Governance Report

Governance report

Chair's introduction to Corporate Governance

It is important to ensure we allow the right consideration of the issues that might arise in the year ahead, as we look to continue our recovery and address leverage concerns.

Helen Weir, Chair

This Corporate Governance Report describes our governance practices. Our corporate governance framework within which those practices operate is available on our website here: https://www.mobicogroup.com/about-us/corporate-governance/governance-framework/.

Strategy, risk management, internal control, and safety & environmental leadership

The Board is 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. The Board, supported by its Audit and Sustainability Committees, has been active during 2023 in discharging these responsibilities, by reviewing progress against the Evolve strategy, conducting 'deep dive' reviews of Group-wide and divisional risks, and monitoring the Group's overall compliance, safety and sustainability programmes.

Governance at a glance

Effective decision-making, including in accordance with our s.172(1) duty – see the Board's activities on pages 83 and 84 and our s.172(1) statement on pages 88 and 89.

A focus on the appointments of two Non-Executive Directors to the Board and Board and senior management succession planning, talent development and diversity – see our Nominations Committee Report on pages 98 to 101.

Robust and ever-evolving risk management and internal controls – see our Audit Committee Report on pages 102 to 108.

A drive to be an environmental leader and the employer of choice – see our Sustainability Committee Report on pages 109 and 110.

Remuneration Committee Chair, Directors' Remuneration Report and new proposed Directors' Remuneration Policy on pages 111 to 136.

Corporate Governance Compliance Statement

The Board is pleased to report that the Company has applied the Principles and complied with the Provisions of the UK Corporate Governance Code issued by the FRC in July 2018 for its financial year ended 31 December 2023. The Code is publicly available from the FRC website here: https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/.

This Corporate Governance Report as a whole explains how the Company has applied the Principles and complied with the Provisions of the UK Corporate Governance Code, but below is a guide to where the most relevant explanations are given for each of the Principles:

	Principles	Pages
Board leadership and Company purpose	A, B, C, D and E	Pages 82 to 84 and pages 88 to 97
Division of responsibilities	F, G and H	Pages 85 to 87
Composition, succession and evaluation	I, J, K and L	Pages 98 to 101
Audit, risk and internal control	M, N and O	Pages 102 to 108
Remuneration	P, Q and R	Pages 111 to 136

Further details of these matters are set out throughout the Strategic Report and in the Audit and Sustainability Committee Reports.

Board and senior management composition, succession, talent and diversity

As part of ongoing succession planning in relation to the Board, we welcomed two new Non-Executive Directors during 2023; Nigel Pocklington joined in August 2023 and is a member of the Remuneration and Sustainability Committees, and Enrique Dupuy de Lome Chávarri joined in November 2023 and is a member of the Audit Committee, with the intention that he will take over as Chair of the Audit Committee when Mike McKeon steps down in June 2024. The Nominations Committee report provides further detail on these recruitments and associated changes.

At the end of July 2023, we said goodbye to Matthew Crummack as Senior Independent Director. We thank him for his valued contribution during his tenure, both as a Board member and as Senior Independent Director, and wish him all the best for the future. Karen Geary was appointed as the Senior Independent Director with effect from 1 August 2023.

There were also changes to the Group Executive Committee during the year, with new divisional CEOs being appointed in both North America School Bus and the UK and Germany division. These leadership changes were key to addressing specific challenges within these divisions and to sharpen commercial focus.

The Board undertook an internal evaluation for the year in review, the outcome of which showed that we have made good progress on the actions arising from the internal Board evaluation conducted in 2022 and highlighted areas for continued focus, as noted in the Nominations Committee Report. The overall outcome of the evaluation was positive, which confirms our view that the Board works effectively and that debate is open, honest and robust with the Board focusing on the key matters. The Nominations Committee report contains further detail.

Further information about the Board's and its Committees' composition, succession plans and evaluation, senior management succession and talent development plans, and how diversity and inclusion are being fostered on the Board and across the Group, can be found in our Nominations Committee Report.

Remuneration balance between reward and restraint

The Board, through its Remuneration Committee, is responsible for ensuring appropriate arrangements are in place for rewarding and incentivising management in the context of Company and individual performance as well as the workforce, shareholder and wider stakeholder experience.

The Remuneration Committee has sought to achieve the right balance between rewarding the Executive Directors and incentivising them to continue their work on leading the Company's recovery and exercising restraint on their total pay. In doing so, the Remuneration Committee has taken regard of the wider stakeholder experience, and further consultation was undertaken with major shareholders in advance of this year's pay decisions. This year we are also proposing a new Directors' Remuneration Policy for approval by shareholders.

Further information about the Remuneration Committee's decisions on Executive Director pay, alongside the regulated information about all Directors' pay and the new Directors' Remuneration Policy, can be found in the Directors' Remuneration Report.

Stakeholder relations

Considerations relating to stakeholders have remained high on the Board's agenda in 2023, including through: direct engagement with equity and debt investors on key matters; direct engagement with the workforce; and hearing other stakeholders' views, including a Board visit to the Daimler Bus factory in Mannheim, speaking with Georg Seifert from one of our German Rail business's key PTAs and meeting with some key customers from our Shuttle & Transit business during the Board's visit to Boston, as more fully described on page 95 of this Report. The Board remains committed to open channels of communication with all stakeholders to be able to hear their views to aid its decision-making. Our s.172(1) statement provides examples of how the Board has considered stakeholders in making Board decisions.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 1:30pm on Tuesday 11 June 2024 in the Bevan Suite at BMA House, British Medical Association, Tavistock Square, London WC1H 9JP. Further information will be in the Notice of AGM. As the AGM provides an opportunity for you to meet with and ask questions of your Directors regarding the Group, this Annual Report and the matters before the meeting, I would encourage you to attend and look forward to meeting you.

Conclusion

Our approach to corporate governance has helped us during a challenging 2023. That approach will also allow the right consideration of the issues that might arise in the year ahead as we look to continue our recovery and address leverage concerns. On behalf of the Board, I would like to thank all of our colleagues, customers, suppliers and many other stakeholders who have contributed to, and supported, the Group during 2023. I extend my thanks to the Group Executive and to my fellow Board members for their support and contributions.

Helen Weir
Non-Executive Chair

21 April 2024

Board of Directors

Key
- Audit
- Nominations
- Chair
- Remuneration
- Sustainability

Helen Weir
Non-Executive Chair
Independent on appointment

Appointed: October 2022 and Chair from January 2023

Current external appointments:

- Supervisory Board Member, Koninklijke Ahold Delhaize N.V.
- Senior Independent Director, Superdry PLC

Ignacio Garat
Group
Chief Executive Officer

Appointed: November 2020

Current external appointments:

None

James Stamp
Group
Chief Financial Officer

Appointed: Interim CFO November 2022 and Group CFO from December 2022

Current external appointments:

None

Karen Geary
Senior
Independent Director

Appointed: October 2019

Current external appointments:

- Non-Executive Director, Sabre Insurance Group PLC
- Non-Executive Director, PageGroup PLC

Jorge Cosmen
Non-Independent
Deputy Chair

Appointed: December 2005

Current external appointments:

None

Carolyn Flowers
Independent
Non-Executive Director

Appointed: June 2021

Current external appointments:

None

Mike McKeon
Independent
Non-Executive Director

Appointed: July 2015

Current external appointments:

None

Ana de Pro Gonzalo
Independent
Non-Executive Director

Appointed: October 2019

Current external appointments:

- Non-Executive Director, ST Microelectronics NV
- Non-Executive Director, Novartis AG
- Independent Director, National Advisory Board representing Spain before the Global Steering Group for Impact Investment

Nigel Pocklington
Independent
Non-Executive Director

Appointed: August 2023

Current external appointments:

- Chief Executive Officer, Good Energy Group PLC
- Senior Independent Director, Kin and Carta PLC

Enrique Dupuy de Lome Chavarri
Independent
Non-Executive Director

Appointed: November 2023

Current external appointments:

- Non-Executive Director, Wizz Air Holdings PLC

Matthew Crummack
Senior Independent Director

Appointed: May 2015

Resigned: July 2023

External appointments as at 31 July 2023:

- Chief Executive Officer, Domestic & General Limited

For more information on each of the directors' experience and key strengths in support of the Company's strategy, please visit the Company's website:

https://www.mobicogroup.com/about-us/our-leadership-team/

Further details about Directors' independence, conflicts of interest and commitment are set out on pages 86 and 87.

Board activity in 2023

Strategy, business and operational performance	• Reviewed progress against the Group's Evolve strategy and assessed opportunities to accelerate Evolve and deleverage, including the proposed North America School Bus disposal • Reviewed the performance of the Group's divisional businesses, including receiving reports from the divisions on their performance versus strategy and their priorities and initiatives • Undertook strategic 'deep-dives' throughout the year, including on ZEV transition, digital transformation and safety • Approved the change of the Company's name to Mobico Group PLC, which better reflects the Group's international nature and its diverse range of mobility services • Reviewed and approved bids for significant opportunities to provide transportation services
Financial performance	• Received reports from the Audit Committee on the integrity and reasonableness of, and reviewed and confirmed, the Company's and its Group's full year and half year financial results, the going concern basis on which they were prepared and the Group's viability • Approved the Group's annual budget and monitored the Group's trading performance against both budget and forecasts in light of changing market conditions, particularly in respect of labour costs and availability, interest rates and inflation and evaluated strategic options • Reviewed and agreed the Group's financing requirements, including headroom against Board-set liquidity requirements and bank-set covenants, and approved the refinance of a £600 m Revolving Credit Facility and issuance of a €500 m bond under the Company's £1.5 bn Euro Medium Term Note programme • Considered the Company's dividend policy, approved the payment of the 2023 interim dividend and suspension of the 2023 full year dividend
Risk management and internal control	• Reviewed the Group's risk appetite and its management of principal and emerging Group-wide risks • Received reports from the Audit Committee on its reviews of cyber risk and divisional risk management • Received reports from the Audit Committee on, and reached its own conclusion about, the effectiveness of the Group's system of internal control, including the findings and effectiveness of the internal audit function and the work of the external auditor • Reviewed the Group's guarantees register and approved the annual renewal of the Group's insurances • Received regular updates on legal and regulatory matters, including material legal claims brought by and against the Group's companies
Sustainability	• Received reports from the Sustainability Committee on the progress against the Group's sustainability ambitions, including progress against the Group's environmental targets and strategy and the Group's people targets and strategy • Received people updates relating to engagement survey results, driver shortages, trade union relations and other matters affecting the workforce • Participated in a number of workforce engagement activities, as further described on pages 94 to 97 of this Corporate Governance Report • See page 84 of this Corporate Governance Report for a detailed review of the Board's activity during 2023 in relation to safety
Leadership and remuneration	• Received and approved recommendations from the Nominations Committee on the appointment of two new Non-Executive Directors, the proposed size and composition of the Board and each of its Committees and the proposed annual election, or re-election, of Directors at the next AGM • Received a report from the Nominations Committee on senior management succession plans, talent identification and development programmes • Received reports from the Remuneration Committee on its activities, including Chair, Executive and senior management pay awards, bonus awards, targets and out-turns, long-term incentive grants, performance conditions and vestings and overall pay conditions across the Group • Consulted with shareholders on Executive Directors' remuneration (including the new Directors Remuneration Policy) to ensure shareholder views were understood • Reviewed and approved Non-Executive Director fees
Governance	• Approved the Company's Annual Report, including ensuring that it is fair, balanced and understandable • Considered developments in corporate governance and reporting and how best to implement such developments, such as the new Parker Review recommendations to set senior management ethnicity targets by the end of 2023 • Reviewed the results of the internal Board and Committee effectiveness evaluation • Reviewed the Board's terms of reference, its Committees' terms of reference and the Group's delegated authority framework • Reviewed and approved the Group's modern slavery statement

Further details about the Board and Committee meetings held during 2023, Directors' attendance at those meetings and the Board and its Committees' processes are set out on pages 86 to 87 of this Corporate Governance Report.

Safety

The Group CEO has overall responsibility for the Group's safety system and performance, supported by the Divisional CEOs, the Group Operations and Safety Director and the Divisional Safety Directors. The Board has direct oversight of the Group's safety system and performance, receiving a safety report and updates at each Board meeting.

Safety system

The Group has well-defined and developed safety systems and standards which operate across its global businesses and has its foundations in the 'Driving Out Harm' programme which originated in 2011. This was enhanced in 2017 with the introduction of five new Global Safety Policies relating to speed management, driving evaluation, competence of driving evaluators, driver monitoring and driver performance management. A sixth Global Safety Policy on road vehicle shunting was introduced in 2021. These policies are fully implemented across the Group's existing operations and continue to be implemented in those cities and countries in which the Group has more recently commenced operations.

Safety performance

The Board assesses the Group's safety performance and risk by reference to a number of KPIs, the principal one being the Fatality and Weighted Injuries (FWI) index measure. The FWI index weights preventable injuries by severity to give an overall base score which is normalised by miles operated.

A further KPI measures a preventable accident score which counts the number of vehicle accidents that should, by compliance with the Group's safety system, have been capable of being prevented.

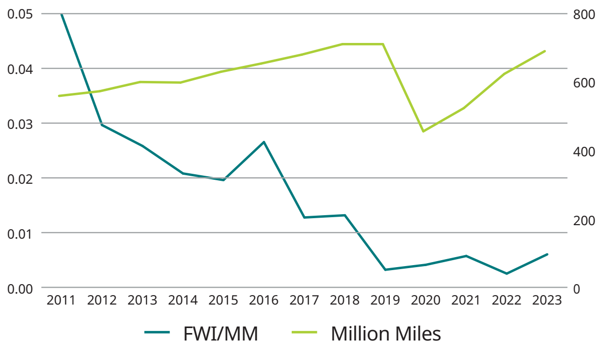
To ensure continued focus on the Group's safety performance, a portion of the bonuses for Executive Directors and senior management is based on the Group FWI Index score, with the threshold for pay-out only being met if there were no preventable fatalities during 2023. The 2023 FWI index target is derived from the Group's average FWI score from the previous five years (excluding 2020 which was a year of unusually low operations due to the pandemic). The actual score achieved for 2023 is set out in the table below:

KPI Target and 2023 Bonus Target	Bonus Weighting	Target Score	Actual Score
Group FWI index score (per million miles)	15%	0.006	0.006

Although the Group FWI index target for 2023 was met and was comparable to the result in 2021, the Board noted that the 2023 score has increased from the previous year. This is primarily because the 2023 score includes two fatalities, whereas the 2022 result had no fatalities. The 2023 fatalities have been thoroughly investigated and appropriate actions have been taken. Although the Group target was achieved, there is no bonus pay out on the FWI metric in 2023 for Executive Directors as a result of the fatalities.

The impact of the Group's relentless focus, and continuous investment, in safety is illustrated by the graph at the top of the next column. To demonstrate the Group's ongoing focus and commitment to safety, the Remuneration Committee of the Board will continue to include safety metrics within the Executive Directors' and senior management bonus plans for 2024, as set out in the Directors' Remuneration Report.

FWI per million miles operated



In addition to assessing safety performance by reference to KPIs, the Board also reviewed all major safety incidents within the Group, their root causes and any lessons to be learned, together with action plans implemented in response to them. It also received updates about a number of specific or new aspects of the Group's safety system, for example:

- following an increase in preventable accidents in Morocco, the Board learnt of a new bespoke Moroccan Safety Improvement initiative which was being implemented to reverse this trend through increased training and monitoring. The Board was pleased to hear that the trend was showing signs of improving despite an increase in new drivers and increased mileage. This is also an example of how the Group continues to be alert to new and emerging risks and devises plans to mitigate their effects;
- a detailed safety 'deep-dive' into German Rail in June 2023 – key highlights include the Board being given: (i) an overview of the safety management system in place in German Rail, (ii) an introduction to signal passed at danger ("SPADs") incidents and the German Rail's SPAD performance, observing the training simulator introduced to reduce incidents, (iii) an explanation as to the key safety risks within German Rail and how they differ to those within Bus and Coach, including in respect of the infrastructure, depot and platform interfaces where other organisations may have primary safety responsibilities;
- a briefing on the Group's standards on the safety of vehicles and premises which had been updated to include an extensive fire risk section specifically addressing electric and hydrogen vehicles; and
- an update about how the Divisional Safety Directors were working on a road map to move from a training and monitoring approach to one which empowers and predicts. This is to encourage drivers to take more responsibility for being more self-aware through support and the use of predictive technology – further demonstrating the Group's focus on continuous improvement.

The Group's safety excellence also continued to be recognised externally during 2023, for example ALSA, the UK and Bahrain achieved ISO 45001 accreditation, the UK Coach and Bus divisions had 5* BSI safety audits, and ALSA achieved the highest rating in the assessment of Workplace Road Safety from the Regional Government of Madrid.

The Board believes that the Group's approach to safety, and commitment to continually learning and improving through innovation, ensures it meets and will continue to meet its overall strategic ambition of being the safest operator in the industry.

Division of responsibilities

Roles and responsibilities

The Board has agreed a clear division of responsibilities between the Chair and Group Chief Executive. Other roles are also clearly defined to enhance Board effectiveness. A summary of those roles and responsibilities is set out below:

Chair Helen Weir[1]	• Provides overall leadership to, and ensures the effectiveness, of the Board • Sets the agenda, character and tone of Board meetings and discussions • Maintains an effective working relationship with the Group Chief Executive Officer • Leads the annual performance evaluation of the Board and its Committees and ensures Non-Executive Directors make effective contributions • Assists the Board in understanding stakeholders', including shareholders', views
Deputy Chair Jorge Cosmen[2]	• Maintains a close dialogue with the Chair and the Group Chief Executive Officer • Supports and deputises for the Chair as required • Assists the Group Chief Executive Officer in developing strategy, in view of his deep knowledge of the Group and the passenger transport sector
Group Chief Executive Officer Ignacio Garat[3]	• Develops the Group's strategy for consideration and approval by the Board and provides effective leadership to the GEC in the delivery of that strategy • Responsible for the management of the Group's operations, including the Group's safety and sustainability activities • Manages, with the GEC members, relationships with key stakeholders, from shareholders to key customers and suppliers • Communicates the Group's progress against strategy and operational performance to investors and analysts • Leads the workforce and sets the Group's culture 'from the top'
Group Chief Financial Officer James Stamp[3]	• Works closely with the Group Chief Executive Officer in the development and delivery of the Group's strategy • Responsible for the financial stewardship of the Group and management of its resources through appropriate accounting, financial and other internal controls • Directs and manages the Group's finance, risk management, internal audit, insurance, tax and treasury functions • Manages investor relations, including by communicating the Group's financial performance to investors and analysts
Senior Independent Non-Executive Director Karen Geary[4]	• Acts as a sounding Board for the Chair and a trusted intermediary for other Directors • Available to investors to discuss any concerns that cannot be resolved through the normal Chair or Executive Director channels • Leads the Board in the annual performance evaluation of the Chair and in developing Chair succession plans
Independent Non-Executive Directors Mike McKeon, Ana de Pro Gonzalo, Carolyn Flowers, Nigel Pocklington and Enrique Dupuy de Lome Chávarri	• Monitor and scrutinise the Group's performance against its strategic goals and financial plans • Bring objective perspective to the Board's deliberations and decision-making, drawing on their collective experience and individual expertise and insights • Chair and otherwise play lead roles in the functioning of the Board's Committees • Monitor and assess the Group's culture, use appropriate and effective means to engage with the workforce and acquire an understanding of stakeholders' views • Monitor and assess the effectiveness of, and support and constructively challenge, the Executive Directors
Group General Counsel & Company Secretary Simon Callander	• Provides advice and support to the Board, its Committees, the Chair and Directors individually as required • Responsible, with the Chair, for setting the agenda for Board meetings and for high quality and timely information and communication between the Board and its Committees, and between the Directors and senior management as required • Ensures that Board and Committee procedures are complied with

1 Independent on appointment
2 Non-independent Non-Executive Director
3 Executive Director
4 Appointed as the Senior Independent Director with effect from 1 August 2023, following Matthew Crummack stepping down from the Board on 31 July 2023

Board and Committee meeting attendance

The Board and its Committees conduct their business at scheduled meetings during the year. Additional meetings are held, and other arrangements made, to consider and decide ad hoc matters outside of scheduled meetings. The table below sets out the attendance by Directors and Committee members at the scheduled meetings of the Board and its standing Committees in 2023:

Attendance at meetings	Board	Nominations Committee	Audit Committee	Remuneration Committee	Sustainability Committee
Total meetings in 2023[1]	**8**	**3**	**4**[7]	**4**	**3**
Executive Directors					
Ignacio Garat, Group Chief Executive Officer	8	–	–	–	–
James Stamp, Group Chief Financial Officer	8	–	–	–	–
Chair and Non-Executive Directors					
Helen Weir	*8	3	–	4	3
Jorge Cosmen	8	*3	–	–	3
Matthew Crummack[2]	5	2	–	2	–
Carolyn Flowers	8	3	4	–	*3
Karen Geary	8	3	–	*4	3
Mike McKeon[3]	8	1	*4	–	–
Ana de Pro Gonzalo[4]	8	–	4	3	–
Nigel Pocklington[5]	3	–	–	1	1
Enrique Dupuy de Lome Chávarri[6]	1	–	2	–	–

1 Some of the Board and Committee decisions were taken outside of scheduled meetings during the year and the Chair of the Board and the Executive Directors were also invited to attend certain meetings of the standing Committees of the Board where appropriate, neither of which are shown in the table above. The Disclosure Committee and Executive Committee of the Board met during 2023 as and when required but these meetings are not reflected in the table above given the nature of these committees means that such meetings are not scheduled

2 Matthew Crummack stood down from the Board on 31 July 2023 having attended all meetings of the Board, Remuneration Committee and Nominations Committee held during the year prior to this

3 Mike McKeon was appointed as a member of the Nominations Committee on 1 August 2023 and attended all meetings held after appointment

4 Ana de Pro Gonzalo could not attend one of the Remuneration Committee meetings as that meeting had to be re-arranged to another date where she already had a pre-existing commitment

5 Nigel Pocklington was appointed to the Board on 1 August 2023 as a Non-Executive Director and attended all the meetings of the Board held after appointment. He was also appointed to the Remuneration and Sustainability Committees on 1 August 2023. He attended all Committee meetings held after that date, save for one Remuneration Committee meeting which he could not attend due to a pre-existing commitment

6 Enrique Dupuy de Lome Chávarri was appointed to the Board on 1 November 2023 as a Non-Executive Director and attended all the meetings of the Board and the Audit Committee held after appointment

7 There were 4 Audit Committee meetings scheduled for 2023 as set out in the table, but the Committee meeting scheduled for December 2023 was moved to January 2024 to fit better with the audit schedule

* Board Chair or Committee Chair

Director independence

The Board reviews the independence of its Non-Executive Directors annually in advance of proposing Directors for election or re-election at the AGM. The Nominations Committee also considers Non-Executive Director independence on an ongoing basis as part of its consideration of the composition of the Board.

Helen Weir was considered independent on appointment as Chair. Mr Cosmen, the Deputy Chair, is not considered independent due to his long tenure on the Board (18 years), his close links with the Group's business (especially the ALSA business) and the interests the Cosmen family hold in shares in the Company. However, Mr Cosmen's extensive experience in the passenger transport industry and deep understanding of the Group's business enables him to provide the Board with valuable support when reviewing strategic and operational matters.

On the advice of the Nominations Committee, the Board considers all other serving Non-Executive Directors to be independent.

Director conflicts of interest

The Board operates a policy to identify and manage situations declared by Directors (in accordance with their legal duty to do so) in which they or their connected persons have, or may have, an actual or potential conflict of interest with the Group. The Board considers such situations as they arise and decides whether to authorise any conflict based on the overriding principle that a Director must at all times be able to exercise independent judgement to promote the success of the Group.

A register of Directors' actual and potential conflicts of interest, together with authorisations previously given by the Board, is maintained by the Group General Counsel and Company Secretary. Following review by the Nominations Committee of the application of this policy during the year under review, the Board is satisfied that no Director conflict situation currently exists.

Director commitment and external appointments

The Directors ability to commit sufficient time and attention to their duties, including having regard to their external appointments, is reviewed by the Board annually in advance of Directors being proposed for election or re-election at the AGM, following recommendation from the Nominations Committee. All Directors are expected, and required by their appointment terms, to commit sufficient time to the Board and the Group in order to carry out their duties. They are also required, by their appointment terms, to seek the Board's approval to taking on significant new commitments.

The Board's policy on Directors' commitment and external appointments gives guidance on what constitutes a significant commitment outside the Group and the process to follow to seek approval for new external appointments. The policy guides that the Board will not normally approve Executive Directors holding more than one other significant commitment, such as a non-executive directorship in another publicly traded company, and will not normally approve Non-Executive Directors holding more than five 'mandates' as defined in the policy.

A register of Directors' external appointments is maintained by the Group General Counsel and Company Secretary. Details of all Directors' current significant external appointments are included in their biographies on the website here: https://www.mobicogroup.com/about-us/our-leadership-team/.

Following recommendation by the Nominations Committee the Board considers, taking into account Directors' attendance at Board and Committee meetings, their contributions to the Group outside the Boardroom and their other current significant commitments, including external appointments, that all the Directors are able to devote sufficient time and attention to their duties.

Board and Committee processes

The Board has a schedule of matters reserved for its approval, which matters include: strategy review, risk appetite and Group-wide principal and emerging risk review; major acquisitions, disposals, bids and contracts; share capital changes and debt financing; review of financial results and approval of business plans and budgets; setting and changes to key corporate policies; Board and Committee membership; and corporate governance arrangements. Other responsibilities and authorities have been delegated by the Board to its standing Committees, comprising its Nominations, Audit, Remuneration, Sustainability, Executive and Disclosure Committees.

The schedule of matters reserved to the Board and the terms of reference of each of its standing Committees, which are reviewed and approved by the Board annually, can be found on our website at www.mobicogroup.com. Matters that fall outside of those reserved to the Board or its standing Committees fall within the responsibility and authority of the Group Chief Executive Officer and/or the Group Chief Financial Officer and are either reserved to them or delegated by them further pursuant to a Group Delegated Authorities Framework which is also reviewed and approved by the Board.

The Chair of the Board and Group General Counsel and Company Secretary, in consultation with the Chief Executive Officer and Chairs of the Committees, maintain a scheduled 12-month programme of business for the Board and its standing Committees. This incorporates flexibility for additional business to be discussed as required either at those scheduled or additional ad hoc meetings of the Board or its Committees.

At each scheduled Board meeting, the Board reviews updates from the Executive Directors on the Group's strategic, operating and financial performance, and from and other members of the Group Executive Committee including the Group General Counsel and Company Secretary on legal compliance and corporate governance and the Group Operations and Safety Director on the Group's safety performance.

Committee Chairs provide summaries of the main decisions and recommendations arising from Committee meetings to ensure non-members are kept up to date with the work undertaken by each Committee. Senior management and external advisers regularly attend both Board and Committee meetings where detailed discussions on specific matters on which their input or advice is needed take place. The Board also seeks to bring external viewpoints into the Boardroom, including from customers, suppliers, government or regulatory officials and experts in areas relevant to the Group's delivery of strategy or management of risk.

If a Director is unable to attend a meeting due to illness or exceptional circumstances, they still receive all supporting papers in advance of the meeting and are invited to discuss with, and provide input to, the Chair of the Board, relevant Committee Chair or the Group General Counsel and Company Secretary on the business to be considered at that meeting. Feedback is provided to any absent Director on the key decisions taken at the meeting.

The Board has access to the Group General Counsel and Company Secretary, for support and advice as required, and the Company operates a policy which allows Directors to obtain, at the Group's expense, independent professional advice where required to enable them to fulfil their duties effectively.

In addition to Board and Committee meetings, Non-Executive Directors hold private meetings without the Executive Directors present, including to discuss Executive Director performance. There are also opportunities during the year for Directors to have informal discussions outside the Boardroom, either between themselves or with senior management or external advisers.

Further, Non-Executive Directors have the opportunity, throughout the year, to attend seminars and discussion groups on matters relevant to their roles and responsibilities or on topics of interest to the Company, including through the Deloitte Academy and Chapter Zero.

Section 172(1) statement

The Board makes decisions after careful consideration of all relevant factors including, but not limited to, those specified in s.172(1) Companies Act 2006. Examples of some of the decisions taken by the Board during the year and an explanation of which factors the Directors had regard to when reaching such decisions, including those set out in Section 172(1)(a) to (f) of the Companies Act 2006, are set out in the table below:

Key

Long-term impact · Employees · Fostering business relationships · Community and environment · Reputation · Acting fairly between members · Financial implications · Advancing the purpose

Board decision	Directors' consideration of factors in accordance with s. 172(1)
Approved the decision to prepare the North American School Bus business for a potential disposal	• in line with the Group's commitment to disciplined capital allocation and deleveraging as well as its focus on future return-enhancing growth, the Board undertook a strategic review of the North America School Bus business, concluding that the demand for high quality, infrastructure-like businesses presented a compelling opportunity to deliver shareholder value through a potential disposal. Such a disposal would accelerate the Group's deleveraging whilst enhancing financial flexibility to focus on opportunities with higher return potential
	• wider stakeholder implications for the North American School Bus business, including greater certainty for colleagues, longer term financial security for the business with a less capital constrained owner and better ability to bid and win contracts thereby fostering business relationships and servicing more of the community
Approved recommendations from the Nominations Committee on the appointments of two new Non-Executive Directors to the Board and the appointments of two new divisional CEOs (in the UK & Germany and North America School Bus) to the Group Executive Committee	• the appointments support the long-term success of the Group, as suitably experienced and qualified individuals have been appointed to the Board and Group Executive, who have strong reputations for delivery of strategic ambitions and/or their area of expertise to help deliver stronger financial outcomes, accelerate the Evolve strategy and support the growth agenda
	• colleagues will benefit from a strong leadership team being in place, including through enhancements to culture
Approved the refinance of a £600m Revolving Credit Facility and issuance of a €500m bond under the Company's £1.5 bn Euro Medium Term Note ('EMTN') programme, the latter enabling the refinance of the Group's maturing £400m bond	• the refinance and bond issue strengthens the Group's debt maturity and liquidity profile, diversifies its sources of funding and provides a stronger platform from which to deliver future growth, thereby enabling it to execute its strategic plans and advance its purpose
	• given the volatility of the debt markets, the new debt has been secured on favourable terms for the longer term
	• the refinance and bond issue enabled the Company to develop lending relationships with debt investors that were new to the Group, and build on those with debt investors that already lend to the Group
	• the decision to secure debt, rather than equity funding, helps to ensure that shareholders, particularly small shareholders who may not be able to take up their rights in a rights issue and would therefore be diluted, are treated equally

Board decision	Directors' consideration of factors in accordance with s. 172(1)
Approved the decision to suspend the 2023 full year dividend	• in determining whether or not to suspend the dividend, the Board considered the financial implications and long term impact of recommencing such a dividend, acting fairly between members who had expressed different views, alternative applications of those monies (including reinvestment and deleverage) and the impact on the Company's reputation
Reviewed and approved the Group's five year strategic plan and opportunities to accelerate the Evolve strategy	• the achievement of our strategy through execution of our customer propositions and delivery of our outcomes will have positive outcomes for all; our colleagues will benefit from financial, career and development opportunities resulting from our growth; our business relationships will benefit through strengthening existing relationships and developing new relationships with our customers, suppliers, debt providers and our partnerships with local governments; the community and environment will benefit as we transition to zero emissions vehicles and seek to keep local communities well connected with safe and reliable transportation services; and all of our members will benefit from our growth and increased profitability through returns on their investment • the achievement of our strategy will improve our reputation in the long-term, because we will be: the safest, most reliable operator with the most satisfied customers; an employer of choice; and an environmental leader, with strong financial returns, which will advance our purpose
Approved bids for significant opportunities to provide transportation services	• the bids would, if successful, generate revenue and profit and contribute to the Group's growth strategy and align with its purpose, including through access to new markets and strengthening our presence in existing markets which could create further opportunities in the long-term. Our members will all benefit from our growth and increased profitability through returns on their investment as will our existing colleagues from the increased financial stability within the Group
	• additional colleagues would join the Group if the bids are successful. They would benefit from our training programmes and application of our Group Safety Policies, which would teach them new skills and procedures aimed at reducing risk • the local communities served could benefit from either a new or continued service operated to the high standards set by the Group, particularly in terms of safety and in line with the Group's environmental ambitions to transition its global fleet to zero emissions vehicles
	• the Group chose to partner with others in some of its bid submissions, which enabled the Group to form new, or strengthen existing, stakeholder relationships
Approved the Group's modern slavery statement	• the statement confirmed the Group's zero-tolerance approach to slavery and human trafficking and sets out the steps taken by the Group during the year to ensure there was no modern slavery or human trafficking in any part of its business or supply chain, and in approving such statement, consideration was given to the Group's reputation for conducting its business in an ethical manner and with integrity and the importance of working with trusted suppliers who operate to the same high standards with respect to conduct of their business and management of their social and ethical issues

Purpose, values and culture

Purpose, vision and strategy

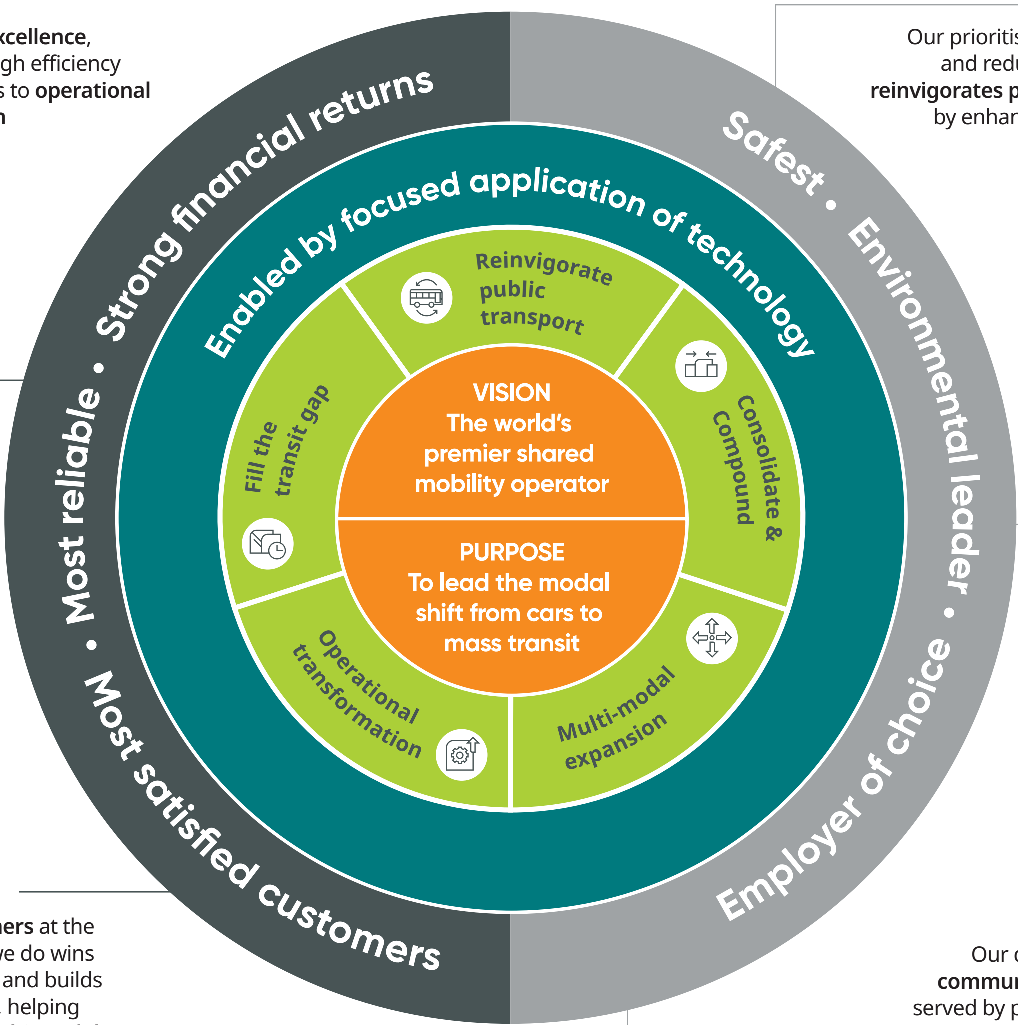
The Group has a clear purpose and vision to be achieved through the execution of its Evolve strategy. This strategy is built upon five customer propositions, each underpinned by the focused application of technology, to deliver six outcomes for stakeholders. For more details see pages 10 and 11.

Aligning our purpose, vision, values and strategy

The Group's values – Safety, Excellence, Customers, People and Community & Environment – support the execution of the Evolve strategy as they are directly aligned with the six outcomes for stakeholders, as illustrated by the examples in the diagram below:

Excellence
Our focus on **excellence**, delivered through efficiency initiatives, leads to **operational transformation**

Safety
Our prioritisation of **safety**, and reducing accidents, **reinvigorates public transport** by enhancing passenger confidence



Customers
Putting **customers** at the heart of what we do wins us their loyalty, and builds our credentials, helping us win more **multi-modal expansion** opportunities

Community & Environment
Our desire to ensure **communities** are better served by public transport, and our commitments to reducing our impact on the **environment**, encourage us to **fill the transit gap**

People
Investing in our **people** enables us to improve our customer service offering, **reinvigorating public transport** by growing patronage

Culture

The below table sets out the framework of policies and practices which support our culture and explains how the Board monitors culture:

Culture framework	Board methods of monitoring culture
Our safety priority The Group's prioritisation of safety, led from the top, ensures it remains central to all business decisions and operational practices. Its global safety policies and systems set high and consistent standards across its operations worldwide. The inclusion of stretching safety targets in short-term incentive arrangements maintains this continued focus.	• The Board monitors the development, implementation and compliance with the global safety policies and reviews major safety incidents, their root causes and any lessons to be learned from them. • The Board undertakes safety 'deep-dives' to assess safety compliance and safety culture across different parts of the business. • The Group CEO, supported by the Group Operations & Safety Director, constantly monitors the Group's safety performance and reports on such performance to the Board at every Board meeting.
Our environmental strategy and ambitions The Group's environmental strategy is centred on the transition of the Group's fleet to ZEVs, and its environmental ambition to achieve zero emission fleets within each of its current business divisions. Its environmental KPIs enable progress against ambitions to be tracked and the inclusion of carbon reduction targets in long-term incentive arrangements maintains focus.	• The Sustainability Committee monitors progress against the Group's environmental strategy and ambitions. • The Group CEO and Group CFO, assisted by the Group Sustainability Director, the Global Sustainability Steering Group and the Zero Emission Vehicle Steering Group, regularly assess the development and delivery of zero emission fleet and other environmental initiatives, track progress against the environmental KPIs and report on such performance to the Sustainability Committee.
Our people strategy and employee policies and practices The Group adopted a new people strategy during 2022 which is based around three key priorities: Embrace, Energise, Elevate which are underpinned by our Essentials, as further explained on pages 62 and 63. The Company has adopted people KPIs, including eNPS as described on page 17. Fair and transparent employee policies and practices ensure that our colleagues' rights are respected in accordance with applicable laws, their contracts and recognised collective bargaining agreements. A number of programmes and initiatives also support their health and wellbeing, develop their talent, recognise their excellence, encourage innovation and promote diversity and inclusion among them.	• The Sustainability Committee monitors progress against the people strategy and ambitions, including tracking progress against the people KPIs. • The Sustainability Committee and the Board receive people updates on all key people data and trends, including levels of establishment, levels of engagement, outcome of staff surveys and the status of trade union relations. • The Nominations Committee performs 'deep-dive' reviews into the effectiveness of senior management succession plans, talent identification and development plan and diversity & inclusion initiatives. • Directors engage directly with colleagues via engagement events as described on pages 94 to 97.
Our corporate policies The Group's corporate policies, including those on anti-bribery and corruption, anti-slavery and human trafficking, data protection and whistleblowing, set clear expectations, and mandates, for every member of the workforce to perform business with integrity and in accordance with applicable laws. The Group Compliance & Risk Officer champions compliance, and a compliance framework has been developed to bring greater alignment to corporate policies.	• The Group's compliance framework, and the corporate policies which form part of it, are reviewed and approved by Board or the Audit Committee. • The Group Compliance & Risk Officer sponsors the Group's compliance programme, manages its development and enforcement and reports to the Audit Committee on its effectiveness. • Any serious allegations of breach of corporate policy or other wrongdoing, whether identified through internal audits, the whistleblowing hotline (via which colleagues can raise concerns in confidence and anonymously if they wish) or otherwise, are duly investigated, acted upon and brought to the Board's attention.
Our supplier protocols and procedures Standard supplier protocols and procedures, standard contractual terms and audits of suppliers ensure that key suppliers operate their businesses and respect their workers' rights in the same way that we do. Building long-term, mutually beneficial, relationships with core suppliers also enables the Group and its suppliers to understand and assist in the achievement of what is important to the other.	• The Board receives stakeholder reports and presentations from core suppliers from time to time. • The Group Procurement team monitors compliance by key suppliers with the Group's policies, protocols and procedures, and the Board receives reports from the Group Procurement Director from time to time.
Our values The Group has an embedded set of values which all our colleagues are encouraged to live by. The identification in the Evolve strategy of the six stakeholder outcomes, by which the Group measures whether it is delivering on its strategy and achieving its purpose, further reinforces the importance of the values. The alignment between the values and the outcomes is explained on page 90.	• The Board's engagement with our colleagues, through the means described on pages 93 to 97, enables the Board to assess first hand whether our colleagues are living by our values. • The Board also hears customer, supplier and other stakeholder views, through the means described on pages 93 to 97, facilitating a further assessment of whether our stakeholders consider we are living by our values.

Through its monitoring activities, the Board is satisfied that the Group's culture is strongly aligned with its values, purpose and strategy.

Stakeholder relations

Board engagement with shareholders, analysts, potential investors and debt providers

The Board is committed to maintaining a two-way dialogue with its key financial stakeholders. The Chair, supported by the Senior Independent Director and the Executive Directors, has overall responsibility for ensuring this communication is effective.

The Executive Directors, with the support of the investor relations team, undertook their usual investor relations programme during the year. The programme, which is aligned to the Group's financial reporting calendar, includes holding meetings with and giving presentations to existing and prospective equity investors, participating in analyst-arranged investor conferences and investment bank sales desk meetings. These events are shown by ● in the investor relations programme to the right. In addition, the Chair had a number of introductory and follow up meetings with some of the Company's major shareholders as part of her induction programme as shown by ●.

The Executive Directors, supported by the Group Investor Relations Director, and the Chair met with some of the Company's major shareholders following the Q3 trading update, as shown by ●.

The Chair of the Remuneration Committee also undertook additional engagement in connection with (i) the 2022 Directors' Remuneration Report in advance of the 2023 AGM, to ensure the Remuneration Committee and the Board understood the views of the shareholders before making decisions on Executive Directors' remuneration, and (ii) the new Directors Remuneration Policy in advance of publication of the Notice of 2024 AGM, as shown by ●.

The Executive Directors, supported by the Group's brokers and financial advisers and treasury team, undertook engagement in connection with the £600m Revolving Credit Facility ("RCF") and issuance of a €500m bond under the Group's £1.5bn Euro Medium Term Note ('EMTN') programme, the latter enabling the refinance of the Group's maturing £400m bond, all of which involved discussions with existing and prospective debt investors, as designated by ●.

The Board is kept fully informed of the views of shareholders via regular reports from the Executive Directors on their investor relations activities and via feedback from the Chair and other Non-Executive Directors on their engagement, as well as Board updates given by the Group Investor Relations Director. The Company's brokers and investor relations advisers also provide regular confidential feedback on investor views, perceptions and opinions which are shared with the Board.

The AGM also gives shareholders (especially retail shareholders) the opportunity to engage with the Board regarding the matters before the meeting and we were pleased to welcome over 20 retail shareholders at the 2023 AGM. The 2024 AGM will again be an in-person meeting; further details are in the Notice of 2024 AGM.

During 2023, 11 analysts published equity research notes covering the Group through the year, although only 8 analysts are currently providing coverage. Details of the analysts that currently provide coverage in relation to the Group appear at https://www.mobicogroup.com/investors/.

2023 Investor Relations Programme:

January	● Letters sent to major shareholders on executive remuneration matters in advance of the 2023 AGM
February	● One-on-one discussions with major shareholders who wished to engage in discussion on executive remuneration matters in advance of the 2023 AGM ● Chair had meetings with a number of major shareholders as part of her induction
March	2022 full year results announcement and investor roadshow ● Meetings with investment bank sales desks ● Bank of America investors' conference ● Berenberg investors' conference ● Jefferies investors' conference ● Further letters sent to major shareholders on executive remuneration matters in advance of 2023 AGM
April	Q1 trading update ● Ad hoc investor meetings
May	2023 AGM ● HSBC investors' conference
June	● Discussions with debt investors in connection with £600m RCF
July	2023 half year results announcement ● £600m RCF completed
August	2023 half year investor roadshow ● Chair met with major shareholder as part of her induction
September	2023 half year investor roadshow ● €500m bond roadshow and issuance
October	Q3 trading update ● Meetings with shareholders following the Q3 trading update
November	● Ad hoc investor meetings
December	● Letters sent to major shareholders on the new Directors' Remuneration Policy in advance of the 2024 AGM

Board engagement with the workforce

The Board undertook two site visits during the year in review, the first in June 2023 to Cologne as part of an overview of the German Rail business and then in Boston, USA in September 2023 to visit two of the North America Shuttle & Transit divisions depots, or CSCs. This programme of site visits was supplemented by Directors participating in workforce engagement events, undertaken through online listening forums and in-person engagement during site visits. Further details of all of these events can be found on page 93 to 97.

These touchpoints for the Board with the workforce are not just an important means of monitoring the Group's culture but they also serve to deepen Directors' understanding of how the Group's operations function in practice and allow them to hear directly from colleagues about matters that can either be directly relevant to the Board's decision-making or can give better context to that decision-making.

Cologne site tour

The Board visited Germany in June 2023, spending time with Daimler Buses at its electric bus factory in Mannheim (more detail on this can be found on page 97), travelling across Germany on services operated by competitors where they experienced the issues customers face in relation to unreliable services, and with our German Rail division at its headquarters in Cologne.

Boston site tour

The Board went to Boston in September 2023 and had the opportunity to visit two CSCs and speak with colleagues and some key customers.

Cologne site tour

During the visit to Cologne the Board had the opportunity to:

01 Visit the Control Centre and learn more about German Rail infrastructure from the operations team

02 Receive a demonstration of the new simulator training introduced to reduce SPADs

03 See how the HR and Contract Management teams use technology within their areas to improve data collection, which in turn drives enhanced performance, efficiency and trust

04 Hear from the engineering team about how they were using a 3D printer to develop innovative solutions to supply chain issues whilst also lowering cost

05 Travel on one of our RRX trains from Cologne to Dusseldorf Airport

Boston site tour

During the site tour, the Board:

01

Met with the General Manager at the Hyde Park CSC and were given an overview of the paratransit services operated from the facility

02

Spoke with key customer, Michele Stiehler from Massachusetts Bay Transportation Authority (MBTA), about the MBTA's strategy and partnership with us

03

Saw the maintenance shop at Hyde Park CSC and spoke with engineers about the maintenance services they provide

04

Travelled to a Boston CSC where the General Manager described the contracts operated from the CSC and gave an update on future growth plans

05

Got on board one of the transit electric vehicles at the Boston CSC

Chair induction

As part of her planned induction programme the Chair visited a number of Group's divisions in early 2023. During those visits she engaged with staff at a number of our depots across Spain, the UK and North America. There was also an opportunity to engage with a number of customers of the North American Shuttle & Transit and School Bus businesses to better understand their differing needs and service expectations

Online listening forums

Online listening forums take the form of roundtable discussions between one or two Non-Executive Directors and 10-20 members of the workforce drawn from a variety of roles. These forums have been positively received by those attending them who have commented, in particular, that the format encourages a free-flowing dialogue.

Three online listening forums were held in 2023, one for colleagues from each of the Company's principal business divisions of UK & Germany, North America and ALSA. The UK event was attended by Karen Geary, the North American event by Carolyn Flowers, Mike McKeon and Helen Weir, and the ALSA event by Jorge Cosmen and Ana de Pro Gonzalo.

The topics at each of the sessions differed: wellbeing was a key theme in the ALSA session, with colleagues very complimentary of the mental health sessions that had been provided by ALSA; separation issues were raised during the North America session following the division of that business into two distinct units – School Bus and Shuttle & Transit – particularly in relation to the use of multiple IT systems. This issue was being addressed through consolidation of the IT systems, albeit it was taking time. This group also had some very interesting insights into sustainability opportunities which was fed back into the Board; and the mood of the session with the UK was described as "cautiously optimistic" after a difficult year with a number of senior management changes. The feedback was that pay and reward were fair, but that the benefits package as a whole should be revisited – since this session, a new GP access benefit has been launched in the UK which has been received very positively.

Ms Geary was encouraged noting that:

"I really like these sessions – the informal nature means our people speak openly and honestly which gives the directors another perspective to consider when making decisions."

In-person engagement during site visits

During the Board site visit to the German Rail business in June 2023, the Non-Executive Directors hosted an informal lunch with around 25 colleagues at different levels within that business. The colleagues in question were drawn from the business' talent development programme and the lunch was an excellent opportunity for members of the Board to informally communicate directly with those colleagues to better understand their goals and aspirations, their views on the performance of their business and their proposed solutions to some of the challenges which are regularly discussed in the Boardroom.

The Board also had the opportunity to engage with members of the senior leadership team from each of the German Rail and North America School Bus and Shuttle & Transit businesses over dinners organised as part of the respective visits. The dinner enabled conversations, which had begun during the site visits or the divisional business presentations, to be continued in a more informal setting and for longer to be spent exploring and discussing individual issues.

The Board had the opportunity to speak with some of our North America Shuttle & Transit drivers when they presented Mobico Hero awards during their trip to Boston in September 2023. The awards are intended to recognise and celebrate those colleagues who go above and beyond to deliver against one or more of the Evolve Strategy outcomes, and the Board enjoyed hearing about the achievements of those drivers from the Boston CSC.

Mr Cosmen felt:

"There is an overwhelming sense of pride – our people are very passionate and that translates to a good culture."

Workforce engagement methodology

The Group's workforce engagement events are a variant of the UK Corporate Governance Code recommended 'designated non-executive director' method of engaging with the workforce. Because they give more of the Directors and more colleagues the opportunity to speak directly with each other; they take due account of the size, geographic expanse, and cultural diversity of the Group's workforce; and the relative informality of their nature encourages open and honest discussion, they are considered by the Board to be more effective than that of the other Code recommended methods.

Understanding other stakeholders' views

Most engagement the Group has with its other stakeholders, such as customers and passengers, suppliers, governments and regulators, takes place at the divisional level where a variety of well-established methods are used to ensure that divisional management understand their business' stakeholders' views. These views are passed to the Board through divisional business updates.

To supplement those updates and reports and to allow the Board more direct opportunities to understand stakeholder views, the Board also engages directly with wider stakeholders where there is appropriate opportunity to do so. In June 2023, the Board was pleased to meet with senior leaders from Daimler Buses, one of the Group's key suppliers of zero emission vehicles, and Georg Seifert, from the VRR PTA in North Rhine-Westphalia, and in September 2023, the Board had the opportunity to speak with a key customer of the North America Shuttle & Transit Division, as further explained in the boxes below.

The Board visited Daimler Buses' factory in Mannheim in June 2023. Daimler Buses is one of the Group's key suppliers of zero emissions vehicles, and at the time of the visit, the factory was producing ALSA vehicles for use in Geneva. On arrival at the factory, the Board participated in a test drive onboard a Mercedes-Benz eCitaro (a zero emissions vehicle) to check the safety features including brakes and steering. They were taken on a tour of the factory which showed them zero emission vehicles at each stage of the production line.

After introductions and a summary of their history and vision, the Daimler Buses team then led a discussion with the Board with the key themes being: levels of standardisation and whether Mobico technology could be installed during production; what power solution was likely to be best for long distance coach and how that would advance without public funding; hydrogen and the challenges with cost and infrastructure; supply chain issues and how to respond to and/or resolve them; financing models, ownership and risk management and how service contracts could be used; and the new safety risks introduced with zero emission vehicles and how to respond to them.

Further information about who the **Company's key stakeholders are, and how the Company engages with them**, is set out on pages 50 and 51 of the Strategic Report. Further examples of how different **stakeholders' interests** have been taken into account by the Board in its decision-making are also set out on pages 88 and 89 of this Corporate Governance Report.

Georg Seifert, from the VRR PTA, spoke with the Board during their visit to Germany in June 2023. VRR is one of the three public transport authorities within the state of North Rhine-Westphalia (NRW) and therefore is a key PTA for the German Rail business. Having given an overview of the structure of how Rail is managed and financed between the Federal Government and State PTAs in Germany, Mr Seifert led a discussion with the Board on how the three NRW PTAs are keen to ensure fair competition and equal opportunities amongst operators and over the last decade have been involved with the following initiatives to encourage competition: (a) the PTA will purchase the rolling stock from manufacturers selected by the operator and lease these to the operator at good rates – meaning all operators have access to funding over the long term with no interest rate risk, (b) enhancing quality of rail operations which is tailored to each line, and (c) the introduction of contracts where the PTA takes the revenue risk, given the operator cannot influence fares or schedules. Mr Seifert stressed that the PTA wants what is best for passengers, through better vehicles, punctuality and cost and that he was particularly thankful to the German Rail team for their efforts and incredible success in mobilising RRX Lot 1 following the insolvency of the incumbent.

The Board also spoke with one of North America Shuttle & Transit's key shuttle customers during their Board meeting in Boston in September 2023. The customer explained to the Board what was important to them – to be able to offer a first class, seamless shuttle experience for their tenants' employees to get to the office which is what our Shuttle & Transit division enabled them to do. This prompted discussion on how ridership can be increased, how technology can be used to overcome the challenges of the first and last mile when trying to convince employees to utilise the service and the need for reliable, convenient public transport given the parking, traffic and congestion issues in most large cities.

Nominations Committee report

Jorge Cosmen, Nominations Committee Chair

Activity highlights

- Kept Board and Committee composition under review, led the process to appoint two new Non-Executive Directors in line with previously developed Board succession planning and considered and recommended changes to the Committee's membership following those appointments
- Reviewed updated senior management succession plans following changes to the senior management teams and reviewed proposals for the enhancement of talent identification and development programmes across the Group
- Reviewed the diversity of the Group's senior leadership teams, approved the Group's ethnicity target for the senior leadership team, and reviewed the diversity and inclusion initiatives taken across the Group

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

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Jorge Cosmen (Chair)	01/12/2005	3/3
Helen Weir	31/01/2023	3/3
Karen Geary[1]	01/10/2019	3/3
Matthew Crummack[1, 2, 3]	28/01/2020	2/2
Carolyn Flowers[1]	30/11/2021	3/3
Mike McKeon[1, 2]	01/08/2023	1/1

1 Independent Non-Executive Director

2 Matthew Crummack and Mike McKeon attended all Committee meetings held in the year while they were a Committee member

3 Matthew Crummack resigned on 31/07/2023

Other attendees: Group General Counsel and Company Secretary, Group Chief Executive Officer and Group HR & Communications Director

Board and Committee composition during the year under review

Throughout 2023, the Committee kept the composition of the Board and its Committees under review and led the process to appoint two new Non-Executive Directors in line with the Board's previously developed succession plans.

We welcomed Nigel Pocklington as a Non-Executive Director on 1 August 2023 following a rigorous recruitment process undertaken with the assistance of independent consultancy Egon Zehnder. Nigel is the current Chief Executive Officer of Good Energy Group PLC, the renewable energy services company, and is also Senior Independent Director and Remuneration Committee Chair at Kin and Carta PLC, the global digital transformation consultancy. He was previously Chief Commercial Officer at Moneysupermarket.com Group PLC and before that held a number of roles with Expedia, the online travel company. Nigel has a strong track record in the travel sector, as well as in transport electrification, green energy and sustainability matters. His valuable strategic and commercial mindset and previous experience will add to the Board's capabilities in relation to transformation and the digitisation.

Mike McKeon, the current Chair of the Audit Committee, is due to reach 9 years of service in July 2024 and has agreed to remain as Chair of the Audit Committee until the AGM in June 2024 to ensure a smooth and orderly transition of responsibilities to the new Chair of the Audit Committee. Having reviewed and interviewed a strong field of candidates in a process undertaken with the assistance of independent consultancy Russell Reynolds, the Board welcomed Enrique Dupuy de Lome Chávarri as a Non-Executive Director on 1 November 2023, with the intention that Enrique take over as Chair of the Audit Committee when Mike steps down. Enrique has a wealth of international experience in finance and accounting with a strong track record in the travel sector. He is currently a Non-Executive Director and Audit Committee Chair at Wizz Air Holdings PLC, the UK listed airline group. Prior to this, he was the Group Chief Financial Officer at International Consolidated Airlines Group SA (IAG) and the Spanish airline Iberia Lineas Aereas de España, S.A. ("Iberia"). Enrique has also previously held a number of Non-Executive roles at Amadeus IT Group, S.A, British Airways PLC and Iberia.

Matthew Crummack, who was the Senior Independent Director, stood down from the Board on 31 July 2023 having been a Director for over 8 years. On behalf of the Board, I would like to extend my sincere thanks to Matthew for his valued service to the Company. Karen Geary, a current Non-Executive Director and Chair of the Remuneration Committee, was appointed as the Senior Independent Director with effect from 1 August 2023.

Following these changes, the Board is currently comprised of ten Directors who, as described in their biographies on **https://www.mobicogroup.com/about-us/our-leadership-team/ and as shown by the table on page 99, have, between them, a wide range of highly relevant knowledge, skills, and experience. This table is used by the Committee when considering Board succession planning.**

The Committee kept the membership of all the Board's Committees under review during the year to ensure that each Director's knowledge, skill and experience was being put to best use and that Non-Executive Directors were maintaining an appropriate share of Committee responsibilities, particularly given the Board changes during 2023. The outcome of this review was that:

- Helen Weir joined the Sustainability, Nominations and Remuneration Committee with effect from 31 January 2023;
- Nigel Pocklington joined the Remuneration and Sustainability Committees with effect from 1 August 2023;
- Mike McKeon joined the Nominations Committee with effect from 1 August 2023; and
- Enrique Dupuy de Lome Chávarri joined the Audit Committee with effect from 1 November 2023.

The Audit Committees is composed of four independent Non-Executive Directors who, between them, have both the requisite disciplinary experience and wider relevant experience. The Remuneration and Nominations Committees each remain composed of a majority of independent Non-Executive Directors who, between them, have a good balance of relevant skills and experience.

Name and role of Director	Passenger transport industry experience[1]	Closely adjacent industry experience	UK listed company experience[1]	Operational/ management experience	International business experience[1]	Finance/accounting experience[1]	People/remuneration experience[1]	IT/Digital experience[1]	ESG experience[1]
Helen Weir Chair			●	●	●	●		●	
Jorge Cosmen Deputy Chair and Nominations Committee Chair	●			●	●				
Ignacio Garat Group Chief Executive Officer		●		●	●		●	●	
James Stamp Group Chief Financial Officer	●			●	●	●			
Karen Geary Senior Independent Non-Executive Director and Remuneration Committee Chair	●		●	●	●		●		●
Mike McKeon Non-Executive Director and Audit Committee Chair			●	●	●	●			
Ana de Pro Gonzalo Non-Executive Director		●		●	●	●		●	
Carolyn Flowers Non-Executive Director and Sustainability Committee Chair	●			●	●				
Nigel Pocklington Non-Executive Director	●		●	●	●		●	●	●
Enrique Dupuy de Lome Chávarri Non-Executive Director	●		●	●	●	●			

1 For all Directors, excluding via their directorships with the Company

Board, Committee and Director effectiveness

To assess the effectiveness of the Board, its Committees and of individual Directors for the year in question, an internal evaluation was conducted using online questionnaires. The Company Secretary, in consultation with the Chair of the Board and Chairs of the Committees, analysed the results of the evaluation by reference to the scores given and the specific observations made, commendations given or improvements suggested, following which such results were presented to and discussed by the Board and its Committees.

The overall outcome of the evaluation was positive, demonstrating that the Board and each of its Committees continue to function effectively, with Board members in agreement that (i) debate was open, honest and robust, and (ii) the Board focussed on the key matters and dedicated sufficient time to those matters.

Focus areas for further improvement during 2024 will include: 1. the continuation of strategic 'deep-dives' in addition to the focussed strategy session; 2. continuing review of efforts to ensure appropriate stakeholder engagement; and 3. assessing and improving the process for Board papers being made available to the Directors. Progress against these objectives will be reviewed through the year.

The progress made during 2023 against the areas identified for focus following the 2022 evaluation is as follows:

Area of focus identified in the 2022 evaluation	Progress during 2023
Focus on Board succession and composition as some Directors approach their 9-year tenure	On the recommendation of the Nominations Committee, the Board appointed two new independent Non-Executive Directors. Further details can be found above.
Focus on building a 12-month rolling agenda to ensure there are appropriate opportunities to 'deep-dive' into strategic topics	A 12 month rolling agenda was introduced during 2023 and has been tabled at each Board meeting since its introduction to help ensure the Board focus on key issues. In addition to a Board meeting dedicated to Group Strategy, there have been a number of 'deep-dives' into strategic topics during 2023, including on deleverage options, digital strategy and safety.
Focus on ensuring there is broader Board stakeholder engagement	The programme during 2023 provided a broad range of stakeholder engagement, with the workforce, customers, ZEV suppliers and debt and equity investors – see pages 93 to 97 of the Corporate Governance Report for the details.

Senior management succession planning

During 2023, the Committee undertook its annual review of senior management succession planning, undertaking a comprehensive assessment of the health of succession planning across the Group to assess how much progress had been made since the previous reviews in 2021 and 2022.

The Committee was pleased to see continued progress during 2023 noting that there are now succession plans and talented individuals in the pipeline for the majority of the roles. A particular highlight was the improvement of the gender succession pipeline which at the time of the review was 36% female (versus 31% in the 2022 review and 19% in the 2021 review). The Committee was also pleased to observe: (i) the senior management changes in North America and the UK to help the Group take advantage of opportunities; (ii) the creation of the new Global Talent Taskforce and Global EDI Taskforce; and (iii) the roll out of the SLT Leadership Academy. The review also highlighted what work remained to be done and where the focus areas should be for 2024 to ensure that progress continues, for example, in continuing with the roll out of the JDI tool to identify talent and implementing the leadership development programme to develop successors. See the Sustainability section of the Strategic Report for more information.

Group commitment to diversity and inclusion

The Group is committed to ensuring diversity in all its forms among its colleagues as these can:

- improve decision-making at all levels of business by ensuring that diverse perspectives are brought to bear in those decisions;
- attract, retain and promote the best talent by developing a culture of inclusion where all individuals are respected and supported to reach their full potential; and
- better serve our customers, other stakeholders and the communities in which we work by ensuring the diversity of our workforce is representative of the diversity of our stakeholders.

The Group remains committed to enhancing diversity at all levels of its organisation, from the Board and senior management team to those working in front-line roles. This commitment helps support the delivery of our Evolve strategy by contributing directly to our desired outcome to be the employer of choice and also contributes indirectly to other desired outcomes, such as to be the safest and most reliable operator and have the most satisfied customers.

The Board's diversity policy is set out in the box below and the Committee believes this remains the right policy by specifically promoting gender and ethnic diversity as well as diversity of thought whilst ensuring all Board members have the right experience and skills. Committee members are drawn from the Board, and therefore these policy considerations have already been taken into account when considering Committee membership.

The Board's policy on diversity and inclusion is:

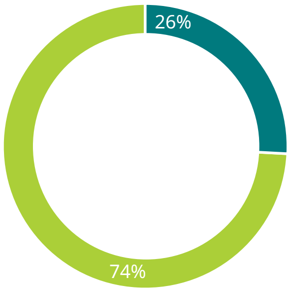
- to achieve and then maintain at least 40% female representation on the Board;
- to achieve and then maintain ethnic minority representation on the Board;
- to ensure that its membership reflects the diversity of the geographies and customers that the Group serves and takes into account wider diversity characteristics; and
- to respect the differences of its members and value and encourage the diversity of thought that such differences can bring, in each case and always within the context of Board members having, between them, the experience and skills required to support the development, oversight and delivery of the Company's strategy.

The Committee is pleased to report that at 31 December 2023 the Board continued to meet all three of the diversity targets introduced by the Listing Rules during 2022. At that date, at least 40% of the Board's directors were women, at least 1 ethnic minority director served on the Board, and two women served in senior Board roles, namely Helen Weir as Chair and Karen Geary as Senior Independent Director. Between that date and the date of this report, there have been no changes.

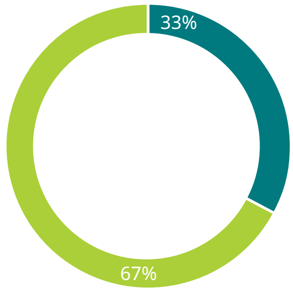
The table on the next page sets out the numerical data on diversity as at 31 December 2023 in the standardised table format as required by the Listing Rules. We engaged with the individual members of the Board and the Group Executive Committee ('GEC') to verify their diversity data.

Diversity is a key consideration in senior management succession planning and, as noted before, diversity within the current senior management team and the talent pipeline is considered as part of the Committee's annual review.

Gender of the SLT as at 31 December 2023



Gender of the entire workforce as at 31 December 2023



Key
Female
Male

Numerical Diversity Data as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of executive management	Percentage of executive management
Men	6	60%	2	7	70%
Women	4	40%	2	3	30%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of executive management	Percentage of executive management
White British or other White (including minority—White groups)	9	90%	4	10	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/ Caribbean/Black British	1	10%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

The gender diversity of the GEC is shown in the numerical data table above. The gender diversity of the Group's Senior Leadership Team ("SLT") is 26% women and 33% women for all colleagues within the Group as at 31 December 2023, as shown by the pie charts above. As such, gender diversity remains strong from the senior management level across the entire workforce as a whole.

For the first time this year, the Group has collated ethnic diversity data for the SLT, obtaining responses from 150 colleagues out of a total SLT population of 158 colleagues. The results were that 6% of the SLT population identified as an ethnic minority. Following on from this, and in line with recommendations made by the Parker Review in 2023, the Committee agreed that the Company will adopt the following targets: by 31 December 2027, at least 15% of the individuals on the Company's: (i) SLT, and (ii) GEC and Board combined, will identify as an ethnic minority.

For more on the Group's diversity initiatives, please see the Sustainability section of the Strategic Report on page 61.

Proposed re-election and election of Directors

Having regard to the outcome of the internal evaluation described in this report, and in particular, its finding that Board members have, between them, highly relevant knowledge and experience, a broad range of skills and a collective deep understanding of passenger transport, the Committee is satisfied that the Board and its Committees function effectively and that each Director contributes well to the Company.

The Committee has also considered the independence of each individual Director and the overall independent balance of the Board and its Committees. The Board, on the Committee's advice, is satisfied that there is an appropriate balance of independence on the Board and all its Committees, and that each Director who is identified as being independent on page 82 is so independent.

The Committee further considered each individual Director's commitment to the Company, their external commitments and any actual and potential conflicts of interest in line with the Company's policies, as referred to on pages 86 and 87. The Board, on the Committee's advice, is also satisfied that each Director has dedicated, and is able to dedicate, sufficient time and attention to their duties to the Company.

Accordingly, the Board, on the Committee's advice, is recommending that shareholders re-elect, or elect, all the current Directors of the Company at the 2024 AGM, save for Mike McKeon who will stand down from the Board from the conclusion of the 2024 AGM.

Jorge Cosmen
Nominations Committee Chair

21 April 2024

Audit
Committee report

Mike McKeon,
Audit Committee Chair

Activity highlights

- Reviewed and satisfied itself as to the integrity and fairness of the Group's half and full year financial statements and the appropriateness of their being prepared on a going concern basis
- Considered and recommended to the Board the need to delay the publication of the Group's financial results in order to allow management to: (i) conclude its review of accounting judgements made relating to the German Rail business and: (ii) assess the impact of the changes to certain indices by the German Federal Statistical Office which are used by the Group to calculate and agree the recovery of energy costs from the relevant passenger transport authorities in German Rail, and to allow the Group's auditor, Deloitte, the requisite amount of time to complete its audit following the conclusion of that review and assessment
- Assessed and challenged the appropriateness of the Company's viability statement
- Assessed and challenged management's approach to key accounting judgements and estimates including the recognition of deferred tax assets in North America and the UK
- Assessed and challenged (i) the significant increase in the proposed increase in the onerous contract provisions related to the German Rail division's RRX2/3 contracts as at 31 December 2023 and the underlying issues relating to driver recruitment and energy subsidy recovery and (ii) the key accounting estimates as at 31 December 2021 and 2022 in the context of the information available at those times
- Assessed and challenged the assumptions and key accounting estimates relating to the IFRS15 contract receivable in relation to the RME German Rail contract
- Reviewed the findings and monitored the effectiveness of the internal audit function, and reviewed the programme of internal audits for the year ahead
- Reviewed the effectiveness of risk management and internal control systems
- Reviewed the opinions and monitored the independence and effectiveness of the external auditor
- Supported the Board in its management of risk by its continued programme of 'deep dive' reviews into divisional risk and its ongoing review of cyber risk
- Reviewed the framework of the Group's compliance programme and the corporate policies comprised within it

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

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Mike McKeon (Chair)[1]	03/07/2015	4/4
Ana de Pro Gonzalo[1]	01/10/2019	4/4
Carolyn Flowers[1]	04/12/2021	4/4
Enrique Dupuy de Lome Chávarri[1,2]	01/11/2023	2/2

1 Independent Non-Executive Director
2 Enrique Dupuy de Lome Chávarri joined the Committee on 1 November 2023 and attended all the meetings of the Audit Committee held after appointment.

Other attendees: Company Secretary and, by invitation, Company Chair, Group Chief Executive Officer, Group Chief Financial Officer, Group Financial Controller, Group Head of Internal Audit, Group Legal Counsel, Group Head of Compliance & Risk and representatives of the external auditor, Deloitte LLP.

There were 4 Audit Committee meetings scheduled for 2023, but the Committee meeting scheduled for December 2023 was moved to January 2024 to fit better with the audit schedule. In addition to the 4 scheduled meetings recorded above, the Committee held additional meetings to review the divisions' principal and emerging risks and their management of such risks as further explained on page 103 and also a number of ad-hoc meetings to consider issues arising in early 2024 in relation to the Group's German Rail division.

While the Group has continued to see continued revenue growth driven by increased passenger volumes, route recovery and pricing, this has not been sufficient to mitigate the impact of inflation and the related increased driver costs, as well as the reduction in Covid-19 funding. These cost headwinds and their impact on the Group's performance has been monitored closely by the Committee during year.

The announcements delaying publication of the audited financial results for 2023 was considered carefully by Audit Committee members and was necessary in order to allow management to complete its review of the accounting judgements made relating to the German Rail business and to assess the impact of the changes to certain indices by the German Federal Statistical Office which are used by the Group to calculate and agree the recovery of energy costs from the relevant passenger transport authorities in German Rail, and to allow the Group's auditor, Deloitte the requisite amount of time to complete its audit.

Financial reporting

The Committee is responsible for considering and satisfying itself, after consultation with the Company's external auditor, that the Company and its Group have adopted suitable accounting policies and appropriately applied the same, that management has made appropriate accounting judgements and estimates, that the adoption by the Company of the going concern basis of accounting is appropriate and that its viability statement is reasonable.

Key accounting matters

Details of the key accounting matters addressed by management when preparing the Consolidated Financial Statements, together with information about how the Committee assessed, challenged where appropriate and satisfied itself that the judgements and estimates made by management in relation to them were reasonable.

Going concern assessment

The Committee reviewed and robustly challenged management's assessment that the Group's financial statements for the six-month period ended 30 June 2023 and for the financial year ended 31 December 2023 should be prepared on a going concern basis. Management developed both base case and reasonable worst case financial scenarios over a 12-month look forward period using assumptions about trading drawn from the Group's strategic plan, budget and latest financial projections. They then applied stress tests to both those scenarios to determine whether the Company would be able to meet its liabilities as they fell due, having regard to the Group's liquidity and covenant tests. The Committee satisfied itself that, in both the base case and reasonable worst case scenarios, the Group would have sufficient liquidity and be able to comply with its debt covenants and there was no more than a remote possibility that it would not be able to do so even after the application of the further stress tests. Accordingly, the Committee recommended to the Board that the Company's, and its Group's, financial statements at the half and full year be prepared on a going concern basis.

Viability assessment

The Committee also carefully considered management's view of the Company's viability for the three-year period ending 31 December 2026, including the rationale for assessing viability over a three-year period. The testing of viability involved the analysis of base case and reasonable worst case scenarios projected forwards over this three-year period by reference to trading assumptions drawn from the Group's strategic plan, and factored in the impact of risks including known and likely future climate risks that could materialise over this three-year period, offset by reasonable mitigations. The Committee satisfied itself that, in both the base case and reasonable worst case scenarios, the Group should be able to continue in operation and meet its liabilities as they fall due. Accordingly, the Committee recommended to the Board that the Company make its viability statement as set out on pages 48 to 49 of the Strategic Report.

Risk management

The Board has overall responsibility for risk management. The Committee supports the Board by conducting 'deep dive' reviews into the Group's divisions' risk management activities (as explained in the section below on divisional risk reviews) as well as certain specific Group-wide risks, and by reviewing the Group's compliance programme.

Group risk appetite and principal and emerging risk review

The Board's risk appetite and assessment of the Group's principal and emerging risks, as well as a description of how the Group manages risk, are set out on pages 40 to 41 of the Strategic Report. The Group's climate-related risks and opportunities are considered in more detail in the TCFD disclosures on pages 65 to 78.

Divisional risk reviews

During 2023, the Committee reviewed the Group's divisions' principal and emerging risks and their management of such risks. These were undertaken during additional dedicated meetings of the Committee at which risk and senior managers from each of the divisions presented their principal and emerging risk registers and explained how they were managing, and where possible, mitigating risk. Mirroring the Company's approved approach to Group-wide risk, the divisions record their risks in the form of heat maps which categorise both their likelihood and potential severity according to Group developed guidance. Each risk is then assigned a business owner who develops and oversees the delivery of mitigating actions, that are tracked at regular divisional management meetings. The Committee observed that the Group's divisions had included both current and emerging strategic, compliance, financial, operational and reputational risks in their registers and had developed action plans to manage such risks over the different time profiles over which such risks could materialise. It was also pleased to note that certain matters identified as risks were also viewed as opportunities. Using insights gained from the Board's work on overseeing Group wide risks and the Committee's work on reviewing divisional risks, the Committee was able to challenge each division on whether it had identified and appropriately classified its risks and whether it was adopting the most effective mitigation plans, and share best practices the Committee had observed within each division. Through its reviews, the Committee has sought to test and gain assurance that each of the divisions has a robust risk identification and management process and that risk management becomes embedded in the day-to-day business activities and culture of the divisions. It is clear, however, that further improvements should be considered following events related to the Group's German rail business and management has been asked to update the Committee on proposed improvements ahead of the publication of the interim results for 2024. Such reviews have also served to deepen Committee members' understanding of the risks the Group's different businesses face and, through the Committee sharing this understanding with the wider Board, they have informed the Board's ability to appropriately set the Group's risk appetite, assess the Group's principal and emerging risks and weigh up risks with opportunities when taking key business decisions.

Cyber risk review

Cyber risk remained a standing item on the Committee's agenda in 2023, with the Group's ongoing cyber security programme, and the progress being made against the specific deliverables comprised in such programme, assessed at each of the regularly scheduled Committee meetings.

The company's digital technology and cyber security program are led by the Group CIO and the newly hired CISO whose priorities are to enhance existing policies, processes and controls and continue develop a program aligned to best practices, standards and any new coming regulatory requirements.

Compliance risk

The Group has a range of existing policies and procedures for ensuring compliance with applicable laws and regulations, including Group-wide policies on business ethics, anti-bribery and corruption, modern slavery and whistleblowing, and divisional policies and procedures which either implement or supplement the Group policies having regard to local laws, regulations and best practice. The Group's whistleblowing procedures include access to an independently managed whistleblowing hotline via which the Group's stakeholders, including employees, can raise concerns, anonymously if they so wish. Reported concerns are duly investigated and acted upon by management or the functional support teams as appropriate, with a summary of cases and their outcomes reported to the Board. In case of any material issues identified or cases of a real Whistleblowing nature, they will be reported, analysed and discussed thoroughly in the Committee's meeting.

The Group Head of Compliance and Risk has established a Policy Compliance Management Framework that: establishes a common approach globally for all policy owners to manage their policies; sets out the minimum requirements across all divisions; provides guidance on policy creation and review; and provides ongoing awareness and training against these. Additionally, the Group Head of Compliance and Risk continues to manage the Risk Management Framework globally and is continuously improving the second line of assurance by introducing deep dives which are performed based on a Risk and Control Matrix (RCM) developed for each Group Policy. The Deep Dive program kicked off in 2023. The Group Head of Compliance and Risk, working with the Group Chief Financial Officer and Group General Counsel and their teams, has also been keeping the reforms on audit and corporate governance under review – for more information, see the Internal controls section of this report. At the request of the Committee, the Group Head of Compliance and Risk attends all Committee meetings to both report on progress in their area and to have an understanding of other aspects of the Committee's work.

Internal control and System of internal control

The Committee is responsible for monitoring the adequacy and effectiveness of the Company's system of internal control and subsequently reporting on this to the Board.

The Company's systems of internal control is based on a three lines of defence model, with a number of component controls operating at each of those lines, as illustrated in Appendix 2 to this Report.

The Committee assesses the performance of the three lines of defence model, as well as the operation of internal controls through the year and up to the date of approval of the annual report and accounts, through its review and challenge of the work performed by the internal audit function. In addition, the Committee requests follow-up updates from management on controls in specific areas, for example in response to the findings from internal audits or risk reviews.

During the 2023 year end process, a number of significant weaknesses were identified in respect of our German business and how it has historically managed, communicated and accounted for its long term rail contracts. The issues related to inadequate documentation of the key assumptions underpinning the contract models and consequent lack of understanding about how changes to these assumptions could impact the performance of the business. Oversight, challenge and review performed at local, divisional and Group level did not identify these issues in a timely manner. The year end process has now established a sound basis for the management of these contracts going forward and we will look to implement additional controls in these areas. Management has assessed and the Committee concurs, that these particular issues relate to the German business only. Full explanations for the accounting impact of this review can be found in Note 2.

During the year the Group Head of Compliance and Risk, Group Chief Financial Officer and Group General Counsel and their teams and the Committee have been monitoring closely the developments relating to changes to the Corporate Governance Code and has noted that, following the consultation in the Summer, the revised Code was published by the Financial Reporting Council on 22 January 2024. Management are currently developing plans to further strengthen our internal controls and meet the revised requirements relating to internal controls which will be applicable for the year ended 31 December 2026.

Internal audit

The internal audit function acts as the third line of defence and provides the Committee with assurance on the effectiveness of the Company's first and second line internal controls, including financial controls and controls designed to prevent incidents of fraud. It does this through the independent observation and objective assessment of such controls via a programme of audits undertaken throughout the year against a plan reviewed and approved by the Committee.

The 2023 audit plan included: audits of standard divisional financial controls, an audit of our UK Shared Service Centre in India, audits of key safety and operational controls in North America, a review of a new contract in Portugal and an audit of the information provided in our TCFD disclosure.

Internal audit effectiveness

The Committee is responsible for monitoring the effectiveness of the internal audit function. In respect of its work in 2023, the Committee monitored this effectiveness by reviewing the scores that colleagues, whose work or controls were subject to internal audit, awarded to the function on a 'value scorecard' and by making its own assessment of the quality of that work. Whilst the Committee was satisfied that the Company's internal audit function continued to be effective, it also welcomed the arrival of a new Group Director of Internal Audit with new perspective and experience and looked forward to that arrival bringing further enhancements to the function.

Significant weaknesses or control failures

Following its review of and conclusions from all elements of assurance, the Committee is satisfied that there are no significant weaknesses or control failures to report in respect of the Company's financial year ended 31 December 2023, other than in respect of certain issues relating to the German Rail business as indicated above.

External audit

Deloitte LLP is the Company's auditor. Deloitte was first appointed as auditor in 2011 and, following its selection in the Company's audit tender conducted in 2020 and shareholders' approval given at the Company's 2023 AGM, was re-appointed in 2023. Deloitte's continued appointment will be subject to shareholders' annual approval at prospective Company AGMs. Jane Whitlock is the Company's audit partner, completing her third year in that role, following the mandatory rotation of the previous Deloitte audit partner in 2021. The Company has therefore complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

External audit plan and fee

The 2023 external audit plan, which was prepared by Deloitte and reviewed and approved by the Committee, comprised full scope audit procedures for the Group's UK, ALSA, Germany and North America divisions. It included: the review by Deloitte of the Consolidated Financial Statements; its challenge of management's significant judgements and estimates; its review of certain of the Group's key financial and fraud controls and of the risk of management override of controls; and its consideration of certain aspects of the Group's non-financial reporting, including the Group's TCFD disclosures. Deloitte's base fee for undertaking the 2023 audit, of £2.6m, was also approved by the Committee. When the issues relating to the management judgements and controls relating to the Group's German Rail business became clear it was necessary to update, amend and extend that external audit plan which will involve additional fees being paid to Deloitte as a result.

External audit effectiveness

The Committee is responsible for reviewing the effectiveness of the Company's external audit. The Committee did so by considering the outcome of colleagues' evaluation of the quality and efficiency of Deloitte's work, using an audit quality indicator framework developed in the year in line with the framework set out by the Financial Reporting Council, and is satisfied that Deloitte performed its work to a high standard.

External auditor provision of non-audit services and independence

The Committee is also responsible for reviewing the auditor's independence and objectivity. The Company operates a non-audit services policy which sets out the permitted and prohibited non-audit services its auditor may be engaged to provide, for the purpose of safeguarding the auditor's objectivity. The Committee reviewed the policy during the year and determined it remained fit for purpose. It also reviewed the Company's compliance with the policy, which was confirmed as Deloitte performed only permitted non-audit services during 2023 for which its fees totalled £0.3m, representing 12% of the total audit fee. The non-audit services during 2023 principally comprised the 2023 half year review and comfort letters in respect of the European Medium Term Note renewal. The Committee concurred with management that the auditor was best placed to undertake these services given that both services are aided by knowledge gained during the annual external audit. Having regard to the operation of the non-audit services policy during 2023, together with Deloitte's reports to the Committee confirming its independence at the half and full year, the Committee assured itself of Deloitte's ongoing independence.

Board assessment of effectiveness

Taking account of the Committee's work on assessing the effectiveness of the Company's system of internal control, and both the Committee's and its own work on assessing the Group's management of risk, the Board is satisfied that these are effective and have been over the year, other than were covered elsewhere in this report.

Fair, balanced and understandable

Having carefully reviewed the Company's 2023 Annual Report, and considered management's approach to its preparation, including in compliance with applicable laws and having regard to the UK Corporate Governance Code, the FRC's best practice guidance, and having heard the views of its auditor, the Committee recommended, and in turn the Board confirmed, that this Report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

Mike McKeon
Audit Committee Chair

21 April 2024

Appendix 1 – Key accounting matters

The Committee considered the following key accounting matters as part of its review of the Consolidated Financial Statements:

	Key accounting matter	Committee action and conclusion
Impairment of goodwill (see note 14 to the Consolidated Financial Statements)	In determining whether assets are impaired, management is required to make a number of estimations and assumptions, including on future cash flow projections, discount rates and perpetual growth rates.	The Committee carefully considered management's work on the impairment analysis and testing of the value of the Group's goodwill balances, applying particular focus to the value of ALSA and North America division's goodwill in view of the lower level of headroom. These impairment assessments were based on modelled forecast cash flows, discounted using a country-specific weighted average cost of capital (WACC) and a terminal value based on a perpetual growth rate (PGR). After considering the assumptions made by management in forecasting cash flows and its rationale for the WACC and PGR, and taking into account the auditor's views on these matters, the Committee concurred with management's view that goodwill is not impaired as at the balance sheet date.
Insurance and other claims provisions (see note 26 to the Consolidated Financial Statements)	The adequacy of the provisions associated with claims arising predominantly from traffic accidents and employee incidents in North America is subject to estimation based on an assessment of the expected settlement value of known claims together with an estimate of settlement values that could be made in respect of incidents that have occurred but not yet given rise to a claim at the balance sheet date. Given the level of uncertainty, complexity and judgement involved in making these estimations, there is a risk that the eventual outcome could be materially different from that estimated and provided for.	The Committee considered the information provided by management on the status of the North America and other material open claims made against members of the Group together with advice from external actuaries, legal counsel and insurance brokers, on the likely outcome of such claims, as well as management's explanation of the methodology used to determine the value of provisions for such claims. After challenging whether management had considered all material open claims and incidents that could give rise to claims and the external advice given in connection with them, the Committee concluded that management's estimation of the value of such claims was within an acceptable range of the potential outcomes and accordingly was fairly stated.
Adjusting items (see note 5 to the Consolidated Financial Statements)	The Group presents profits and earnings per share measures before adjusting items to provide more meaningful information to shareholders on the Group's adjusted performance. The classification of adjusting items requires management judgement having regard to the nature and intention of the transactions to which they relate. The alternative performance measure (APM) adjusting items represents a change in terminology from the prior period which separately disclosed certain items to show an underlying profit measure. The change in terminology has been adopted to reduce any judgement and interpretation of the meaning underlying profit by users of the Financial Statements. As this is a terminology change only, there has been no change to how the Group determines items to be adjusting, and there has been no change to previously reported comparatives. Any previously separately disclosed items continue to meet the definition of adjusting items following the change in terminology in the current year.	The Committee considered the nature and extent of the adjusting items identified by management and its rationale for why they did not form part of the Group's Underlying Operating Profit (a key APM). The Committee noted that certain Covid-19 related incremental costs, the WeDriveU put liability and onerous contract provision charges and impairments in respect of North America driver shortages and the RRX onerous contract provision were adjusting items, but satisfied itself that these only represented the re-assessment of estimations in respect of items recorded as adjusting items in the prior years. The Committee also noted that the repayment of the CRJS ('furlough') amounts received had been included as an adjusting item. The rationale for this being that the repayment was a one-off cost which was historic in nature (occurring more than two years after initial receipt), a significant amount, and unlike the original receipt, there are no corresponding staff costs in the period to be offset against. After discussion with management, the Committee concurred with the approach management had taken.

	Key accounting matter	Committee action and conclusion
Onerous contract provisions (see note 26 to the Consolidated Financial Statements)	The Committee reviewed the approach taken by management in respect of contracts classified as onerous contracts, and particularly the provision in respect of its RRX Lots 2&3 German rail concession.	The Committee reviewed the approach taken by management to identify and measure the impact of any onerous contracts, including the continuing relevance of contracts previously identified as onerous. In respect of the existing provision relating to RRX Lots 2&3, the Committee reviewed the approach taken by management, which led to a closing provision of £118.3m at 31 December 2023 (31 December 2022 restated: £46.9m. The Committee noted the reasons for the increase in provision being primarily driven by a reduction in the level of energy compensation from the Passenger Transport Authority (PTA) and an increase in driver costs during the year, and a change to the discount rate to a risk-free-rate. The Committee challenged management as to the adequacy of the provision and the estimates made to cover the losses associated with running the contract over the remainder of the contract term, and given the size of the increase to the provision in the year, challenged the appropriateness of the assumptions made in respect of FY 22 and FY 21 resulting in a restatement of those years. The Committee also challenged the appropriateness of the related disclosures and sensitivities. After discussion with management and the external auditor, the Committee concurred with the approach taken.
Valuation of contract assets (see note 20 to the Consolidated Financial Statements)	The Committee reviewed the approach taken by management in determining the value of the IFRS15 Contract Asset in relation to the RME German rail concession.	The Committee reviewed the approach taken by management which led to a reduction in the contract assets (under the long term RME rail contract) at 31 December 2023 to £48.6m (31 December 2022: £53.8m). The Committee noted the reasons for the decrease, representing higher expectations for future costs required to run the contract over its remaining contract term. The Committee challenged management on the revenue and cost assumptions in the model and challenged the appropriateness of the related disclosures and sensitivities. After discussion with management and the external auditor, the Committee concurred with the approach taken.
Recoverability of deferred tax assets (see note 27 to the Consolidated Financial Statements)	Over the last few years the Group's deferred tax assets in respect of tax losses have increased due to the impact of the pandemic on profitability. Furthermore, the impact of the pandemic has created consecutive periods of losses and our recovery from it has been slower than anticipated with the pace of profit recovery not sufficient to offset inflationary headwinds, particularly in North America and the UK. In determining whether it is appropriate to recognise deferred tax assets management is required to consider whether there are sufficient deferred tax liabilities against which to offset these deferred tax assets and, where this is not the case, to satisfy itself both that the recent history of consecutive losses can be explained as being due to the temporary impact of the pandemic and its aftermath as the Group recovers from inflationary headwinds over time (and is therefore not expected to be recurring) and that there are sufficient taxable profits projected in order to utilise these losses in an appropriate timeframe.	The Committee considered management's assessment of the causes of the recent history of losses, including its slower than anticipated recovery and its assessment of future profit projections, including ensuring that these projections were derived from the long-term financial planning projections reviewed as part of the Board's annual strategic plan review. After considering the above, the Committee concurred with management's view that it remained appropriate to recognise these deferred tax assets. After considering the above and hearing from the external auditor, the Committee agreed with management's approach of derecognising previously recognised deferred tax assets of £60.4m, which comprised of German losses due to the reduction of future forecasts of £33.2m, UK PLC trapped losses of £20.9m and US state taxes previously recognised of £6.3m. The Committee also concurred with management's view that it remained appropriate to continue to recognise the remaining deferred tax assets.
Pension liabilities (see note 33 to the Consolidated Financial Statements)	The determination of the defined benefit obligation of the UK defined benefit pension scheme depends on the selection of certain assumptions. In particular, a key area of estimation uncertainty is in respect of the discount rate.	The Committee reviewed the assumptions made by management in determining the defined benefit obligation, including considering the advice from independent qualified actuaries, and concluded that they were appropriate.

Appendix 2 – System of internal control

Third line of defence

Board of Directors
Sets and monitors delivery of Group strategy, sets Group risk appetite, assesses the Group's principal and emerging risks and approves significant matters reserved to it

Audit Committee
Assists the Board in assessing risk management and reviews the effectiveness of the internal audit function and the external audit process

Internal Audit Function
Audits the effectiveness of the Company's first and second line internal controls through the independent observation and objective assessment of such controls

Second line of defence

Group Executive Committee
which monitors the frameworks, policies & procedures and effectiveness of the functions referred to below

Group Risk Management Framework
set the methodology under which Group and Divisions identify, assess, manage and monitor existing and emerging risks

Group Policy Compliance Framework
under which corporate policies, such as those on anti-bribery and anti-modern slavery, are created and enforced

Group Safety Policies
set minimum expectations for safety outcomes, such as speeding and driver risk monitoring

Group Standard Operating Procedures
set minimum standards for operations, such as vehicle maintenance and driver rostering

Group Whistleblowing Policy
by which internal and external stakeholders can raise concerns about wrongdoing

Group Cyber Security Programme and Team
which set cyber security strategy and control and monitor progress against that strategy and compliance with those controls

Group Environmental Data Reporting Guidelines & Group Sustainability Director
which help track delivery of environment strategy and ensure the integrity and consistency of environmental data collection and its reporting

Group Consolidated Financial Reporting & Group Finance Team
which consolidate and review Group financial results

Group Treasury & Tax Functions
which centrally manage Group treasury activities and set Group tax strategy and review tax compliance

Group Legal Reporting & Group General Counsel
which monitor, report and provide legal advice on Group legal risks

First line of defence

Divisional Executive Committees
which monitor the policies and procedures and the effectiveness of the functions referred to below

Divisional Safety, Operational, Cyber and Environmental Policies and/or Procedures
which implement Group policies and/or procedures

Divisional Risk Registers & Management
which track divisional risks and develop mitigations

Divisional Budgets & Forecasting
which set divisional financial expectations and monitor delivery

Divisional Finance Teams
maintain the financial ledgers and prepare divisional accounts

Divisional Legal Teams
provide legal advice and assistance on divisional legal risks

Sustainability Committee report

Carolyn Flowers, Sustainability Committee Chair

Activity highlights

- Endorsed the Group's new overarching sustainability strategy and monitored its progress to date
- Assessed the Group's performance against its sustainability targets and reviewed the plans for achieving its sustainability ambitions, which included a review of KPI dashboards and the Group's transition milestone plan
- Approved the Group's new environmental targets which are aligned to the more ambitious Paris Agreement, the targets for which have been approved by SBTi
- Reviewed the results of the Group's second global engagement survey
- Educated on future sustainability reporting requirements, including Transition Plan Taskforce and Corporate Sustainability Reporting Directive
- Reviewed and approved the Group's sustainability disclosures reported in this Annual Report

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

Membership, meetings and attendance

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

1 Independent Non-Executive Director

2 Nigel Pocklington attended all Committee meetings held in the year while he was a Committee member

Other attendees: Group General Counsel and Company Secretary, Executive Directors, Group Sustainability Director, Group HR Director, Deputy Group CFO and Group Financial Controller, Head of Corporate Accounting & ESG Reporting and Group Employee Experience Director

Governance

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

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

Reporting and communication

The Group's external report on climate-related risks and opportunities in line with the recommendations of the Taskforce on Climate-related Disclosures (TCFD) for 2023 is set out on pages 65 to 78. Its mandatory disclosures on energy consumption and carbon emissions, including under the Streamlined Energy and Carbon Reporting Regulations (SECR), can be found on page 248. These disclosures have been reviewed and approved by the Committee.

Progress on internal sustainability reporting has continued during 2023: (i) the Global Sustainability Steering Group has regular meetings to better coordinate sustainability initiatives and share best practice across the Group, (ii) the Committee review two KPI dashboards: an environment and a people dashboard, with each tracking key environment and people metrics enabling the Committee to monitor progress of key sustainability KPIs and projects, (iii) the Group continued to enhance and refine its internal data collection approach and verification processes ensuring these are streamlined across the Group. The Committee also received an update in July 2023 from Ernst & Young on the evolving climate related reporting and legislative requirements, with a focus on the requirements of the forthcoming Transition Plan Taskforce, which will require the publication of a transition plan at least every 3 years, and the Corporate Sustainability Reporting Directive, which will require broader ESG reporting, both of which will impact the Group when they come into force.

Sustainability overview

One of the key actions following the peer review undertaken in 2022 was to develop an overarching Group sustainability strategy. The Committee was pleased to endorse this new strategy during 2023 – which is based on three pillars: planet, people and places, which are in turn linked to the Evolve strategy outcomes of being an environmental leader, an employer of choice and our purpose, to drive modal shift. Please see pages 52 to 64 for more information. The Committee monitored progress of each pillar as set out below.

Environment – Planet

Environment ambitions

The Group's environment strategy is centred around transitioning its fleet of vehicles across its operating subsidiaries to zero emission vehicles (ZEVs). Building on the Group's commitment to never buy another diesel bus in the UK and its ambition to have zero carbon emission fleets in UK Bus by 2030 and UK Coach by 2035, in 2021 the Group adopted wider ambitions to have zero carbon emission fleets in North America Shuttle & Transit by 2030, Spain Bus by 2035 and in each of Spain Coach, Morocco Bus and North America School Bus by 2040. Approximately 95% of the Group's Scope 1 and 2 carbon emissions originate from its fleet so this transition to ZEVs will have the greatest effect in reducing the Group's impact on the environment and improving air quality in the communities it serves.

The Committee has monitored progress against these ambitions during 2023 through reviewing the Group's ZEV transition plan which included an update on progress against the fleet ambitions and the projected impact on our emissions. The Committee were pleased to hear about some of the major fleet transition projects underway around the Group, including the Coventry All Electric Bus depot, the first of the electric North America School Bus operations with ZEVs ordered for use in Rhode Island and the multiple fleet technology trials being undertaken in conjunction with manufacturers and particularly for coach in ALSA and the UK. See pages 55, 74 and 75 for more information on the Group's fleet transition ambitions.

Environment performance

The Group monitors six key performance indicators (KPIs) with related targets to track the Group's progress in reducing its impact on the environment over the seven-year period 2019-2025, using 2018 as the base year. These indicators relate to carbon emissions (where targets were set using the SDA approach), water consumption and waste to landfill production. The targets were chosen to meet the then-prevailing IPCC goal of controlling the increase in global warming to below 2 degrees, meaning that they are not aligned to the more ambitious Paris Agreement target of limiting annual average temperature increases to 1.5 degrees above pre-industrial levels.

During the year, the Group submitted near-term carbon reduction targets covering Scope 1, 2 and 3 emissions to the Science Based Targets Initiative ('SBTi') in order to both obtain external validation of our targets and to ensure alignment with the Paris Agreement, with these targets having been reviewed and approved by the Committee prior to submission to SBTi. SBTi completed their validation process in January 2024 and the approved targets are set out on page 76. The Group also has a Emissions Recalculation Policy which was approved by the Committee during 2023 and can be found at www.mobicogroup.com/about-us/our-policies/.

Given SBTi only completed its validation process in 2024, the Committee reviewed progress against the existing targets at the end of 2023. The 2023 results are set out in the table on page 76 (being the six KPIs in the table with a base year of 2018).

An increase in electricty consumption, particularly in our German Rail business due to the award of a new contract, drove an increase in our traction energy metric. While we remain behind all three intensity targets set in 2019, traction carbon and total (Scope 1 and 2) emissions have improved since 2022, as patronage improved year on year. The Group is starting to see the positive impact of its ZEV transition, with the expectation that this trend will continue over the coming years as the transition to ZEVs continues. The Committee also noted the progress on the absolute metrics relating to site emissions, water use and landfill waste disposal – the targets set in 2019 had already been met and there had been further reductions since 2022, albeit the majority of the reduction in landfill waste disposal was due to revising the methodology for calculating waste in North America. See pages 76 to 78 for further information.

As also explained in previous Annual Reports, the Remuneration Committee has set environmental performance metrics in each of the last three annual long-term incentive plan (LTIP) awards. The vesting level of the 2021 LTIP is as set out in the Directors' Remuneration Report, with the carbon emission reduction metric not achieved as a result of the impact of Covid-19 on the Group's intensity metrics.

To demonstrate the Group's ongoing commitment, the Remuneration Committee intends to include further carbon reduction metrics in the 2024 LTIP award. Further details are in the Directors' Remuneration Report.

Social – People and Places

Social ambitions

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

The Group's people remain a critical component, being the key driver of the Evolve outcome of being the employer of choice. Our people strategy (Be Part of the Future Today), which was launched in 2022, has three pillars: Embrace, Energise and Elevate, which are underpinned by our Essentials, as further described on pages 62 and 63 of the Strategic Report. This year, the Committee has continued monitoring the implementation of the people strategy and was pleased to note the progress made on all four 'E's during 2023, including the establishment of a global talent taskforce, a D&I taskforce, SLT academy, the launch of a new global intranet – MobiconX, the trial of the new Mobico Hero awards which will now be launched in 2024 and a second global engagement survey was completed – see page 63 for further information on these initiatives.

The Committee also received an update on the Places pillar and the activities undertaken by our divisions in the communities they serve, including a reforestation project being undertaken in Palencia in Spain and our donation of a bus to Suited for Success, a Birmingham based charity. This highlighted that, whilst it is appropriate that the divisions lead on such initiatives given their proximity to the local communities, the Group also needed an overarching Group community engagement framework and plans are underway to develop this framework during 2024.

Social performance

As part of the 'Your Voice Matters Campaign' (a key component of the Energise pillar of the people strategy), the Group carried out its second global employee survey in late 2023.

The Group achieved a 73% response rate against a target of 75% and our Group employee net promoter score (eNPS) was +11 against a target of +12. Although the targets were just missed, the Committee noted that: (i) a response rate of 73% was high and would be demonstrative of the workforce, (ii) eNPS had increased +4pts from the previous year, which was a pleasing increase in a year of challenge and change, and (iii) that the key areas of focus emerging from the last survey relating to reward and recognition, talent and staffing and career progression had all improved, demonstrating our 2023 action plans had been effective.

In reviewing the results from the survey, the Committee observed some key opportunities for 2024: (i) focus on engaging leaders to boost engagement, (ii) embed a consistent experience across divisions to increase engagement and performance, and (iii) maintain the positive momentum to ensure colleagues stay proud and connected. Action plans are currently being put in place and the Committee will review progress throughout 2024.

In addition, a new people specific KPI dashboard was introduced towards the end of 2023 which will be presented to the Committee annually to allow them to track progress of the Group's people metrics linked to each of the 4 'E's.

To demonstrate the Group's ongoing commitment to its people, eNPS will be part of the senior leaders' bonus schemes for 2024.

For more information on the Group's social performance, see pages 04, 05 and 52 to 64.

Carolyn Flowers

Carolyn Flowers
Sustainability Committee Chair

21 April 2024

Remuneration at a glance

Aligning our remuneration approach to the Group's strategy

Our remuneration approach is aligned to our purpose, values and strategy, thereby incentivising the creation of long-term value for all of our stakeholders.

Our Purpose is to to lead the modal shift from cars to mass transit

Our Evolve strategy

Stakeholders

Our remuneration approach supports our business and people strategy and reflect the views of all different stakeholders

The proposed Remuneration Policy being put forward, along with the proposed implementation for 2024, reflects a comprehensive consultation with stakeholders along with alignment to strategy and current key priorities

Our remuneration frameworks are designed to be aligned to strategy and reflect the interests of each of our stakeholder groups

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 Experience 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:

			During 2023					
LTIP award year/ type	Date of grant	Awards held at 01/01/2023	Granted	Exercised/ Eligible for exercise	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.

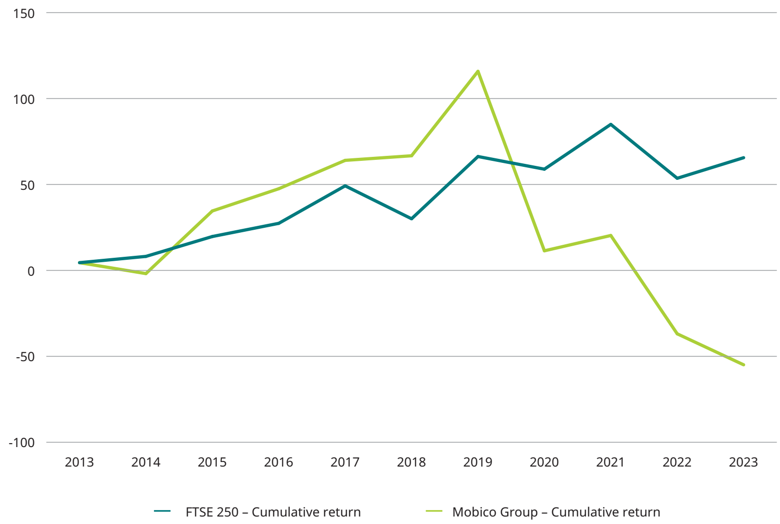
(d) Changes since year end

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

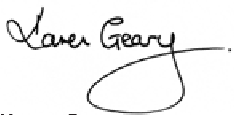
Korn Ferry was appointed as external remuneration adviser to the Remuneration Committee during 2021 following a review of potential advisers by the Committee.

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
Remuneration Committee Chair

21 April 2024

Directors' Remuneration policy

Summary of key changes proposed to the Directors' Remuneration Policy

A summary of the key changes proposed to be made in the new Policy (as compared with the current Policy), is set out below.

- **Salary:** Remove references to potential upper quartile levels of salary and annual increases being up to 10% + RPI in any year.
- **Pensions and benefits:** Simplify pensions so that they are on the same basis as is available to the majority of colleagues in the market in which the Executive Director is based. Simplify the benefits policy wording.
- **Annual bonus plan:** Limit the weighting on non-financial metrics to less than 50% of the opportunity, simplify the wording and provide some limited flexibility in the operation of the bonus plan. This will allow for more than the current 50% of the bonus to be deferred and assessment will normally be undertaken annually.
- **Long-Term Incentive Plan:** Simplify the wording to remove some duplication with the LTIP rules and provide some additional flexibility in the operation of the LTIP whilst remaining within those rules, including making it clear that awards will normally be made annually.
- **Committee discretion:** Allow the Committee to make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.
- **NED and Chair:** Clarify that fees are normally reviewed annually and that the Company is permitted to meet income tax due on expenses incurred. Allowing the notice period to be up to 6 months for the Chair and up to 3 months for other NEDs.
- **Other changes:** Clarify that Executive Directors may hold external directorships in limited circumstances; that buy-out awards in recruitment situations would also take account of the expected vesting/payment date is awarded.

Alignment to strategy and culture, ensuring risk mitigation and supporting clarity, simplicity, proportionality, and predictability

Ensuring that our Directors' remuneration arrangements support the delivery of the Evolve strategy is important to the Committee, and this is achieved through aligning the performance measures and targets used in our incentive schemes with our key strategic priorities. The Committee also ensures that the right behaviours and actions are driven through the organisation by focussing on measures and targets that are balanced across financial and non-financial outcomes, for example the inclusion of employee, customer, and health, safety and environment metrics in both the personal element of the annual bonus and the LTIP. The Committee also takes into consideration the Group's financial and non-financial performance and environment when reviewing formulaic outcomes of metrics across all incentives, which is evidenced throughout this report.

The table below explains how the Directors' Remuneration Policy, and the Committee's practice in applying it over the year under review, address the factors set out in Provision 40 of the UK Corporate Governance Code, as well as how they are aligned with the Company's culture:

Clarity	Simplicity	Risk
• This report sets out a summary of the Remuneration Policy and how it has operated during the year. • Clarity and transparency are achieved through a combination of explanations for decisions taken and disclosure of the nature and weighting of Annual Bonus targets and LTIP performance measures. • The Remuneration Policy and its implementation looks to support the wider Mobico business strategy.	• Achieved by directors' remuneration being composed of a limited number of elements designed to balance the retention and incentivisation of directors with the delivery of strategy and shareholder returns. • Executive Director remuneration is composed of only four elements: base salary, pension and other benefits, annual bonus and LTIP. • The annual bonus and LTIP structure operated are market typical and are well understood by shareholders and executives alike.	• A range of features of directors' remuneration assist in mitigating the risks of excessive rewards and inappropriate behaviour. • Executives are expected to build a material shareholding which must be maintained for a period following departure, which aligns themselves to the long-term interests of Mobico. • Additionally, variable remuneration is subject to malus and clawback provisions ensuring that there is long-term alignment of the executives to any risks the business may have been exposed to during their period as an executive.

Directors' Remuneration policy continued

Predictability	Proportionality	Alignment to culture
• Some of the same features of directors' remuneration arrangements that mitigate risk also ensure that outcomes are within a predictable range. • Shareholders are provided with potential values which can be awarded to executive directors under the Annual Bonus and LTIP.	• Achieved through the use of variable remuneration arrangements which links remuneration outcomes and the financial and non-financial performance of Mobico. • The Remuneration Committee has the ability to apply discretion to variable remuneration to ensure it is proportionate and reflects the performance of the business.	• Achieved through strong links between directors' remuneration and the Company's values. • Mobico values are Safety, Excellence, Customers, People and Community & Environment. • Elements of the Remuneration Policy for Executives are cascaded through the business.

1. Introduction to the new Policy

This new Directors' Remuneration Policy ('Policy' or 'new Policy') will be put to a binding shareholder vote at the 2024 AGM and, if approved, this new Policy will be effective for the 2024 financial year and so will apply to incentive awards with performance periods beginning on 1st January 2024. Payments to Directors can only be made if they are consistent with a shareholder approved Policy or amendment to the Policy. The current Directors' Remuneration Policy approved at the 2021 AGM ('current Policy') will continue to apply until a new policy is approved. It is currently intended that the new Policy will remain in force until the Company's AGM in 2027.

2. Considerations when setting and determining the Policy

The Remuneration Committee's primary objective when setting remuneration policy is to align Director remuneration to the long-term success of the Company and to the shareholder experience whilst also enabling the Company to effectively recruit, motivate and retain key individuals.

To achieve this, the Remuneration Committee ('Committee') takes into account the experience, responsibilities, performance and contribution of the individual, as well as levels of remuneration for individuals in comparable roles elsewhere. The Policy places significant emphasis on the need to achieve stretching and rigorously applied performance targets, with a significant proportion of remuneration weighted towards performance-linked variable pay.

As noted further below, the Committee also takes into account the views expressed by shareholders and best practice expectations, and monitors developments in remuneration trends. The Company does not formally consult with employees on remuneration policy. However, when setting the remuneration policy for Executive Directors, the Committee takes into account the overall approach to pay and employment conditions across the Group.

3. Consideration of shareholder views

The Committee is committed to maintaining strong relationships and an open dialogue with shareholders and values their views in the process of formulating remuneration policy decisions.

The Committee reviewed the current Policy during 2023 to ascertain whether it was fit for purpose in the context of the Company's current strategy and developments in corporate governance, best practice and investors' expectations and determined that it remained broadly fit for purpose but could be better aligned with best practice in a number of areas. The Committee then wrote to our Top 20 shareholders to seek their views (of which 13 directly responded), including on the best practice changes proposed, which helped the Committee determine the new Policy. While a small number of shareholders provided feedback suggesting further changes, the vast majority considered that the new Policy was appropriate and balanced and therefore the Committee did not make any further amendments. The Committee will consider feedback received at the 2024 AGM and beyond as part of its ongoing review of remuneration policy. We are grateful for the time, assistance and support shareholders give us.

4. Remuneration Policy for Executive Directors

4.1 Summary of the individual elements of the Policy for Executive Directors

Element and how it supports strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary To provide base salaries which enable the Company to: • attract, retain and motivate high performing Executive Directors of the calibre required to lead the business and successfully implement strategy, but without paying more than is necessary to do so.	Base salaries are paid in cash and normally reviewed annually with effect from 1 January. Reviews cover individual performance, experience, development in the role and market comparisons. To determine market comparisons, the Committee reviews remuneration data on executive positions in comparator groups including transport/ leisure and general sector companies of similar size, complexity and international presence. The Committee retains the discretion to amend the comparator groups as necessary to remain relevant.	While there is no prescribed formulaic maximum, base salaries will reflect Executive Directors': • roles and responsibilities; • knowledge, skills and experience; and • performance and effectiveness. In addition, 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 for Executive Directors will not normally exceed the general employee increase for the country in which they are domiciled. However, larger increases or above median salaries may be necessary, for example (but without limitation): • where there has been a material increase in the scope and/ or scale of the Executive Director's responsibility in the role (including as a result of internal promotion); • to apply salary progression for an Executive Director who was appointed on a salary below the market level; or • where an Executive Director is extremely experienced and has a long track record of proven performance.	Not applicable.
Pension To provide fair benefits as part of fixed remuneration to allow Executive Directors to work towards saving for retirement.	Executive Directors receive a pension contribution, or a cash allowance in lieu of a pension provision in line with market practice.	The maximum pension contribution for Executive Directors will be on the same basis as is available to the majority of colleagues in the market in which the Executive Director is based. Incumbent Executive Directors' maximum pension is in line with the UK workforce, currently 3% of salary. No element other than base salary is pensionable.	Not applicable.
Benefits To provide competitive benefits as part of fixed remuneration to enable the Group to recruit and retain high performing Executive Directors.	Executive Directors may receive a combination of family private healthcare, death-in-service and life assurance cover, long-term sickness and disability insurance, car allowance, free travel on the Company's services and professional membership subscriptions. The Committee has discretion to provide additional benefits or remove benefits in order to remain competitive or to meet the needs of the business.	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.	Not applicable.

Element and how it supports strategy	Operation	Maximum potential value	Performance conditions and assessment
Annual bonus To incentivise delivery of near-term performance objectives which are directly linked to strategy. A portion of any bonus paid is deferred into shares, assisting the retention of Executive Directors and alignment of their interests with those of shareholders.	Executive Directors' bonus payments are based on the achievement of pre-specified objectives normally over a one-year performance period. At least 50% of the bonus earned is subject to mandatory deferral into shares for one year from award. Dividends are delivered on the deferred share element. Malus and clawback provisions apply.	The maximum bonus award is equal to 200% of base salary for the Group Chief Executive Officer and 150% of base salary for other Executive Directors (currently only the CFO).	Performance conditions are a combination of financial and non-financial objectives for the year. The Committee retains discretion in appropriate circumstances to amend the weightings of the financial and non-financial elements of the bonus from year to year and for each Executive Director as appropriate. However, a majority of the opportunity will be dependent upon financial metrics. 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. The annual bonus includes the ability for the Committee to use its discretion, acting reasonably and proportionately, to adjust the bonus outcome, upwards (provided it does not exceed the maximum) or downwards (including to nil), if the formulaic outcome is not reflective of overall corporate performance and/or individual performance. 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 award of a bonus (in whole or in part) until those investigations or proceedings are completed.

Element and how it supports strategy	Operation	Maximum potential value	Performance conditions and assessment
Long-Term Incentive Plan ('LTIP') To incentivise delivery of longer-term performance outcomes, reward the execution of strategy, aid retention of Executive Directors and align their longer-term interests with those of shareholders.	LTIP awards (in the form of conditional shares, nil cost options or forfeitable shares) are normally 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 delivered on vested shares, in shares, in respect of both the performance and holding periods. Malus and clawback provisions apply.	The maximum LTIP award is equal to 200% of base salary, per annum, for all Executive Directors.	Awards will be subject to stretching performance conditions over a period of three consecutive financial years. The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. The threshold vesting level will be no more than 25%, and may vary by performance condition and from year to year. The LTIP includes the ability for the Committee to use its discretion, acting reasonably and proportionately, to adjust an LTIP award vesting outcome, upwards (provided it does not exceed the maximum) or downwards (including to nil), if the formulaic outcome is not reflective of overall corporate performance and/or stakeholder experience 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.

4.2 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 their date of appointment, or the date of approval of the Policy if any changes are made (if later). 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 their employment which equates to the lesser of shares which have a value equal to 200% of base salary calculated as at the date of leaving employment and their actual shareholding at the date of leaving employment, irrespective of the reason for leaving, save it will not apply where the reason for leaving is in connection with a change of control in the Company.

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

4.3 Performance measures under the annual bonus and LTIP

The Committee has flexibility to set the performance conditions for the annual bonus and LTIP awards from year to year.

However, if the Committee materially changes the LTIP performance conditions within the life of the Policy, it will normally consult with shareholders in advance on the changes to be made and explain the reasons for doing so.

The performance measures that will apply to the LTIP awards to be granted in 2024 are shown on page 117.

4.4 Malus and clawback provisions

Executive Directors' annual bonus awards and LTIP awards are subject to malus and clawback provisions. Malus provisions enable the Committee to reduce the amount (including to nil) of any bonus prior to its award or payment and to reduce the number of shares (including to nil) under any unvested LTIP award prior to its vesting. Clawback provisions enable any bonus amount awarded and paid, and either the number of shares that vested under an LTIP award and/or an amount equal to their market value sale proceeds and/or any other benefits derived from them, to be recovered (in whole or in part, but net of tax) during the period of two years after they have been so awarded or vested, in each case in the following circumstances:

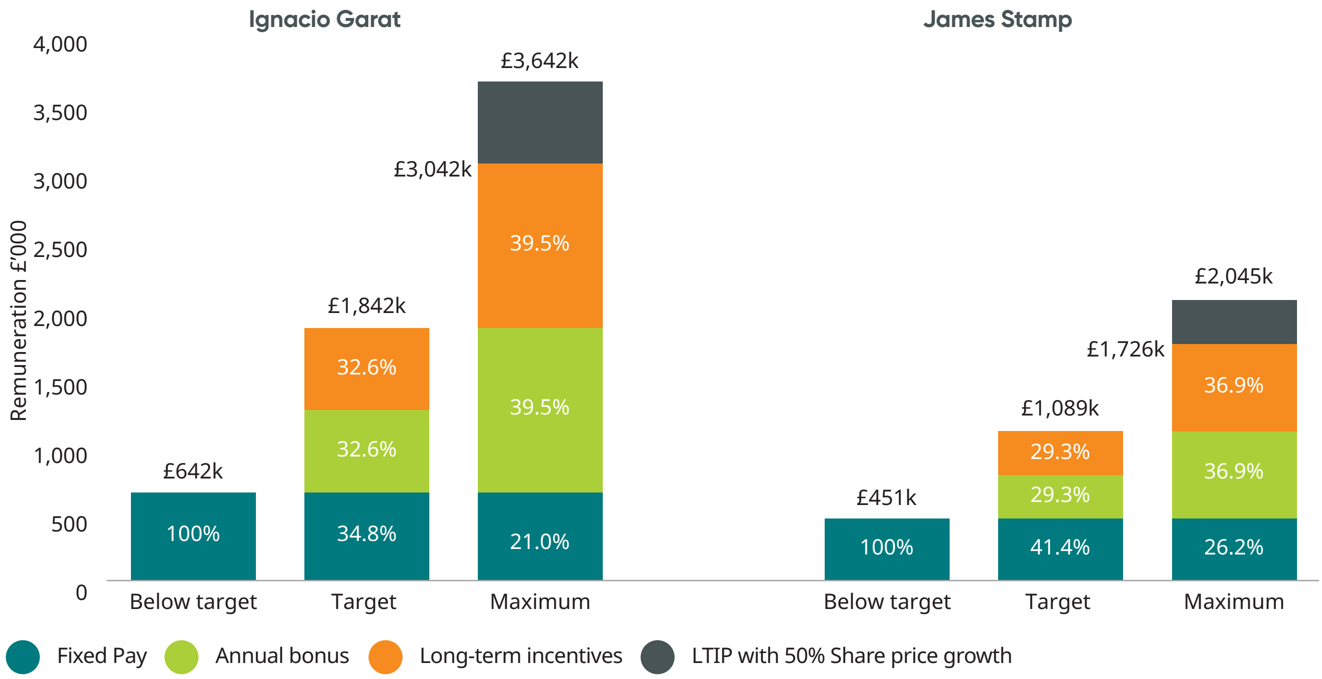
- the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company for a period that was wholly or partly before the end of the period over which the performance target applicable to an award was assessed (or was due to be assessed);
- the discovery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

4.5 Previous arrangements

For the avoidance of doubt, in approving this Policy, authority is sought by the Company (i) to honour any pre-existing outstanding commitments (subject to existing terms, conditions and plan rules, as applicable) entered into with current or former Directors (as previously disclosed to shareholders) before this Policy took effect or before they became a Director; and (ii) when an internal appointment to the Board is made, any pre-existing obligations may be honoured by the Committee and payment will be permitted under this Remuneration Policy.

4.6 Total remuneration opportunity at various levels of performance

The Committee's aim is to ensure that superior reward is only paid for exceptional performance, with a substantial proportion of Executive Directors' remuneration payable in the form of variable pay. The chart below illustrates the remuneration opportunity provided to each current Executive Director at different levels of performance for the first year of operation of the Policy:



The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable; and (iii) Long-term incentives, as explained further below:

Element	Description
Fixed	Latest base salary, pension allowance and taxable benefits
Annual variable	Performance-related annual bonus (including deferred element)
Long-term incentives	Performance-conditioned Long-Term Incentive Plan award

Assumptions used in determining the level of payout under the given scenarios are as follows:

- base salaries are those as at 1 January 2024;
- taxable benefits for the Group CEO and Group CFO are those paid in 2023;
- bonus award opportunities are equal to 200%/150% of Group CEO/CFO base salaries and LTIP awards are granted at 200%/150% of Group CEO/ CFO base salaries;
- minimum performance level assumes fixed pay only and no variable pay;
- on-target performance level assumes performance resulting in 50% of maximum annual bonus payout and 50% of maximum LTIP vesting (and, while the bonus has targets for threshold, on-target and maximum, the LTIP only has targets for threshold and maximum for some metrics so the values shown for the on-target outturn include the values for on-target bonus and estimated on-target LTIP performance); and
- maximum performance level assumes maximum annual bonus payout and full LTIP vesting.

While share price appreciation is ignored in each of the minimum, on-target and maximum remuneration outcomes for the Executive Directors, the fourth bar shows the maximum remuneration outcomes assuming 50% share price appreciation.

4.7 Comparison with approach to remuneration across the Group

The Group operates across a number of countries and accordingly sets terms and conditions for employees which reflect the different legislative requirements and labour market conditions that exist in each country. We have a framework for recognition and rewards internationally. We will always meet or exceed national minimum standards of employment in all our business divisions, offering pay and other terms and conditions that are appropriate to each labour market in which we operate. In particular, we are committed to adhering to the real Living Wage in the UK and to at least the national minimum wage in each of the other countries in which we operate. Base pay is set at a level that allows us to recruit and retain colleagues in each relevant labour market and performance-related pay arrangements are based on the achievement of business division and team or individual goals, objectively assessed.

The Group offers pension and pension savings arrangements to its employees appropriate for the labour markets in which it operates. In the UK, in line with market practice, employees are offered membership of a defined contribution plan, with employer contributions for the majority of employees equal to 3% of base salary. The Group also has a legacy defined benefit scheme in its UK Bus division, with employer contributions of 35% of base salary. In the UK, employees also receive death-in-service benefits and free travel on the Company's transport services, and middle and senior managers may also receive car or travel allowances and/or private medical insurance, subject to their employee grade.

The Group's divisions operate various cash bonus incentive schemes for appropriate individuals, incentivising the delivery of particular divisional strategic, operational, safety and personal objectives. Senior management participates in a bonus scheme which is broadly aligned with Executive Directors' annual bonuses, where targets may relate to divisional rather than Group-wide performance and/or place more emphasis on divisional strategic or safety objectives and/or personal objectives. LTIP and other awards are also granted to selected senior managers to incentivise and reward them for delivering long-term value for the Company and its shareholders.

Measures for bonus arrangements across the Group are based on different measures depending on the nature of the business unit, and typically, outcomes were between target and maximum.

In addition to this, the Group operates a number of support packages for colleagues such as access to hardship loans, employee discounts and financial education.

The Committee reviewed the Company's CEO pay ratios and its Group's employee pay policies and practices when formulating this 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.

4.8 Executive Directors' service agreements

The Executive Directors have service agreements with the Company and the table below shows the dates of those agreements and the relevant notice period to be provided by the parties to them in normal circumstances:

Executive Director	Date of service agreement	Date of appointment	Notice period from Company	Notice period from Director
Ignacio Garat	11/10/2020	01/11/2020	12 months	6 months
James Stamp	17/10/2022	01/11/2022	12 months	6 months

The Committee regularly reviews its policies on executive remuneration and severance in the best interests of shareholders. Guidance on best practice expectations is taken into account prior to agreeing Executive Directors' contractual provisions.

4.9 Executive Directors' employment termination arrangements

The Company may at its discretion make payment in lieu of notice to Executive Directors, which could potentially include up to 12 months' base salary, benefits and pension, and which may be subject to payment by instalments and/or mitigation.

The table below sets out the treatment of the elements of remuneration that would normally apply where an Executive Director's service with the Company is terminated:

Reason for termination	Salary, pension and contractual benefits	Annual bonus	Unvested deferred bonus share awards	Unvested LTIP awards	Other
Good leaver: retirement, disability, redundancy, death, sale of part of the Company that employs the Director or any other reason that the Committee determines.	Payment equal to the aggregate of base salary, pension allowance and the value of other contractual benefits during the notice period, including any accrued but untaken holiday.	Bonus will be awarded at the normal award date, subject to the satisfaction of performance targets and subject to pro-ration to reflect the proportion of the year served, unless the Committee determines otherwise.	Deferred bonus share awards will ordinarily vest on the normal vesting date, unless the Committee determines otherwise.	Unvested LTIP awards will ordinarily vest on the normal vesting date, subject to the satisfaction of performance conditions, unless the Committee determines otherwise. Unvested LTIP awards will also ordinarily be subject to pro-ration to reflect the proportion of the time served between the date of grant and date of vesting, unless the Committee determines otherwise. The post-vesting holding period will continue to apply post-cessation of employment.	Fees for outplacement and legal advice may be paid.
Other reasons.	Paid to date of termination, including any accrued but untaken holiday.	No bonus award for the year in which termination occurs.	Awards lapse in full on termination.	Awards lapse in full on termination.	Not applicable.

4.10 Minor amendments

The Committee may make minor amendments to the Policy set out in this Policy Report (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for the amendment.

4.11 External directorships

Directors are permitted to hold external directorships in order to broaden their experience, to the benefit of the Company. Such appointments are subject to approval by the Board and the Director may retain any fees paid in respect of such directorships. The Board ensures compliance by Directors with Code provision 16.

Subject to the circumstances surrounding the termination, the Committee may, in its discretion, treat the Executive Director as a 'good leaver'. The Committee will consider factors such as personal performance and conduct, overall Company performance and the specific circumstances of the Executive Director's departure, including, but not limited to, whether the Executive Director is leaving by mutual agreement with the Company. In addition, the Committee will take the above circumstances into account when determining whether to use its discretion not to pro-rate the bonus awards and/or vested LTIP awards of an Executive Director who is a 'good leaver'.

The Committee reserves the right to make additional exit payments to an Executive Director where such payments are made in good faith:

- to discharge an existing legal obligation (or by way of damages for breach of such an obligation); or
- by way of settlement or compromise of any claim arising in connection with the termination of office or employment.

On a change of control, unvested LTIP awards will vest, except to the extent they are exchanged for awards over shares in the acquiring company, and vested LTIP shares subject to a holding period will be released. Vesting will be subject to satisfaction of the relevant performance conditions assessed by the Committee at the date awards are deemed to vest and will normally be pro-rated to reflect early vesting, unless the Committee determines that such pro-ration is inappropriate. The Committee may replace one or more of the performance criteria or assess the extent to which it determines that targets have been met on a basis that it deems is reasonable in the circumstances. On a change of control of the Company, unvested deferred bonus share awards will also vest automatically.

4.12 Approach to the remuneration of newly appointed Executive Directors

When determining the remuneration arrangements for a newly appointed Executive Director (whether such individual is an internal promotion or external candidate), the Committee will take into consideration all relevant factors to ensure that arrangements made are in the best interests of both the Company and its shareholders without paying more than is necessary to recruit an Executive Director of the required calibre.

The Committee will generally seek to align the remuneration of any new Executive Director following the same principles as for the current Executive Directors. The elements that would be considered by the Company for inclusion in the remuneration package of a new Executive Director are:

- salary and other benefits, including an allowance in lieu of a pension provision in line with the Policy table.
- participation in the performance-related annual bonus pro-rated for the year of recruitment to reflect the proportion of the year for which the new recruit is in post.
- participation in the performance-conditioned Long-Term Incentive Plan, which may be pro-rated depending on the time of appointment through the year; and
- costs and outgoings relating, but not limited, to: relocation assistance; legal, financial, tax and visa advice; and pre-employment medical checks.

The Committee's policy is for all Executive Directors to have rolling service contracts with notice periods for the Company of between 6 and 12 months. The only exception is where, in exceptional circumstances, it is necessary to offer a longer notice period initially, reducing down to 12 months, in order to secure the appointment of a new external recruit.

The Committee may also make awards on the appointment of an Executive Director to 'buy out' remuneration arrangements being forfeited by the individual on leaving a previous employer. The Committee would take into account both market practice and any relevant commercial factors in considering whether any enhanced and/or one-off annual incentive or long-term incentive award is appropriate.

Awards made by way of compensation for forfeited awards would be made on a comparable basis, taking account of performance conditions and achievements (or likely achievements), the proportion of the performance period remaining, the expected vesting/payment date and the form of the award. Compensation could be in the form of cash and/or shares. The Committee will not offer any non-performance-related incentive payments (for example, a 'guaranteed signing-on bonus' or 'golden hello'). Leaver provisions will be determined in line with this Policy when 'buy-out' awards are made.

5. Remuneration Policy for Non-Executive Directors

5.1. Summary of the individual elements of the Policy for Non-Executive Directors (including the Board Chair)

Element	Purpose	Operation	Maximum potential value
Fees	To attract, retain and motivate high performing individuals of suitable calibre for a business the size and complexity of the Company's business. To pay fees which are reflective of responsibilities and time commitments, and competitive with peer companies, without paying more than is necessary.	The single fee paid to the Chair for all Board and Board Committee duties is set by the Committee and the fees paid to Non-Executive Directors are set by the Board. Fees are normally reviewed annually and the review takes into account fees paid for similar positions in the market, the time commitment required from the Chair and Non-Executive Directors and, in the case of the latter, additional responsibilities and time commitments involved. Fees are subject to any maximum set in the Company's Articles.	While there is no prescribed formulaic maximum, fees will reflect those matters taken into account in the annual fee review.
Expenses	Non-Executive Directors are also entitled to travel, subsistence and accommodation for business purposes including any tax due thereon.	These expenses are either paid directly by the Company on behalf of Non-Executive Directors or reimbursed by the Company to Non-Executive Directors in line with the Company's expenses policy.	The cost to the Company depends on the relevant expenses.

5.2 Appointments

The Chair and the other Non-Executive Directors are not employed and do not have service contracts with the Company. They also are not entitled to participate in the Group's pension, annual bonus or long-term incentive arrangements. Instead, they are appointed under individual letters of appointment and only receive a fee for their services and payment or reimbursement of business expenses. On appointment, the fee arrangements for a new Non-Executive Director will be determined in accordance with the approved remuneration policy in force at that time.

The Chair and other Non-Executive Directors are normally appointed for an initial three-year term but with an expectancy that they will serve for at least two three-year terms, and their appointment can be terminated at any time without compensation by either party serving the relevant notice on the other party. In accordance with the Company's Articles of Association, each of the Chair and other Non-Executive Directors (and each of the Executive Directors) is required to stand for election or re-election by shareholders at each AGM and they may be removed from office in the circumstances prescribed by the Company's Articles of Association and/or applicable legislation.

5.3 Non-Executive Directors' dates of appointment and notice periods

The current Chair and other Non-Executive Directors' dates of appointment and current notice periods which may be up to 6 months for the Board Chair and 3 months for the other Non-Executive Directors are shown in the table below:

Director	Date of appointment	Notice period from either party (months)
Ana de Pro Gonzalo	01/10/2019	1
Carolyn Flowers	01/06/2021	1
Enrique Dupuy de Lome Chavarri	01/11/2023	1
Helen Weir	01/10/2022	3
Jorge Cosmen	01/12/2005	1
Karen Geary	01/10/2019	1
Mike McKeon	03/07/2015	1
Nigel Pocklington	01/08/2023	1

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

The current Directors' Remuneration Policy (current Policy) was approved by shareholders at the Company's AGM on 12 May 2021 and came into effect from that date. The current Policy was intended to apply for three years until the Company's AGM in 2024. The current Policy can be found on pages 104 to 113 of the Company's 2020 Annual Report and on its website at: www.mobicogroup.com/about-us/corporate-governance/remuneration.

The Company is proposing that shareholders approve a new Directors' Remuneration Policy (new Policy) at its AGM on 11 June 2024. If so approved, the new Policy will come into force from that date and is intended to apply for three years until the Company's AGM in 2027.

The new Policy can be found on pages 127 to 136 of this Annual Report.

Directors' report

The information set out on pages 137 to 140 (inclusive), together with the information referred to below which is incorporated by reference, comprises the Directors' Report for the Company's financial year ended 31 December 2023.

The Company has chosen, in accordance with Section 414(C)(11) of the Companies Act 2006 (as amended), to set out certain information required to be included in this Directors' Report in the Strategic Report. The Company has also set out certain other information required to be included in this Directors' Report in the Corporate Governance Report and the Consolidated Financial Statements. The location of such information is shown in the table below:

Information	Annual Report section	Annual Report page no(s)
Business model and future business developments	Strategic Report	Pages 12 and 13
Principal risks and uncertainties	Strategic Report	Pages 42 to 47
Fostering relationships with suppliers, customers and others	Strategic Report	Pages 50 and 51
	Corporate Governance Report	Pages 88 and 89 Pages 93 to 97
Engagement with and other matters relating to employees	Strategic Report	Pages 59 to 63
	Corporate Governance Report	Pages 94 to 96
Financial instruments	Consolidated Financial Statements	Pages 213 to 217
Governance matters, including Corporate Governance Statement and a description of the composition and operation of the company's administrative, management and supervisory bodies and their committees	Corporate Governance Report	Pages 81 to 136
Description of diversity policies, objectives, implementation, and results	Nominations Committee Report	Pages 100 and 101
Internal control and risk management arrangements for financial reporting	Audit Committee Report	Pages 102 to 108
Streamlined Energy and Carbon Reporting (SECR)	Additional Information	Page 248

This Directors' Report and the Strategic Report together form the Management Report for the purposes of Rule 4.1.8 of the Disclosure Guidance and Transparency Rules.

The relevant information required to be disclosed under Rule 9.8.4 of the Listing Rules is as follows:

Listing Rule	Nature of information	Section and page(s) of Annual Report
LR 9.8.4(12)	Dividend waivers by shareholders	Directors' Report, page 138

Company status and branches

Mobico Group PLC ("Mobico" or the "Company") is the holding company of the Mobico group of companies (the "Group").

The Company is a public limited company incorporated under the laws of England and Wales. It has a premium listing on the London Stock Exchange main market for listed securities (LON:MCG) and is a constituent member of the FTSE 250 Index.

One of the Company's Spanish subsidiaries, NEX Continental Holdings, S.L.U., has a branch in Portugal, NEX Continental Holdings S.L, Sucursal Em Portugal. Other than that branch, neither the Company nor any member of its Group has any branches.

Results and dividends

The Company's and the Group's results for the year ended 31 December 2023 are set out, respectively, in the Company Financial Statements and the Consolidated Financial Statements on pages 153 to 245.

Important events since the end of the financial year

There have been no important events which have affected the Company or the Group since 31 December 2023, save for those disclosed in note 40 to the Consolidated Financial Statements.

Dividends
As announced on 12 October 2023, the Board has determined not to recommend a final dividend in respect of its financial year ended 31 December 2023 (2022: 5.0p). The Company paid an interim dividend on 1 September 2023 in respect of its financial year ended 31 December 2023 which means the total dividend for the 2023 year is 1.7p per share (2022: 5.0p).

Share capital
The Company has a single class of shares in issue in its capital comprising ordinary shares of nominal value 5 pence each, all ranking pari passu. As at 31 December 2023, there were 614,086,377 ordinary shares in issue and fully paid. The rights attached to the ordinary shares of the Company are defined in the Company's Articles of Association (the "Articles"). Further details about the Company's share capital can be found in note 32 to the Consolidated Financial Statements.

Share rights, obligations and restrictions on transfer of shares
Shareholders are entitled to participate in dividends paid or declared by the Company and any return of capital made by the Company in proportion to their holdings of ordinary shares in the Company. Shareholders are also entitled to attend and vote at all general meetings of the Company. Every shareholder has one vote on a show of hands and one vote for each ordinary share held on a poll on each resolution put before a general meeting. Electronic and paper proxy appointments, and voting instructions, must be received by the Company's registrar not less than 48 hours before a general meeting.

Shareholders are subject to the obligations set out in the Articles, including the principal obligation to pay up any unpaid amount on their ordinary shares.

There are no limitations on the holding of the Company's shares. There are also no restrictions on the transfer of the Company's shares other than: (i) the typical restrictions set out in the Articles (for example, in respect of non-fully paid shares. For further detail see the Articles which are available for download here: https://www.mobicogroup.com/about-us/corporate-governance/governance-framework/); (ii) restrictions imposed by law (such as insider trading laws); and (iii) restrictions imposed on the Directors and certain other employees of the Company and members of its Group pursuant to the Company's share dealing code.

The Company is not aware of any agreements between existing shareholders that may result in restrictions on the voting rights attaching to, or the transfer of, the Company's ordinary shares.

Special control rights over shares
There are no special control rights attaching to the Company's shares, save that the Company can direct the Company's Employee Benefit Trust to release the shares that it holds in the Company to satisfy the vesting of outstanding awards under the Company's various share incentive plans (see Employee Benefit Trust).

Authority to issue shares
The Directors were granted the authority at the Company's 2023 Annual General Meeting to allot new shares in the Company subject to the limits set out in the notice to that AGM (which is available to download here: https://www.mobicogroup.com/investors/shareholder-centre/agm/2023/). No new shares were issued by Directors under the authorities granted to them at the Company's 2023 Annual General Meeting during the period up to 21 April 2024[1]. Such authorities remain valid until the Company's 2024 Annual General Meeting or 30 June 2024, whichever is earlier. The Directors propose to renew the Directors' authorities to issue and allot new shares and to disapply pre-emption rights on such issue and allotment at the Company's 2024 Annual General Meeting to give the Company flexibility to respond to circumstances and opportunities as they arise.

Authority to purchase own shares
The Company was granted authority at its 2023 Annual General Meeting to make market purchases of up to 61,408,637 of its own shares, representing approximately 10% of its issued share capital. No shares were purchased under this authority during the period up to 21 April 2024[1]. Such authority remains valid until the Company's 2024 Annual General Meeting or 30 June 2024, whichever is earlier. The Directors propose to renew this authority at the 2024 Annual General Meeting to give the Company the ability to return value to shareholders in this way in appropriate circumstances.

Employee Benefit Trust
IQ EQ Corporate Services (Jersey) Ltd is a shareholder in the Company and acts as the trustee (the "Trustee") of the National Express Group Employee Benefit Trust (the "EBT"). It is used to purchase Company shares in the market from time to time and hold them for the benefit of employees, including for satisfying awards that vest under the Company's various share incentive plans. The EBT also holds Company shares in particular ringfenced accounts for specific employees who have had options over such shares vest to them under the Company's share incentive plans but have not yet exercised those options.

The EBT purchased a total of 2,420 shares in the market during the year ended 31 December 2023 for an aggregate consideration of £3,033.78 (including dealing costs) and released 162,262 shares to satisfy vested share plan awards. As at 31 December 2023, the EBT held 1,108,461 Company shares in trust (representing 0.18% of the Company's issued share capital). The Trustee may vote the shares it holds in the Company at its discretion, but where it holds any shares in a ringfenced account for particular employees it will seek their instructions on how it exercises the votes attached to those shares. A dividend waiver is in place from the Trustee in respect of dividends payable by the Company on the shares in the Company held in the EBT, except the shares it holds in ringfenced accounts for particular employees where it receives the dividends on such shares and passes them through to such employees subject to any terms applicable to those shareholdings.

Major shareholdings
As at 31 December 2023, the Company had been notified under DTR 5 of the following interests in its shares representing 3% or more of the voting rights in its issued share capital

Shareholder	Number of ordinary shares	Percentage of total voting rights[2]
European Express Enterprises Limited	106,669,337	17.37%
Liontrust Investment Partners PLC	39,306,348	6.40%
M&G plc	30,663,661	4.99%
Newton Investment Management Limited	29,583,062	4.82%
J O Hambro Capital Management Limited	25,165,433	4.10%
Azvalor Asset Management SGIIC SA	18,463,215	3.01%
Northern Express Enterprises Limited	18,430,795	3.00%

1 being the date this Directors' Report was approved

Shareholder	Number of ordinary shares	Percentage of total voting rights[2]
Lancaster Investment Management LLP	18,429,994	3.00%

[2] The total number of voting rights attaching to the issued share capital of the Company on 31 December 2023 was 614,086,377.

It should be noted that these holdings may have changed since the Company was notified of them as notification of any change is not required until the next notifiable threshold (up or down) is crossed.

Between 31 December 2023 and 21 April 2024, being the period from the end of the Company's last financial year to the date on which this Directors' Report was approved, the Company was notified under DTR 5 of the following relating to interests in its shares:

Shareholder	Number of ordinary shares	Percentage of total voting rights[1]
European Express Enterprises Limited	117,328,700	19.11%
Lancaster Investment Management LLP	18,407,924	2.9976%

[1] The total number of voting rights attaching to the issued share capital of the Company on 21 April 2024 was 614,086,377.

Directors

The names of the persons who were Directors of the Company at any time during the Company's financial year ended 31 December 2023, together with the periods during which they served as Directors, are:

Director	Period served during 2023
Helen Weir	01/01/2023 – 31/12/2023
Jorge Cosmen	01/01/2023 – 31/12/2023
Ignacio Garat	01/01/2023 – 31/12/2023
James Stamp	01/01/2023 – 31/12/2023
Enrique Dupuy de Lome Chávarri	01/11/2023 – 31/12/2023
Carolyn Flowers	01/01/2023 – 31/12/2023
Karen Geary	01/01/2023 – 31/12/2023
Mike McKeon	01/01/2023 – 31/12/2023
Nigel Pocklington	01/08/2023 – 31/12/2023
Ana de Pro Gonzalo	01/01/2023 – 31/12/2023
Matthew Crummack	01/01/2023 – 31/07/2023

Directors' interests

Save as disclosed:

a. none of the Directors, nor any person closely associated with them, has any interest in the Company's shares, debt instruments, derivatives or other linked financial instruments and there has been no change in the information in the Directors' Remuneration Report regarding such interests between 31 December 2023 and 21 April 2024, being the date this Directors' Report was approved (and also being a date which is not more than one month before the date of the Notice of the Company's 2024 AGM); and

b. in note 36 to the Consolidated Financial Statements, none of the Directors has or had at any time during the year ended 31 December 2023 a material interest, directly or indirectly, in any contract of significance with the Company or any of its subsidiary undertakings (other than the Executive Directors in relation to their Service Agreements).

Directors' service agreements and letters of appointment

The Executive Directors are party to service agreements with the Company which contain a rolling term subject to the giving by the Company or relevant Executive Director of relevant notice to terminate. All the Non-Executive Directors are party to letters of appointment with the Company which contain a fixed term appointment of between three and six years, extendable by agreement, subject to the giving by the Company or the Non-Executive Director of relevant notice to terminate. All Directors' continued appointments are subject to annual election or re-election by shareholders and the powers of shareholders to remove Directors.

These Directors' service agreements and letters of appointment are available for inspection at the Company's registered office. Further details of these agreements and letters are included in the current Directors' Remuneration Policy.

Directors' powers

Subject to the Companies Act 2006 (the Act), the Articles and any directions given by special resolution of the shareholders, the business of the Company is managed by the Board which may exercise all the powers of the Company. The Articles may be amended by a special resolution of the shareholders.

The Directors may pay interim dividends where, in their opinion, the financial position of the Company justifies such payment and the Directors may recommend that shareholders declare final dividends and, if so declared by ordinary resolution of shareholders, arrange for payment of such dividends. The Directors have the power to allot shares as described under the "Authority to Issue Shares" section above. The Directors may also appoint other Directors in the circumstances described below.

Appointment and replacement of Directors

The rules for the appointment and replacement of Directors are set out in the Act and related legislation and the Articles.

The Board may appoint a Director either to fill a casual vacancy or as an additional Director provided that the total number of Directors does not exceed any maximum number of Directors prescribed in the Articles. Each incumbent Director must retire and seek election or re-election to office at each Annual General Meeting of the Company.

In addition to the powers of removal conferred by the Act the Company may, by ordinary resolution of which special notice is given, remove any Director before the expiry of their period of office. The Company may also by ordinary resolution appoint a Director either to fill a casual vacancy or as an additional Director.

In accordance with the Articles and the provisions of the UK Corporate Governance Code, all the current Directors will retire at the Company's 2024 Annual General Meeting and offer themselves for election or re-election, save for Mike McKeon who will stand down from the Board from the conclusion of the 2024 AGM. The Board is satisfied that each of the Directors is qualified for election or re-election to office by their contribution and commitment to the Board, their key strengths in support of the Company's strategy and for the reasons given in the Nominations Committee Report.

Directors' indemnities and insurance

The Company has granted qualifying third party indemnities to each Director and the Company Secretary (as defined by section 234 of the Companies Act 2006) in relation to losses or liabilities incurred by the Company's Directors and Company Secretary to third parties in the actual or purported execution or discharge of their duties as officers of the Company and of its associated companies which indemnities remain in force as at 21 April 2024[1]. The Company also maintains Directors' and Officers' liability insurance which provides appropriate cover in respect of legal action brought against its Directors and Company Secretary.

Significant agreements affected by a change of control

The Company is party to the following significant agreements that could be altered or terminate on a change of control of the Company following a takeover bid.

Under the terms of the Company's revolving credit facilities, the Company would upon a change of control have five days to notify the lenders of such change of control and if, following 10 days of negotiations to either confirm or alter the terms of such facilities, no agreement has been reached, outstanding balances under such facilities could become repayable.

Under the terms of the Company's: (i) EMTN programme (as last updated on 12 September 2023), (ii) the Note Purchase Agreement dated 29 October 2019 and (iii) the Company's hybrid bond issued on 24 November 2020, a change of control following a takeover bid could result in the notes issued thereunder being redeemed, repaid or purchased in accordance with their specific terms. See the Company's website here for further information: https://www.mobicogroup.com/investors/debt-investors/

Under the terms of some of the Group's vehicle leasing facilities, where the Company is a guarantor of such facilities, a change of control of the Company may amount to an event of default which could result in outstanding balances under such leasing facilities becoming repayable.

Under the rules of each of the Group's active share schemes, following a change of control of the Company the vesting of awards made under such schemes will be accelerated and, where performance targets are attached to the awards, the number of awards to vest will be determined according to the extent to which performance targets have been met. Each of the share schemes also allows, under certain circumstances and where the acquiring company has agreed, new awards to be granted in the acquiring company in place of the original awards to give substantially equivalent value to the awardees.

Due to the size of certain of the Company's credit facilities, note purchase agreements and leasing facilities, absent consent from the relevant lenders, noteholders and lessors to a change of control following a takeover bid or the bidder being able to refinance such facilities and borrowings upon its takeover bid being accepted and taking effect, their repayment, termination or default upon such change of control could create significant liquidity issues for the Company and could also trigger cross-defaults into other of the Company's and the Group's credit and leasing facilities.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, save that the provisions of the Group's active share incentive schemes may cause awards made under them to Directors and employees in the form of share options to vest on a takeover bid being accepted and taking effect, or, under certain circumstances and where the acquiring company agrees, new awards to be made in the acquiring company in place of the original awards to give substantially equivalent value to the awardees.

Employee matters

Pages 50, 51, 59 to 63 and 94 to 96 of this Annual Report set out how the Company: engages with its workforce and takes their views into account; involves employees in Company performance; promotes common awareness among employees of financial and economic factors affecting the Company performance; and summarises how the Company is an equal opportunities employer.

Political donations, contributions and expenditure

The Company did not make any political donations or contributions or incur any political expenditure during the year ended 31 December 2023 (2022: nil political donations, contributions and political expenditure). The Company's policy is that neither it nor its subsidiaries make what are commonly regarded as donations or contributions to political parties. However, the Act's definition of political donations includes expenditure that could capture other business activities which would not normally be thought of as political donations or contributions, such as subscriptions, payment of expenses and support for bodies representing either the transport industry specifically or the business community in general in policy review or reform. The resolution being proposed at the Company's 2024 Annual General Meeting to authorise political donations, contributions and expenditure is to ensure that these normal business activities are permitted and that neither the Company nor its UK subsidiaries commit any technical breach of the Act.

Audit information

Each of the persons who are Directors as at 21 April 2024[1] confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor, Deloitte LLP, is unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Company's 2024 Annual General Meeting ('AGM' or 'Meeting') will be held at BMA House, British Medical Association, Tavistock Square, London WC1H 9JP at 1:30pm on Tuesday 11 June 2024. A separate circular, comprising a letter from the Chair, Notice of the Meeting and explanatory notes on the resolutions proposed, accompanies this Annual Report. Both documents can also be found on the Company's website at: www.mobicogroup.com.

Approval

This Directors' Report was approved by the Board on 21 April 2024.

By Order of the Board

Simon Callander
Group General Counsel and Company Secretary

Mobico Group PLC

Company number 2590560

[1] being the date this Directors' Report was approved

Directors' responsibilities

Legal and regulatory framework

The Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The Group financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. The Directors have chosen to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for the period in question.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare such financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with applicable law and regulations.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole;
- the Strategic Report and Directors' Report, taken together, include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Ignacio Garat

Ignacio Garat
Group Chief Executive Officer

21 April 2024

J. Stamp

James Stamp
Group Chief Financial Officer

21 April 2024