

**NATIONAL EXPRESS GROUP PLC
SUSTAINABILITY COMMITTEE
OF THE BOARD**

TERMS OF REFERENCE

Approved: 11 May 2022

NATIONAL EXPRESS GROUP PLC

SUSTAINABILITY COMMITTEE – TERMS OF REFERENCE

Note: References to: “Committee” shall mean the Sustainability Committee of the Board; “Board” shall mean the Board of Directors of the Company; “Company” shall mean National Express Group PLC; “Group” shall mean National Express Group PLC and its subsidiaries; “Directors” shall mean the Directors of the Company; “member of the Group’s Workforce” shall mean any employee or other member of the workforce of the Group; “Shareholders” shall mean the shareholders of the Company; and “Code” shall mean the most up-to-date version of the UK Corporate Governance Code.

The expression “sustainability” shall mean the sustainability over the long-term of the Company and its business model and likely success of its strategy for the benefit of the Company’s shareholders and its wider stakeholders and the environment, specifically by reference to environmental matters, including the impact of the Group’s activities on the environment and how climate change or other environmental factors may affect it, and by reference to social matters, including its own workforce and their engagement, health & wellbeing, recruitment, training, development and performance management, and the impact of the Group’s activities on other people and communities.

1 PURPOSE

- 1.1 The primary function of the Committee is to have independent oversight of and provide feedback and direction to the Board on matters relating to the Company’s sustainability but shall exclude such matters which are, and therefore shall continue to be, considered by the Board itself or other of its standing Committees.
- 1.2 In discharging its functions, the Committee members shall have regard to their duties, as Directors, to promote the success of the Company for the benefit of its members in accordance with the provisions of Section 172 of the Companies Act 2006 and to have regard, as appropriate, to the matters specifically referred to in paragraphs (a) to (f) of that Section.

2 MEMBERSHIP

- 2.1 The Committee is established under the Company’s Articles of Association as a committee of the Board and shall consist of at least three Non-Executive Directors.
- 2.2 The Board shall appoint the Committee Chair on the recommendation of the Nominations Committee, who shall be a Non-Executive Director. Members of the Committee shall be appointed by the Board on the recommendation of the Nominations Committee, in consultation with the Committee Chair.
- 2.3 The Committee will, at least annually, review its composition and membership and make recommendations for change to the Board as it sees fit.
- 2.4 In the absence at any meeting of the Committee of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.

- 2.5 Only members of the Committee have the right to attend Committee meetings. However, the Committee Chair will invite the Executive Directors to attend all meetings and may invite such other persons, including the Group Corporate Affairs and Sustainability Director and Group Human Resources Director, to attend all or part of any meeting.
- 2.5 The Company Secretary, or their nominee, shall be the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3 MEETINGS

- 3.1 Meetings and proceedings of the Committee shall be governed by the provisions of the Company's Articles of Association regulating the meetings and proceedings of the Board.
- 3.2 The Committee shall meet at least twice a year and otherwise as required. Meetings of the Committee shall be convened by the Company Secretary at the request of the Committee Chair or any other member of the Committee.
- 3.3 The quorum for meetings of the Committee shall be any two members present throughout the meeting in person or by telephone or video conference. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.4 Notice of each meeting confirming the venue, time, and date of the meeting, together with an agenda of items to be discussed and supporting papers, shall be circulated to all Committee members and any other person required to attend no later than five working days in advance of the meeting (except in exceptional or emergency circumstances or as the Committee members otherwise agree).

4 MINUTES OF MEETINGS

- 4.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 4.2 Committee Chair approved draft minutes of Committee meetings shall be circulated promptly to all Committee members. Unless deemed inappropriate to do so by the Committee Chair, they shall also be circulated to the Executive Directors and other non-Director attendees.

5 ANNUAL GENERAL MEETING AND SHAREHOLDER RELATIONS

- 5.1 The Committee Chair shall attend the Annual General Meeting to respond to any Shareholder questions on the Committee's activities.
- 5.2 The Committee Chair shall seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

6. AUTHORITY

The Committee is authorised by the Board in the performance of its duties to:

- 6.1 conduct any activity within its Terms of Reference;
- 6.2 seek any information it requires from any member of the Group's Workforce in order to perform its duties and all members of the Group's Workforce shall be directed by management to co-operate with any request made by the Committee;
- 6.3 ask any member of the Group's Workforce, external adviser or other outsiders with relevant experience and expertise to attend a meeting of the Committee as and when required;
- 6.4 obtain, at the Company's expense, independent legal or other professional advice and subject matter advice on any matter it considers necessary which is within its remit; and
- 6.5 delegate any of its powers to one or more of its members.

7 DUTIES

The duties of the Committee shall be to:

- 7.1 review and assess the appropriateness of the Company's sustainability and consider whether the Group's sustainability roadmaps, programmes, initiatives and targets are appropriate and are being executed according to plan (including by having appropriate time, attention and investment and other resources dedicated to them);
- 7.2 monitor the implementation and operation of Group's sustainability strategy, policies and standards and review the Company's sustainability performance, including by reference to progress against the Group's sustainability roadmaps, programmes, initiatives and targets, including by receiving reports from management on sustainability matters such as:
 - (a) the Group's impact on the environment, including by reference to its efforts to achieve modal shift from single use vehicles to mass transit options and by reference to its energy use, greenhouse gas emissions, waste generation and water usage, and by reviewing the Group's performance against its modal shift ambitions and its net zero carbon emissions target and any and all other environmental targets or key performance indicators;
 - (b) the state of technology advancement of ZEVs, any business models relevant to ZEVs which is being considered, the relationships with ZEV suppliers and ZEV power suppliers, the discussions with corporate and transport authority customers about ZEV use and the total number of zero emissions vehicles on order or in service within the Group, and by reviewing progress against the Group's zero emission fleet transition targets;
 - (c) the Group's performance as a series of employers, including by reference to its values, its pay practices, its adoption of codes of conduct and corporate policies, its health and wellbeing programme and initiatives, its recruitment procedures, its training and development programmes, its promotion and performance management programmes, its workforce engagement mechanisms and its diversity and inclusion policies and initiatives, and by reviewing the Group's performance in each of these areas; and

(d) the Group's support for the communities in which it operates, including by reference to its charitable giving policy, programmes and initiatives and the other forms of support it offers to communities or persons, including by free or discounted travel or by apprenticeships or work experience.

- 7.3 monitor for the emergence of new risks to the Company's sustainability and oversee the development and maintenance of new sustainability policies, standards or action plans designed to mitigate such sustainability risks and their potential impact on the Group's business, such as climate related risks and specific technological and legal risks attached to the Group's zero emission fleet transition plans, and people related risks such as workforce shortages, risks to workforce health & wellbeing and poor workforce engagement or productivity, and make recommendations to the Board on the same;
- 7.4 monitor for the emergence of new opportunities to support the Company's sustainability and oversee the development and maintenance of new Group sustainability strategies or action plans to capitalise on such sustainability opportunities and their potential impact on the Group's business, such as contract opportunities or government funding for zero emission fleets and green financing arrangements, and make recommendations to the Board on the same;
- 7.5 review the Group's compliance with all applicable and relevant legislation and regulations relating to sustainability matters and the Group's sustainability policies and standards, and monitor the resources required to achieving such compliance;
- 7.5 assess the Group's reputation for sustainability matters and the way it communicates and reports on its sustainability strategy, policies, initiatives and credentials, including to current and potential equity and debt investors, to its B2B and B2C customers and to its current and potential employees and other members of its workforce, and monitor the effectiveness of those communications;
- 7.7 review and consider the findings of any (a) internal or external audit, and/or (b) internal or external investigation or inspection into the Group's practices that impact sustainability, assess any strategies or action plans developed in response, and where appropriate make recommendations to the Board on the same;
- 7.8 review and evaluate the quality and integrity of all sustainability matters being reported to the Committee before they are presented to the Board or presented or disclosed externally, whether to Shareholders or other stakeholders, including on: (a) the Group's reporting on climate risks and opportunities as aligned to the Taskforce on Climate-related Financial Disclosures (TCFD), (b) a Group Sustainability Report for publication on the Company's website ensuring the same is kept up to date to showcase the Group's sustainability credentials, and (c) any sustainability elements of the Group's Annual Report and Accounts; and
- 7.9 provide information, advice and/or recommendations on sustainability matters, as required, to support the Board, the Audit Committee, the Nominations Committee and the Remuneration Committee (as applicable) on their work, including on: (a) the Group's overall strategy and management of risk; (b) the Group's system of internal control, including its compliance programme; (c) the Group's workforce policies and practices and (d) the Group's setting of and performance against sustainability metrics in incentive plans.

Reporting Responsibilities

- 8.1 The Committee shall receive a report at each meeting from the Group Corporate Affairs and Sustainability Director relating to environmental matters. It shall also receive reports from time to time at appropriate meetings from the Group Human Resources and Communications Directors relating to social matters, and such other reports from such other members of management or such external advisers or experts as it considers appropriate.
- 8.2 The Committee Chair shall report formally to the Board on its proceedings after each meeting, on all its other activities within its remit and on how the Committee has discharged its duties and responsibilities.
- 8.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where it considers action or improvement is needed.
- 8.4 The Committee shall produce a report to Shareholders, for approval by the Board, on its role and responsibilities and to be included in the Company's Annual Report. This report shall include:
- a statement about its activities;
 - information about the frequency of and attendance by members at Committee meetings held during the year; and
 - all other information required to be disclosed in accordance with applicable and relevant laws and regulations and recommended to be disclosed by the Code.
- 8.5 The Committee shall make available to Shareholders these Terms of Reference by placing them on the Company's website.

9 Other Matters

The Committee shall:

- 9.1 consider the disclosures relating to the role of the Committee to be included in the Company's Annual Report;
- 9.2 consider other topics and review other disclosures or documents as determined by the Board from time to time;
- 9.3 have access to sufficient resources in order to carry out its duties, including to the Company Secretary for assistance as required;
- 9.4 be provided with appropriate and timely training, both in the form of an appropriate induction programme for new members and on an ongoing basis for all members;
- 9.5 ensure compliance with all applicable sustainability laws and regulations and give due consideration to sustainability best practice, including any relevant provisions of the Code;
- 9.6 work and liaise as necessary with all other Board committees; and

- 9.7 on an annual basis, review and, if necessary, update its own Terms of Reference requesting Board approval for all proposed changes.