

## Corporate governance

The Committee formally assesses the effectiveness of the risk assurance process on an annual basis.

### “Speaking Up” Policy

The Audit Committee reviews the Group’s “Speaking Up” policy, which provides a mechanism for employees with serious concerns about the interests of others or the Group to come forward. The Committee ensures that appropriate arrangements are in place to receive and act proportionately upon a complaint about malpractice. The Committee takes a particular interest in any reports of possible improprieties in financial reporting.



RUSSELL WALLS  
Chairman of the Audit Committee

22 June 2005

## Nomination Committee Report

In line with best practice, the Nomination Committee has decided to present a separate annual report. This report relates to the financial year ended 30 April 2005.

### Composition of Nomination Committee

The Nomination Committee currently comprises two Non-Executive Directors that the Board considers to be independent, Robert Speirs and Ewan Brown (who acts as Chairman) and one Executive Director, Brian Souter. The Committee may also include, by invitation, the other Non-Executive Directors, as necessary.

### Operation of the Nomination Committee

The Committee is responsible for evaluating the balance of skills, knowledge and experience of the Board, and where appropriate suggest new appointments. Based on its assessment, the Committee will prepare a description of the role and the required attributes for each particular appointment. The description will include a job specification, the estimate of the time commitment expected, and the Group’s policy on Directors

having other significant commitments. Potential candidates will be asked to disclose their other commitments and confirm that they will have sufficient time to meet what is expected of them. The Directors are also required to report any significant changes in their commitments as they arise. The Committee will identify suitable candidates and make proposals for each appointment, although final appointments are the responsibility of the Board as a whole.

Non-Executive Directors receive a letter of appointment. For any new appointments, the letter of appointment will set out the expected time commitment.

No Director of the Company is a chairman of a FTSE 100 company.

The terms of reference of the Nomination Committee are available on the Group’s website at <http://www.stagecoachplc.com/sgc/investorinfo/corpgov>.

### Succession Planning Arrangements

The Board and the Nomination Committee recognise the importance of succession planning to ensure that the Group continues to prosper in the longer term. The Group operates a decentralised organisational structure with clearly defined limits of responsibility and authority, and oversight from head office. This structure provides the opportunity for managers to develop in some of the Group’s smaller business units before progressing to wider and more responsible roles. The Group has a history of developing good managers who have progressed to take on senior positions within the Group. The Group operates a graduate recruitment programme, and some of the graduates recruited have went on to become Managing Directors of individual business units.

The Nomination Committee is mindful of the need to ensure appropriate succession planning are in place for the Directors. The Nomination Committee and the Board seeks to identify new Directors and senior managers to ensure succession of Directors is conducted in a managed way, without significant disruption to the ongoing business of the Group.



EWAN BROWN  
Chairman of the Nomination Committee

22 June 2005