

## 8. Nomination Committee report

### 8.1 Composition of the Nomination Committee

The Nomination Committee currently comprises three Non-Executive Directors that the Board considers to be independent, Robert Speirs (who acts as Chairman), Ewan Brown and Janet Morgan. The Committee also includes, by invitation, the other Non-Executive Directors, as necessary. Russell Walls resigned from the Nomination Committee during the year. With effect from 1 July 2007, the Committee will comprise Robert Speirs (Chairman), Ewan Brown, Janet Morgan and Sir George Mathewson.

### 8.2 Operation of the Nomination Committee

The Committee is responsible for evaluating the balance of skills, knowledge and experience of the Board, and where appropriate suggesting 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 other 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.

Potential new Non-Executive Directors are chosen based on a shortlist compiled by the Nomination Committee taking account of known candidates and candidates suggested by the Group's advisors. For example, the selection of Garry Watts was made following a recruitment process that involved the use of external recruitment consultants and the consideration of a number of candidates. Every director met with Garry Watts prior to his formal selection by the Board.

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

No Director of the Company is currently 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.stagecoachgroup.com/scg/csr/corpgov/committees/nom.pdf>

### 8.3 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 gone on to become Managing Directors of individual business units, both in the UK and North America.

The Nomination Committee is mindful of the need to ensure appropriate succession arrangements 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.



Robert Speirs  
Chairman of the Nomination Committee

27 June 2007

## 9. Health, Safety and Environmental Committee report

### 9.1 Composition of the Health, Safety and Environmental Committee

The Health, Safety and Environmental Committee is chaired by an independent Non-Executive Director, Janet Morgan, and comprises one other independent Non-Executive Director, Iain Duffin, and one other Non-Executive Director, Ann Gloag.

The terms of reference of the Health, Safety and Environmental Committee, which were updated during the year, are available on the Group's website at <http://www.stagecoachgroup.com/scg/csr/corpgov/committees/health.pdf>

### 9.2 Operation of the Health, Safety and Environmental Committee

The Committee was established to consider health, safety and environmental issues across the Group and to report regularly to the Board on these matters. The Committee also approves the Group's overall strategic safety framework. It has access to internal safety executives and also external consultants.

A new strategic safety framework was approved by the Committee during the year. Executive management is responsible for ensuring that local health and safety policies and procedures are consistent with the overall framework.

Managers from each of the Group's key divisions attend meetings of the Committee from time to time providing the Committee with an opportunity to question and challenge management on health, safety and environmental matters.

The Committee visits operational locations to observe health, safety and environmental management in practice. During the year ended 30 April 2007, the Committee's activities included visits to the Group's Sunderland bus

depot and Wimbledon rail depot. The Committee has also visited operational locations in the US and Canada. Committee members attend meetings of the Safety Committees of individual business units from time to time, such as the South West Trains' Strategic Safety Group.

The Committee receives reports on trends in health and safety indicators across the Group as well as information on significant accidents involving the Group. Key performance indicators are provided and reviewed in respect of each major operating division. During the year, the Committee agreed a revised set of key performance indicators to better drive local accountability and to recognise that each division has differing attributes and risks.

Training is provided to the Committee on health, safety and environmental matters. In the year ended 30 April 2007, training was focused on matters relevant to the Group's largest division, the UK Bus division.

The Committee liaises with the Remuneration Committee in determining any health and safety objectives to form part of the Executive Directors' personal non-financial objectives.

Details of the Group's health, safety and environmental policies and activities are contained in sections 3.11.4 and 3.11.6 of this Annual Report.



Janet Morgan  
Chairman of the Health, Safety and Environmental Committee

27 June 2007