



# Mobico Group

## Environmental Policy

### July 2024

#### Document ownership:

**Policy owner:** Group CEO

**Policy champion:** Group Corporate Affairs & Sustainability Director

#### Document history

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1.0	June 2024	Group Corporate Affairs & Sustainability Director	New issue	Group Human Resources & Communications Director	<ul style="list-style-type: none"><li>Group CEO</li><li>Group Exec</li><li>Board Sustainability Committee</li></ul>

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## 1. Introduction

Mobico Group is a company that designs, mobilises, and operates high quality mass transportation services in and between cities across the globe. As such Mobico plays a significant role in accelerating modal shift, decarbonising travel, and building greener, more liveable cities.

Our organisation is committed to improving our environmental performance and striving for best practice to minimise the environmental impacts of our business operations. We design and implement strategies that reduce the impact of environmental risks on our organisation, while adapting and complying with a number of new regulatory requirements being enforced in this area around the globe.

Some of those key regulations include:

- UK Government's [climate-related financial disclosure requirements](#) (CFD)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Corporate Sustainability Reporting Directive (CSRD)
- Streamlined Energy & Carbon Reporting (SECR)
- International Sustainability Standards Board (ISSB) sustainability standards

Further information can be found in Appendix 1.

Everyone in our organisation has a role to play in achieving our environmental targets and, as our Evolve strategy is rolled out across the businesses, we aim to ensure that our ambition to **Be the Environmental Leader** in our industry, is clearly understood and seen as both an individual and shared responsibility.

## 2. Purpose and scope

The Mobico Group Environmental Policy is a document that aims to keep senior management and employees informed about the various obligations we have as a business to comply with, the strategy and processes in place to do that, the environmental roles and responsibilities we all have within our organisation.

This Policy applies to Mobico Group PLC, its subsidiaries, and its employees around the world. Where possible we will seek to apply this Policy to third parties via appropriate contractual clauses or otherwise being satisfied that they have adequate policies covering the same issue in place.

The Group Policy, and any changes to it, are shared with employees and published on the company's intranet and other communications channels. Local/ Divisional policies are also published locally and can provide further details specific to the legal and regulatory requirements of the country they operate in. A summarised version of the policy is published on the Group's website <https://www.mobicogroup.com> providing high level information of our approach and commitment to any interested stakeholders.

At a Group and Divisional level, there is a Policy Owner and Champion responsible for reviewing and monitoring this Group Policy. Divisions can further translate and tailor accordingly to address local laws and regulatory requirements.

If in any case there is a conflict between this policy and local laws, the local policy and regulations take precedence.

### 3. Definitions

Some key definitions that are worthy to include/ emphasise in the table below:

<b>Evolve strategy</b>	In order to protect and develop our market-leading positions, as well as generate sustainable, profitable growth and deliver value for all our stakeholders, the business targets the highest standards of operational performance and customer satisfaction. It achieves those by focusing on what we believe to be the fundamental characteristics and outputs of success, as described by the Evolve strategy
<b>Modal shift</b>	A shift from moving cars to moving people
<b>Net Zero Fleet Target</b>	Zero carbon tailpipe emissions
<b>Science Based Targets</b>	Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.
<b>Scope 1 emissions</b>	Direct emissions from activities controlled by each division that release emissions into the atmosphere. This should include emissions from Stationary combustion, Mobile combustion and Fugitive emissions
<b>Scope 2 emissions</b>	From the purchase of electricity, to include for both use in vehicles (i.e. electricity used to power ZEVs) and at depots, offices and other sites controlled by Mobico
<b>Scope 3 emissions</b>	Scope 3 encompass emissions generated from our value chain, rather than direct business operations. There are 15 categories of scope 3 emissions, of which 8 have been deemed relevant to the Mobico Group

### 4. Policy

#### 4.1 Governance and Resources

The Board's oversight of environmental matters is through its dedicated Sustainability Committee, with a remit to cover the governance of environmental and all sustainability matters. The terms of reference can be found on the Group website.

On behalf of the Board, the Committee monitors progress against the Group environmental goals and targets, primarily through monitoring and reviewing a KPI dashboard at least twice annually.

The Sustainability Committee also produces a formal written report each year to the Company's Shareholders, which is approved by the Board.

The Remuneration Committee reviews best practice in the incorporation of environmental measures into variable remuneration arrangements and seeks guidance from the Group's Sustainability Committee in this regard.

#### 4.2 Emissions Reduction & Environmental Performance Reporting

The Group recognises its responsibility in all relevant business decisions to consider the reduction of and report against:

- Scope 1 emissions: diesel fuel, natural gas consumption and refrigerant gas loss;
- Scope 2 emissions, including non-renewable energy consumption;

- Scope 3 emissions: upstream and downstream value chain emissions (please refer to 3<sup>rd</sup> party due diligence below), including engaging with suppliers to reduce overall emissions, including waste and water consumption;
- Depleting natural resources and biodiversity;
- Air pollution and atmospheric emissions.

The Group's commitment to reduce its environmental impact is tracked against our Science Based Targets and Net Zero Fleet targets, in our ESG Datasheet, available on the Group website.

These emissions are to be calculated and reviewed each year and assured per section 7 below.

### **4.3 Risk Assessment**

The Group applies a two-pronged approach to identifying and assessing climate-related risks and opportunities. Firstly, climate risks are considered as part of the Group's risk management system to identify and assess on all business risks.

Secondly, a specific climate-related risks and opportunities divisional self-assessment exercise will be performed every three years, in line with current guidance.

Further details on both of these approaches are described below.

#### **1. Climate risks as part of the Group's risk management system**

The Environmental risk assessment should be run by the Group Policy Owner based on the methodology described in Group Risk Management Framework, using the Risk register template to document the risks and the same risk matrix with impact and likelihood values for an aligned valuation. Group Risk and Compliance team can support the exercise as needed.

The Group Policy Owner should manage the exercise in a global level and ensure the divisions are performing the same activity within the agreed timeframe.

The timelines are:

- The full exercise for all business risks, including environmental and biodiversity risks, needs to be completed by the end of June each year and the results shared with the Group Head of Risk and Compliance.
- The Environmental risks should be reviewed every 6 months at a Group level. The Divisions should review the risks at least twice annually.
- The consolidated Group risk summary is presented to the Audit Committee and Board at least twice a year.

#### **2. Climate and biodiversity-related risks, opportunities and dependencies divisional self-assessments**

This process enables the Group to assess the potential size and scope of climate and nature-related risks and opportunities identified across the Group.

The key features of the specific climate and biodiversity-related risk assessment are as follows:

- The assessment consists of two components: physical risks (such as extreme weather events); and risks related to the transition to a lower carbon society (such as the operational challenges with transitioning rapidly to a Zero-Emission fleet).

- When completing the self-assessment, divisional teams should assign both a probability of occurrence and an estimated financial impact score against each of the risks and opportunities identified, in order for the Group to assess the priority and materiality of each climate-related risk.
- For each risk and opportunity, divisional teams should assess the expected frequency of occurrence, the activities and controls in place to mitigate the risk, and the effectiveness of those controls.
- The completed risk assessments will be reviewed by the Group Financial Controller, Group Head of Compliance and Group Sustainability Director, with a summary of new and existing risks and opportunities prepared and presented to the Board Sustainability Committee, which will occur at least every three years in line with the frequency of the assessment.

The Group will re-perform the scenario modelling at least every three years, in line with the suggested cadence within the UK Climate-related Financial Disclosure regulations. The last assessment was performed in 2022, so the next assessment is due in 2025.

The Group is also committed to regularly consult with stakeholders on environmental issues, dependencies, risks and opportunities.

#### **4.4 Supplier due diligence**

Our Group's procurement policy is available on the Group website. It has a purpose to ensure that goods, services or works are procured in an efficient, sustainable and cost-effective manner and a goal to consider a variety of matters when evaluating potential suppliers, including corporate social responsibility and sustainability, environmental and diversity credentials. Mobico is committed to operating in a socially responsible manner. Suppliers of goods and services must comply with relevant legislation and environmental laws. This ensures that there is minimum disruption to supply chains through ESG issues, such as climate change.

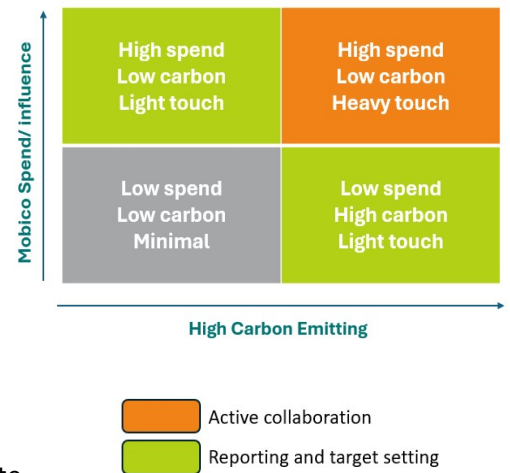
The Supplier Code of Conduct highlights the Group's expectations of suppliers (and their sub-contractors), generally in terms of business practices, and specifically regarding environmental responsibility.

The Group, as an Environmental Leader, should work especially closely with its key suppliers to reduce and remove emissions to net zero and this can be achieved by having relative contract clauses within contracts and active supplier management. This also can be achieved by working in partnership and collaboration. When looking at entering new agreements, the Group needs the support of suppliers to help reach its goal of Net Zero by 2040. Further to this, Mobico will require support to achieve their Scope 3 reduction target of 33% by 2033.

The 4 box model shown on the right categorises suppliers by spend on the y-axis representing those suppliers where Mobico spends under or over £1 million per year, and high carbon emitting (generally those providers that require high energy inputs) on the x-axis.

As part of Mobico’s commitment to drive down carbon in the supply chain, the following items should be considered with critical suppliers:

- Working towards fully understanding the life cycle emissions of vehicles
- Renewable energy requirements in supply contracts
- Climate Change due diligence questionnaires to check alignment with Mobico goals
- Climate policy footprint – regular supplier disclosure of climate leadership activities
- Green Supplier Agreement terms – measure, manage, report greenhouse gas and carbon emissions and emission reduction targets
- Net Zero Target Supply Chain Cascade Clauses
- Supply Chain emissions scorecard



#### 4.5 Speaking up

If at any time colleagues have a reasonable belief, suspicion, or concern that some individual or third party in any way connected to our business or someone acting on the Group’s behalf are causing the Group to breach any environmental law or regulation they are encouraged to speak up

Please refer to the [Whistleblowing Policy](#) for further information and the options set out for colleagues to use for reporting a concern.

### 5. Roles and Responsibilities

<p><b>Mobico Group PLC Board (or its Audit Committee)</b></p>	<ul style="list-style-type: none"> <li>• Overall responsibility for ensuring there is a programme in place to comply with legal and ethical obligations, the approval of the policy and regular checks.</li> <li>• The Company’s Executive Directors are responsible for setting targets for approval and plans to deliver the Group’s “Environmental Leader” and are the sponsors of its overall 2040 ambitions to achieve net zero for Scope 1 and 2 emissions.</li> <li>• The Sustainability Committee has overall responsibility to determine Group-wide targets, monitor progress and cover the governance of environmental, biodiversity and wider sustainability matters, and review the environmental disclosures each year</li> <li>• The Audit Committee reviews the environmental disclosures each year</li> <li>• The Remuneration Committee reviews and approves the inclusion of ESG targets within the Executive Directors’ and senior management remuneration to ensure alignment with strategy and performance, the progress of which is discussed twice a year.</li> </ul>
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<b>Group Corporate Affairs &amp; Sustainability Director</b>	<ul style="list-style-type: none"> <li>• Review of environmental and biodiversity-related disclosures each year</li> <li>• Leader of the Global Sustainability Steering Group</li> <li>• Attendee of the Board Sustainability Committee to report on sustainability matters</li> </ul>
<b>Senior Management</b>	<p>Ensure that the responsibilities for relevant roles are assigned and communicated within the organisation. Assign within their function, the responsibility for:</p> <ul style="list-style-type: none"> <li>• Overseeing the design and implementation of the policy</li> <li>• Ensuring that the controls are operating effectively</li> <li>• Reporting on the performance of the Policy to the Senior Management team.</li> </ul>
<b>Functional Managers</b>	<p>Managers at every level shall be responsible for requiring that the policy and its requirements are applied and complied with in their department or function and for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.</p>
<b>Policy owner/ champion (Group and Divisional level)</b>	<p>Primary and day-to-day responsibility for implementing this Policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation.</p>
<b>All employees</b>	<ul style="list-style-type: none"> <li>• Employees must read, understand, and comply with all the information contained within this policy, and with any training or information relating to the Environmental Regulations you receive.</li> <li>• The prevention, detection, and reporting of environmental issues are the responsibility of all those working for Mobico Group. All employees are required to avoid any activity that might lead to, or suggest, a breach of this policy.</li> <li>• You must notify your line manager, the Policy owner/ champion, or the Group Head of Risk and Compliance if you believe or suspect that a conflict with or breach of this policy has occurred or may occur in the future.</li> <li>• Set an environment-related objective as part of your annual objectives, to be agreed with your line manager.</li> </ul>

Please refer to the TCFD on the Group website for more detail on environmental-related responsibilities and Board oversight.

## 6. Training and Awareness

Training on this Policy forms part of the induction process for new employees. Existing employees receive regular, relevant training on how to adhere to this Policy. In addition, employees will be asked to acknowledge and confirm their compliance with this Policy on a regular basis.

This policy can be accessed at any time in the company’s intranet to local communications channels.

Our approach must be communicated to all suppliers, contractors, and business partners at the outset of our business relationship with them and as appropriate thereafter.

There are also the following relevant e-learning courses available through the company’s on-line learning platforms:

- Climate Awareness (a specific Mobico-designed course)
- Waste Awareness Training
- Net Zero suite of courses
- Engine Idling – Clean Air



## 7. Assurance and controls

The Policy Owner/ Champion will monitor the effectiveness of this Policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible.

This Policy will be reviewed regularly following the requirements of the Policy Compliance Framework and it can also be part/ in scope of further checks either as part of the second line of defence deep dive program or the third line of defence audit plan from the Internal Audit team.

All employees are responsible for the success of this Policy and should ensure they use it to disclose any suspected danger or wrongdoing.

### Internal

Assurance required over environmental data and other environmental-related matters is completed in accordance with the guidance in the Internal Audit risk assessment and plan.

### External

The Group's climate disclosures in its annual report are reviewed by the Group's external auditors on an annual basis to ensure accuracy, completeness and consistency with other disclosures.

Specifically, the Group's carbon emissions disclosures for Scope 1, 2 and 3 emissions are assured on an annual basis to a limited level of assurance by a specialist environmental assurance firm.

The Group is likely to require a greater scope of external audit in the future particularly under the CSRD legislation when audit of environmental disclosures is likely to be required by a financial auditor.

## 8. Appendix

Further information regarding some of the key regulatory requirements affecting the Group can be found below:

CSRD: <https://www.cdsb.net/what-we-do/policy-work/eu-sustainability-reporting>

TCFD: <https://www.gov.uk/government/publications/tcf-aligned-disclosure-application-guidance/task-force-on-climate-related-financial-disclosure-tcf-aligned-disclosure-application-guidance>

CFD: <https://www.gov.uk/government/publications/climate-related-financial-disclosures-for-companies-and-limited-liability-partnerships-llps>

ISSB: <https://www.ifrs.org/projects/completed-projects/2023/general-sustainability-related-disclosures/>

CSDDD: [https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence\\_en](https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en)

EU Taxonomy: [https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities\\_en](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en)