

# Running the business responsibly

## Corporate governance

### Governance framework

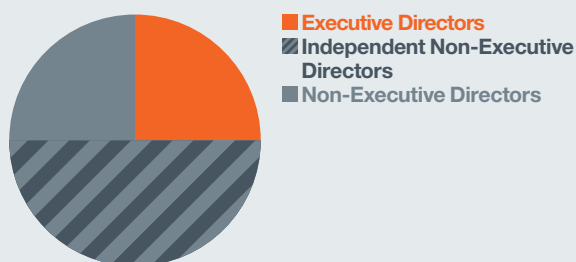
The Directors believe it is essential for the Group to be led and controlled by an effective Board that provides entrepreneurial leadership within a framework of sound controls. The Board is responsible for setting the Group's strategic aims, its values and standards and ensuring the necessary financial and human resources are in place to achieve its goals.

### Statement of Compliance with the Combined Code

In the opinion of the Directors, the Company has complied during the year with the provision of Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2008 ("the Code") save in respect of the following provisions:

- The composition of the Nomination Committee (A.4.1).  
The Board considers that, as, Deputy Chairman and the representative of one of the Company's main shareholders, Jorge Cosmen, who is not considered independent, should be a member of the Nomination Committee in order to be involved in the recruitment process for Board appointments.
- Board Composition and Balance (A.2.1 and A.3.2) Prior to the appointment of Dean Finch as Group Chief Executive on 15 February 2010 the Board was non-compliant with the requirement of the Code in respect of Board composition and balance (A.2.1 and A.3.2) as John Devaney assumed the roles of both Chairman and Chief Executive on the departure of the previous Chief Executive.

### Composition of the Board



### Applying the principles of good governance

#### The Board of Directors, Chairman and Group Chief Executive

As at the date of this Report the Board consists of the Chairman, two Executive and five Non-Executive Directors. A full list of the Directors with details of their biographies and Committee memberships is given on pages 40 and 41. The offices of Chairman and Group Chief Executive are held separately. The division of responsibilities between the roles of Chairman and Group Chief Executive is shown below.

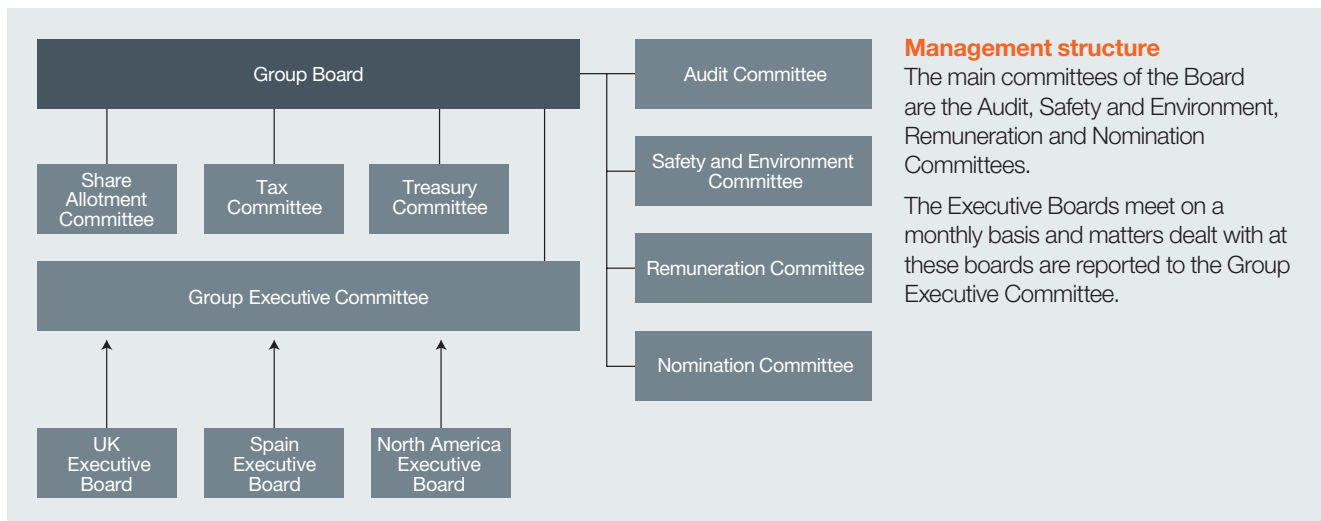
Tim Score is the Senior Independent Director. The Board considers all of the Non-Executive Directors to be independent other than Jorge Cosmen and considered John Devaney to be independent prior to his appointment as Chairman. Mr Cosmen is not considered to be independent by the Board due to his close links with the ALSA business and significant interests in

#### Main responsibilities of the Chairman:

- chairing and managing the business of the Board;
- together with the Group Chief Executive, leading the Board in developing the strategy of the business and ensuring this is effectively implemented by the executive management team;
- ensuring that there is effective dialogue with investors concerning mutual understanding of objectives;
- in conjunction with the Nomination Committee, taking responsibility for the composition and replenishment of the Board;
- periodically reviewing with the Board its working practices and performance; and
- ensuring there is effective contribution from the Non-Executive Directors and a constructive relationship between the Executive and Non-Executive Directors.

#### Main responsibilities of the Group Chief Executive:

- the development and implementation of management strategy;
- the day-to-day management of the Group;
- managing the executive management team; and
- fostering relationships with key stakeholders.



the shares of the Company which are held through European Express Enterprises Limited. The Non-Executives bring a variety of different experiences and considerable knowledge to assist with Board decisions. Non-Executive Directors do not participate in any of the Company's share option or bonus schemes and their service is non-pensionable.

### The Board and its principal Committees

The Board normally meets at least eight times during the year. In 2010 the Board met eight times. There is a formal schedule of matters reserved for the Board's decision, the main terms of which are shown on page 44. The Board has established a number of Committees with defined terms of reference and receives reports of their proceedings. The principal Committees are the Remuneration Committee, the Nomination Committee, the Audit Committee and the Safety and Environment Committee. The members of each principal Committee and main duties are shown on pages 47 to 51. In addition there is an Executive Committee with authority to approve routine matters of business and a Tax and Treasury Committee which reviews the Group's tax planning, banking facilities and treasury reports. The table below sets out the number of meetings of the Board and its Committees

during the year and individual attendance by the Board and Committee members at these meetings. All of the Committees are authorised to obtain legal or other professional advice as necessary, to secure the attendance of external advisors at their meetings and to seek information required from any employee of the Company in order to perform their duties. The full terms of reference of the principal Committees are available on the Company's website at [www.nationalexpressgroup.com](http://www.nationalexpressgroup.com).

During the year the Chairman met on several occasions with the Non-Executives without the Executive Directors present to allow informal discussions on a variety of issues.

The Executive Directors are responsible for the day-to-day management of the Group's businesses, implementation of its strategy, policies and budgets and its financial performance. Executive management meetings, involving the Executive Directors and senior management from the divisions are held regularly to discuss current issues.

The Company purchases Directors' and Officers' Liability Insurance for the Company and its subsidiaries, which gives appropriate cover for any legal action brought against its Directors.

	The Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Safety and Environment Committee
<b>Total Meetings in 2010</b>	8	2	1	3	4
<b>Executive Directors</b>					
Dean Finch <sup>1</sup> Group Chief Executive	7 (7)	–	–	–	–
Jez Maiden	8	–	–	–	–
Ray O'Toole <sup>2</sup>	2 (2)	–	–	–	–
<b>Non-Executive Directors</b>					
John Devaney Chairman	8	–	1	–	4
Jorge Cosmen	8	–	1	–	4
Miranda Curtis	7	–	–	2	3
Roger Devlin	8	2	–	3	4
Sir Andrew Foster	7	2	1	–	3
Tim Score Senior Independent Director	8	2	–	3	4

Company Secretary: Tony McDonald (also acts as Secretary to the Board Committees).

<sup>1</sup> Appointed to the Board on 15 February 2010. Maximum possible meetings attended shown in brackets.

<sup>2</sup> Resigned from the Board on 5 May 2010. Maximum possible meetings attended shown in brackets.

### Information and professional development

Reports from the Executive Directors, which include in-depth financial information, are circulated to Board members prior to every Board meeting. Senior management and advisors give presentations to the Board on significant matters during the year.

Under the direction of the Chairman, the Company Secretary is responsible for ensuring Board procedures are followed and applicable rules and regulations are complied with and advises the Board on governance matters. All Directors have access to the advice and services of the Company Secretary and the appointment or removal of the Company Secretary is a matter for the Board as a whole. There is a procedure in place for any Director to take independent professional advice where considered necessary.

On appointment, Directors are offered training as appropriate and are thereafter encouraged to keep abreast of matters affecting their duties as a Director and to attend training courses relevant to their role. An induction process is in place for new Directors, the aims of which are to:

- build an understanding of the nature of the Company, its business and the markets in which it operates;
- establish a link with the Group's employees; and
- build an understanding of the Group's main relationships including stakeholders and customers.

### Performance evaluation

Formal evaluation of the Board's performance is periodically carried out using external consultants. The external consultants receive evaluation questionnaires from each of the Directors and the Company Secretary. The questionnaires, cover the performance of the Board as a whole and individual Board members. As a follow up to the questionnaires, individual meetings are held by the consultants with each Board member at which the answers to the questionnaires are explored further and additional matters raised, before being discussed with the Chairman of the Board and the Board as a whole. Subsequently, the Board agrees a series of actions to improve its performance and increase its effectiveness. An internal evaluation was commenced in late 2010 and will be completed in the first quarter of 2011. The next evaluation will be undertaken using an external facilitator.

### Re-election

In accordance with the Company's Articles of Association, all Directors submit themselves for election at the Annual General Meeting following their appointment and thereafter by rotation at least once every three years. Non-Executive Directors are appointed for specific terms, subject to re-election. Non-Executive Directors will only be put forward for re-election if, following performance evaluation, the Board believes the Director's performance continues to be effective and demonstrates commitment to the role.

### Remuneration and service contracts

The Directors' Remuneration Report, including details of remuneration policy and service contracts, is set out on pages 51 to 63.

### Directors' conflicts of interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the members of the Board prepare a list of other positions held and all other conflict situations that may need authorising either in relation to the Director concerned or his/her connected persons. The Board considers each Director's situation and decides whether to approve any conflict situations, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed annually.

### Accountability and audit

Statements of the respective responsibilities of the Directors and auditors are set out on pages 68 and 134.

### Internal control

#### The Board's responsibilities

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Board maintains full control and direction over appropriate strategic, financial, operational and compliance issues and has put in place an organisational structure with formally defined lines of responsibility, delegated authorities and clear operating processes. The systems that the Board has established are designed to safeguard both the shareholders' investment and the assets of the Group, and are described below.

#### Key elements of the control framework

**Financial reporting process** – management and specialists within the Finance Department are responsible for ensuring the appropriate maintenance of financial records and processes to ensure that all information is relevant, reliable and in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner. A review of the consolidation and financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected. All financial information published by the Group is subject to the approval of the Audit Committee.

**Strategic and financial planning** – an annual budgeting and strategic planning process has been established whereby each division and constituent operating company assesses its competitive position and goals, taking account of the strategic risks faced. This strategy is translated into a financial plan with clear milestones and performance indicators.

**Performance management** – the performance of each division and operating company against its plan is closely monitored by a formal monthly reporting process and by the attendance of the relevant Executive Directors at monthly divisional board meetings.

**Annual fitness check process** – internal audit undertake an annual review at each operating company to assess the integrity of the balance sheet and to check the effective operation of key financial reporting and information systems controls. The results of the reviews are presented to both divisional and Group finance with any required actions agreed with the relevant divisional Finance Director.

**Capital investment** – a clear process is in place for the approval of capital expenditure, which includes detailed appraisal of the benefits of the proposed investment and any associated key risks. Material capital expenditure requires Board approval.

**Health and safety** – health and safety standards and benchmarks have been established in all our businesses and the performance of operating companies in meeting these standards is closely monitored.

**Risk management reporting process** – each division and operating company evaluates its internal control environment and key risks, and the results are reviewed at management level and passed to the Audit Committee before being presented to the Board. This process is reviewed on a regular basis to ensure the validity and relevance of the key risks included in reports. The review covers strategic, financial, compliance and risk management controls. These procedures are mandated and designed to manage the risk in order to ensure that the operations achieve their business objectives.

**Internal audit** – the internal control system is independently monitored and supported by a Group internal audit function. The Group internal audit function was successfully moved from an outsourced provider to an in-house function during 2010. The internal audit function reports to management and the Audit Committee on the Group's financial and operational controls, and monitors and reviews the extent to which its recommendations have been implemented.

**Board-level reporting on internal control** – during the year the Audit Committee reviews regular reports from the internal audit function, the external auditors and executive management on matters relating to internal control, financial reporting and risk management. The Audit Committee provides the Board with an independent assessment of the Group's financial position, accounting affairs and control systems. In addition, the Board receives regular reports on how specific risks that are assessed as material to the Group are being managed.

#### **Review of internal control effectiveness**

The system of internal control and risk management, described above, has been in place for the year under review and up to the date of approval of this Annual Report and Accounts. Such a system is designed to manage, rather than to eliminate, the risks inherent in achieving the Group's business objectives, and can therefore provide only reasonable and not absolute assurance against material misstatement or loss. The effectiveness of this system has been regularly reviewed by the Directors in line with the Guidance for Directors in the Combined Code published by the Financial Reporting Council (Turnbull guidance). Where significant control failings or weaknesses have been identified, appropriate corrective action has been taken.

#### **Whistle blowing policy**

A Group "whistle blowing" policy has been issued to all Group companies to ensure a consistent approach across the Group and it is also available on the Group's website [www.nationalexpressgroup.com](http://www.nationalexpressgroup.com). The Board supports the highest standards of corporate governance and ethical practices within all its operations and continues to review its policies on an ongoing basis. The Board has endorsed a set of principles which establish the framework for how its businesses operate. Key to these is working in an open and honest manner. The Group is committed to the highest standards of quality, honesty, openness and accountability. Employees are encouraged to raise genuine concerns under the policy either by contacting their line manager or the Company Secretary. Any concerns raised are investigated carefully and thoroughly to assess what action, if any, should be taken and confidential records are maintained. The Company Secretary reports any matters of significance to the appropriate committee. In 2010 no issues of significance were raised.

#### **Share capital**

Information about the share capital of the Company is included in the Directors' report on page 66.

#### **Relations with shareholders**

##### **Dialogue with shareholders**

The Board recognises the importance of maintaining good communications with the Company's shareholders to ensure mutual understanding of the Group's strategy, objectives, governance and performance. The Chairman, Group Chief Executive and Group Finance Director hold a number of meetings with existing and prospective institutional shareholders during the year as well as giving presentations following the full year and half-year results. They also meet and give presentations to analysts and brokers. The Company's brokers in turn provide confidential feedback to the Company on the views of the major institutions. The Chairman, Senior Independent Director and other Non-Executive Directors are also given the opportunity to meet institutional shareholders and are available by contact through the normal channels.

The Board is provided with regular updates on the views and issues raised by the Company's investors. During the year the Board received external presentations from advisors on shareholder and market perception of the Group Performance. Written responses are given to correspondence received from shareholders.

## Corporate governance continued

During the year shareholders are kept informed of the progress of the Group through regular corporate communications; the Preliminary announcement, the Notice of AGM, interim management statements and press releases regarding any other significant development, as well as the dissemination of regulated information. Such communications are made available to the London Stock Exchange and simultaneously available on the Company's website ([www.nationalexpressgroup.com](http://www.nationalexpressgroup.com)). The Company's website houses wide-ranging information about the Group, including the Annual Report and Accounts, press releases, share price data and links to subsidiary company websites.

The Company has introduced an electronic communications facility to enable shareholders to receive documentation such as the Annual Report and Accounts electronically and also to cast their votes by proxy electronically. The Company has also introduced an electronic proxy appointment service for CREST members.

### Major shareholdings

As at 24 February 2011, the Company had been notified of the following interests in its shares which represent 3% or more of the voting rights in the Company:

	Ordinary shares	Percentage of share capital*	Nature of holding
Elliott International LP Liverpool Ltd Partnership	83,096,195	16.29%	Direct
European Express Enterprises Ltd	87,095,062	17.08%	Direct
Legal & General Group Plc	30,300,908	5.94%	Direct
Prudential PLC	65,904,373	12.92%	Direct
UBS Investment Bank	32,508,655	6.37%	Direct

\* Using the total voting rights figure of 510,057,338.

The holdings for European Express Enterprises Ltd are included in Jorge Cosmen's holdings which are shown on page 61 of the Directors' Remuneration Report.

### Analysis of ordinary shareholdings at 24 February 2011

	Number of accounts	Percentage of total number of accounts	Number of shares	Percentage of ordinary capital
<b>By size of holding</b>				
1-500	6,792	47.69%	1,021,848	0.20%
501-1,000	1,846	12.96%	1,444,691	0.28%
1,001-5,000	3,829	26.88%	8,922,826	1.74%
5,001-50,000	1,523	10.69%	18,332,834	3.58%
50,001-1,000,000	174	1.22%	42,306,453	8.27%
Over 1,000,000	79	0.56%	439,697,374	85.93%
	<b>14,243</b>	<b>100%</b>	<b>511,726,026</b>	<b>100%</b>
<b>By investor type</b>				
Individuals	13,246	92.99%	25,779,671	5.04%
Institutional Investors	893	6.27%	456,707,377	89.25%
Other Corporate Investors	104	0.74%	29,238,978	5.71%
	<b>14,243</b>	<b>100%</b>	<b>511,726,026</b>	<b>100%</b>

### Analyst coverage

The Company is aware of 19 analysts who have published equity research notes covering National Express Group PLC during 2010 and we provide names and contact numbers of their firms on our website.

### The Annual General Meeting

The Annual General Meeting provides an opportunity for all shareholders to question the Chairman and Directors on a variety of topics, and information is provided at the meeting on different aspects of the Group's activities. All of the Company's Directors are present at the meeting. Voting at the Annual General Meeting on all resolutions is by poll on a one share, one vote basis. The results are available on the Group's website following the meeting. Notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting.



Tim Score

## Audit Committee overview

### Dear Shareholder

2010 has been an excellent year for National Express as reflected in the results presented to you within this document. During the year the Committee has dealt with its usual programme of business as well as a range of one-off or new issues, some of which I detail below.

During 2010 one particular area of focus for the Audit Committee has been the Company's internal audit resource. For a number of years the Company has operated with a substantially outsourced internal audit function provided by PricewaterhouseCoopers LLP ("PwC"). During 2010 the Committee, on the advice of the Executive management, approved the transition of most internal audit services from PwC to an internal resource. The Company's internal audit function is now operating at full complement and has taken over from PwC in the Company's North America and UK operations. I would like to take this opportunity to thank PwC, on behalf of the Committee, for all of its assistance in those geographies. In Spain, PwC will continue to provide internal audit services to the Company's Spanish businesses and will be supported in this role by an internal audit manager from within the Company's internal audit team, who has responsibility for Spain.

Throughout 2010 the Committee has also been focusing on new developments that could potentially have an impact on the Company. These have ranged from new accounting standards such as IAS 1 (revised) and IFRS 7, to the introduction of new legislation such as the Bribery Act 2010. In relation to the Bribery Act, the Company's plans for compliance are well advanced and the Company is now awaiting the publication of final governmental guidance before finalising its policies and procedures.

Tim Score  
Audit Committee Chairman

24 February 2011

## Audit Committee

### List of Members

List of Members	Position
Tim Score	Chairman, Senior Independent Director
Roger Devlin	Non-Executive Director
Sir Andrew Foster	Non-Executive Director

### The role of the Audit Committee

The Committee oversees the process for selecting the external auditor, assesses the continuing independence of the external auditor and recommends approval of the audit fee to the Board. It is responsible for ensuring that provision of non-audit services does not impair the external auditor's independence or objectivity. It discusses with the external auditor the nature and scope of the audit and any issues or concerns arising from the audit process. The Committee reviews the internal audit programme, considers major findings of the internal audit investigations and reviews management's financial reporting and risk management. The Committee reviews the half-year and annual financial statements and the effectiveness of the Company's internal control and risk management systems.

The Committee met twice in 2010. The agenda reflects the duties delegated to it by its terms of reference, details of which are summarised above. There are a number of standing items considered during the year such as consideration of the internal and external audit reports, review of the Annual Report and Accounts, review of the preliminary and half-year announcements, and review of the Corporate Governance Report.

At the invitation of the Committee, and as appropriate to the matters under discussion, meetings may be attended by the Executive Directors and internal and external auditors. Full minutes are kept by the Secretary of the matters considered and decisions taken by the Committee. Outside of the meeting process the Committee Chairman has regular contact with the Executive Directors, other Committee members and the auditors on a variety of topics.

### **Main activities during the year**

Other items, in addition to the responsibilities noted above, that were considered and discussed during 2010 included:

- progress with the implementation of the Group's internal audit structure;
- review of the Group Risk Register;
- the results of the Annual Fitness Checks within the subsidiaries; and
- the external auditor's performance and fees.

### **Review of external auditors**

The Audit Committee assesses and reviews on a regular basis the independence of the external auditors. As part of their determination the Audit Committee considers a report by the external auditors on the firm's independence which is required in order to carry out their professional duties and responsibilities as auditors.

### **Policy on auditors providing non-audit work**

The Committee has an approved policy on the provision of non-audit services by its auditor. The policy sets the approvals policy for the following types of service:

- services that are considered to have 'general pre-approval' by the Audit Committee, by virtue of the approval of the policy;
- services that require 'specific pre-approval', on a case-by-case basis, before any work can commence; and
- services that cannot be supplied by the external auditors ("prohibited services").

The services that have general pre-approval are tax, transaction investigation and advisory and corporate finance services. The fees for these services are pre-approved up to a level of 25% of the total fees paid to the external auditors. For services exceeding this limit specific pre-approval is required.

In deciding whether or not to grant approval for the provision of specific services by the external auditors, the Audit Committee includes in its consideration the following factors:

- (i) whether the external auditing firm is best placed to provide an effective and efficient service, given its familiarity with the Company's processes, systems and people; and
- (ii) the level of non-audit fees paid to the external auditors in the year as a proportion of the annual external audit fee.

The majority of non-audit work undertaken by the external auditors during the year relates to advice in respect of tax advisory and other regulatory services. These items the Committee believes would be impractical and costly to provide through another party.



**John Devaney**

## Nomination Committee overview

### Dear Shareholder

After a period of significant change within the Board at Group Chief Executive and Chairman level, 2010 has, upon Dean Finch taking up his appointment as Group Chief Executive in February, been a stable year for the Board of the Company. During 2010 the Nomination Committee has focused on reviewing the work undertaken by the Group Human Resources Director on succession planning and management development so as to ensure that appropriate systems are in place to develop the senior management of the Group so that, when the need arises, suitable internal candidates will be in place to compete for Board positions.

In 2011 the Committee will continue to assess the balance of skills, experience, knowledge and expertise on the Board as a whole to ensure it continues to match the needs of the Company going forward.

**John Devaney**  
Nomination Committee Chairman

24 February 2011

## Nomination Committee

Name of Director	Position
John Devaney	Chairman
Sir Andrew Foster	Non-Executive Director
Jorge Cosmen	Non-Executive Director

### The role of the Nomination Committee

The Committee is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. It will give full consideration to succession planning, and keep under review the leadership needs of the organisation, both Executive and Non-Executive. The Committee reviews the time required from a Non-Executive Director and uses performance evaluation to assess whether the Non-Executive Director is spending enough time on fulfilling their duties.

The Nomination Committee leads the process for Board appointments and makes recommendations to the Board. The Committee will prepare a description of the role and requirements for any particular appointment based on its evaluation of the Board as a whole.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting of the Company. The Non-Executive Directors disclose to the Board their other significant commitments. The procedures adopted by the Company in relation to Directors' conflicts of interest are detailed on page 44.

External advisors are normally appointed when recruiting Board members; they use as a basis for their search a description of the role and capabilities required for a particular appointment proposed by the Nomination Committee.

During the year the Committee reviewed succession planning for the Group.



**Miranda Curtis**

### Safety and Environment Committee overview

#### Dear Shareholder

For National Express, as a business that transports people, a focus on safety is paramount. This unrelenting focus on safety has been demonstrated in a number of initiatives throughout the year.

During the first half of the year the Committee focussed on the Company's operations in Morocco where, from a safety point of view, the conditions are perhaps the most challenging amongst the territories in which the Company operates. The Committee commissioned a review of the Company's operations in Morocco by Arthur D. Little, the leading safety consultancy and as a result of this review a series of recommendations were presented to, and approved by, the Committee. These recommendations are now being implemented in our Moroccan operations.

In the second half of the year Arthur D. Little were again commissioned to develop a Group-wide safety development programme. This programme, which is branded 'Driving Out Harm' is championed by Dean Finch personally. To date, 13 courses, covering 220 of the Group's most senior managers, have been held and they will be followed by further training for middle and junior managers in 2011. In addition the programme has developed a series of Global Safety Standards which will be rolled out throughout the Group in 2011.

2010 also saw the development of new values for the National Express Group. Safety is first among these values. With the support of the Driving Out Harm programme, the Safety Committee is confident of further improving the Company's safety performance going forward.

In addition to its safety responsibilities the Committee also reviews the Company's environmental practices, procedures and record. In this area the Committee has reviewed reports on the CO<sub>2</sub> emissions of the Company's operations and the steps being taken to reduce those emissions. The Committee has also been monitoring the Government's Carbon Reduction Commitment and Climate Change Levy requirements.

**Miranda Curtis**  
Safety and Environment Committee Chairman

24 February 2011

### Safety and Environment Committee

Name of Director	Position
Miranda Curtis	Chairman
Jorge Cosmen	Non-Executive Director
Roger Devlin	Non-Executive Director
John Devaney	Non-Executive Director
Sir Andrew Foster	Non-Executive Director
Tim Score	Senior Independent Director

### The role of the Safety and Environment Committee

The Committee is responsible for reviewing and challenging constructively the structure, content and operation of the safety management arrangements put in place by members of the executive management of the Group's operating companies. It reports periodically to the Board its observations on the safety management arrangements in place and reviews and makes recommendations to the Board on any specific safety management issues relating to the Group or any subsidiary company.

### Main activities during the year

During the year the Committee:

- visited Group locations to review safety practices and procedures;
- reviewed compliance by the North America division with the requirements of the Group's Health & Safety policy;
- monitored the progress of implementation of the Group's Health & Safety Plan 2009–2011; and
- considered the strategic aims of the business in relation to risk and liability and efficiency of energy use.