

# Stagecoach Group Limited

## Section 172 statement

The Directors believe that in the decisions taken during the year end 27 April 2024, they have acted, both individually and together, in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors, have had regard to, amongst other things, the matters set out in section 172(1) (a-f) of the Companies Act 2006.

References below are to the Stagecoach Group Limited Annual Report and Financial Statements, a copy of which can be found on the Companies House web site.

This Board's general approach to decision making and stakeholder engagement is set out below:

### Our approach to decision making

#### Strategy

- The Group's strategy is set out in section 1.4.2.
- The Board's decision making is undertaken in the context of that strategy.

#### Culture and Values

- We have a business culture reflecting a commitment to conduct business in a socially responsible way – this is described further in section 1.4.1.
- Our culture is supported by our corporate values – more information is provided in section 1.7.6.
- Our culture and values are supported by our Code of Conduct and whistleblowing arrangements – see section 1.7.6.2.
- The Board's decision making reflects our culture and values.
- A steering committee assists the Senior Leadership Team in evaluating evolving the Group's culture.
- The Board monitors the Group's culture through the results of staff surveys, reports from the Risk Assurance Function, reports from the whistleblowing process and activity outside of "the Boardroom" such as meetings with various staff from across the Group and visits to operational locations.

#### Delegated Authorities

- Clear delegated authorities are in place to provide clarity as to where in the Group decision making responsibility lies.
- The Group Authorisation Policy, which sets out delegated authorities, includes a reminder of directors' duties, including under section 172. That serves as a reminder not only to directors of the Company, but to directors of all the Company's direct and indirect subsidiaries, and to other decision makers.
- Certain matters are reserved for decision making by the Board.
- Each committee of the Board has clear, written terms of reference and those are available on our website as indicated in the report from each Committee in the Annual Report.

Recognising the Directors' duty to have regard to stakeholders, the Board engages with, and receives updates from various stakeholders as explained elsewhere in the annual report, including:

## Stakeholder Engagement

Stakeholder Group	Example sources of information and engagement	Section(s) in this Annual Report
Employees	<ul style="list-style-type: none"> <li>• Staff survey</li> <li>• Whistleblowing process</li> <li>• Other meetings and events outside scheduled Board meetings with staff from across the Group</li> </ul>	1.4.4, 1.7.3, 1.7.6
Suppliers	<ul style="list-style-type: none"> <li>• Reports from management on its engagement with suppliers</li> <li>• Reserved responsibility on major expenditure such as vehicle purchases</li> <li>• Board attendance at events where suppliers are represented</li> </ul>	1.4.4
Customers	<ul style="list-style-type: none"> <li>• Reports from the Marketing Director and other members of management</li> <li>• Customer satisfaction surveys</li> <li>• Other bespoke customer surveys</li> <li>• Regular summaries of media reports</li> </ul>	1.4.4
Government and regulatory bodies	<ul style="list-style-type: none"> <li>• Reports from management on its engagement with various governmental and regulatory bodies</li> <li>• Regular summaries of media reports</li> </ul>	1.4.4
The financial community (including lenders and credit rating agencies)	<ul style="list-style-type: none"> <li>• Reports from management on lender and rating agency feedback</li> <li>• Regular summaries of media reports</li> </ul>	1.4.4
Pension scheme members	<ul style="list-style-type: none"> <li>• Presentation to Board from Pensions Director</li> </ul>	
Shareholder	<ul style="list-style-type: none"> <li>• Four Board members appointed by DWS Infrastructure</li> </ul>	
The community	<ul style="list-style-type: none"> <li>• Regular summaries of media reports</li> <li>• Briefings from management on significant or high profile matters</li> </ul>	

The Board considers the impact of the Group's operation on the environment through reports from its Health, Safety and Environmental Committee. Section 1.7.2 of the Annual Report provides more detail on environmental matters and climate change.

In the year ended 27 April 2024, the Group submitted bids for operators in the third tranche of the Greater Manchester bus franchises. The Board considered and approved matters relating to the establishment of an equity-based management incentive scheme. The Board considered and

approved a significant capital expenditure plan. We outline below how discharging their duties under section 172 influenced the Board's decision making:

- The services provided by the Group can help the government to achieve its stated ambitions around decarbonisation, levelling up of communities, driving economic recovery and securing better health outcomes for citizens. The Board considers the Group's core business of delivering public transport to have good long-term prospects and that these services can be considered as part of the infrastructure on which society will continue to rely over a long term.
- The Group's goals and strengths align well with those of the shareholder.
- In each of the decisions referred to above, the Board was taking action that it believed would benefit the Group in the long term, such as by increasing the sustainability of long-term revenue, growing its revenue base and reducing risk.
- The interests of the Group's employees were considered within the Board's decision-making throughout the year. The Board and senior management team aim to balance the needs of the business and the impact of changes on our people.
- The Group has good relationships with government and the Board recognises that strong partnership working between bus operators, national government and local transport authorities is fundamental to transforming the country's bus networks.
- The Board also remained mindful of the Group's impact on the community, underpinned by our clear purpose of connecting people and communities. The Group generally has good relations with the communities it serves, and we see scope for these to improve further, as the transition to zero emission vehicles should help improve air quality and emissions in local communities.
- Relationships with the communities we serve are harmed when we do not deliver the services we agree to deliver, or when those services do not meet the needs of the community. After a period when challenging recruitment conditions led to a deterioration in bus service levels in some areas, the Board has worked closely with senior management to find solutions to improve recruitment and retention of the employees who are key to our future success, and we are pleased to see the improvements in service levels.
- In considering approval of vehicle capital expenditure, the Board took account of the impact of fleet age on the service it is able to deliver to communities and agreed that it was appropriate to make a significant investment that would reduce, rather than maintain, the average fleet age. The Board considers the impact on the environment of its future fleet carbon emissions in deciding on the mix of vehicle types.
- The Group's shareholder has expressed a desire to invest in the Group's sustainability strategy, including supporting the transition to zero emission vehicles. Board members have met with management of vehicle manufacturers to understand how the Group's business can align with their businesses to facilitate the roll-out of low carbon technologies.
- In considering the appropriate level of dividend to pay, the Board considered the financial implications, acting fairly between members who had expressed different views as to the quantum of the dividend payment, its obligations to wider stakeholders and alternative applications of those monies (including further investment in the Group's fleet).
- Some of the climate-related risks and opportunities we face are long-term in nature and in developing the group's sustainability strategy, the Board has considered the consequences of its decisions on the long-term.
- In considering proposals throughout the year the Board has considered whether they would impact the Group's reputation for high standards of business conduct. Although the

Company's shares are no longer listed on the London Stock Exchange, the Group continues to target maintaining investment grade status, supports the continuation of the Code of Conduct and the values set out in that code and facilitates whistleblowing through its "Speak Up" policy.

The strategic report which more fully sets out the Group's approach was approved by the Board of Directors and signed on its behalf by:

Mike Vaux  
Company Secretary  
27 June 2024