The Task Force on Climate-related Financial Disclosures

The Group has complied with the requirements of UK Listing Rule 6.6.6R (8) by including climate-related financial disclosures consistent with all 11 of the TCFD recommendations and recommended disclosures. These disclosures also incorporate the mandatory climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

This report partially applies the IFRS Sustainability Disclosure Standards IFRS S1 and IFRS S2 as issued by the International Sustainability Standards Board (ISSB). The Company plans to achieve full compliance with IFRS Sustainability Disclosure Standards when the UK Government decision regarding adoption is published, which is expected in 2025.

TCFD recommendation	Recommended disclosures	Further information
Governance	a. Describe the Board's oversight of climate-related risks and opportunities.	See pages 68 and 69
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	See also our Sustainability Committee Report on page 110.
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	See pages 72 to 77
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	See pages 72 to 77
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	See page 77
Risk Management	a. Describe the organisation's processes for identifying and assessing climate-related risks.	See page 70
	b. Describe the organisation's processes for managing climate-related risks.	See more detail in our Group Risk Management disclosures on page 46
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	See page 78
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	See pages 78 and 79
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	See more detail in our Environmental Performance Report on page 245

Governance

Board's Oversight and Review of Climate-Related Risks and Opportunities

The Board is charged with governance of oversight of climate-related risks and opportunities is through its dedicated Sustainability Committee, with a remit to cover the governance of all applicable environmental and sustainability matters. The Sustainability Committee met three times during 2024. The terms of reference can be found on the Company's website at https://www.mobicogroup.com/about-us/corporate-governance/committees/, of which the responsibilities are reflected in section 7. The key activities of the Sustainability Committee during 2024 can be found on page 110. On behalf of the Board, the Committee is informed about climate-related risks and opportunities, and also monitors progress against our climate-related goals and targets, primarily through monitoring and reviewing a KPI dashboard which is presented at each Committee meeting.

One of the key outcomes of the Group's Evolve strategy is to be an Environmental Leader, by delivering our fleet transition to Zero Emission Vehicles (ZEVs). To monitor operational progress against this strategy, decisions on major transactions, and the related financial impact, the Board performs an annual review of both the long-term strategic plan, of which the latest runs until 2029, and the annual budget, the most recent of which is for FY25. Both exercises consider the transition to a low-carbon economy and the potential impact of physical risks from climate change, which are discussed in detail in the Strategy section of this disclosure. These strategic decision processes also compare against other significant trade-offs, such as capital investments, network and other operational choices, and customer demands in order to make decisions. Please refer to the risk management section for how the Board exercises oversight regarding incorporating climate-related issues into the risk management processes.

Board Reporting

The Sustainability Committee reports to the Board of Directors with the Committee Chairs providing updates to the Board after each Committee meeting on the matters discussed. Climate risks and opportunities form part of the Group's overall risk management process which the full Board is specifically updated on, as described in the Risk Management section. The Sustainability Committee also provides a report which details their activities each year to the Company's shareholders, which is approved by the Board, which is set out on pages 110 and 111 of this Annual Report.

Board Training and Development

The skills and competences of the Committee are monitored by the Board every year, and can be found on page 107. To assist them in both discharging their oversight responsibilities on the Group's Environmental Leader strategy and having the ability to give direction and raise challenges, the Committee receives presentations from external ESG specialists as necessary on current climate-related topics. During 2024, the Committee Chair presented the key takeaways from a Board Sustainability Stewardship session by Egon Zehnder. Committee members can also access climate-related resources, including Chapter Zero.

Management's Role in Assessing, Managing and Overseeing Climate-Related Risks and Opportunities

The Company's Executive Directors are responsible for the delivery of the Group's "Environmental Leader" strategy (see page 60 for more information) and are the sponsors of its overall 2040 ambitions to achieve net zero for Scope 1 and 2 emissions. During the year, the Group implemented a new Environmental Policy, available at https://www.mobicogroup.com/about-us/our-policies/. Everyone in the organisation has a role to play in achieving the environmental targets and, because the Evolve strategy is rolled out across the businesses, the Group aims to ensure that the ambition to be the 'Environmental Leader' in the industry is communicated and seen as both an individual and shared responsibility.

The below diagram explains the role both Board Committees and different senior leaders play in having oversight of assessing and managing climate-related risks and opportunities:

Board of Directors
- Responsible for reviewing the Group's strategy and its management of risk and ensuring that there is a robust system of internal control in place, including for climate risks.

Sustainability Committee
- A remit to cover the governance of environmental and sustainability matters, including our transition to Electric Vehicles. Key activities in the year are set out on page 110

Audit Committee
- Reviews the Annual Report, including TCFD disclosures, each year

Nominations Committee
- Considers and recommends those on the Sustainability Committee, to make sure there is sufficient ESG experience

Remuneration Committee
- Reviewed and approved the including of ESG targets within the Executive Directors and senior management remuneration to ensure alignment with strategy and performance, the progress of which is discussed twice a year.
- Environmental targets have a 25% weighting within currently in-flight LTIP schemes (see pages 119 and 120 for more detail)

Company Executive Management (Group CEO and CFO)
- Delivery of the Group's overall strategy, including its ZEV fleet transition strategy and management of other climate-related risks and opportunities
- Ensure effectiveness of the Group's risk management system, including for climate-related risks, at least twice annually

Group Sustainability Director
- Supports Company Executive Management in developing and delivering a sustainability strategy, consistent with the Evolve strategy all year round

Functional Managers
Assist with identifying and managing climate-related risk, for example by:
- Group General Counsel: advising on regulatory changes driving net-zero transitional risks, throughout the year
- Group Insurance Manager: securing insurance coverage for physical climate risks
- Group Maintenance and Operations Director: devising new safety policies and procedures to mitigate physical climate risks when necessary
- Group Procurement Director: negotiates and builds partnerships with ZEV manufacturers for the best obtainable terms regularly
- Group Head of Internal Audit: providing independent assessment of the effectiveness of climate-related risk management activities and of other functions' climate-related activities at least every three years, but as required

Group Head of Compliance & Risk
- Supports Company Executive Management to ensure there is an effective risk management system throughout the year

Company ZEV Steering Groups
Membership: Group CEO, Group CFO, Divisional CEOs, Divisional ZEV Leads, Group Procurement Director, Group Commercial Director every month

Global Sustainability Steering Group (GSSG)
Attendees include the Group Sustainability Director, Group Procurement Director, and representatives from each division who are primarily responsible for environmental and sustainability matters. The Steering Group is tasked with:
1. Setting the global strategic framework for our sustainability strategy
2. Establishing how to communicate our ESG strategy, vision, and purpose externally
3. Sharing best practice and collective learning, including mitigation plans
4. Communicating our successes to our stakeholders – particularly shareholders

Divisional Executive Management (Divisional CEOs & CFOs)
- Build climate-related risks and opportunities into divisional business plans, allocate resources for their delivery, and manage and track their delivery
- Build the financial implications of climate-related risks and opportunities into divisional budgets and track these through forecasts

Divisional Commercial & Operations/Service Delivery Managers
- Develop and implement contingency plans to mitigate physical risks
- Deliver commercial arrangements to capitalise on climate-related opportunities, for example, by arranging road services to cover disruption caused by physical risks to rail infrastructure
- Assist in identifying new climate-related risks and opportunities

Divisional ZEV Steering Groups
Membership: Divisional CEOs, Divisional ZEV Leads, Divisional Procurement Directors, Divisional Commercial Directors for ALSA, UK and North America.

Climate-related activities:
- Develop and track progress against divisional ZEV transition plans and financial impact of ZEV initiatives
- Review customer (passenger and contract counterparty) demand for ZEVs, ZEV supply chain relationships, ZEV funding options, technological advancements

Divisional Risk Owners
- Assists in identifying and reporting climate-related risks and opportunities

Risk Management

Identifying, Managing and Assessing Climate-Related Risks within the Overall Risk Framework

The Group applies a two-pronged approach to identifying and assessing climate-related risks and opportunities. Firstly, climate risks are considered as part of the Group's risk management system to identify and assess all business risks (see pages 42 and 43 for more detail), which is presented to the Board at least twice annually. These risks are cascaded from Group down to divisional Executive Management. Both existing and emerging transitional and physical climate-related risks, like any principal risks, feed into the divisional and Group risk registers. They are assigned to risk owners, who are responsible for continuously capturing and reporting any developments to the Group risk register twice a year, from which a register is made of the most significant risks with the support of Group. Any necessary actions required to respond to climate-related risks (for example increased investment or other actions to mitigate the risks) are discussed and approved as per the Group's delegated authority framework in the diagram on the previous page, and those most significant are discussed at Board meetings per the Governance section above (frequently ZEV transition and infrastructure). Deep dives into specific topics within the divisional risk registers and their mitigations are conducted by the Board every year.

Secondly, in 2022, a specific climate-related risks and opportunities divisional self-assessment was performed, which was reported up to and rereviewed by Group for any material changes by all of the Group's operating divisions during both 2023 and 2024. This process enabled the Group to assess the potential size and scope of climate-related risks and opportunities identified. It is the Group's intention to reperform the scenario modelling at least every three years, in line with the suggested cadence within the UK Climate-related Financial Disclosure regulations, with a full reassessment planned in 2025. The outcomes of the latest assessment are presented in the strategy section below.

The key features of the specific 2022 climate-related risk assessment were as follows:

- The assessment consisted of two components: physical risks (such as extreme weather events); and risks related to the transition to a lower carbon society (such as the technology developments, infrastructure, and energy-related challenges with transitioning rapidly to a ZEV fleet).
- In order to assess the potential size and scope of each risk and opportunity identified, divisional teams assigned both a probability of occurrence and an estimated financial impact score against each of the risks and opportunities identified, in order for the Group to assess the priority and materiality of each climate-related risk and opportunity.
- For each risk and opportunity, divisional teams assessed the expected frequency of occurrence, the activities and controls in place to mitigate the risk, and the effectiveness of those controls.

The Group prioritises risks and opportunities based on the output of the climate risk scenario analysis based on their expected magnitude, likelihood of occurrence, and the timeframe in which it is anticipated to impact the Group. The Group considered past events, current conditions, and forecasts of future conditions that are reasonably expected.

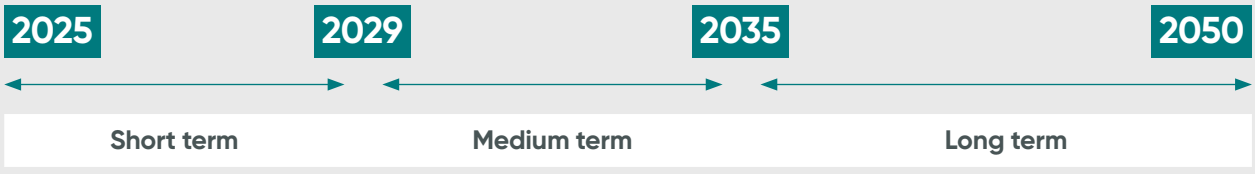
The risk assessments were reviewed by the Group Financial Controller, Group Head of Compliance and Group Sustainability Director, with a summary presented to the Board, who duly challenged the conclusions, enabling an assessment of the relative significance of the risks posed by climate change compared to other risks.

There is a clear interrelationship between addressing climate-related risks and Group strategy, primarily through the transition to ZEVs. As a further control over the completeness and accuracy of the divisional and Group risk registers, a cross-check is performed from the detailed climate-related risks self-assessment exercise to ensure it is consistent with the risk register process. These processes are unchanged from previous years.

Strategy

Time Horizons

In order to assess the impact of climate-related risks over time, the Group has set short, medium and long-term time horizons as set out in the diagram below. The short-term time horizon to 2029 aligns with the five-year forecast period used for the Group's strategic financial planning process. The medium-term end date of 2035 aligns with the assumed ban on use of diesel vehicles that we have applied in the 'extreme transition' scenario (as described below), and is also a key milestone date for the Group's zero emission targets. The long-term assessment considers a period to 2050 to align with the Paris Agreement Net Zero goal.



Read more about our net zero goals, timeline and plan on page 59

Materiality

In assessing these risks and opportunities, we have set materiality thresholds in line with TCFD guidance. For short to medium-term risks, we have applied a level of materiality consistent with the approach of our Financial Statement audit (the higher of (i) 5% of the Group's Adjusted Operating Profit in the respective year of the Group's long term strategic plan; or (ii) £10 million).

For longer-term risks, we apply a higher materiality of 10% of a long-term estimate of the Group's Adjusted Operating Profit, as the risks are less certain, and the Group has longer to develop mitigation plans. We applied this assessment to both the climate change scenario modelling analysis and the divisional assessments, to determine material risks and opportunities arising from climate change.

Scenario Analysis

Two climate scenarios were selected for modelling. The rationale for selecting these two scenarios was in order to model the potential impacts at the opposite end of the spectrum of the likely outcomes: the extreme transition scenario (consistent with significant, co-ordinated intervention) increases transition risk, but minimises physical risks associated with climate change, whereas the opposite can be said for the extreme physical climate change scenario. We also analysed a third scenario (based on the Intergovernmental Panel on Climate Change (IPCC)'s 'RCP 4.5' scenario) to confirm that it sat within the spectrum of outcomes of our two extreme scenarios.

A summary of the two scenarios is set out in the table below.

Extreme Physical Climate Change Scenario	Extreme Transition Scenario
Scenario outline An extreme physical climate change scenario assuming a lack of co-ordinated governmental action and intervention to reduce emissions, ultimately resulting in more extreme weather events. This scenario assumes the current warming rate continues unabated; rising to c.+4°C by the end of the century, as forecast by the Intergovernmental Panel on Climate Change (IPCC) in its worst case 'RCP 8.5' scenario.	**Scenario outline** An extreme transition scenario, including an assumed ban on internal combustion engines to limit the global temperature increase to 1.5°C above pre-industrial levels, as projected by the IPCC's 'RCP 2.6' scenario.
Physical Climate Change Pathway RCP 8.5 degrees celcius	**Physical Climate Change Pathway** RCP 2.6 degrees celcius
Modelling approach In this scenario, we assumed a range of extreme weather events occurring with increasing frequency through the time horizons under consideration, which included damage to depots from flooding or fires and business disruption from extreme heat or cold. We considered the impact of these before mitigations.	**Modelling approach** We considered the risk of regulatory change requiring a transition to zero emission public transport in a shorter period of time. Specifically, assuming a global ban on the use of internal combustion engine vehicles from 1 January 2035, and the Group's plans to transition to a low carbon economy to address the Group's existing net zero targets.

The Task Force on Climate-related Financial Disclosures continued

The output of the climate scenario analysis was the identification of climate-related risks and opportunities by time horizon, as defined in the Risk Management section above. The table below summarises these, together with their impact on the Group's strategy and resilience thereof, and the impact on financial planning.

Physical risks

Risk	Unmitigated risk	Time horizon and impact: Short	Medium	Long	Divisions most affected
Disruption from extreme weather events	Under the extreme climate change scenario, our climate modelling showed that the financial impact caused by an increased magnitude and severity of extreme climate events could have a material impact on the Group's annual profit from 2028. Critically, however, this is before any offset from mitigating actions and modal shift opportunities that would very likely arise under this extreme scenario. The net impact is estimated to gradually grow from 2028 under this scenario due to increasing likelihood. A physical risk assessment of approximately 200 of the Group's major locations performed in 2022 identified that sites in central USA, largely from drought and high temperatures; and southern Spain, from extreme rainfall, are the sites at the highest risk of impact from climate change in 2030 and 2040, using both RCP 2.6 and RCP 8.5 scenarios. Detailed results of this are available in 2022 TCFD. Extreme weather events have historically always had some impact on our operations, but not our business model; in 2024, the financial impact from extreme weather events was £5m, mostly being disruption from snow fall and hurricanes in North America and this was broadly consistent with that experienced in prior years.	●	●	●	North America, ALSA

Transition risks

Risk	Unmitigated risk	Time horizon and impact: Short	Medium	Long	Divisions most affected
Availability of zero emission vehicles (downstream value chain risk)	Whether there will be sufficient volume of suitable vehicles and suppliers available in the market to achieve our divisional ZEV target dates. Some locations are currently experiencing longer than usual lead times in our downstream value chain.	●	●	●	School Bus – North America Long-Haul Coach – UK and ALSA
Commercial viability of zero emission vehicles	Unfavourable changes to market prices for vehicles. Increased capital constraints on our business. Funding arrangements being available and changes to input costs such as electricity or hydrogen fuel costs and/or operational maintenance costs could affect the commercial viability of zero emission vehicles.	●	●	●	School Bus – North America Long-Haul Coach – UK and ALSA Transit and Shuttle- North America

Key

● Low

Potential for a <£10m financial impact and/or requiring minor adjustments to our strategy

● Medium

Potential for a £10m – £30m financial impact and/or requiring moderate adjustments to our strategy

● High

Potential for a £30m+ financial impact and/or requiring significant adjustments to our strategy

Mitigating actions as part of our strategic planning and financial impact	Metrics to track progress
Extreme weather can be helpful in some areas of the business, for example, UK Coach, as poor weather tends to impact rail to a greater extent, and extreme weather is generally localised. Albeit, direct mitigation plans include: • Maintaining a diverse portfolio of geographical locations across the globe, providing a natural mitigiation from having a large number of individual locations, reducing the impact that any one weather event has on the Group reducing the likelihood of a material financial impact, post mitigations. • Relocating assets away from localised affected area • Adjustments built into our contracts, meaning we have access to reimbursement of infrastructure costs and penalty reductions, as is the case in Germany • The Group continues to evolve insurance policies to cover many of the risks of physical damage, as well as the cost of business interruption We already operate vehicles in both the coldest large city in the USA (Fairbanks, Alaska, with a mean January temperature of -22°C), and Bahrain, which has an average high temperature of 38°C in the summer. This shows we are already prepared to operate in extreme weather conditions, and have the infrastructure to manage it where required. Whilst the potential annual profit impact from 2028 would represent a material impact on Group profit, it is not significant in the context of our going concern, viability statement and headroom on lender covenant tests per our latest five year strategic plan. In reality, storms and other weather events often come with advanced warning so mitigating actions can be implemented to reduce the impact	Annual financial impact from extreme weather events

Mitigating actions as part of our strategic planning and Financial Impact	Metrics to track progress
There is ample supply of suitable vehicles in many of the areas of our value chain in which we operate in order to enable the transition, particularly for those divisions with the earliest net zero target. In some divisions the transition will take longer. North America School Bus is seeing some short term delays in the supply chain arising from very significant sums of grant funding for vehicles becoming available in a short time frame, stimulating high demand. Nonetheless, we have been able to secure orders for over 141 electric school buses from the first and second tranches of funding. For our longer routes in UK and ALSA, the Group is closer to achieving a suitable vehicle on the market and we are proactively working very closely with our vehicle suppliers to have more prototype electric coach vehicles available in FY25. There is a clear direction of travel within the vehicle manufacturing industry to develop ZEV powered coaches suitable for the long distance range many of our services operate. We are confident there will be suitable vehicles coming onto the market to enable us to transition these operations to zero emission. In the meantime, hybrid vehicles are a successful solution to lower emissions. In 2024, the UK government launched the zero emission vehicle mandate, so the government's pathway towards all new cars and vans being zero emission by 2035 is now law.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order)
The pipeline of new ZEVs over the next five years has been reflected in the financial forecasts within the Group's latest strategic plan, which runs to 2029. A combination of funding models, from outright capital purchase and on balance sheet leasing, and the availability in the market of grant funding are expected to hold our usual fleet replacement cycle costs down. Whilst EV replacements have a higher capital outlay than the usual pattern of diesel replacements, we are experiencing and expect lifetime lower operating costs to render the total cost of ownership materially the same. The remaining capital outlay is incremental over 16 years. The Group had a significant focus on cash conservation in FY24, which had the resulting impact that new ZEV orders were lower than originally planned, but the Group is still confident in the medium and long-term plan.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order)

The Task Force on Climate-related Financial Disclosures continued

Transition risks

Risk	Unmitigated risk	Time horizon and impact: Short	Medium	Long	Divisions most affected
Infrastucture requirements to enable operation of zero emission vehicles	Group's anicipated reliance on the required infrastructure being in place in the downstream value chain of each locality that we operate, to enable us to operate our services using zero emission vehicles, including electricity availability, legal sign-off, cost and speed for charging, and supply of hydrogen.	Medium	High	Medium	Long-Haul Coach – UK and ALSA
Requirement for an accelerated transition due to increased regulation	If there is significant intervention from governments and other public bodies to restrict or ban the use of diesel and other emitting vehicles, the Group may need to transition faster to ZEV to comply with local and national regulations, which could have implications for the net book value of existing diesel vehicles.	Low	Medium	Low	All except German Rail

Opportunities

Opportunity	Opportunity explained	Time horizon and impact: Short	Medium	Long	Divisions most affected
Modal Shift: driving customers to use public transport	An increase in government and other public bodies' intervention to introduce congestion and/or pollution measures to disincentivise or even ban the use of private transport could enable modal shift by increasing users of public transport in the future. For example, the California Climate Act disallows the purchase of diesel vehicles from 2024. This presents us an enhanced opportunity to become an Environmental Leader per our Evolve strategy.	Medium	High	High	All
Operational Efficiency	Increased operational efficiencies (both planned and reactive) from operating zero emission vehicles perpetuate or grow from the early experience we have seen across the Group. The customer experience is much better in ZEVs than on diesel vehicles.	Medium	High	High	All

Key

- Low — Potential for a <£10m financial impact and/or requiring minor adjustments to our strategy
- Medium — Potential for a £10m – £30m financial impact and/or requiring moderate adjustments to our strategy
- High — Potential for a £30m+ financial impact and/or requiring significant adjustments to our strategy

Mitigating actions as part of our strategic planning and Financial Impact	Metrics to track progress
We have a significant level of engagement with public bodies to help drive the agenda forward, particularly with regard to hydrogen infrastructure. The Group is proactively engaging with external stakeholders to make beneficial changes, such as looking to reduce the costs of hydrogen supply by using large scale supply points rather than on-site smaller sources. In the meantime, electric coaches are being used for shorter coach journeys, such as airport services, and Dublin Express has become the first passenger transport operator in Ireland to eliminate the use of diesel fuel by using Hydrotreated Vegetable Oil (HVO). We will be closely following emerging solutions for the considerably larger haulage industry, which will likely accelerate the emergence of technology and infrastructure solutions into the market. Please refer to the transition plan section below for our long haul operations for further details. Sharing battery cooling techniques and fire-risk awareness controls the inherent risk associated with vehicle batteries in our depots.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order)
We have already set out our divisional net zero target dates which range from 2030 to 2040. In that regard we therefore expect to be very well progressed in the transition by 2035, which was the year in which we modelled the impact of a ban on the use of diesel vehicles in our climate modelling. We consider this the main mitigation by being a leader in the transition such that the financial and operational impact of any regulation being introduced on our existing transition plan is relatively minimal. Some ZEV suppliers are actively buying back diesel vehicles to accelerate the introduction of electric vehicles. There is also a secondhand market (especially large in the North America Transit business) enabling recovery of any net book value of diesel vehicles. The net book value of diesel vehicles at 2035 would be £29m, and so the impact of accelerated depreciation on annual profit from 2024 would be circa £2.6m if there was a ban on the use of diesel vehicles from 2035 as assumed in our modelling scenario; an immaterial amount. Please refer to Note 15 in the Notes to the Consolidated Accounts for further information. The impact of this on impairment assessments is set out in Note 14 to the Consolidated Accounts.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order) Net book value of diesel vehicles at 2035 and 2040

Strategic and Financial Impacts	Metrics to track progress
It is likely that local government authorities or transport authorities would unilaterally impose measures to address congestion and pollution in cities (to help the drive for a cleaner air environment) and simultaneously meet their countries' own carbon reduction targets, particularly under the extreme transition scenario which we have modelled. Our shorter routes and School Bus business model perfectly lends itself to ample mid-day or overnight charging. The UK's Climate Change Committee predicts that 9-12% of car journeys could be switched to bus by 2030, with a total of 17-24% being switched by 2050. According to our analysis of the Department for Transport's 'Passenger transport by mode' 2019 statistics, a modal shift of 1% from car to bus would result in an increase of 23% bus passenger kilometres, and therefore revenue from increased operations. We see that the benefits of modal shift far outweight the costs of having to comply with new regulations.	Million passenger kilometres
There are several operational benefits from using ZEVs, including the ability to optimise maintenance (both planned and reactive), and experience to date has shown further operational benefits such as fewer breakdowns. Our investment in driver training is enabling high quality driving of the vehicles which in turn is generating benefits such as lower maintenance and repair spend and also higher regenerative braking, resulting in lower energy use. There is the opportunity to see further operational benefits and battery performance from the business as the transition progresses and we gain more and more experience in operating the vehicles.	Group operating expenses

The Group Transition Plan

The Group's ability to transition the fleet to ZEVs to meet our net zero targets, and to mitigate risk in the extreme transition scenario, is dependent on the ability to transition to and operate ZEVs across all divisions, with the exception of Germany, which already operates a fully electric fleet of trains. Vehicle emissions currently represent 95% of Scope 1 emissions and therefore transitioning the fleet to ZEVs is the key driver of achieving our net zero target. Thus, we currently anticipate that carbon offsetting will represent only a minor part of the strategy to reach net zero. We recognise that as part of an industry sector with currently high emissions, delivery of this strategy is critical to significantly reducing our contribution to the current level of global emissions, in addition to already contributing to avoided emissions by providing public transport services.

As noted in the risks table above, one of the most significant priority risks, amplified by our goal to be the Environmental Leader in our sector, is the Group's ability to manage this transition. The Group has a proactive approach to transition challenges and we continuously engage with our suppliers, partners and customers to drive the agenda.

A summary of each divisional transition plan, and the progress to date against the plan, is set out in detail below.

Urban Bus – UK

The Group is most progressed in the UK Bus division with 28% of the fleet already zero-emission or with a zero-emissions replacement on order (up from 20% at December 2023). Our experiences from operating electric vehicles has been extremely positive to date, with lower maintenance costs (both planned and reactive), reduced running costs and higher customer satisfaction. We have also seen significantly fewer breakdowns than with diesel buses, and much lower energy usage than expected, in part, also due to the significant investment in driver training and resulting increases in regenerative braking. To increase our energy saving rates further, we have plans to install more solar panels at depots so that we can charge some of our vehicles with on-site generated electricity.

We have been able to mitigate the remaining transition risks by selecting proven vehicles sourced from a UK supplier, selecting a combined infrastructure and funding partner and installing it using the learnings that we have experienced during previous years of operation. By building on these learnings (and those of the industry), we are developing our strategy and process over time, iteratively improving as our experience builds. Battery and vehicle charging are guaranteed by our supplier contracts, and we have obtained the benefit of grant funding whenever available. We already have three depots fully designed to accommodate ZEVs and have started work on a pipeline of future redesigns in place for five more depots. We do not expect our vehicle purchasing requirements to comprise a significant portion of the market capacity for the manufacture of these vehicles, and electricity network connections in our depot locations have been strong enough for our needs as a result of our early implementation.

Urban Bus – ALSA

In Spain, Morocco, Portugal and Switzerland, we expect our Urban Bus operations to transition on a slightly longer timescale than in the UK as a result of three key factors: (i) operating conditions, including route length, and ambient temperatures being higher than in the UK; (ii) the contracted nature of the services means that the transition timetable needs to be agreed with the contract counterparty; and (iii) the extent to which electricity is available to power entire depots' charging points which is controlled by Public Transport Authorities, who we work with very closely in each location we operate. During 2024, the Spainish business progressed with their ZEV transition, with 65 new EV additions or orders during the year. Whilst there is more uncertainty than in the UK, the availability of suitable vehicles in the market is sufficient to meet the remaining transition plan and the support for vehicles and infrastructure is on the agenda of the public authorities. We expect to see similar operational benefits to what we have seen in the UK as the transition progresses. In the meantime, hybrid vehicles and range of alternative fuel types, such as biodiesel, are used to lower emissions on the fleet.

School Bus – North America

School Bus operations are well suited to ZEVs given relatively short operating distances and ample time for mid-day recharging. However, the longer transition target date in North America is reflective of two key factors: (i) ZEVs for the school bus market are currently expensive, reflecting the short-term impact on market prices from high levels of funding being made available; and (ii) contracted procurement practices at school board level needing to adapt to accommodate ZEV introduction.

Nevertheless, there is strong interest in ZEV introduction from various stakeholders (particularly as parents embrace the clean air agenda), and state funding has been made available to date to enable funding of the transition, such as winning grants, such as winning grants from the $5bn Clean School Bus program, which has so far enabled the funding of over 141 electric school buses and the required infrastructure, which were delivered throughout the year. Whilst the availability of 100% funding for both vehicles and infrastructure is clearly an enabler of the transition, it limits other market options. This is expected to change over time as the initial effects of launching the large funds program on the market starts to recede.

Additionally, our own assessment shows that the market capacity for ZEVs that we expect to consume, whilst the number of current suppliers in the marketplace has been slightly contracting as the market evolves, is not notably larger than our proportionate market share, and there is a significant second-hand market for the sale of diesel vehicles before their useful life expires.

WeDriveU – North America

Introduction of regulations such as the Clean Air Act in California is driving the need for change by phasing out the sale of diesel vehicles through increased regulation. We lead a Zero Emission Leadership Coalition (ZELC) which brings together a number of our key customers and potential customers, industry experts and vehicle providers to share knowledge and experience to also help to drive the transition agenda. Although lead times for vehicle delivery are currently longer than in other areas of the business at around two years, we have deemed there is sufficient future capacity in the vehicle market to enable transition by the target date of 2030. Increased lease costs from financing the ZEVs can be compensated via customer contracts.

Long-haul coach – UK and ALSA

The vehicle replacement cycle in coach operations is more frequent, due to the intensive operational nature of the vehicle. Each coach is typically used for up to 7 years before being replaced, meaning there is a longer time window from now in which to develop a ZEV solution for this market and ensure the necessary infrastructure is in place to achieve the ZEV target dates.

Our UK suppliers have made progress on a hydrogen coach vehicle that meets our specification requirements, which produces a longer range than battery ZEV and was trialled during the year. However, there are national issues with local hydrogen availability, and fuel costs are currently too high to compete economically with diesel or electric power, making the solution more uncertain, as we have reliance on both the required national and local infrastructure being in place to support our vehicle operations. We are mindful that as industrial scale production is ramped up, we will expect reduced costs per kilogram. In the meantime, the technology for battery ZEV for long distance journeys has developed and is viable for the future. It is already an ideal working solution for shorter coach services like our airport operations, and we are also using electric vehicles on a private hire contract in the UK.

In ALSA, we are exploring options for electric superchargers at stations to coincide with mandatory driver breaks. The Confederation for Passenger Transport (CPT) ZEV taskforce in the UK and the International Federation of Public Transport (UIPT) are working on further solutions.

Ultimately, we anticipate that we will be able to procure ZEVs suited to short and long-distance journeys to enable us to achieve full transition by the target date, given our progress in engaging with suppliers and the wider industry thus far. We are closely monitoring the technological progress of both hydrogen and electric options. We would expect that, particularly under the extreme transition scenario, a combination of government support and private investment would ensure the requisite infrastructure was in place to enable the wider use of hydrogen and long-haul electric vehicles.

Rail – Germany

Whilst German Rail already operates a full electric fleet of 120 trains, plans are ongoing to reduce energy usage and hence Scope 2 emissions in the future, for example deployment of a driver assistance system which gives recommendations for energy-optimised driving behaviour. We will continue to monitor the feasibility of the potential to switch to renewable energy in the future, which would be dependent on the Public Transport Authorities for it's commercial viability.

Resilience of the Group's strategy

Collectively, our customers and local communities, the urgent need to reduce emissions to tackle the risks posed by climate change is acknowledged. We believe this will accelerate both modal shift into public transport and the need to transition away from diesel vehicles; and that this would happen more quickly under either extreme climate change scenario. Although we anticipate physical risks from climate change might provide more challenges to the business in the future, we have mitigating actions to address these, and we see greater opportunities from the vehicle transition and modal shift, which are both key to our Evolve strategy.

Additionally, the commercial viability of the long-haul low-carbon solutions have emerged and are improving, albeit this still remains our biggest uncertainty. We also anticipate the potential to hedge our electricity costs as our consumption increases from our progressing EV transition in the long term.

Therefore, we believe our Evolve strategy is resilient to these challenges, and we do not foresee having to adjust the Evolve strategy, operations of the business, or resource allocation, in the future due to climate risks, besides resourcing additional EV driver training, and benefitting from less demanding maintenance systems, which are both already successful and only minor adjustments to our daily operations.

Metrics and targets

In January 2024, the Science-Based-Target-Initiative (SBTI) approved the Group's new near-term carbon reduction targets covering Scope 1, 2 and 3 emissions which was done in order to both obtain external validation of our targets, and most critically, to ensure alignment with the Paris Agreement of controlling the increase in global warming to below 1.5 degrees. These targets are net Greenhouse Gas (GHG) emissions targets and include CH_4 and N_2O Global Warming Potential carbon equivalents. The approved targets are as follows:

Mobico Group PLC commits to reduce absolute Scope 1 and 2 GHG emissions 55% by 2033 from a 2022 base year. Mobico Group PLC commits to reduce absolute Scope 3 GHG emissions 33% by 2033 from a 2022 base year*.

* The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

Carbon emissions data for Scope 1 and 2 is collected and analysed on a quarterly basis in order to regularly review progress against the targets.

The Group already has incentives in place across all divisions to lower our carbon footprint in our operations, for example being embedded within bonus targets and employee objectives. In addition to this, capital investment requests and bid models are already scrutinised for their environmental impact. Given that these processes already meet the aim of using a carbon price, we are not currently utilising one in our internal reporting at this stage; however, this will be kept under review. Similarly, the Group does not utilise or plan to utilise carbon credits or offsetting at this stage. Environmental targets have a 25% weighting within currently in-flight LTIP schemes (see pages 119 and 120 for more detail).

The Group has reviewed the full list of risks, opportunities and metrics in tables A2.1 in the TCFD guidance and set out the relevant metrics and KPIs which the Group will use to track climate-related risks and opportunities in the following table. Please refer to the climate-related risks and opportunities table in the Strategy section for which risk and opportunity each metric is linked to. The Group monitor progress against these metrics by way of quarterly reporting of Scope 1 and 2 emissions, and annual reporting of Scope 3 emissions from each of our operating divisions. The Group considers the remaining metrics to not be not relevant nor meaningful to the Group at the current time, but the Group will continue to monitor this.

KPI	2024 Result	2023 Result	Change YOY
Number of zero emission vehicles in service or on order	**1,100**	915	+20.2%
% of total fleet that is zero emission vehicles (including on order)	**4.1%**	3.3%	+0.8%
Impact on operating profit from extreme weather events	**(£5m)**	(£3m)	+(£2m)
Net book value of diesel vehicles at 2035	**£28m**	£18m	+£10m
Net book value of diesel vehicles at 2040	**£nil**	£nil	n/a

	2024				2023			
Absolute emissions	Scope 1	Scope 2 (location-based)	Total Scope 1 & 2**	Scope 3**	Scope 1	Scope 2 (location-based)	Total Scope 1 & 2**	Scope 3**
Consolidated Group	**797,111**	**80,211**	**877,332**	**533,253**	811,234	78,295	889,529	491,791
Other investments (Bahrain Joint Venture)	**18,107**	**717**	**18,824**	**7,974**	23,581	827	24,408	5,489
Total tCO_2e*	**815,218**	**80,938**	**896,156**	**541,227**	**834,815**	**79,122**	**913,937**	**497,280**

All references to Scope 2 are under the location-based method unless otherwise stated.

* Tonnes of Carbon Emissions

** SBTI approved target.

Overall for Group, absolute Scope 1 and 2 emissions have decreased 1.9% compared to 2023, which when considered with the 1.7% increase in passenger kilometers, has resulted in an emissions intensity (expressed as Scope 1 and 2 emissions per million passenger kilometers) 3.6% less than 2023; the third consecutive year of year-over-year improvement in this metric.

Scope 1, 2 and 3 emissions

We measure and report our Scope 1, 2 and 3 greenhouse gas emissions in line with the GHG Protocol methodology which are summarised in the table on the next page.

Reporting Boundaries and Recalculation Policy

The Group applies an Operational Control approach to all business divisions reporting emissions for collecting this data as this best captures the emissions the Group is responsible for. A regular review is undertaken to ensure any changes to the Group structure are reflected in capturing emissions data. The Group's GHG Emissions Recalculation Policy was approved by the Board Sustainability Committee during the year and can be found at https://www.mobicogroup.com/about-us/our-policies/.

Methodology

Scope 1 emissions (from combustion of fuels, and use of natural gas and refrigerant gases) represent the largest category for emissions, with vehicle emissions representing 95% of Scope 1 emissions. Scope 2 emissions (from electricity usage) represent energy usage both in our buildings, in our German Rail operations and electric vehicles in operation in other divisions. A small portion of Scope 1 and 2 is estimated based on prior year data with a current year factor applied, only where current year invoices are not available on time for reporting.

Scope 2 has been reported additionally using the market based method in the current year and will be reported going forward to enable year-on-year comparisons.

Scope 3 emissions have also been calculated based on the guidance in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard.

For categories 1 and 2 (purchased goods and services, capital goods, and leased assets), the calculation methodology is based on actual spend data.

During the year, we have started work to transition from the actual spend-based approach to the supplier-specific approach for category 1. We have screened 12 suppliers to obtain supplier specific factors (which is over 33% of our total emissions), in order to better manage our value chain emissions. We will continue to increase the amount of category 1 spend calculating using supplier-based emissions, and therefore, category 1 may see more significant year-on-year movements in the future.

Additionally, following feedback from the SBTi received during our validation process, we have disaggregated the transportation & distribution element of purchased, to enable disclosure of these emissions under category 4, upstream transportation and distribution, as previously they were combined within category 1.

For category 5, waste, actual data is used where available, and if not available, a best estimation is made, based on averages of existing data. The methodology for estimating waste in our North American division, where actual data is not currently available, was revisited in 2023 which has resulted in a significant year-on-year reduction in the amount of landfill waste disposal in this division, and hence also the total Group. Moreover, the UK division now has more smart water meters which has improved the measurement accuracy.

For employee commuting (category 7), reasonable assumptions have been made around commuting patterns applied to the actual number of employees at each location.

This category includes the optional emissions arising from home working.

For investments (category 15), the 'average data' method is used, based on the sector the investee company operates in, which drives the sector specific emission factor used, applied to investment value data.

For all other Scope 3 categories (3, 4, 6 and 13), actual usage data has been obtained. The same methodology was used within category 8 for emissions from the manufacture of leased vehicles, which includes the optional disclosure of life cycle emissions associated with manufacturing leased assets.

tCO_2e emissions by Scope	2024	2023	2022	2021	2020	% change (2023-2024)	% change (versus 2022 base year)
Scope 1	**815,218**	834,815	830,287	657,239	514,106	-2.3%	-1.8%
Scope 2 (location based)	**80,938**	79,122	83,577	73,649	67,879	+2.3%	-3.2%
Scope 2 (market based)*	**141,133**	–	–	–	–	n/a	n/a
Total Scope 1 and 2 (location based)	**896,156**	913,937	913,864	730,888	581,927	-1.9%	-1.9%
Total Scope 1 and 2 per million passenger kilometers	**22.73**	23.57	24.18	25.26	24.36	-3.6%	-6.0%
Total Scope 1 and 2 per £000's revenue	**0.2626**	0.2891	0.3264	0.3368	0.2976	-9.2%	-19.5%
Scope 3**	**541,227**	497,280	600,400	5,762	8,641	+8.8%	-9.9%
Total Scope 1, 2 and 3	**1,437,383**	1,411,217	1,514,264	736,650	590,626	+1.9%	-5.1%
Total Scope 1, 2 and 3 per million passenger kilometers	**36.45**	36.39	40.03	25.46	24.72	+0.2%	-8.9%
Total Scope 1, 2 and 3 per £000's revenue	**0.4212**	0.4479	0.5391	0.3394	0.4508	-6.0%	-21.9%

* The Group collected and reported Scope 2 emissions under the market-based method for the first time in FY24.

** The Group completed a full baseline assessment of Scope 3 emissions in 2022, including all relevant categories. Prior to 2022, Scope 3 included only business travel, waste, water and certain other upstream emissions.

Scope 1 emissions have decreased by 2.3% year-on-year; and Scope 2 emissions have increased by 2.3% – thus total Scope 1 and 2 has reduced by 1.9% in total versus 2023.

The main drivers of the movement are ZEVs in active operation increasing, for example, the number in operation in UK Bus has increased from 179 to 312, and ALSA from 125 to 145. This has helped to offset the emissions increase from higher mileage operated.

A breakdown of Scope 1 and 2 by division is included in the Environmental Performance Report on page 245.

The Task Force on Climate-related Financial Disclosures continued

A breakdown of Scope 3 emissions by category is shown in the following table:

Category	2024 Absolute emissions (tCO_2e)	2023 Absolute emissions (tCO_2e)	% change from 2023
1. Purchased goods and services	**86,244**	138,835	N/A*
2. Capital goods	**133,292**	92,435	+44.2%
3. Upstream fuel and energy production and distribution	**209,465**	201,723	+3.8%
4. Upstream transportation and distribution	**38,747**	N/A*	N/A*
5. Waste and water	**707**	683	+3.5%
6. Business travel	**3,082**	2,390	+29.0%
7. Employee commuting	**42,594**	43,062	-1.1%
8. Upstream leased assets	**20,662**	15,533	+33.0%
9. Downstream transportation and distribution	**N/A**	N/A	N/A
10. Processing of sold products	**N/A**	N/A	N/A
11. Use of sold products	**N/A**	N/A	N/A
12. End-of-life treatment of sold products	**N/A**	N/A	N/A
13. Downstream leased assets	**101**	1,194	-91.5%
14. Franchises	**N/A**	N/A	N/A
15. Investments	**6,333**	1,425	+344.5%
Total	**541,227**	497,280	+8.8%

* category 4 emissions have been disaggregated from category 1 in 2024, as above. In the previous year, they were combined in category 1.

Where a category is marked as N/A, it is not relevant nor applicable to Mobico Group's operations.

Overall, Scope 3 emissions have increased 8.8% year-on-year and the vast majority of this is due to category 2, capital goods (+44.2%). This is predominantly driven by the North America division and the method of financing new vehicles procured in FY24 compared to FY23. In FY23, new vehicles were produced under a 'variable lease' arrangement, the accounting of which has no initial capital outlay, with rental costs (based on mileage) expensed to the income statement. As such, there were no upstream emissions recorded for these new vehicles in our Scope 3 reporting in 2023. However in the current year, a larger number of new vehicles were procured via traditional capex expenditure, with the upstream emissions from manufacture of these vehicles therefore shown in category 2 in the current year. Emissions from the use of these vehicles in our operations is fully consistent and is captured in our Scope 1 and 2 data. The increase in category 15, which is large in percentage terms but small in absolute terms (which considers downstream emissions from investments in associates or joint ventures, whose operations are not included in our Scope 1 or 2) is due to an improvement in calculation methodology.

Data Quality and Assurance

We recognise the importance of emissions data, and the quality of data underpinning it. Accordingly, we have continued to enhance our approach and processes in line with expectations by continuing to utilise external support in the calculation and compilation of the Group's emissions.

Additionally, external assurance from Carbon Responsible Limited has been obtained over the Group's 2024 environmental data underpinning absolute Scope 1, 2 (location based only) and 3 emissions, to a limited level of assurance to the ISO14064-3 standard. The 2024 assurance report can be found at https://www.mobicogroup.com/sustainability/performance-reports-and-data/.

Future developments

The Group continuously monitors future regulation and reporting requirements affecting all territories that it operates in. The most significant requirements that we expect to impact the Group are:

- During 2023, the International Sustainability Standards Board ('ISSB') published its first two IFRS Sustainability Disclosure Standards which, at the time of writing, awaiting formal adoption by the UK. These are:
  - IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*; and
  - *IFRS S2 Climate-related disclosures*
- The requirements in IFRS S2 are largely consistent with the four core TCFD recommendations and eleven recommended disclosures published by the TCFD, but there are some additional reporting requirements in IFRS S2 over and above the existing TCFD requirements, many of which are included in this report as a step towards compliance and the Group will focus on the remaining areas in order to prepare for the required disclosures. The Financial Reporting Council (FRC), in its role as the Secretariat to the UK Sustainability Disclosure Technical Advisory Committee (the TAC), has published the Committee's final recommendations to the Secretary of State for Business and Trade, recommending endorsement of the first two IFRS Sustainability Disclosure Standards for use in the UK. The Group will await the expected forthcoming announcement regarding future UK climate reporting requirements in due course.
- The UK Transition Plan Taskforce ('TPT') published its final disclosure framework on climate transition plans, setting out good practice for robust transition plans as part of a company's annual reporting. The Group will monitor the UK pronouncements on future reporting with relation to the TPT framework.
- The Corporate Sustainability Reporting Directive ('CSRD') was adopted by the European Parliament and European Council in December 2022. The Group is in scope for this legislation due to our subsidiary operations in the EU, principally in Spain and Germany, from FY25. The scope and impact of the CSRD is complex and our European divisions have commenced work towards its requirements for reporting in 2026. The Sustainability Committee have reviewed and endorsed our proposed approach. Subsequent to the year end, the Group has noted the proposed legislation 'Omnibus proposal' published on 26 February 2025 which if enacted would have the effect of deferring the implementation dates for CSRD applicable to the Group by two years. At the current time the Group is continuing with its implementation plans and will continue to monitor future developments.
- The 2024 TCFD was written with the assumption that the North America School Bus division would remain part of the Group. Following the sale announcement post year-end, the Group plans to reassess the climate-related risks, impacts and opportunities in 2025, along with its near and long term targets.