

Sustainability Committee report



CAROLYN FLOWERS
Sustainability Committee Chair

Activity highlights

- Assessed the Group's performance against its sustainability strategy and targets and reviewed the plans for achieving its sustainability ambitions, which included a review of KPI dashboards and the Group's transition milestone plan
- Approved the Group's new Environmental Policy and its second Sustainability Report
- Endorsed the Group's new wellbeing strategy and the approach to monitoring employee engagement in 2024
- Educated on future sustainability reporting requirements, including Corporate Sustainability Reporting Directive and ISSB Sustainability Standards
- Reviewed and approved the Group's sustainability disclosures reported in this Annual Report

For information on the primary role and key responsibilities of the Nominations Committee, please visit the Committees page of the Company's website: <https://www.mobicogroup.com/about-us/corporate-governance/committees/>

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Carolyn Flowers (Chair) ¹	11/05/2022	3/3
Jorge Cosmen	11/05/2022	3/3
Karen Geary ^{1,2}	11/05/2022	2/3
Helen Weir	31/01/2023	3/3
Nigel Pocklington ^{1,3}	01/08/2023	2/3

¹ Independent Non-Executive Director

² Karen Geary was unable to attend one scheduled meeting of the Sustainability Committee due to exceptional unforeseen circumstances

³ Nigel Pocklington was unable to attend a Sustainability Committee meeting due to an unavoidable conflict

Other attendees: Group General Counsel and Company Secretary (or their Deputy), Executive Directors, Group Sustainability Director, Group HR Director, Head of Group Accounting and Reporting and Group Director of Organisational Effectiveness

Governance

The Executive Directors are the sponsors of the Group's sustainability ambitions and are responsible for the delivery of the Group's strategies relating to sustainability, supported by the Group Sustainability Director, the Group Human Resources Director, divisional CEOs and divisional sustainability specialists.

The Committee's role is to review the appropriateness of the Group's sustainability ambitions and strategies in the context of its broader strategy, to monitor and report to the Board on the Group's progress in achieving those ambitions and delivering those strategies. It also plays a key role in overseeing the Group's sustainability reporting.

Reporting and communication

The Group's external report on climate-related risks and opportunities in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) for 2024 is set out on pages 68 to 80. Its mandatory disclosures on energy consumption and carbon emissions, including under the Streamlined Energy and Carbon Reporting regulations (SECR), can be found on page 246. These disclosures have been reviewed and approved by the Committee.

The Committee also received updates during 2024 on the Corporate Sustainability Reporting Directive ("CSRD"), which the Group will need to comply with over the coming years, and the ISSB Sustainability Standards, which the Group have voluntarily adopted in part early, ahead of required compliance.

Progress on internal sustainability reporting has continued during 2024: (i) the Committee continued to review environment and people KPIs, which track key environment and people metrics enabling the Committee to monitor progress, (ii) the Group engaged a new external provider to support and develop its carbon emissions calculations, who will assist with the future reporting requirements referred to above, (iii) the Committee was pleased to hear of the efforts being made to improve the quality and quantity of disclosure to external ESG rating agencies, (iv) the Group has been working more closely with its value chain to reduce emissions, and (v) the Group has partnered with both pollution and biodiversity sponsors.

During the year, the Committee reviewed and approved the Group's Sustainability Report for 2023/2024 as part of its role in overseeing how the Group communicates and reports sustainability matters to its stakeholders. The report sets out progress made by the Group against the overarching sustainability strategy, and it is available on the Company's website at: <https://www.mobicogroup.com/media/whmhjcf/mobico-sustainability-report-2023-24.pdf>. The Group also has an overarching Environmental Policy, which was approved by the Committee during 2024, and an Emissions Recalculation Policy, both of which can be found at www.mobicogroup.com/about-us/our-policies/.

Sustainability overview

The Committee has continued to monitor progress against the Group's overarching sustainability strategy during 2024, which it endorsed during the previous year. The strategy is based on three pillars: planet, people and places, which are in turn linked to the Evolve strategy outcomes of being an environmental leader, an employer of choice and our purpose, to drive modal shift. Please see pages 60 to 67 for more information.

The Committee monitored progress of each pillar of the overarching sustainability strategy as set out on the next page.

Environment – Planet

Environment ambitions

The Group's environment strategy is centred around transitioning its fleet of vehicles across its operating subsidiaries to zero emission vehicles (ZEVs). Building on the Group's commitment to never buy another diesel bus in the UK and its ambition to have zero carbon emission fleets in UK Bus by 2030 and UK Coach by 2035, in 2021 the Group adopted wider ambitions to have zero carbon emission fleets in North America Transit & Shuttle by 2030, Spain Bus by 2035 and in each of Spain Coach, Morocco Bus and North America School Bus by 2040. Approximately 93% of the Group's Scope 1 and 2 carbon emissions originate from fuelling its fleet, so this transition to ZEVs will have the greatest effect in reducing the Group's impact on the environment and improving air quality in the communities it serves. See page 59 for more information on the Group's fleet transition ambitions.

The Committee has monitored progress against these ambitions during 2024 through reviewing the Group's ZEV transition plan, which included an update on progress against the fleet ambitions and the projected impact on our emissions. Our ZEV portfolio continued to grow in 2024 from previous vehicle orders placed, and our Scope 1 and 2 emissions per million passenger kilometres have reduced year-on-year by 3.5%, despite an overall increase in passenger miles. However, during the year we made the commercial decision to slow the rate of further ZEV orders in the short term, to reflect our unrelenting focus on cash generation and deleveraging while our business performance continues to improve. Our 2024 out-turn on ZEVs was 1,100 compared with a target of 1,500. Nonetheless, our longer-term targets remain unchanged at the current time, subject to any necessary adjustment in the event of any sale of School Bus. Additionally, we continue to monitor the changing market environment in the UK, regarding the potential for franchising in UK Bus in the West Midlands; and the implications of that on our vehicle procurement in the short to medium term.

Environment performance

In 2019, the Group was an early adopter of six KPIs with related targets to track the Group's progress in reducing its impact on the environment using the Sectoral Decarbonisation Approach methodology. These targets were chosen to meet the then-prevailing IPCC goal of controlling the increase in global warming to below 2 degrees above pre-industrial levels. Last year the Group set near-term carbon reduction targets covering Scope 1, 2 and 3 emissions and which are aligned to the Paris Agreement target of limiting average annual temperature increases to 1.5 degrees above pre-industrial levels. During January 2024, these targets were externally validated by the Science Based Targets Initiative ('SBTi') and the approved targets are set out on page 78.

The Committee reviewed progress against these new SBTi-approved targets during the year, and the results are set out in the table on page 79. Absolute Scope 1 and 2 emissions are down 1.9% on 2023. Overall Scope 3 emissions have increased by 8.8% year-on-year and the vast majority is due to Category 2. See page 80 for further commentary.

As also explained in previous Annual Reports, the Remuneration Committee has set environmental performance metrics in each of the last three annual long-term incentive plan (LTIP) awards granted to the Executive Director(s). The vesting level of the 2022 LTIP is as set out in the Directors' Remuneration Report: see page 114 for further detail.

Social – People and Places

Social ambitions

A number of the Group's social ambitions are intrinsically linked to our Evolve strategy; the employer of choice, the safest, the most reliable and the most satisfied customers.

The Group's people are a critical component of our successful delivery of all of our goals — including safe and reliable service. The welfare of our employees is a key driver of the Evolve target of being the employer of choice. Our focus is to engage with our employees to ensure their physical and mental safety. Our people strategy, which was launched in 2022, has three pillars: Embrace,

Energise and Elevate, which are underpinned by our Essentials, as further described on page 66 of the Strategic Report. Although a number of cost saving initiatives this year have meant that some of the planned activity on the people strategy has had to be delayed, the Committee was nevertheless pleased to note progress against all four 'E's during 2024, including the new driver recruitment and retention initiatives which have resulted in driver headcount, establishment and pipeline increasing and a 10% year-on-year increase of female drivers in ALSA, in each case compared to 2023. Driver recruitment and retention continues to be a focus for the divisions.

The Committee endorsed the Group's new overarching wellbeing strategy, "Be Well", during the year, to build on the framework in place within the divisions. The Group has partnered with Mental Health UK and is focused on actively promoting activities and campaigns that encourage open conversations, reduce stigma and empower colleagues to seek help when needed. More on the new 'Be Well' strategy can be found on page 67

The Committee also received an update on the Places pillar, with the Committee learning about the Group's new partnership with GreenTheUK to plant a hectare of wildflowers close to the UK's network, as well as the activities undertaken by our divisions in the communities they serve, including the UK division's ongoing Road to Rescue scheme in partnership with Women's Aid. Additionally, the Group has been a proud corporate partner to Transaid for over a decade. Transaid's mission, to transform lives through safe, available transport, sits at the heart of our purpose, to drive modal shift and key outcomes of the Evolve strategy.

Social performance

The Group has previously tracked its social performance through the results of the 'Your Voice Matters' all-employee survey, through improvements to global engagement and eNPS scores. The last survey was undertaken at the end of 2023, and the Committee had reviewed results from that survey in early 2024, as reported in last year's Committee report, where the targets had just been missed but also demonstrated good year-on-year progress.

The difficult decision was made during the year to postpone the 2024 'Your Voice Matters' survey until the second half of 2025 to enable more time to progress action plans. However, the importance of measuring the Group's culture, engagement and sentiment is recognised and the Committee was pleased to hear about, and endorsed, the varied methods being adopted to ensure that employee engagement was well-monitored through alternative means: these included the introduction of pulse surveys, comprising a shorter set of questions issued to both specific segments of the workforce, as well as a general cross-section. The Committee also heard about a new 'mood board' developed to enable the Group Executive to monitor engagement, using information gathered from 'mood checkers' on the Group's intranet, internal and external social and work channels, as well as information from divisional HR directors. For more information on these initiatives, please see page 67.

These methods provide actionable feedback that is broadly aligned with the key focus areas in the full global survey. The Committee noted that some key themes arising are: (i) the majority of our employees are proud to work for Mobicco, have a strong sense of belonging and are inspired by the Company which is really positive to hear; however, retention will need to remain a focus area in 2025 with these areas scoring lower, albeit this is not surprising given the degree of change during 2024, and (ii) wellbeing is an area that has seen improved results since it was first tracked, which is pleasing to see given the launch of the new wellbeing strategy.



Carolyn Flowers
Sustainability Committee Chair

28 April 2025