Society

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

### Achievements

- Carbon Trust Standard triple accreditation
- Carbon Disclosure Project score 84B (up from 77B in 2013)
- Platinum ranking in Business In The Community (BITC) Corporate Responsibility index
- Active members of the London Benchmarking Group

### 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 emission per passenger journey. This is against a challenging baseline as we have already made significant improvements in this area
- 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 implement a measurement system for our community investment activities using the LBG model
- To continue our corporate partnerships with Transaid and Railway Children, seeking to optimise the relationships with both partners

“Go-Ahead has a well-deserved reputation as one of the best performing businesses in the passenger transport sector when it comes to operational sustainability. By achieving independent certification the Carbon Trust Standard for reductions in carbon, water and waste then Go-Ahead is able to demonstrate year-on-year progress in meeting its environmental goals.”

Carbon Trust



# Our contribution to society supports our goal for longer term sustainable prosperity

## 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's target is to reduce carbon emissions by 20% by 2015 from a 2007/08 baseline – and progress has been made against this target, with a 12% reduction achieved to date.

## Making a contribution to society

By investing in greener transport alternatives, Go-Ahead gains competitive advantage and differentiates itself from competitors. Some of these investments to build greener bus and rail fleets might be more expensive in the short term but we expect financial and environmental long term gains.

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 the rail company Southern and the Sussex Community Rail Partnership which included activities ranging from gardening, artwork and historical displays.

## Community investment

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 community 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. 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.



### Railway Children

Railway Children is an organisation which believes in a world where no child ever has to live on the streets. The Go-Ahead Group supports the charity's work, including via their pioneering research, campaign and projects provide the evidence and expertise to help these vulnerable children before they are forced to live streets.

In line with Railway Children's vision, we are proud to be working to raise awareness and engagement within both our own organisation and Railway Children partner organisations.



### Transaid

Transaid is a UK based international development charity that identifies, champions, implements and shares local transport solutions which improve access to basic services and economic opportunity for disadvantaged people in developing countries.

Our relationship with Transaid is not only as a provider of financial support but also through sharing our professional expertise. Go-Ahead combines its knowledge of the transport sector with Transaid's considerable experience of working in the developing world.

## Our strategic priorities



# Customers

To provide high quality, locally focused passenger transport services

### Achievements

- Go-Ahead's bus companies achieved a 92% customer satisfaction score in its independent survey conducted by Passenger Focus
- Southern's introduction of 'the key' smartcard has been recognised at several industry awards including the Rail Business Awards
- London Midland won 'Marketing campaign of the year' for the fifth year in a row at the National Rail Business Awards

### Objective

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

### Targets

- To maintain sector-leading bus customer satisfaction scores and improve levels of passenger satisfaction in our rail businesses
- To increase levels of punctuality in line with industry targets
- To continue delivering high quality, value for money services to attract more people to our services

# Our commitment to our customers remains core to our business

## Customers service excellence

As a member of the Institute of Customer Service member we are keen to adopt and share best practice with other industries. We also shared best practice among our bus and rail operating companies, and manage customer databases which enables us to be able to meet our customers' needs.

Passengers have given Go-Ahead's bus services the stamp of approval, with an impressive 92% saying they are satisfied with the services. Our rail score declined slightly in the year, reflecting some factors outside the Group's control such as flooding and landslips, impacting performance in some areas.

## Integrated travel

We are mindful that the majority of people's journeys don't start and end with a bus or train ride and our aim is to provide integrated transport solutions where we provide accurate, real-time information about delayed services by developing apps; make purchasing tickets as simple as possible with smartcards and mobile tickets; and make

contacting or claiming compensation for delayed journeys as simple as possible.

Public transport should be accessible for all those who wish to use it - and we know by considering people with audio, visual and other physical limitations we will be improving the service for all passengers. We are increasing audible announcements and information screens on board our trains and buses and all our buses and trains are accessible to wheelchair users. However, many of our hundreds of railway stations were built at a time when accessibility was not a consideration. Together with Network Rail and local authorities, there is a programme of installing ramps and lifts to make stations 'step free'. Priority is given to stations that have the most numbers of passengers using them and where we are successful at seeking local authority and government grants. All our customer-facing employees have training in disability awareness using the social model of disability - appreciating that it's our responsibility to remove the barriers that restrict people from using our public transport services.

## '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.

→ View a short video about 'On Track' at [www.go-ahead.com/rail-app-video](http://www.go-ahead.com/rail-app-video)

"The results are good news for bus passengers in the areas Go-Ahead serves. Go-Ahead should be proud of its achievements and continue to use the survey findings to identify areas where it can improve still further."

Passenger Focus



# Our people

To be a leading employer in the transport sector

## Achievements

- Investors in People (IIP) accreditation at Group head office and many of our operating companies including the rail company Southeastern which achieved the highest IIP level Champion status
- Metrobus' Crawley bus garage awarded Gold at UK Bus awards for a third year running
- Record levels of employee engagement of 40% for bus and 60% for rail
- Southeastern's engineering 'Wiki' for employees received awards for innovation at National Rail Awards, HR Business Excellence Awards and Rail Industry Innovation Awards

## Objective

- To be the employer of choice in our sector

## Targets

- To improve levels of employee engagement across the business
- To maintain levels of absenteeism, below the national average
- To maintain consistently low levels of employee turnover

# The dedication and hard work of our people are the cornerstone of our success

## Developing our people

Go-Ahead is committed to investing in its staff and aims to be an employer of choice in the transport sector. It values the insight gained from employee feedback and understands how employee engagement contributes to the success of the Group. There is evidence of a supportive and positive culture across the business and fair leadership structure. While there are times when recruiting external expertise is necessary we are proud of growing our own leaders – with 65% of the 23 senior director appointments made in the past year being internal promotions. Go-Ahead recognises the value of diversity in all areas and at all levels of the business. Diversity forums have been established to ensure there is no bias towards either gender and that all appointments and internal promotions are made on the basis of merit.

## Investors in People Silver status

The Go-Ahead Group head office has been recognised as an Investor in People (IiP) and in just a year has achieved the Silver Award.

The IiP framework is used to measure and assess an organisation's commitment to achievement through its employees – and accepting that people's strengths, ambitions and ideas are the engine of success.

Particular strengths highlighted in the assessment included the quality of leadership, level of employee engagement and involvement and commitment to continuous improvement

"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 People

## Our strategic priorities

# Finance

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

### Achievements

- Fair Tax Mark
- Most effective communications of overall investment proposition (Investor Relations Society Awards)
- Best use of digital communications (Investor Relations Society Awards)

### Objective

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

### Targets

- To maintain consistent levels of passenger journeys growth
- To achieve £100m of bus operating profit by 2015/16
- To deliver value from our existing rail franchises
- To maintain adequate dividend cover throughout the economic cycle

# A transparent and disciplined approach to managing our finances enables the Group to take advantage of opportunities to grow our business

## Supporting the UK economy

Public transport supports the economy, providing people with a convenient way to get to work. The industry also directly employs 280,000 people across the UK. In 2013, the UK rail industry is estimated to have contributed up to £7.2bn.

During the year, Go-Ahead made a direct contribution to the economy through the £12.4m we paid in UK corporation tax and the £64m we returned to the Government in net rail premium payments. Indirectly, we also support economic growth through the employment of 26,000 people; investing £0.9bn in staff, and by providing millions of people with the means to travel to work, shops and other key services and leisure activities every day.

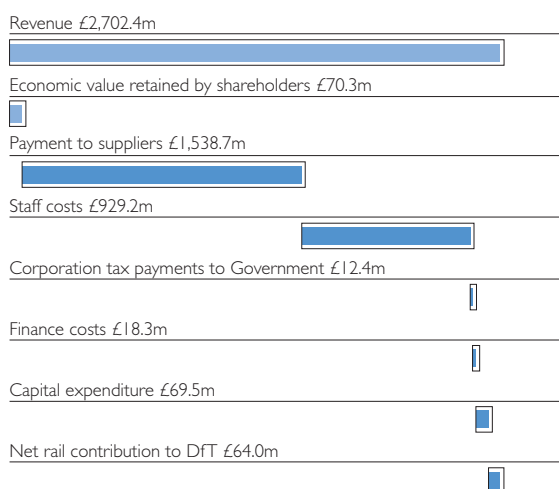
## Fair Tax Mark

As a socially responsible organisation, transparency and openness are important values to us. We are pleased to have been recognised as being the first in the FTSE 350 to be awarded the Fair Tax Mark. The Fair Tax Mark is a label for good taxpayers and companies that are open about tax affairs and seek to pay the right amount of corporation tax at the right time and in the right place. A fair tax system is to the benefit of everyone and crucial to support a vibrant mixed economy.

## A sustainable option

Go-Ahead has been commended by ethical funds on the corporate social responsibility information we publish, making it easier to our business determining if the Group meets the investment requirements of ethical funds. Recently, Kempen Capital Management (KCM) Ethical Funds has commended Go-Ahead on the sustainability information saying there was an 'increased demonstration of business ethics performance due to introducing a corporate-wide code of conduct'.

## Economic contribution



"The team at Go-Ahead showed real commitment to this exercise, adopted a new group tax policy that best reflected their current practice and revised the way they present tax data in their accounts to provide information that met the Fair Tax Mark criteria. This has put them way ahead of the pack, and we're delighted to recognise that fact."

Fair Tax Mark

# Our approach

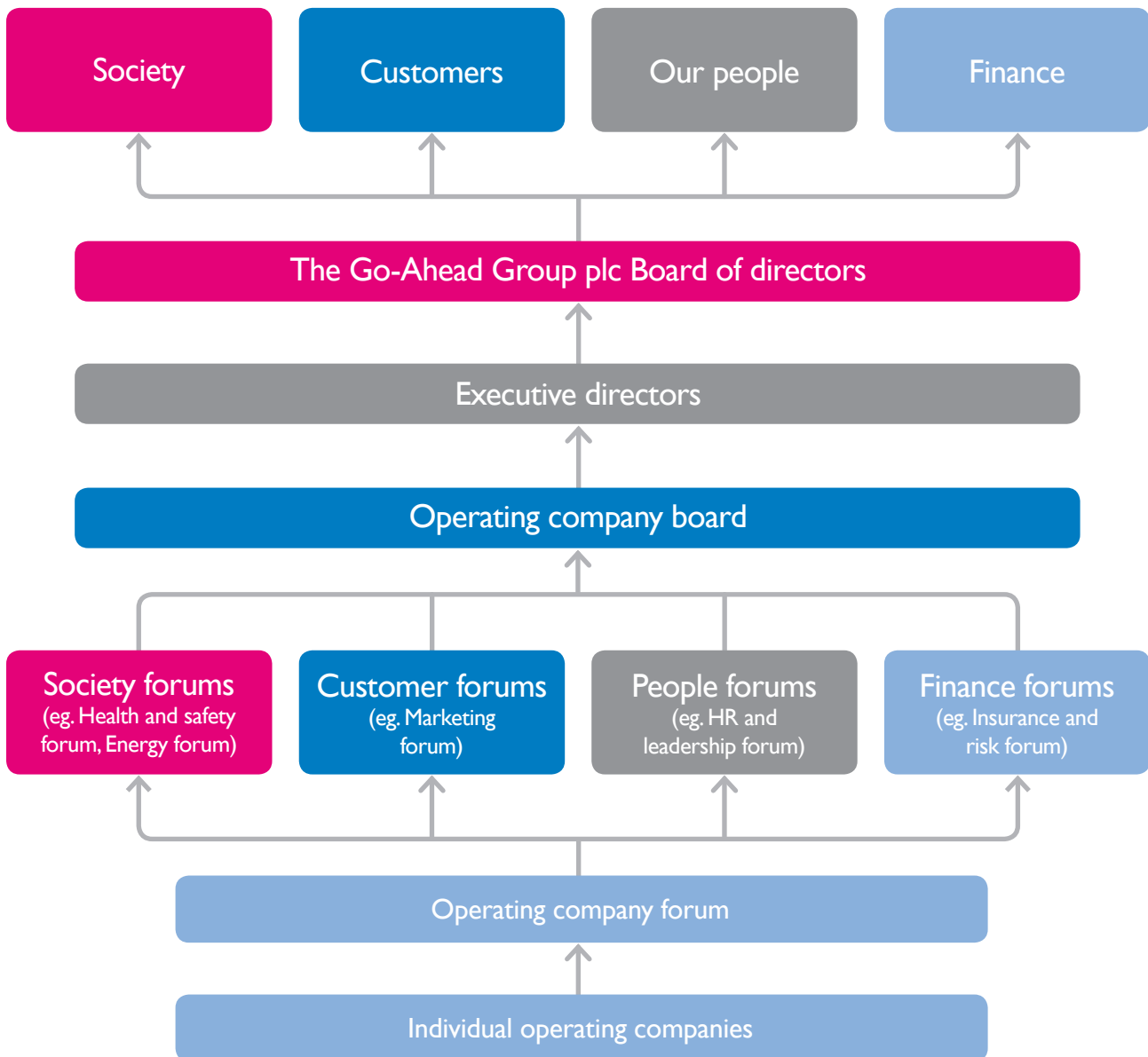
## Governance structure

Our Board of directors are committed to the principles of good governance. Through our robust internal framework of systems and controls, we strive to maintain the highest standards of corporate governance. The Board takes ultimate responsibility for sustainability, which underpins our the Group's approach and activities.

To ensure that we deal with material issues in the best possible manner; the Group's structure enables the Board to closely monitor the performance of each operating company across our four strategic priorities. Key performance indicators (KPIs) are regularly reviewed at monthly operating company board meetings chaired by the Group Chief Executive and Finance Director:

Some of the Board's top priorities for 2014/15 include ensuring that the Group's sustainability performance is maintained and that our companies continue to operate in a safe, socially and environmentally responsible manner:

➔ [Read the Board's highlights and priorities on page 53 of our Annual Report](#)





# Sustainability performance indicators

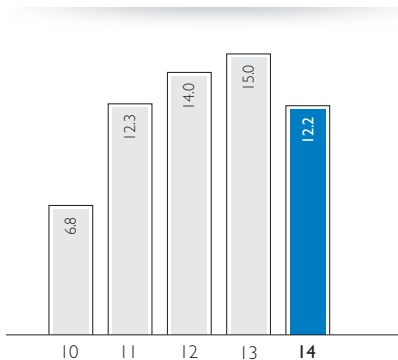
The sustainability performance indicators presented in this report are aligned with our business Key Performance Indicators (KPIs) and are the measures we use in the business to assess the Group's performance against our business and sustainability strategic objectives.

In 2008, we set strategic targets for a number of our core KPIs. We continue to report on our performance against those targets and have also set new 2020 targets in various areas. 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 business and markets.

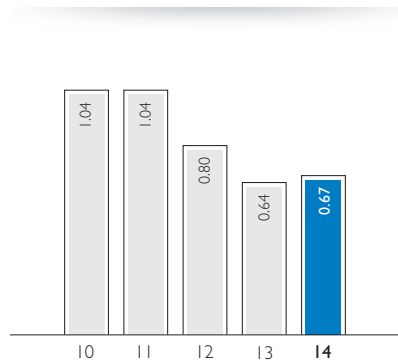
The directors' remuneration policy is designed to reflect the Group's performance, with elements of remuneration linked to each of our strategic priorities.

## Society

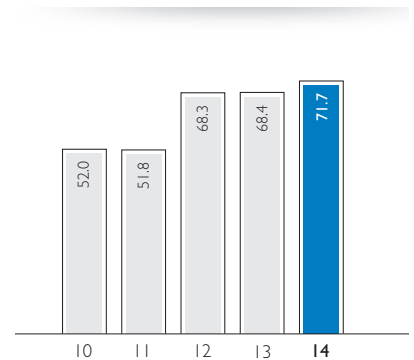
Reduction in carbon emissions per passenger journey (%)



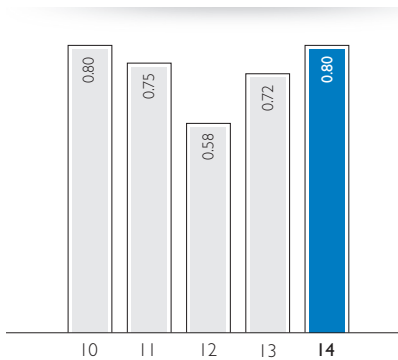
Water used per passenger journey (l)



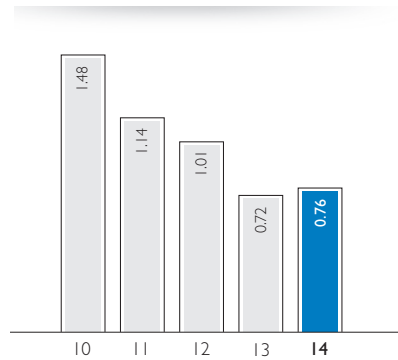
Recycling rate (%)



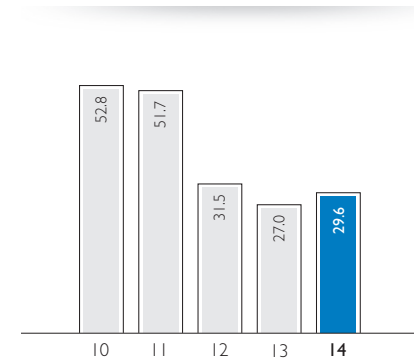
SPADs per million miles



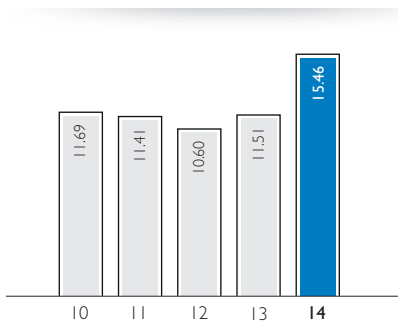
RIDDOR accidents per 100 employees



Bus accidents per million miles



Community spend per employee (£)

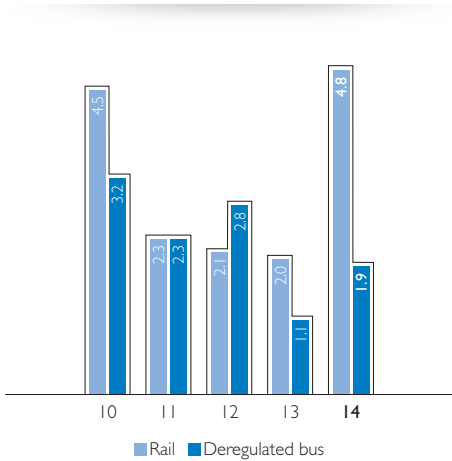


➔ Read our remuneration report on page 68 of our Annual Report

➔ More information about our Key Performance Indicators can be found in our Annual Report

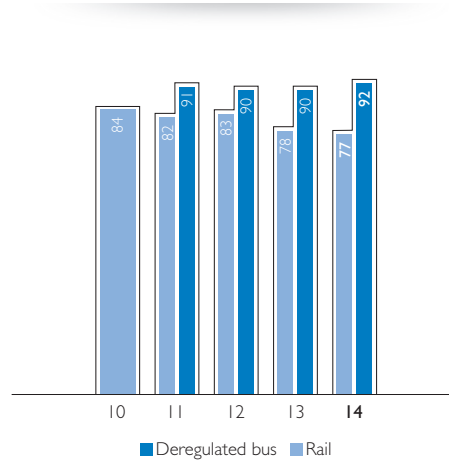
## Customers

Passenger volume growth (%)

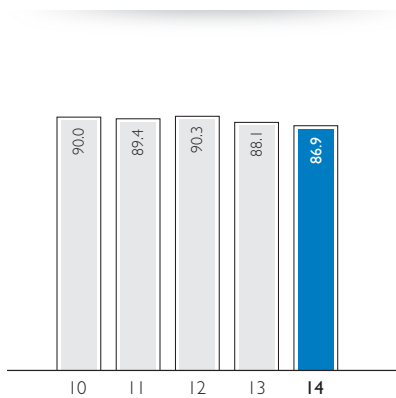


Customer satisfaction (%)\*

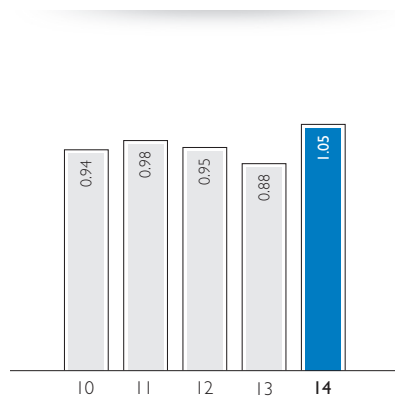
Deregulated bus 92%  
Rail 77%



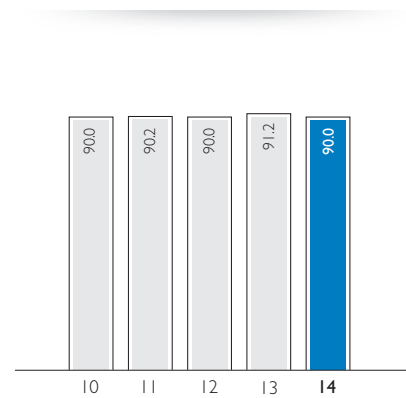
Rail punctuality (%)



Regulated bus punctuality (minutes)



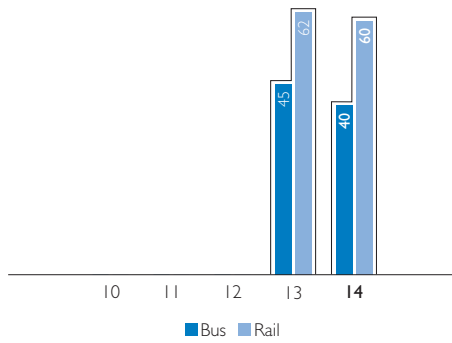
Deregulated bus punctuality (%)



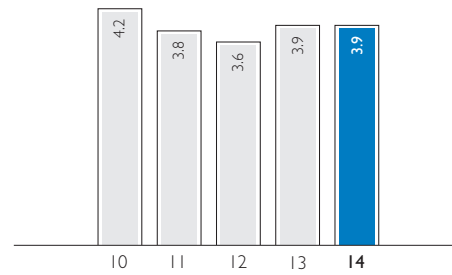
\* Go-Ahead became the first major transport group to conduct an annual independent bus customer satisfaction survey in 2011, therefore no data is available for 2010.

## Our people

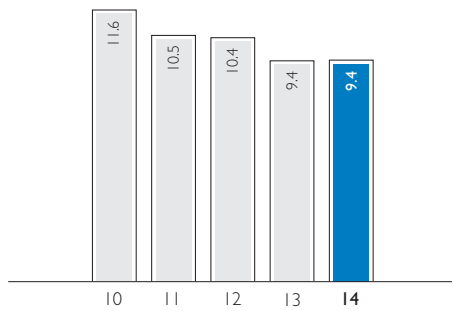
### Employee Engagement Index (%)\*



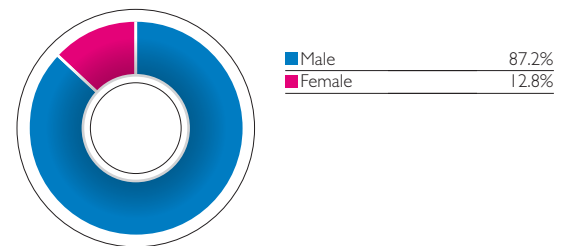
### Absenteeism (%)



### Employee turnover (%)



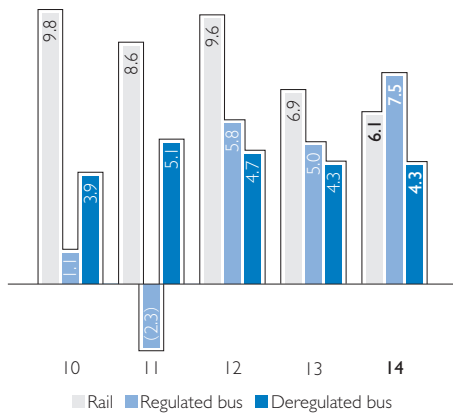
### Overall Group gender diversity



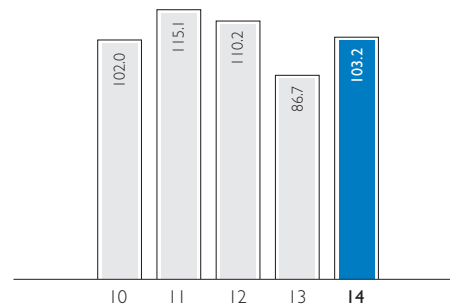
\* Go-Ahead began conducting employee engagement surveys across our business in 2012/13. Data for previous years is therefore not available.

## Finance

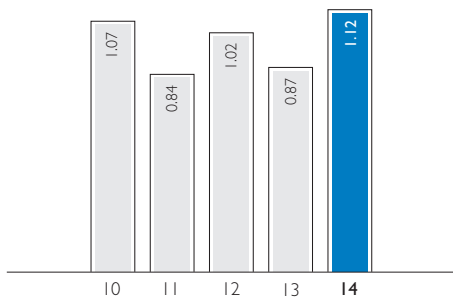
### Passenger revenue growth (%)



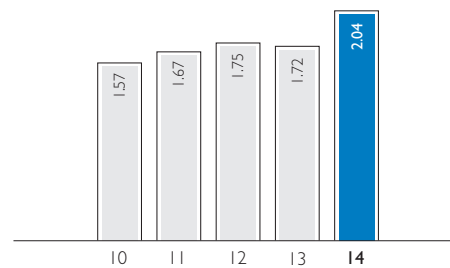
### Operating profit (£)



### Cashflow/EBITDA\*



### Dividend cover



\* 2012/13 is restated for the impact of IAS 19 (revised). Prior years are reported on an unadjusted basis.

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](http://www.go-ahead.com)

Email: [enquiries@go-ahead.com](mailto:enquiries@go-ahead.com)

Photography by Martin Burton  
[www.martin-burton.squarespace.com](http://www.martin-burton.squarespace.com)

Designed and produced by Black Sun Plc  
[www.blacksunplc.com](http://www.blacksunplc.com)



**BUREAU**  
**VERITAS**

Summary verification statement from Bureau Veritas UK Ltd

For the sixth 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 29 June 2013 to the 28 June 2014.

Read the statement in full on

[www.go-ahead.com/data-verification-statement](http://www.go-ahead.com/data-verification-statement)

# Go-Ahead