Remuneration Committee report

Karen Geary, Remuneration Committee Chair

Activity highlights

- Engaged with the Company's stakeholders to understand views on executive remuneration
- Tracked financial results/remuneration outcomes for Executive Directors and senior management
- Reviewed 2023 annual bonus/2021 LTIP outturns for Executive Directors/Senior Management
- Reviewed the Chair's/Executive Directors'/senior managers' pay/benefits in 2023, in the context of their performance, the Company's performance and the Group's stakeholder experiences
- Considered and set targets and performance conditions for the 2024 annual bonus and the 2024 LTIP awards, to be made to Executive Directors and senior management
- Ongoing remuneration environment/best practice review

For information on the primary role and key responsibilities of the Remuneration Committee, please visit: www.mobicogroup.com/about-us/corporate-governance/committees

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Karen Geary (Chair)[1]	01/10/2019	4/4
Matthew Crummack[1,3]	01/05/2016	2/2
Ana de Pro Gonzalo[1,4]	04/12/2021	3/4
Helen Weir	31/01/2023	4/4
Nigel Pocklington[1,2]	01/08/2023	1/2

1 Independent Non-Executive Director
2 Nigel Pocklington was unable to attend one meeting after joining due to a prior commitment
3 Matthew Crummack resigned on 31/07/2023
4 Ana de Pro Gonzalo was unable to attend one meeting, which was re-arranged to a date she was unavailable

Other attendees: Group General Counsel & Company Secretary, Group CEO, Group CFO, Group HR & Communications Director, Group Employee Director, Korn Ferry representatives (independent remuneration advisers). No individual was present when his/her own remuneration was discussed.

On behalf of the Board and as Chair of the Remuneration Committee, I am pleased to present the 2023 Annual Report on Remuneration. The report aims to set out simply and transparently how remuneration has operated across the Group in 2023, including the decisions made by the Committee on Chair, Executive Director and senior management remuneration, the associated rationale for these decisions, and how the Committee intends to operate the Directors' Remuneration Policy in the year ahead.

During the year the Committee undertook a full review of the Directors' Remuneration Policy and our recommendations are summarised below and presented in full on pages 127 to 136.

2023 AGM and engagement with shareholders

I was pleased that 94% of votes were in favour of the 2022 Directors' Remuneration Report, reflecting ongoing support for the Group's remuneration structure and the Committee's approach to implementation of the Directors' Remuneration Policy in a challenging environment.

As Chair, I am always keen to maintain this productive and collaborative relationship. As such and ahead of the publication of this report, I wrote to our top 20 shareholders to gather views and feedback.

Once again, I am extremely grateful for the responses I received and the level of engagement from shareholders, having had direct engagement with 13 of our top 20. This engagement has been valuable in shaping the Committee's decision-making set out in this report (particularly in relation to finalising the changes we are proposing to make to the Directors' Remuneration Policy) as well as maintaining the productive relationship that has helped shape Committee decision making since I became Chair.

2023 business performance

As you will have read earlier, 2023 has been a year where underlying progress has been made, despite real challenges. Continuing revenue growth (driven by passenger volume, route recovery, pricing and restructuring) was not sufficient in-year to mitigate a number of factors including inflationary impacts and reductions in subsidies.

This is reflected in Group Revenue growing by 12.2% on a reported basis, (10.9% on a constant currency basis) but Adjusted Operating Profit falling by £28.7m to £168.6m.

ALSA continued to trade well with growth across all lines, with Adjusted Operating Profit growing up £32.9m to £136.8m as a result of strong revenue growth of 21.1%.

In North America, revenue grew 6.4% as a result of routes being re-instated in School Bus along with pricing recovery also contributing. However, Adjusted Operating Profit was down by £41.3m to £27.1m principally as result of a reduction in Covid-19 funding of £44m.

In the UK & Germany, revenues grew 9.2% but Adjusted Operating Profit was down by £19.5m to £23.7m due to a 16.2% pay settlement in UK Bus and a reduction in COVID funding of £30m. In Germany, lower expectations for energy subsidy recovery, higher costs and the revised indices from the German Federal Statistical Office impacted the profitability of our rail contracts

2023 did see the launch of the Accelerate 1.0 cost savings programme which has delivered substantial in-year cost savings in excess of £30m and Accelerate Phase 2 is well underway in 2024.

We have also seen progress in safety, driven by investment in launching an enhanced suite of 'Golden Safety rules', expert coaching and continued deployment of driver simulator. New DriveCam AI technology is to be installed across 2,200 buses in 2024, with improving accident statistics already apparent.

Finally, we have continued to make further progress towards our goal to become 'the environmental leader' with total ZEVs in operation growing from 491 to 651 (now more than 3% of the fleet) and traction energy emissions down from 23.38 tCO_2e/m passenger km in December 2022 to 22.84 in December 2023.

Wider workforce context

The Committee's responsibilities in respect of overseeing remuneration across the business has once again been a major part of the Committee's activities during the year. I, and a number of my Board colleagues, have taken part in listening forums with colleagues from each of our four divisions during 2023, which have provided valuable insights.

Mobico Group continues to be a real Living Wage accredited employer in the UK and the Committee is conscious that cost of living continues to pose challenges for our colleagues in 2023. Given the range of operations and geographies within the Group, salary increases differ. UK salary increases awarded to non-unionised colleagues will average 4%, equal to current inflation levels, with our other geographies following similar approaches.

The Group is also committed to supporting employees beyond this and operates a number of support packages for colleagues such as access to hardship loans, employee discounts and financial education webinars, in addition to wider health and wellbeing support through the provision of apps and seminars.

We were pleased that despite the challenges, many of our colleagues recognise the progress made toward the 'Employer of Choice' Evolve outcome, with a positive group-wide eNPS score of +11, an improvement of +4. This builds on the success of the people strategy rolled out in 2022, "Being part of the future today", with three pillars at its heart (underpinned by our 'Essentials') – 'Embrace' (our approach to Equality, Diversity and Inclusion), 'Energise' (our approach to creating an inspiring, energetic culture that our colleagues want to be part of) and 'Elevate' (our approach to career and self-development). For more information on progress made in supporting colleagues, see pages 62 to 63 earlier in the report.

2023 activity and remuneration outcomes

As referenced in the 2022 Annual Report, prior to the 2023 AGM the Committee considered whether an adjustment to the 2023 LTIP grant should be made to reflect the reduced share price of the Company. It was determined that an adjustment was appropriate and that the size of the award for both the CEO and CFO should be scaled down by 30%. Notwithstanding this the Committee will also assess whether a windfall gain has been created during the three-year performance period prior to vesting in 2026 and determine whether a second scale back is appropriate.

In determining annual and long-term incentive outcomes for 2023, the Committee reviews not only the financial outcomes against targets set, but also considers wider performance. As an example, these factors include progress against Evolve outcomes, growth in passenger numbers, employee engagement, shareholder experience and wider stakeholder experience.

The Committee believes that the incentive plans continue to drive the desired behaviours to support the company's values and strategy, are aligned with stakeholder experience and that the Directors' Remuneration Policy has operated as intended in 2023.

Annual bonus

The formulaic out-turn of the annual bonus was 30.5% of maximum for the CEO and CFO. This outcome was driven by performance against Free Cash Flow and personal objectives, with the outturn under Group Profit Before Tax being nil. However, following recommendation from management and taking in to account the shareholder experience, the Committee exercised discretion and reduced the annual bonus to nil for the year for the Executive Directors.

LTIP vesting

Based on performance against the targets, the vesting outcome of the 2021 LTIP was assessed as nil.

Renewal of the Remuneration Policy

Our Directors' Remuneration Policy is to be renewed at the 2024 AGM. The Committee has reviewed its operation and reflected on feedback from shareholders over the last year. Whilst the level of payout under the annual bonus plan for 2023 and the low vesting levels in recent years under the LTIP are disappointing, the Committee does not feel that the Policy itself requires material change at the current time. We have however, reviewed the wording of the Policy and propose to make a number of changes to simplify and provide some limited flexibility in how it may operate in the future. This results in a clearer and shorter Policy, as set out on pages 127 to 136.

2024 remuneration arrangements

As noted above, the Committee is mindful that there is still significant uncertainty in the macroeconomic climate in 2024. However, it is satisfied that the targets that have been set are robust and stretching and recognise the potential performance that can be achieved.

Remuneration arrangements for the CEO

As highlighted in previous years' reports, the Committee is conscious that upon Ignacio Garat's appointment as CEO, his base salary and bonus opportunity were significantly below that of his predecessor and mid-market levels for comparable FTSE companies. The Committee set the initial remuneration mindful of the economic environment at the time and stated that it expected to increase remuneration over time reflecting Ignacio's development in role.

The Committee had originally committed to reviewing the CEO's remuneration from 1 January 2022 to better align it to market and his progress in the role, but felt it appropriate to postpone the review in recognition of the economic environment. As a result, base salaries for both the CEO and the then CFO remained unchanged for 2022.

The Committee remained mindful of its commitments and during 2022 undertook a review of remuneration arrangements for the CEO. Based on this review, the Committee increased the CEO's salary from 1 January 2023 from £575,000 to £600,000. That increase of 4.3% was below the increase for the wider workforce for 2023. Given the ongoing economic environment, the CEO voluntarily waived his increase in base salary for 2023 meaning his salary remained the same as in 2022 and 2021.

His salary will be paid at the level of £600,000 for 2024, but there will be no increase. The base salary of the CFO of £425,000, will also remain unchanged from 2023.

Annual bonus

The annual bonus opportunity will remain at 200% and 150% of salary for 2024 for the CEO and CFO respectively.

The Committee has set stretching performance targets against which the annual bonus will be measured. A change is being made to replace the Group Free Cash Flow measure with Covenant Gearing. This reflects the importance of reducing the Company's gearing levels during the year as a key part of our strategy. It is also a more comprehensive and consistent measure of performance than Free Cash Flow.

Measures and weightings will be as follows:

- 50% Group Adjusted Profit Before Tax
- 25% Covenant Gearing
- 15% Group Safety – Fatality and Weighted Injuries (FWI) Index score, including an underpin such that this element will not pay out if there are any responsible fatalities
- Specific personal, strategic and risk management targets, with an aggregate weighting of 10%

A hurdle of 90% achievement of the Group Adjusted Profit Before Tax target will be introduced for 2024 and will apply to potential payouts under any of the bonus metrics.

LTIP

The LTIP opportunity for the CEO and CFO will remain unchanged for 2024 and will be 200% and 150% of salary respectively.

The measures used for the 2023 LTIP grant will be retained for 2024, other than simplification of the environmental measures. Based on detailed analysis, the two environmental measures of Zero Emissions Vehicles and the Group's global carbon emissions per million passenger kilometres are closely correlated and their combined weighting has been allocated to the more comprehensive global carbon emissions measure:

- an earnings per share measure, with a 25% weighting;
- a return on capital employed measure, with a 25% weighting;
- a single total shareholder return measure relative to the FTSE 250, with a 25% weighting; and
- an environmental measure of the Group's global carbon emissions per million passenger kilometres, with a 25% weighting.

Full details of these performance criteria are set out on page 117.

As with the 2023 grant, the Committee will consider scaling back grants depending on the share price at the time of grant and will also include a provision that the Committee will assess, and potentially reduce vesting, if there has been a windfall gain following the granting of awards.

Potential Disposal of North America School Bus

In addition, the Committee is very conscious that having set incentive targets that include all of the businesses currently within the Group, it will need to consider adjusting those targets in the event that some are sold in the year. The Committee's approach, which will be fully explained at the time, will be to evaluate the impact of any disposal on each performance metric in light of the following:

- what was assumed when the targets were set;
- seeking to ensure that a consistent approach is taken to decisions across the various performance metrics;
- the materiality of any potential adjustment; and
- whether the outcome of the potential adjustment is fair and proportionate in the circumstances.

Concluding thoughts

The Committee is always keen to hear the views of shareholders and their representative bodies and values their ongoing engagement on remuneration matters.

Finally, as a Committee we wish to thank all of our colleagues throughout the business for their continued hard work and dedication.

Karen Geary

Karen Geary
Remuneration Committee Chair

21 April 2024

Remuneration Policy for Executive Directors operated in 2023

The table below sets out an abridged version of the Remuneration Policy for the Company which was approved by shareholders at the 2021 AGM. The Policy operated in 2023 but will be replaced by the new Policy set out on pages 127 to 136 if approved by shareholders at the 2024 AGM.

The full Directors' Remuneration Policy can be found within the Governance section of the Mobico website.

Element and link to strategy	Operation	Maximum opportunity and performance conditions
Base salary To recruit, reward and retain Executive Directors of a suitable calibre for the role and duties.	Salaries for Executive Directors are reviewed annually by the Remuneration Committee with effect from 1 January. Reviews cover individual performance, experience, development in the role and market comparisons.	When reviewing Executive Directors' salaries, consideration will always be given to the general performance of the Company and the approach to employee pay across the Group. Therefore, salary increases will not normally exceed the general employee increase. Larger increases may be necessary in exceptional circumstances. No increase will exceed 10% above RPI in any one year, except for internal promotion or where the Executive Director's salary is below the market level.
Pension To provide fair benefits, in line with the wider workforce, to allow individuals to work towards saving for retirement.	Executive Directors receive a cash allowance in lieu of a pension provision. Executive Directors' pension contributions are aligned with those of the majority of the UK workforce (which is currently 3% of salary).	Since 1 November 2020, the annual cash allowance payable to new Executive Directors in lieu of a pension is equal to the wider workforce pension contribution rate.
Benefits To provide competitive benefits as part of fixed remuneration to enable the Group to recruit and retain high performing Executive Directors.	Executive Directors receive a combination of family private healthcare, death-in-service and life assurance cover (4x base salary), long-term sickness and disability insurance, car allowance, free travel on the Company's services and professional membership subscriptions.	The cost to the Company of providing the benefits may vary from year to year in accordance with market conditions. This will therefore determine the maximum amount that will be paid in the form of benefits to Executive Directors during the Policy period.
Annual Bonus To incentivise delivery of near-term performance objectives which are directly linked to the financial, strategic delivery and risk management priorities of the Group.	Performance conditions are a combination of financial and non-financial (including strategic delivery, risk management and personal) objectives set at the beginning of each year. Performance conditions will not be disclosed in advance (except for any numerical safety performance conditions) as the Committee considers this information commercially sensitive. Performance outcomes will be reported retrospectively. 50% of the bonus earned is subject to mandatory deferral into shares for one year from award. The annual bonus includes the ability for the Committee to use its discretion to adjust the bonus outcome if outcomes are not reflective of overall corporate performance and/or individual performance. Malus and clawback provisions also apply during the two-year period post award, including following cessation of employment. Bonus payments are paid following announcement of the Company's audited year end results and are not pensionable.	The maximum bonus award is equal to 200% of base salary for the Group Chief Executive Officer and 150% of base salary for the other Executive Directors (currently only the CFO). The financial performance conditions will typically relate to profit and/or cash generation, are set on an annual basis and are intended to be achievable at threshold and stretching at maximum. The non-financial performance conditions will be set annually based on objectives for the year. These may include safety, operational and business development objectives, customer-related developments or metrics, colleague related developments or metrics, and environmental, social and governance (ESG) developments or metrics, as determined by the Committee on an annual basis. Normally, the proportion of the bonus determined by non-financial performance conditions will only become payable when the Company achieves a threshold level of normalised profit but the Committee has discretion to vary this in appropriate circumstances.

Element and link to strategy	Operation	Maximum opportunity and performance conditions
Long-Term Incentive Plan ('LTIP') To encourage strong and sustained improvements in financial performance, in line with the Company's strategy to align executives to the long-term interest of shareholders.	LTIP awards (in the form of conditional shares, nil cost options or forfeitable shares) are granted annually with vesting subject to the achievement of performance conditions measured over a three-year consecutive financial period commencing with the year of award. An additional two-year holding period for vested shares exists post vesting for the Executive Directors. Dividend equivalents and dividends can be paid on vested shares, in shares, in respect of both the performance and holding periods. Awards are reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances. The LTIP includes the ability for the Committee to use its discretion to adjust the LTIP outcomes if such outcome is not reflective of overall corporate performance and/or individual performance. Malus and clawback provisions also apply during the two-year period post vesting, including following cessation of employment.	The maximum LTIP award is equal to 200% of base salary, per annum, for all Executive Directors. For FY 23 the LTIP awards had performance conditions relating to EPS, ROCE, TSR and ESG measures, and which remain for 2024. The threshold vesting level will be no more than 25% and may vary by performance condition and from year to year. There is no ability to retest any of the performance conditions. To the extent that legal, regulatory or other investigations or proceedings are ongoing in relation to such an event, the Committee has the discretion to delay the vesting of an LTIP award (in whole or in part) until those investigations or proceedings are completed. The Committee also retains discretion under the LTIP rules to amend existing performance conditions to take account of any events that may arise which would mean in its opinion, if such adjustments were not made, the performance condition would not constitute a fair measure of the Company's performance over the measurement period.

Shareholding requirement for Executive Directors

Executive Directors are required to build up a shareholding to a value equal to 200% of base salary over a five-year period commencing from the later of the 2021 AGM or their date of appointment. Compliance with this requirement is a condition of continued participation in the Company's LTIP and other equity incentive arrangements.

A shareholding requirement will continue to apply to an Executive Director after the cessation of employment for two years.

Only shares derived from the 2021 LTIP awards and other share awards granted after the Policy comes into effect will be included in the post-cessation shareholding requirement. Shares held by an Executive Director prior to the Policy coming into effect or vesting under an award granted to an Executive Director prior to the Policy coming into effect (other than the 2021 LTIP award), and shares independently acquired by an Executive Director will not be included.

Performance conditions under the annual bonus and LTIP

Performance measures for the Annual Bonus are selected annually to align with the business goals for the year. 'Target' performance is typically set in line with the business plan for the year. If the Committee materially changes the LTIP performance conditions within the life of the Policy, it will consult with shareholders in advance on the changes to be made and the reasons for doing so.

Malus and clawback provisions

Executive Directors' annual bonus awards and LTIP awards are subject to malus and clawback provision and will be applied in the following circumstances:

the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company for a period that was wholly or partly before the end of the period over which the performance target applicable to an award was assessed (or was due to be assessed);

- the discovery that the assessment of any performance target, measure or condition in respect of an award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine any performance target, measure or condition in respect of an award (or to determine the number of shares over which an award was granted) was based on error, or inaccurate or misleading information;
- there is action, inaction or conduct of an award holder which, in the reasonable option of the Committee, amounts to fraud or gross misconduct;
- there is action, inaction or conduct of an award holder which has had a significant detrimental impact on the reputation of the Company; or
- the Company becomes insolvent or otherwise suffers a corporate failure in connection with which the value of the Company's shares is materially reduced, provided the Committee is satisfied after due investigation that the award holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

Annual Report on Remuneration

1. Statement of implementation of current Directors' Remuneration Policy in 2024

(a) Executive Directors' fixed remuneration

As set out in the Chair's letter, Ignacio Garat's salary is £600,000 for 2024. James Stamp's salary will not increase.

Ignacio Garat, Group Chief Executive Officer	£600,000
James Stamp, Group Chief Financial Officer	£425,000

Pension and benefits will operate in line with the Directors' Remuneration Policy.

(b) Executive Directors' annual bonus

Executive Directors' annual bonuses for the 2024 financial year will provide a maximum opportunity of 200% and 150% of salary for the CEO and CFO respectively.

Performance will be assessed by reference to the following performance measures, with weightings indicated in brackets:

- Financial, Group Profit before Tax (50%)
- Financial, Group Covenant Gearing (25%)
- Group Safety, Fatalities Weighed Injuries (FWI) Index score (15%)
- Personal objectives, strategic and risk (10%)

A zero responsible fatality underpin will also apply to the full 15% safety element and a minimum level of Group Profit Before Tax will underpin the whole bonus.

When considering the bonus structure and setting the bonus targets for 2024, the Committee has taken into account:

- The need to continue to set robust and stretching targets.
- The need to ensure that annual bonus measures and targets fully align to the business strategy.
- That both Profit Before Tax and Covenant Gearing are key financial measures of overall financial performance of the business and directly link to our financial KPIs – see pages 15 to 17. The Committee is keen to ensure that Executive Directors are focused on driving profit growth in order to generate higher and sustainable returns for our shareholders and provide the platform for further growth for all our stakeholders including employees, our customers and our partners. Covenant Gearing reflects the impact of reinvesting Free Cash Flow into growth.
- The importance of safety to the Group and all stakeholders. On-target FWI index performance has been set as equal to or better than the Group's last 3-year average FWI index, with maximum payout requiring performance that is equal to or better than the Group's best FWI index score in the last 3 years.
- Personal objectives have been specifically selected to drive delivery of the Evolve strategy and position future growth.

A hurdle of 90% achievement of the Group Adjusted Profit Before Tax target will be introduced for 2024 and will apply to potential payouts under any of the bonus metrics.

The Committee will disclose the exact targets, the threshold to maximum performance ranges and the strategic and risk management objectives (which are considered commercially sensitive), and actual performance against these financial targets and the non-financial bonus objectives, in next year's report.

(c) Executive Directors' 2024 Long-Term Incentive Plan (LTIP) awards

Executive Directors' LTIP grants for the 2024 financial year will provide a maximum opportunity of 200% of salary for the CEO and 150% of salary for the CFO. The Committee will consider scaling back grants depending on the share price at the time of grant. The Committee will also include a provision that it will assess if there has been a windfall gain following the granting of awards. Other than the simplification of the environmental measures, performance measures and weightings are unchanged from the 2023 LTIP awards. The targets are as follows:

Performance condition	Weighting	Threshold (25% vesting for TSR and EPS, 0% for others)	Target (50% vesting)	Maximum (100% vesting)
TSR[1] vs. FTSE 250 Index	25%	Median	–	Upper quintile
EPS[2,3]	25%	17.3p	19.2p	21.1p
ROCE[2,4]	25%	10%	11%	12%
tCO_2e/million passenger km[5]	25%	-12.5%	-15%	-17.5%

1 For TSR measures, straight-line vesting will occur between threshold and the maximum level of performance

2 For EPS, ROCE and ESG measures, straight-line vesting will occur between threshold and target, and between target and maximum levels of performance

3 EPS is fully diluted adjusted earnings per share in 2026

4 ROCE is return on capital employed in 2026

5 Calculated as reduction in measure as at the end of measurement period vs YE 2022 baseline

The 2024 LTIP EPS range has been set in accordance with long-term financial guidance set out by the Group, including a target to grow EBIT by more than £100m between 2022 and 2027.

The 2024 LTIP ROCE performance range target has been increased compared to the 2023 level (10.5%) and the range around it narrowed from 3.5% to 2%.

The Committee continues to review best practice in the incorporation of ESG measures into variable remuneration arrangements and seeks guidance from the Group's Sustainability Committee. The 15% reduction as Target is aligned to our new science-based near-term emission reduction targets which have been fully approved by the Science-Based Targets Initiative ('SBTi').

The performance conditions will be measured over the three-year financial period ending 31 December 2026, awards will be subject to a compulsory two-year holding period post vesting and malus and clawback will apply for two years from the date of vesting, including post termination of employment. Dividend equivalent entitlements will attach to any vested shares over the vesting period and during the holding period while options remain unexercised and will be satisfied in shares rather than cash.

(d) Chair's and Non-Executive Directors' 2024 fees

Non-Executive Director fees will operate in line with Directors' Remuneration Policy.

With effect from 1 January 2024, the Committee determined for the Chair, and the Board determined for the Non-Executive Directors, that there would be no change to fee levels, which would remain as follows:

Role	Fees (gross)
Chair	£259,325
Senior Independent Director (additional fee)	£11,000
Non-Executive Director (base fee)	£56,000
Committee Chair (additional fee)	£12,000

The letters of appointment for the Chair and the Non-Executive Directors, together with the service agreements for the Executive Directors, are available for inspection at the Company's registered office.

Annual Report on Remuneration (Audited Information)

2. Single total figure of remuneration for Executive Directors

The table directly below sets out the single total figure of remuneration and breakdown for each Executive Director who served during the financial year ended 31 December 2023 (with comparative figures provided for 2022). The subsequent information and tables in this section give more detail on various elements of the Executive Directors' remuneration.

£'000		Base salary	Benefits[2]	Pension allowance	Total fixed remuneration	Annual bonus[3]	Vested LTIPs[4]	Total variable remuneration	Total
Ignacio Garat	**2023**	**575**	**24**	**17**	**616**	**0**	**0**	**0**	**616**
	2022	575	31	17	623	595	0	595	1,218
James Stamp	**2023**	**425**	**13**	**13**	**451**	**0**	**0**	**0**	**451**
	2022	71[1]	2	2	75	75	20	95	170

1 The 2022 base salary and benefits of Mr Stamp reflects the period served as a Director during 2022

2 Benefits comprise the gross of tax value of car allowance and private medical insurance. Benefits for Mr Garat also include the reimbursement of the cost of preparation of Mr Garat's UK and Spanish tax returns

3 Full disclosure of the annual bonus amounts and delivery mechanism are set out in section 2(a) Annual bonus below

4 The 2022 vested LTIP value has been restated from last year's report to reflect the value of the award on the date of vesting, based on the share price of 138.9p on 12 March 2023

(a) Annual bonus

The table below summarises the 2023 bonus potential for the Executive Directors that the Remuneration Committee set for 2023.

	Weighting	At threshold performance	At target performance	At maximum performance
Potential bonus in respect of financial objectives	75%	0%	48.75%	75%
Potential bonus in respect of safety objectives	15%	0%	7.5%	15%
Potential bonus in respect of personal objectives	10%	0%	5%	10%
Bonus potential for 2023	**100%**	**0%**	**50%**	**100%**

It was a pre-condition to the award of any element of the 2023 bonus, that the Committee was satisfied that a significant negative event had not occurred, and there was no material adverse impact on either the reputation of the Company or its share price as a result of the systematic failure of management to put in place and operate effective safety processes (the 'safety underpin').

50% of any bonus earned is subject to mandatory deferral into shares for one year from award as per the Remuneration Policy.

(i) 2023 bonus out-turn

The formulaic out-turn of Executive Directors' bonuses was 30.5% of maximum for the CEO and CFO. As outlined in the Committee Chair's statement, following recommendation from management, the Committee exercised discretion and reduced the annual bonus to nil for the year for the Executive Directors.

(ii) 2023 bonus performance conditions

The following table sets out performance conditions that were attached to Executive Directors' 2023 bonus and the associated outcomes.

Category	Measure	Threshold	Target	Max	Weighting	Outcome achieved	Bonus Achieved
Financial[1]	Group profit before tax (£m)	109.9	122.1	134.3	50%	92.9	0%
	Free cash flow (£m)	118.6	131.7	144.9	25%	163.7	100%
Safety	FWI	Zero Responsible Fatality	0.006	0.003	15%	Two Responsible Fatalities	0%[2]
Personal (CEO)					10%	See below	55%
Personal (CFO)					10%	See below	55%
		CEO formulaic 2023 bonus outcome (% of maximum)				30.5%	
		CFO formulaic 2023 bonus outcome (% of maximum)				30.5%	

1 Consistent with previous years and associated disclosures, the Group Adjusted Profit Before Tax and free cash flow targets are adjusted to align the method of calculation to the basis on which the performance outturn is calculated. The original Group Adjusted Profit Before Tax target was set at £130.2m. After adjustment to reflect foreign exchange movements and variances in acquisition investment (compared to budgeted levels), the revised target was £122.1m, with the threshold and maximum amounts adjusted accordingly. The original Group free cash flow target was £142.0m. After adjustment to reflect foreign exchange movements and timing of capital expenditure payments (to align with the budgeted assumptions), the revised target was £131.7m, with the threshold and maximum amounts (set at -/+ 10% of the target) adjusted accordingly

2 Although the FWI target was achieved, there were 2 responsible fatalities meaning the safety underpin resulted in zero bonus under this element

Taking in to account the wider shareholder experience and that there was no payout due under the profitability elements of the bonus (as shown in the table above), the Committee (and management) did not feel it would be appropriate for there to be any payout under the bonus, and used downward discretion to reduce the bonus to 0%.

If the financial performance had led to a payout under those elements, the payout under the personal performance element would have been 55%, reflecting progress on key areas such as North America School Bus improvements, strengthened succession pipelines, the bond refinancing, employee engagement and the Accelerate cost saving programme.

(b) Long-Term Incentive Plan (LTIP) vesting and awards

(i) LTIP awards vesting in 2024

The three-year LTIP awards granted to Executive Directors in 2021 are due to vest in April 2024 (delayed from March 2024) as the measurement period relating to them ended on 31 December 2023. The formulaic out-turn was 0% of maximum. Whilst there are many factors that could have been taken into account to adjust the formulaic outcome, the Committee did not feel it was appropriate to make any such adjustments in light of the shareholder experience during this period.

Details of the performance conditions attaching to the 2021 LTIP awards, which were granted as nil cost options, and the extent to which they have been met, are set out in the table below:

Performance condition	Weighting	Threshold (25% vesting for TSR and EPS, 0% for ROCE)	Target	Maximum (100% vesting)	Actual	Percentage vesting
TSR[1] vs. FTSE 250 Index	12.5%	Median	–	Upper Quintile	Below Median	0%
TSR[1] vs. Bespoke Index[2]	12.5%	Equal to Index	–	≥ Index + 10% p.a.	Below Index	0%
EPS[3, 4]	25%	25.1p	25.6p	26.3p	4.5p	0%
ROCE[3, 5]	25%	8%	9%	11%	7.0%	0%
tCO_2e/million passenger km	25%	6% reduction in tCO_2e/ million passenger km by 2023 relative to 2019 base year	7% reduction in tCO_2e/ million passenger km by 2023 relative to 2019 base year	8% reduction in tCO_2e/ million passenger km by 2023 relative to 2019 base year	+25.0%	0%
Total vesting						0%

1 For TSR performance measures, straight-line vesting occurs between threshold and maximum performance

2 The Bespoke Index comprised three other UK-based passenger transport groups: FirstGroup plc; Stagecoach Group plc; and Go-Ahead Group plc

3 For EPS and ROCE performance measures, straight-line vesting occurs between threshold and target performance, and between target and maximum performance

4 Actual EPS is the fully diluted adjusted earnings per share in the last year of the performance period

5 Actual ROCE is the average return on capital employed in the last year of the performance period

(ii) LTIP awards granted in 2023

Details of LTIP awards granted to Executive Directors in 2023 are set out in the table below:

Executive Director	Grant Date	Number of shares awarded[1]	Award type	Award amount	Face value of award £'000[2]	Performance period	Performance conditions
Ignacio Garat	27/03/2023	714,894	Nil cost option	140% of base salary	840	01/01/2023–31/12/2025	See below
James Stamp	27/03/2023	379,787	Nil cost option	105% of base salary	446	01/01/2023–31/12/2025	

1 The number of shares subject to the LTIP awards was determined by dividing the award amount, being the relevant multiple of the Executive Directors' base salaries, by the Company's MMQ share price on the last business day preceding the date of grant, being 117.5p on 27 March 2023. Award sizes were scaled back by the Committee by 30% reflecting the significant share price fall from the grant of the 2022 awards

2 The face value of the LTIP awards is the number of (adjusted) Company shares over which awards were made multiplied by the Company's MMQ share price on the last business day preceding the date of grant, being 117.5p on 27 March 2023

(iii) Performance conditions attaching to 2023 LTIP awards

Performance condition	Weighting	Threshold (25% vesting for TSR and EPS, 0% for others)	Target (50% vesting)	Maximum (100% vesting)
TSR[1] vs. FTSE 250 Index	25%	Median	–	Upper quintile
EPS[2]	25%	21.6	24.0	26.4
ROCE[2]	25%	9%	10.5%	12.5%
tCO_2e/million passenger km[2]	12.5%	5.0% reduction in tCO_2e/ million passenger km by 2025 relative to 2022 base year	5.5% reduction in tCO_2e/ million passenger km by 2025 relative to 2022 base year	6.0% reduction in tCO_2e/ million passenger km by 2025 relative to 2022 base year
Fleet transition[2]	12.5%	2,000 zero emission vehicles in service or on order by 31 December 2025	2,200 zero emission vehicles in service or on order by 31 December 2025	2,400 zero emission vehicles in service or on order by 31 December 2025

1 For TSR performance measures, straight-line vesting occurs between threshold and maximum performance

2 For EPS, ROCE and ESG performance measures, straight-line vesting occurs between threshold and target performance, and between target and maximum performance

Vested shares will be subject to a compulsory two-year holding period and malus and clawback will apply for two years from the date of vesting, including post termination of employment. Dividend equivalents are payable on vested shares over the vesting period and during the holding period while options remain unexercised.

(iv) Executive Deferred Bonus Plan (EDBP)

The table below sets out the awards under the 2023 EDBP in the form of forfeitable shares in the Company which were granted to the Executive Directors on 27 March 2023 and relate to the one-year deferred element of their bonuses for the financial year ended 31 December 2022.

The table below details those awards subject to mandatory deferral under the Policy.

Executive director	As at 1 January 2023	Vested 18 March 2023	Granted in 2023	Lapsed	As at 31 December 2023	Market price at date of vesting	Date of grant
Ignacio Garat	86,315	86,315	252,093	–	252,093	120p	27/03/2023
James Stamp	–	–	31,595	–	31,595	–	27/03/2023

3. Single total figure of remuneration for Non-Executive Directors

The table below sets out the single total figure of remuneration (fees) for the Non-Executive Directors who served during the financial year ended 31 December 2023 (with comparative figures provided for 2022):

Non-Executive Director	2023 fees £'000	2022 fees[1] £'000
Helen Weir (Chair)[1]	259	14
Jorge Cosmen (Deputy Chair and Nominations Committee Chair)	68	68
Matthew Crummack (Senior Independent Director until 1 August 2023)	39	67
Mike McKeon (Audit Committee Chair)	68	68
Ana de Pro Gonzalo (Independent Non-Executive Director)	56	56
Carolyn Flowers (Independent Non-Executive Director)[2]	73	70
Karen Geary (Remuneration Committee Chair and, from 1 August 2023, Senior Independent Director)	73	68
Nigel Pocklington (Independent Non-Executive Director from 1 August 2023)[3]	23	n/a
Enrique Dupuy de Lome Chávarri (Independent Non-Executive Director from 1 November 2023)[4]	9	n/a

1 Helen Weir's fee received during her period as Chair Designate from 1 October 2022 to 31 December 2022 was £56,000 per annum pro-rated

2 A travel allowance is also paid to Carolyn Flowers for each Board meeting or other Board-related matter she attends outside the North American continent, in an amount per such meeting or matter of £1,000. For 2023, Ms Flowers received £5,000 in respect of this allowance in addition to her base fee

3 Nigel Pocklington joined the Board on 1 August 2023, so his 2023 fee reflects the pro-rated proportion of his annual fee for the year.

4 Enrique Dupuy de Lome Chávarri joined the Board on 1 November 2023, so his 2023 fee reflects the pro-rated proportion of his annual fee for the year.

4. Payments to past Directors and payments for loss of office

(a) Payments to past Directors

No payments were made to past Directors during or in respect of the financial year ended 31 December 2023.

(b) Payments for loss of office

No payments were made to any former Directors for loss of office during or in respect of the financial year ended 31 December 2023.

5. Statement of Directors' shareholdings and share interests

(a) Executive Directors' interests in shares

Details of the Executive Directors' and their connected persons' beneficial interests in the Company's shares, and of the Executive Directors' other interests in shares, as at 31 December 2023 are shown in the table below:

	Shares held directly			Other share interests		
Executive Director	Shareholding target (% salary)	Shareholding value (% salary)[1]	Beneficially owned	Forfeitable shares held under the EDBP not subject to performance conditions	Outstanding LTIP share option awards subject to performance conditions	Vested but unexercised LTIP share option awards
Ignacio Garat	200%[2]	53.3%	125,688	252,093	1,560,206	n/a
James Stamp	200%[3]	18.6%	54,392[4]	31,595	735,995	14,278

1 The Company's closing share price of 84.6p as at 31 December 2023 has been used for the purposes of this calculation and has been applied to the beneficially owned shares, 53% of the vested but not exercised LTIP and the forfeitable shares held under the EDBP not subject to performance conditions, in arriving at the shareholding value as at 31 December 2023

2 Mr Garat's current shareholding requirement applies to the five-year period commencing from the later of the approval of the Directors' Remuneration Policy or his date of appointment and therefore Mr Garat has until 12 May 2026 to reach his shareholding requirement

3 Mr Stamp's current shareholding requirement applies to the five-year period commencing from the later of the approval of the Directors' Remuneration Policy or his date of appointment and therefore Mr Stamp has until 5 December 2027 to reach his shareholding requirement

4 The previously reported number of shares beneficially owned by Mr Stamp was 54,464. This was a transcription error

More information about current and former Executive Directors' interests in forfeitable shares held under the EDBP are set out in section 2biv) above. Pages 121 provides more information about current Executive Directors' interests in shares under outstanding LTIP awards.

Share interests

The table below sets out the share awards granted to current Executive Directors under the rules of the Company's 2015 LTIP which either vested or lapsed during 2023 or remain outstanding as at 31 December 2023:

LTIP award year/type	Date of grant	Awards held at 01/01/2023	During 2023: Granted	During 2023: Exercised/Eligible for exercise	During 2023: Lapsed	Awards held at 31/12/2023	Vesting date	Latest exercise date[1]
Ignacio Garat								
LTIP 3-year	22/03/2021	366,943	–	–	–	366,943	22/03/2024	22/03/2026
LTIP 3-year (Approved CSOP)[2]	22/03/2021	9,572[3]	–	–	–	9,572[3]	22/03/2024	22/03/2026
LTIP 3-year	21/03/2022	478,369	–	–	–	478,369	21/03/2025	21/03/2027
LTIP 3-year	27/03/2023		714,894			714,894	27/03/2026	27/03/2028
		845,312	**714,894**	**–**	**–**	**1,560,206**		
James Stamp								
LTIP 3-year	12/03/2020	142,781	–	14,278[4]	128,503	14,278[4]	12/03/2023	12/03/2025
LTIP 3-year	22/03/2021	154,627	–	–	–	154,627	22/03/2024	22/03/2026
LTIP 3-year	21/03/2022	201,581	–	–	–	201,581	21/03/2025	21/03/2027
LTIP 3-year (Approved CSOP)[2]	21/03/2022	12,479[3]		–	–	12,479[3]	21/03/2025	21/03/2027
LTIP 3-year	27/03/2023	–	379,787	–	–	379,787	27/03/2026	27/03/2028
		498,989	**379,787**	**14,278**	**128,503**	**750,273**		

1 Awards vesting under the 2015 LTIP are subject to a two-year exercise period and holding period which run concurrently, save for Mr Stamp's LTIP awards between 2018 and 2022, which are not subject to any holding period as these were granted prior to him being appointed as an Executive Director. Latest exercise dates are shown only for those LTIP awards which have either yet to vest, or which have vested and are yet to be exercised

2 All LTIP awards are granted in the form of nil-cost options, save for LTIP approved CSOP awards which are granted as market value share options with an exercise price per share equal to the share price at grant. Mr Stamp' 2022 CSOP award was granted with an exercise price of 240.4p per share. LTIP approved CSOP awards comply with the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and can be exercised by way of effective set-off against any shares vesting under the corresponding LTIP award

3 Due to the effective set-off arrangements explained in the note above, the number of shares subject to LTIP approved CSOP awards are not counted in the total number of awards held as this would result in a double-count.

4 Mr Stamp's 2020 LTIP vested on 12 March 2023 but has not yet been exercised. The latest exercise date is 12 March 2025 as per the approved rules.

(b) Non-Executive Directors' interests in shares

The details of the Non-Executive Directors' and their connected persons' interests in shares, for current Non-Executive Directors as at 31 December 2023 (or if earlier, the date they ceased to be a director of the Company), all of which are held beneficially, are shown in the table below:

Non-Executive Director	Beneficially owned
Helen Weir	76,000
Jorge Cosmen[1]	47,826
Enrique Dupuy de Lome Chávarri	–
Carolyn Flowers	10,000
Karen Geary	14,347
Mike McKeon	60,869
Nigel Pocklington	–
Ana de Pro Gonzalo	4,347
Matthew Crummack	18,844

1 Neither Jorge Cosmen nor his connected persons are now sufficiently closely connected with any of the Cosmen family companies which hold shares in the Company (including European Express Enterprises Ltd which is a major shareholder in the Company) for such family companies' shareholdings to be considered his or his connected persons' interests in Company shares

(c) Other information

The Register of Directors' interests maintained by the Company contains full details of the Directors' holdings in shares and options over shares in the Company.

The closing price of a Company ordinary share at 31 December 2023 was 84.60p (2022: 130.00p) and the range during the year ended 31 December 2023 was highest 142.60p to lowest 56.50p per share.

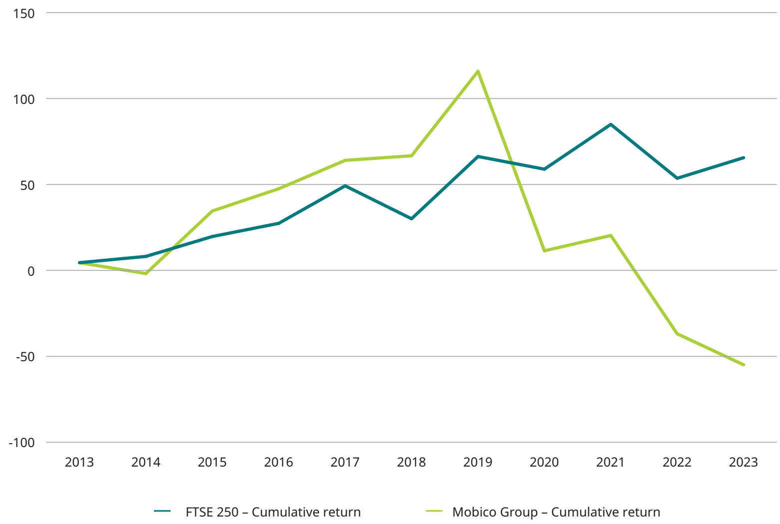
(d) Changes since year end

There have been no changes in current Directors' shareholdings between 31 December 2023 and the date of this Report.

6. Comparison of overall performance

The graph below shows a comparison of the Company's cumulative total shareholder return (i.e. share price growth plus dividends paid) and annual return against the FTSE 250 Index over the last 10 years. The FTSE 250 Index has been selected as the Company is a constituent of that Index.

Shareholder returns – 10 year history



7. Context of Director pay

The following table sets out the actual percentage changes between 2019 and 2023 for certain elements of the remuneration for the persons who served as Directors during 2023, compared with the average percentage change in those same elements of remuneration for the Company's employees. It also sets out, by way of voluntary disclosure, a comparison with the Group's whole UK employee population as this provides a more meaningful comparison in view of the fact that the Company itself only employs a small proportion of the Group's employees.

The elements of each Executive Director's remuneration included in the table below comprise base salary, benefits and annual bonus calculated in the same way as in the single total figure of remuneration table on page 118. The Chair and Non-Executive Directors' fees included in the table below are calculated in the same way as in the single total figure of remuneration table on page 121.

	Actual/Average percentage increase/ (decrease) from 2019 to 2020			Actual/Average percentage increase/ (decrease) from 2020 to 2021		
	Base/salary fees	Benefits	Performance related bonus	Base/salary fees	Benefits	Performance related bonus
Ignacio Garat (current CEO)	n/a	n/a	n/a	499.0%[1]	200.6% [1]	100.0%[2]
James Stamp (current CFO)	n/a	n/a	n/a	n/a	n/a	n/a
Ana de Pro Gonzalo	315.4%[6]	n/a	n/a	(5.9)%[3]	n/a	n/a
Carolyn Flowers	n/a	n/a	n/a	n/a	n/a	n/a
Enrique Dupuy de Lome Chávarri	n/a	n/a	n/a	n/a	n/a	n/a
Helen Weir	n/a	n/a	n/a	n/a	n/a	n/a
Jorge Cosmen	0.0%	n/a	n/a	25.9%[3, 4]	n/a	n/a
Karen Geary	315.4%[6]	n/a	n/a	(5.9)%[3, 5]	n/a	n/a
Matthew Crummack	14.8%	n/a	n/a	8.1%[3]	n/a	n/a
Mike McKeon	1.5%	n/a	n/a	3.0%[3]	n/a	n/a
Nigel Pocklington	n/a	n/a	n/a	n/a	n/a	n/a
Company employees	**5.7%**	**(0.09)%**	**(100)%**	**4.4%**	**(8.2%)[9]**	**100%[2]**
Company Group UK employees	**1.7%[11]**	**(0.09)%**	**(100)%**	**2.3%**	**(17.0%)[9]**	**100%[2]**

	Actual/Average percentage increase/ (decrease) from 2021 to 2022			Actual/Average percentage increase/ (decrease) from 2022 to 2023		
	Base/salary fees	Benefits	Performance related bonus	Base/salary fees	Benefits	Performance related bonus
Ignacio Garat (current CEO)	0%	-35.4%	45.1%	**0%**	**-23.6%**	**-100%**
James Stamp (current CFO)	n/a	n/a	n/a	**498.6%[10]**	**566.0%[10]**	**-100%**
Ana de Pro Gonzalo	0%	n/a	n/a	**0%**	**n/a**	**n/a**
Carolyn Flowers	99.0%[7]	n/a	n/a	**4.3%**	**n/a**	**n/a**
Enrique Dupuy de Lome Chávarri	n/a	n/a	n/a	**n/a**	**n/a**	**n/a**
Helen Weir	n/a	n/a	n/a	**0%**	**n/a**	**n/a**
Jorge Cosmen	0%	n/a	n/a	**0%**	**n/a**	**n/a**
Karen Geary	17.5%[8]	n/a	n/a	**7.4%**	**n/a**	**n/a**
Matthew Crummack	0%	n/a	n/a	**-41.8%**	**n/a**	**n/a**
Mike McKeon	0%	n/a	n/a	**0%**	**n/a**	**n/a**
Nigel Pocklington	n/a	n/a	n/a	**n/a**	**n/a**	**n/a**
Company employees	**7.2%**	**-1.2%**	**-12.1%**	**11.0%**	**5.2%**	**-100%**
Company Group UK employees	**8.5%**	**4.6%**	**-10.1%**	**8.3%**	**4.6%**	**-100%**

1 Mr Garat joined in November 2020 and the increase from 2020 to 2021 reflects this joining date. No increase in base salary was given for 2021
2 No bonuses were awarded for 2020
3 The year-on-year increase reflects salary sacrifices made in April and May 2020 in light of the pandemic
4 Received an additional chair fee from 2021
5 Appointed Chair of the Remuneration Committee on 3 December 2021
6 Reflect dates of joining in 2019 and only serving 3 months in that year
7 Reflects the fact Carolyn Flowers joined the Board on 1 June 2021. 2022 fee reflects appointment as Sustainability Committee Chair in May 2022
8 Reflects appointment as Remuneration Committee Chair in December 2021, so 2021 fee includes only one month as Committee Chair
9 Driven by the net cost to the Company of providing certain benefits decreasing and others increasing, and the impact of job role changes/promotions
10 Reflects 2022 being a comparator year where James Stamp was on the Board for a pro-rated part of the year
11 Helen Weir's increase from 2022 to 2023 is shown as nil as the fees earned in 2022 reflected time spent as Chair Designate. She became Chair on 1 January 2023

8. History of CEO pay

The table below sets out the total remuneration paid to the Chief Executive Officer over the last 10 years, valued using the methodology applied to the single total figure of remuneration:

Year	2014	2015	2016	2017	2018	2019	2020[1]	2020[2]	2021	2022	2023
Chief Executive Officer	D Finch	D Finch	D Finch	D Finch	D Finch	D Finch	**D Finch**	**I Garat**	**I Garat**	**I Garat**	**I Garat**
Single figure total remuneration (£'000)	1,562	3,661	3,887	4,225	4,318	3,048	**531**	**137**	**1,050**	**1,218**	**616**
Annual bonus payment (as % of maximum opportunity)	93%	96%	83.5%	95%	90%	100%	**0%**	**n/a[3]**	**47.5%**	**69.0%**	**0%**
LTIP vesting level achieved (as % of maximum opportunity)	0%	73.4%	80.8%	86.9%	96%	91.53%	**0%**	**n/a[3]**	**n/a[4]**	**n/a[4]**	**0%**

1 Mr Finch served as Chief Executive Officer from 1 January 2020 to 31 August 2020
2 Mr Garat served as Chief Executive Officer from 1 November 2020 to 31 December 2020
3 In 2020, Mr Garat was not entitled to any bonus award or LTIP award subject to performance conditions whose final year of performance ended during that year
4 In 2021 and 2022, Mr Garat was not entitled to any LTIP award subject to performance conditions whose final year of performance ended during those years

9. CEO pay ratios

The Committee reviewed the Company's CEO pay ratios and the Group's employee pay policies and practices when formulating the Directors' Remuneration Policy, and is satisfied that the structure and quantum of remuneration for the Executive Directors is appropriate in view of their relative roles and responsibilities.

The following table sets out ratios which compare the CEO's total remuneration in the Company's financial year ended 31 December 2023 to that of the Group's UK employees whose full time equivalent remuneration ranks them at the lower quartile, median and upper quartile of pay for all of the Group's UK employees (together with that data for the Company's previous two financial years). The significant drop in all ratios for 2023 is due to there being no CEO bonus in 2023 (vs last year) and also driver salary increases being higher in 2023 than in the previous year increasing the denominator in the calculation.

Year	Methodology	25th percentile (lower quartile) pay ratio	50% percentile (median) pay ratio	75th percentile (upper quartile) pay ratio
2023	**Option A**	**20:1**	**17:1**	**14:1**
2022	Option A	46:1	39:1	31:1
2021	Option A	43:1	37:1	31:1
2020	Option A	31:1	26:1	23:1

Option A was used to calculate the pay ratios as it is the most statistically accurate method and the relevant pay data was available to the Company in time for the preparation of this Report. The UK employees at the lower quartile, median and upper quartiles were identified as at 31 December 2023 and their full-time equivalent total remuneration was calculated in respect of the 12 months ended 31 December 2023 on the basis explained further below. The employee at the 25th percentile is employed as a cleaner and the employees at the 50th and 75th percentiles are employed as bus drivers, with their different pay reflecting overtime and different pension contributions.

The CEO's remuneration for 2022 and 2023 was calculated as per the single total figure, shown on page 118.

The total remuneration of the UK employees (including those at the lower quartile, median and upper quartiles) has been calculated using the same methodology as for the CEO's single total figure of remuneration, noting that:

- a large number of the Group's UK employees, such as bus and coach drivers and customer service centre staff, work full time but are paid by the hour (rather than having an annual fixed base salary). Their wages have been calculated as the actual number of hours worked in the year multiplied by the relevant hourly rates of pay applicable during the year; and
- a number of the Group's UK employees work part time. Those who are paid on a salaried basis have had their salaries and benefits grossed up to the full time equivalent salary for their role.

Although similar to the approach used for 2023, for further details on the calculation methodology for previous years please refer to the Annual Report for that year. Note for 2020 and 2021, where the Group's UK employees were placed on furlough during any part of 2020 or 2021, the amounts actually paid to them have been included, including amounts subsequently reimbursed to the Company and its UK subsidiaries by the UK government under the Coronavirus Job Retention Scheme and topped-up amounts funded by the Company's Group.

The table below shows the CEO's total remuneration and the salary component of that total remuneration and that of each of the UK employees at the lower, median and upper quartiles of the Group's UK employee population for 2023:

Year	Pay data	Group Chief Executive	25th (lower quartile) percentile	50th (median) percentile	75th (upper quartile) percentile
2023	**Salary**	**£575,000**	**£30,025**	**£35,605**	**£43,780**
2023	**Total pay**	**£615,671**	**£30,485**	**£36,540**	**£44,705**

The Committee considers that the median pay ratio is consistent with the Company's pay, reward and progression policies. This is because, when setting CEO pay, the Committee has regard to the same core considerations as those taken into account by the UK management team when setting UK employee pay, including the Company's policy to pay market rates of pay that reward employees fairly for work done and that have due regard to individual performance and Company performance where the individual has the ability to influence wider Company performance. The CEO has ultimate responsibility for, and the greatest ability to influence, the Company's performance and returns to shareholders and, to reflect this, a much higher proportion of the CEO's remuneration is comprised of performance-related pay (in the form of an annual bonus and LTIP award vesting) compared with the majority of UK employees. This means that the pay ratios will fluctuate depending on the outcomes of incentive plans each year.

10. Relative importance of spend on pay

The table below sets out the total spend on pay in 2023 compared with distributions made to shareholders in 2023 and the figures for such values in 2022 for further comparison:

Measure	2023 £m	2022 £m	% increase from 2022 to 2023
Overall Group spend on pay including Directors	**1,585.1**	1,395.5	13.7%[1]
Profit distributed by way of dividend[2]	**10.5**	30.6	(65.7%)

1 Overall Group spend on pay was calculated by aggregating the Group's costs of salaries and wages, social security costs, pension costs and share-based payments for all the Group's employees whether employed in the UK or overseas in the relevant year.

2 Profit distributed by way of dividend has been used as the comparator measure as it permits a comparison between the Group's annual investment in its employed workforce and its annual cost of returning value to shareholders.

11. Historical results of shareholder voting on remuneration matters

The votes cast on the resolution seeking approval of the Annual Report on Remuneration at the 2023 AGM were as follows:

Resolution	Votes For	Votes Against	Number of votes withheld
To approve the Annual Report on Remuneration for the year ended 31 December 2022 (advisory vote only)	396,242,850	25,215,882	2,114,806
	94.02%	5.98%	

The votes cast on the resolution seeking approval of the current Policy at the 2021 AGM were as follows:

Resolution	Votes For	Votes Against	Number of votes withheld
To approve the Directors' Remuneration Policy (binding vote)	339,520,411	128,310,745	27,540,836
	72.57%	27.43%	

1 A vote withheld is not a vote at law and is not counted in the calculation of votes For or Against a resolution.

12. Retained advisers to the Committee

Korn Ferry was appointed as external remuneration adviser to the Remuneration Committee during 2021 following a review of potential advisers by the Committee.

Korn Ferry did not provide any services other than in relation to advising the Remuneration Committee during the year – the Committee is satisfied that no conflict of interest can arise as a result of these services. Korn Ferry has voluntarily signed up to the Remuneration Consultants Group Code of Conduct. In view of these factors, the Committee is satisfied that the advice it receives from Korn Ferry is objective and independent. For the year under review, Korn Ferry received fees of £86,470, which were charged on a time cost basis.

13. Dilution

The Company has permitted share dilution authority reserved to it under the rules of its 2015 Long-Term Incentive Plan (LTIP), as previously approved by shareholders and in line with the Investment Association's guidelines. However, as the Company's funding strategy has been and continues to be to satisfy all outstanding share incentive awards granted under the LTIP (and its other incentive plans) through the delivery of market purchased shares via the Company's Employee Benefit Trust, as opposed to by the issue and allotment of new shares, the Company has not to date used any of its permitted share dilution authority under the 2015 LTIP.

On behalf of the Board

Karen Geary

Karen Geary
Remuneration Committee Chair

21 April 2024