

national  
express



Sustainability Report

# The future of sustainable mobility

July 2022



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**This report outlines our sustainability strategy, the progress we have achieved so far and our ambitions for the future.**

A note on our annual reporting process: This sustainability report does not replace, but is supplementary to, the full disclosure of our non-financial data and annual reporting on ESG measures and sustainability, which can be found in full in our latest [Annual Report](#).

**Sustainability is at the heart of National Express Group. It is central to our purpose, to our strategy and to our culture, as we seek to become the world's premier shared mobility operator.**

# Introduction



**Ignacio Garat**  
Group Chief  
Executive Officer

I am delighted to share with you our group-wide National Express sustainability report. The report outlines our sustainability strategy, the progress we have achieved so far and our ambitions for the future.

Sustainability is at the heart of National Express Group. It is central to our purpose, to our strategy and to our culture, as we seek to become the world's premier shared mobility operator.

As we lead the modal shift from cars to mass transit, we are able to positively impact the communities we serve and create value for all our stakeholders.

As well as the environmental benefits of enabling a move away from cars, we are providing safe, reliable, affordable and accessible transportation services for our passengers and ensuring that we are an employer of choice.

At the same time, we are delivering profitable and sustainable growth, creating strong partnerships with our customers around the world and opening up new opportunities as the transportation sector undergoes a structural shift towards sustainable mobility.

I am hugely grateful to everyone at National Express who puts our purpose in to practice every day and works hard to make our vision a reality. All of our people should be proud of the benefits they bring to the communities they serve.

I very much hope that you enjoy reading our report.

Thank you.

*Ignacio Garat*

# Our business and our stakeholders

## Our stakeholders

We exist to deliver value for all our stakeholders.



Governments



Our People



Our Passengers and Customers



Our Suppliers



Equity & Investors



Communities

## What we do

We own and lease buses, coaches and trains which we use to deliver local, regional, national and international transportation services.

All vehicles are driven and maintained to our global standards.



## Where we operate

We hold the largest market share for long-haul coach transport in both Spain and the UK, and are the second largest school bus provider in North America. We are the largest bus operator in Morocco.



11 countries



44,500 employees



50 cities



792m annual passenger journeys



1/2bn car journeys avoided



27,000 vehicles operated



# Materiality

We have used the Sustainability Accounting Standards Board's (SASB's) Materiality Map® and the United Nations Sustainable Development Goals (SDGs) to ensure that we are working, in our core business, on what can make the biggest impact for our stakeholders.

We contribute to many of the SDGs and focus on the following five.



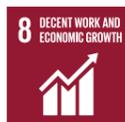
**Sustainable cities and communities**  
(11.2) Providing safe, affordable, accessible and sustainable transport systems for all.



**Climate Action**  
Taking urgent action to address climate change and its impacts.



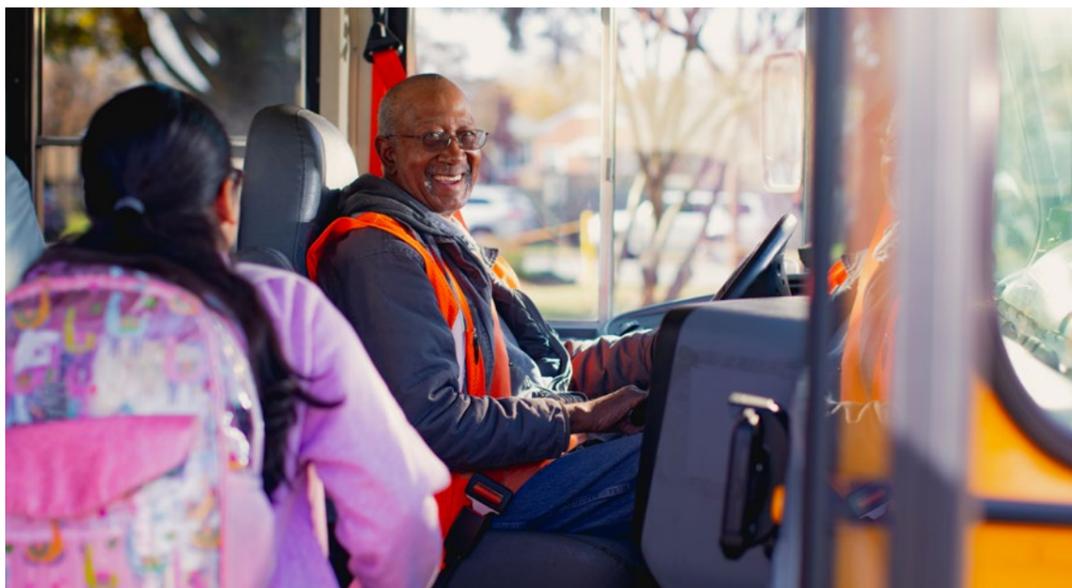
**Good Health and Well-being**  
Reducing the number of deaths from road traffic accidents. Healthy lives and promote well-being for all.



**Decent work and economic growth**  
Promoting sustainable economic growth, full and productive employment, and decent work for all.



**Responsible consumption and production**  
Reducing waste generation through prevention, reduction, recycling and reuse.



## Outcomes

<b>Most reliable</b>	<b>Safest</b>	<b>Environmental leadership</b>	<b>Most satisfied customers</b>	<b>Employer of choice</b>
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## SDG

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## SASB

<b>Access &amp; Affordability</b>	<b>Quality &amp; Safety/ Employee H&amp;S/ Critical Incident Risk Management</b>	<b>Air Quality/ GHG Emissions</b>	<b>Access &amp; Affordability/ Quality &amp; Safety</b>	<b>Labour Relations/ Employee H&amp;S</b>
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## Key metrics

+ Passenger numbers + On-time performance + Breakdowns	+ Zero responsible fatalities + FWI/million miles + Leading safety credential in each market + Passenger numbers	+ Passenger numbers + Absolute CO <sub>2</sub> emissions (tCO <sub>2</sub> e) + CO <sub>2</sub> /million passenger km	+ Passenger numbers + Customer satisfaction score (CSATS) + Net Promoter Score (NPS)	+ Commitment to real Living Wage (or 10% above national minimum wage where Living Wage does not exist) + FWI/million miles
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## Focus areas

We will lead the industry in reliability by striving for ever-increasing levels of punctuality, and driving down cancelled services and lost miles.	We will lead the industry in safety by continually driving down accidents.	We will lead the transition to zero-emission vehicles.	Our customers will rate us the highest in the industry.	We will embed a high-performance culture that attracts and retains the best people.
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**By delivering these outcomes we will achieve profitable and sustainable growth**

# The future of sustainable mobility

**Finding our path to a future of sustainable mobility will be critical to achieving the Paris Agreement accord of limiting global warming to no more than 1.5°C above pre-industrial levels.**

Driving modal shift from private cars to public transport will be critical to tackling climate change, and a key part of the future of sustainable mobility. We are excited, as we deliver on our purpose to lead modal shift, that we will be part of the solution to this important challenge.



## **Modal shift: A shift from moving cars to moving people**

Among different modes of travel – such as rail, bus, coach, cycling and walking – the use of private cars dominates. In the UK, the car is the main mode of travel for almost three fifths of journeys.

As a result, the debate over sustainability and the future of mobility often revolves around a shift from internal combustion engine (ICE) cars to battery electric vehicle (BEV) cars. Comparisons are made about the GHG emissions reduction from one kind of car to another, rather than a focus on moving people.

In the UK, the Climate Change Committee forecasts that, by 2030, around one in 10 car journeys will need to be taken by bus instead, if we are to remain on track for net zero by 2050. There are significant environmental benefits from taking a bus or coach rather than a private car, even if just once a week.

The future of sustainable mobility will be about finding zero-carbon ways to move people where they want to go, when they want to, how they want to, in the most sustainable ways possible.

Our mission is to deliver the highest-quality service, to demonstrate to our passengers that our services are safe, affordable, accessible, reliable and convenient and in doing so, to lead modal shift.

## **Congestion**

One bus can take around 70 cars off the road, with a significant impact on congestion. In San Francisco commuters spend on average 103 hours a year stuck in traffic. At a national level, that equated to a loss of \$166 billion in productivity (according to the Bureau of Labor Statistics) and 3.3 billion gallons of wasted fuel a year.

At the same time, demand for transport is expected to increase by up to 30% by 2030, putting more pressure on roads and increasing congestion.

## **Air pollution and health**

The World Health Organization (WHO) estimates that approximately 4.2 million people die prematurely from outdoor air pollution each year.

Petrol and diesel engines emit a variety of pollutants and particulate matter, which have an impact on air quality. In addition, particulates from brake, tyre and road-surface wear also directly contribute almost half of particle pollution from road transport.

Every time we stop using an ICE vehicle and buy a zero-emission vehicle, not only do we reduce GHG emissions and move closer to net zero, but we also help to reduce air pollution.

Whilst we are transitioning to zero-emission vehicles for the future, we are also continually improving our fleet to minimise our impacts on air pollution today (see more on this below).

However, modal shift to active mobility and public transport will be a key factor in delivering much-needed improvements in air quality.

## The future of sustainable mobility continued



**70**

Number of cars one single bus could take off the roads.

### A small modal shift can make a big difference

The Confederation of Passenger Transport predicts a 1% modal shift away from cars to buses would result in a 27% increase in bus passenger journeys. The Department for Transport's 'Passenger transport by mode' study shows a modal shift of 1% from car to bus would result in an increase of 23% in bus passenger mileage.

The Climate Change Committee predicts that 9-12% of car journeys could be switched to bus by 2030, with 17-24% being switched by 2050. A 20% increase in bus journeys per 1% modal shift would drive an increase in bus passenger journeys of 180-240% by 2030.

In the UK, if everyone took one more bus journey a month, there would be a billion fewer car journeys a year and we would reduce the UK's carbon dioxide emissions by two million tonnes a year.

### Modal shift is desirable for its environmental, health and societal benefits

The benefits of modal shift are not just environmental. In fact, higher public transport use has additional benefits; it would be cheaper, fairer and more equitable than a car-led transition.

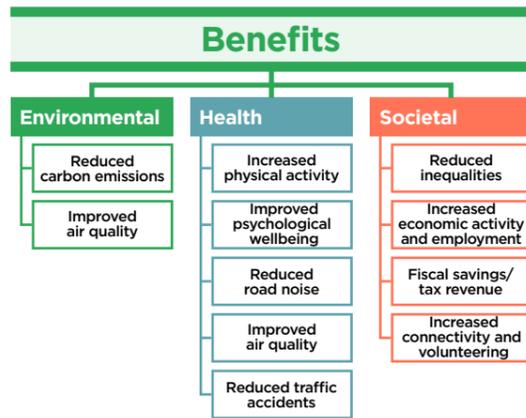


Figure 1: From *The Decarbonisation Dividend Report*, commissioned by The Confederation of Passenger Transport (the trade body for the bus and coach industry) to analyse the role that switching car journeys to bus and coach journeys ("modal shift") may have in achieving the country's net zero-emissions goal. The report summarises why modal shift is necessary to ensure a just transition to net zero and is desirable for its multidimensional benefits.

### Social benefits of public transport

When more people are happy travelling by public transport, rather than driving in a private car:

- + Cities become better places to live and work, as congestion decreases
- + People's health improves, as air quality improves, and
- + The positive effects on people's lives when urban mobility improves, also expands to an increase in social mobility as they can travel further and faster, increasing the opportunities available to them in travelling for work, education, health and social connections.

## The future of sustainable mobility will be multi-modal with public transport at the heart

Increased demand leads to the expansion of services, which in turn helps to drive new and innovative forms of multi-modal mass transit, like our city bike schemes in Leon, or our WeDriveU fleet in San Francisco, or our new bus services in Morocco.

This means that:

- + people can access the services they want when they want them
- + costs per passenger km decrease
- + customer satisfaction improves.

Sustainable mobility will require different types of changes to how we travel, such as:

- + much more active travel, cycling and walking
- + much greater use of public transport
- + a transition to zero-emission vehicles, and
- + less dependence on private cars.

Buses and coaches are likely to continue to be a highly cost-effective solution and the backbone of public transport, but we will also explore innovative options to deliver customer reliability, satisfaction and safety outside of these core services.

**“The transport industry has a responsibility to reduce emissions. It's a long pathway for the whole industry, but it is one National Express Group is already on, and it presents opportunities for us to lead the way for the passenger transport industry. I'm focused on our environmental leadership commitments and our positive social impact. When we provide the best and safest service for our passengers, we can drive modal shift and social mobility for the communities we serve.”**



**Carolyn Flowers**  
Chair of the Board Sustainability Committee and Non-Executive Director, National Express Group

### Supportive government policy

Government support for public transport is critical to the future of sustainable mobility, and it is improving with policies and investment in place or planned to encourage net-zero transport and a modal shift to public transport and active travel.

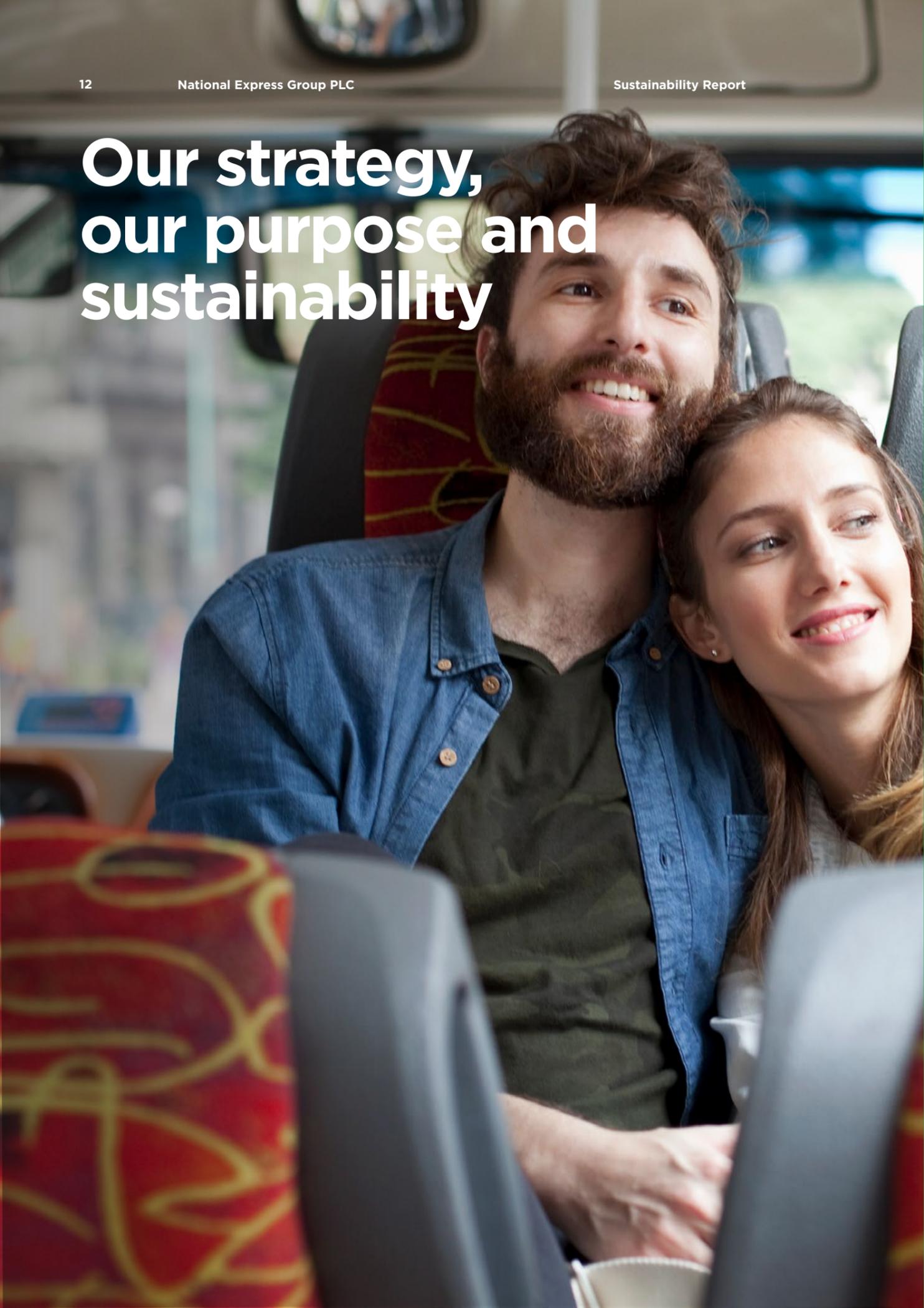
We can see progress in many countries where we operate:

- + In the UK, when the National Bus Strategy was published, it included a commitment to provide £3 billion of investment, including support for at least 4,000 more zero-emission buses.
- + In the US, the \$1.2 trillion infrastructure package includes \$39 billion of new investment to modernise transport and improve accessibility for the elderly and for people with disabilities.
- + In Spain, the government is planning to invest €13 billion in the transition to electric vehicles.



We must see government action that places mass transit at the heart of transport planning, getting people out of cars and onto buses and coaches - all alongside support for other, innovative, modes of mass transport and active travel. We are working on this urgent challenge with governments in every country where we operate.

# Our strategy, our purpose and sustainability



We have a clear vision and purpose, which drives everything we do: to be the world's premier shared mobility operator; and to lead the modal shift from cars to mass transit, with clear benefits for both society and the environment.

# Environmental leadership

**Our 2020 commitment, to never again buy a diesel bus in the UK, will see us achieve a 100% zero emission UK bus fleet by 2030, with the rest of the Group meeting a net-zero target for Scope 1 and 2 emissions by 2040. 95% of our carbon emissions (Scope 1 and 2) originate from our fleet.**

Each National Express operating division has made zero emission pledges based on the technology and maturity of each operating region. Zero emission fleet targets for our divisions are shown below, including new targets for Spain Bus, Spain Coach, Morocco and North America.



Our zero-emission vehicle (ZEV) focus is accelerating rapidly – we are on track to achieve our committed dates for full transition to a ZEV fleet, from 2030 in North America Transit through to 2040 for ALSA Coach and North America School Bus. UK Bus is on track to achieve 50% ZEV by 2025 and 100% by 2030.

This is a significant and complex transformational change programme that requires new capabilities to be developed. It also requires new partnerships, both with vehicle manufacturers and funders, and contract models, such as 'availability' agreements.

### Driving operational change

We are driving operational change and improving our approach to managing the transition to ZEVs operationally. This requires planning, coupled with close alignment with our technology partners.

Factors emerging as critical to success include:

- + Intelligent route assessments: To optimise battery efficiency, we map routes with our charging partner to ensure vehicles are sufficiently charged for a route, rather than fully charged. This protects battery longevity and promotes an efficient charging strategy.
- + Infrastructure: Planning of charging infrastructure and its impact on a specific depot for operational readiness.
- + Digital Management Systems: ZEVs are proving to be extremely reliable but require robust digital management systems in place to achieve efficient life-cycle management.

Our growing experience in operating a ZEV fleet has demonstrated that effective deployment depends on creating a team with a range of skills, including operations, vehicle management and use of charging infrastructure. These teams are supported by our supply-chain partners, who bring specialist knowledge in electric vehicles and charging management. We have also built a shared team across our operating divisions to accelerate ZEV delivery.

### ZEV fleet transformation is underway

We are focused on leveraging the experience we've built across the Group to accelerate our ZEV transition.

Each of our businesses is leading the ZEV transition:

- + **UK: implementing our first full electric depot.**
- + **ALSA: piloting ZEVs in a number of locations across Spain**
- + **North America: Implementing ZEV transit vehicles at scale and introducing ZEV school buses.**



Our UK Bus and North American shuttle businesses are currently leading the way. We are piloting ZEVs in a number of locations in ALSA, and have a first contract in North America to run a pilot.

Fleet transformations require engagement and discussions with our key stakeholders. In Spain and Morocco, we are engaging with municipalities and transport authorities, with the aim of winning new customer contracts with ZEV propositions. To achieve our targets, we will work with our contract customers, and central and local government, to drive the sustainability agenda.

### Aligning to 1.5 Degrees Celsius

COP26 reaffirmed the importance of limiting global warming to no more than 1.5°C above pre-industrial levels. During 2021, we committed to reset our KPIs to align with 1.5°C, to be SBTi validated and to track progress towards achievement of our overall net zero and zero-emission fleet targets.

In 2019, we were proud to be an early adopter of intensity-based metrics, using the Sectoral Decarbonisation Approach (SDA) methodology. These are measured year-on-year and used as the basis for three absolute science-based targets on GHG emissions. These metrics or key performance indicators (KPIs) measure the level of carbon emissions from our vehicles and our sites. Our KPIs were chosen to meet the then-prevailing IPCC goal of controlling the increase in global warming to below 2°C.

However, the SDA methodology we currently use has not been updated to align to 1.5°C. Therefore, due to our commitment to align our targets to 1.5°C, we will also change our methodology to the cross-sector absolute contraction approach (ACA). This work is underway, alongside our commitment to understanding Scope 3 (see below).

We needed a year of 'steady-state' operations, post-Covid, to create a baseline for revised KPIs. Following assessment of our operations through the first half of the year, we are working on the basis that 2022 will be used as a baseline.

We aimed to achieve our KPIs over an initial seven-year performance period, 2019–2025, with 2018 being the baseline year. The three science-based targets sit alongside more traditional targets for on-site (Scope 1 and 2) emissions, landfill waste disposal and water usage.

In the meantime, we have been refining our environmental-data collection and verification processes, as we move towards external verification.

### Scope 3 Emissions

95% of our carbon emissions originate from our fleet (Scope 1 and 2) and we have not yet calculated our Scope 3 emissions, which is why our targets have not yet been registered with the Science Based Targets initiative (SBTi), as we are first required to complete our Scope 3 footprint.

We are currently undertaking a group-wide programme to fully understand and measure our Scope 3 emissions, including engaging and working with our key manufacturers and suppliers.

### Links to executive pay for performance

Our GHG reduction metrics and increase in ZEVs are used as a remuneration metric in relation to the Executive Directors' and senior managers' LTIP scheme. Alongside other key measures linked to the long-term sustainability of the business and our Evolve strategy. (Please see our latest Annual Report, both the TCFD Report and the Safety & Environment Committee Report, for more information on our performance in 2021).

## Environmental leadership continued

### Clean Air for Coventry, UK



**The UK government National Bus Strategy announced funding for zero-emission buses by 2025. As part of this, Coventry has been selected to become the 'All Electric Bus City'. As the major operator, we are delivering 176 zero-emission vehicles and transforming Coventry into a leading zero-emission city for public transport.**

The brand-new, British-built zero-emission buses will enter service in early 2023, helping improve air quality and reduce carbon emissions.

In addition to new vehicles, TfWM (Transport for West Midlands) is also working with Coventry City Council to create the necessary charging infrastructure. This will include upgrades to bus depots and charging points at Pool Meadow Bus Station.

As part of the West Midlands Bus Alliance, National Express Coventry and other bus operators are working closely with TfWM and Coventry City Council to provide reliable, affordable and green bus services to residents and visitors across the city.

We can learn from our experience in Coventry to develop best practice in achieving an ambitious transition to zero-emission buses.



#### ZEV technology

Our migration to ZEVs began with the advent of hybrid and early electric battery technology over the last nine years, primarily in urban transit buses.

We are using our urban bus ZEV experience to inform the transition in North America School Bus and inter-urban coach. We are working closely with customers, vehicle manufacturers and infrastructure partners, and are looking forward to seeing all our divisions shifting their fleet profile over the medium term.

While battery technology has matured, BEVs are still limited by range to urban settings. This is due to the weight/size limitations of current battery technology, which is often well suited to urban buses. Over 60% of our UK bus routes can be operated with existing BEVs. Inter-urban routes are not typically suitable for BEVs, and most manufacturers are focusing on developing hydrogen-fuelled vehicles. These will have long-range capability but will require a hydrogen-fuelling network and a green hydrogen supply.

Whilst most of our ZEV vehicles are likely to be battery electric, a significant hydrogen fleet will be required to meet our needs.

In 2021, hydrogen-powered buses carried passengers on the streets of the West Midlands for the first time. Outside London, these are the only hydrogen buses operating in England. The new buses have been purchased as part of the Council's Clean Air Hydrogen Bus Pilot, which is taking a leading role in the zero-emissions logistics market.

In 2022, in Spain, ALSA launched its first bus run on renewable hydrogen to operate in regular service on a regular basis. The bus is operating in the city of Torrejón de Ardoz as part of the public transport network managed by the Regional Consortium for Transport (CRTM). The service is supported by a new hydrogen fuelling station launched at ALSA's maintenance depot, the first in the Autonomous Region of Madrid for public transport.



#### Innovative contract model

To support ZEV migration, we have worked with our partners to develop a 'first-of-type' ETaaS (Electric Transportation as a Service) or 'availability' model. Under this arrangement, the supplier assumes the risk of vehicle provision, charging, power and OEM parts under one availability fee.

Using a specialist availability supplier, who can utilise major components after their transport life, we are able to maximise their useful life and minimise our environmental impact. Through careful selection of the availability provider, we are creating a mutual framework. This will consolidate our supply chain, align our objectives and accelerate our ZEV transition.

We have completed extensive modelling of the expected financial impact and the timetable for delivery of these targets. This includes analysing the costs and expected investment returns on ZEVs, as well as the life cycle of the existing fleet and the anticipated advancement of ZEV technology over that cycle.

Our vehicle available model mitigates the potentially higher purchase costs of ZEVs. We are also working with our key contract customers and other stakeholders to secure grant funding for ZEVs.

We are delighted to have signed the first availability contract in the UK with Zenobē, with the partnership providing the Group with ETaaS. Zenobē will finance and manage the full turnkey solution that includes new vehicles, on-board battery replacement, charging and grid infrastructure, a second-life battery system at the depot, unique software to optimise charging, parts and full operational support.

We are aiming to replicate similar availability structures in North America and ALSA, to achieve both our sustainability and business-growth targets.

## Environmental leadership continued

### Partnerships for innovation to ZEV

We are actively seeking partnerships outside of our organisation to achieve our sustainability goals and will seek to share our experience with our partners and stakeholders.

### Autonomous Vehicle Partnership with ALSA, GMV, Indra, Masermic, Masmovill, Renault Group and Sigma



**Our R3CAV (Robust, Reliable and Resilient Connected and Automated Vehicle for people transport) project aims to develop future autonomous and connected vehicles.**

#### The initiatives are:

- + a prototype of an autonomous vehicle at the Renault factory in Palencia, Spain, and
- + a vehicle whose future functionality will be an autonomous shuttle (in the town of Alcobendas, Madrid), with connectivity, communication systems, autonomous navigation and positioning systems in development.

The project (part of the Spanish National Plan for Recovery, Transformation and Resilience, financed with EU funding) aims to develop innovative technologies in the automotive field addressing the challenges of sustainable mobility, zero emissions, and connected autonomous vehicles.

ALSA's goal in this project is to further develop our autonomous driving technology having had experience in operating the first autonomous bus in Spain, which already circulates with passengers on a route open to traffic.



### Partnership in EV-to-Grid Technology

National Express participated in the first successful school-bus vehicle-to-grid (V2G) project that evaluated the future of electric school buses and our ability to support electric grids at times when demand for power is high.

We partnered with Con Edison on this innovative project, which was the first of its kind to be implemented in the state of New York. Five electric buses were utilised for the project, three of which were equipped with power converters that allowed them to perform V2G bi-directional charging.

These converters allowed Con Edison to reverse the flow of power into the grid when the buses were not transporting children. Despite some issues with the hardware that required energy throttling to increase reliability, the buses met the project goal of averaging 1.4 kilowatt hours per mile and exceeded the goal of minimal electricity losses.

**“ While there were reliability difficulties with some components initially, the successful discharges proved that V2G technology in a fixed-route service is viable for grid support.**

**Carina Noble, SVP**  
Communications and External Affairs



**Enjoying the Bay of Santander aboard our new 100% zero-emissions boat, the “Barco Bahía de Santander”.**

**Travelling around the Bay of Santander aboard a 100% zero-emissions boat, the “Ecocat II”, a catamaran powered by solar energy, minimises the impact on the environment, marine fauna and water quality.**

This new ALSA service will boost Santander's tourism offer. Part of the company's environmental commitment to sustainable tourism, it allows passengers to enjoy the Bay of Santander in a way that is compatible with, and has respect for, the local environment.

# Our approach to the environment

Alongside our environmental leadership goals regarding our transition to ZEVs, we adopted six KPIs to track our progress in reducing our impact on the environment, over a seven-year period (2019–2025):

- + traction energy
- + traction carbon emission and total (Scope 1 and 2) carbon-reduction targets (outlined above)
- + site carbon emissions
- + water consumption
- + waste to landfill reduction targets.

Our progress against our environmental targets – which were set as intensity measures (traction energy, traction carbon and total (Scope 1 and 2) carbon-emission reduction targets) in 2020 and 2021 – has been subdued, due to changes in travel behaviour caused by the Covid-19 pandemic.

And while performance for absolute measures has been positive, this must also be seen in the context of lower site occupancy, lower water usage and lower waste production, due, again, to Covid-19. As the business returns to normal throughout 2022–23, and passenger numbers return to pre-pandemic levels, these measures and metrics will again be more useful in providing comparisons in performance between reporting periods.

#### Environmental management at our depots

Managing and minimising our environmental impact at our depots is a priority, particularly regarding waste management, energy usage and water management. This will be brought to life effectively in our new depot in Perry Barr (in the UK) which, when finished, will take a best-practice approach to environmental management and performance.

#### Water and waste management

Responsible water management is a key environmental target, with our highest water consumption coming from cleaning and washing our vehicles. We report on our water usage in our Annual Report, and invest in technology and processes to reduce water usage. As a group, we have set a 10% reduction target since our baseline in 2019, to be achieved by 2025, and we met this in 2021.

Waste generated in our operations is tracked, and our performance on waste management can be found in our latest Annual Report, in our Environmental Performance on page 221.

#### Renewable electricity

In the UK and in Spain, we are currently using 100% renewable electricity since 2014. In 2021, the group made a commitment to switch to buying 100% renewable electricity where feasible by 2024.

## Perry Barr depot

Perry Barr will have a number of environmental features, including:



### Heat pumps

Depot heating supplied by air source heat pumps



### LED lighting



### Renewables

Photovoltaic panels fitted to generate renewable electricity



### Biodiversity

Green roof and green wall to enhance local biodiversity

## Our approach to the environment continued

### Efficient energy utilisation

In addition to moving to green electric tariffs for our UK Bus network, a major focus is the efficient utilisation of power. For example, we have upgraded our lighting fixtures in our facilities throughout North America to high-output LED fixtures.

### Circular economy

We are committed to reviewing our approach to the circular economy and the recycling and reuse of the vehicles we use, including the recycling of critical elements such as lithium.

We are already working to ensure that we take a responsible approach to battery life-cycle management and in North America we have had success with our Parts Reclamation Centers (PRCs) (see below).

### Responsible battery life-cycle management

An electric-vehicle battery life can be significantly extended through a robust battery-management system. Also, we can work with our partners to extend battery life further, beyond when its useful vehicle life has expired, by transferring it to static-based applications. Examples include energy storage in solar or wind farms – and in our Coventry depot, second-life bus batteries are utilised to balance our energy needs; they supplement our peak charging demand to minimise impact on the electricity grid.

### Second-Life Bus Battery



### 1.2MW Second-Life Battery Container, Coventry



## Recycling and reducing waste from retired vehicles



### NELLC's Parts Reclamation Centers (PRCs) contribute to sustainability by:

- + Reclaiming necessary, quality parts from inactive vehicles, which would otherwise have been scrapped and contributed to additional waste accumulation. Since 2020, over 10,000 parts have been reclaimed. Over 1,400 parts have been reclaimed in 2022 so far.
- + Recycling non-salvageable tyres, batteries, electronics, and metals to reduce our carbon footprint and additional waste in landfills.
- + Properly disposing of, and recycling, fluids such as fuel, oil, coolants, freons, and other fluids, to reduce environmental pollution and harm.

National Express LLC (NELLC) recently donated a school bus to Pennco Tech, a trade school in Blackwood, New Jersey, to use as a training tool for its Diesel Technology Program. Part of NELLC's company-wide Partners Beyond the Bus community outreach program, the donation will enable students to gain hands-on learning experience.

The donation comes from NELLC's Parts Reclamation Center (PRC) in Philadelphia. PRCs play a crucial role in the company's sustainability and recycling efforts by helping reduce waste through reclaiming and recycling parts and other materials from retired vehicles.

So far in 2022, we have donated nine school buses to fire departments, police departments, training schools and other organisations that will put the buses to use.



# 10,000

Number of reclaimed parts since 2020.

# Employer of choice



## Our people make us the business we are today.

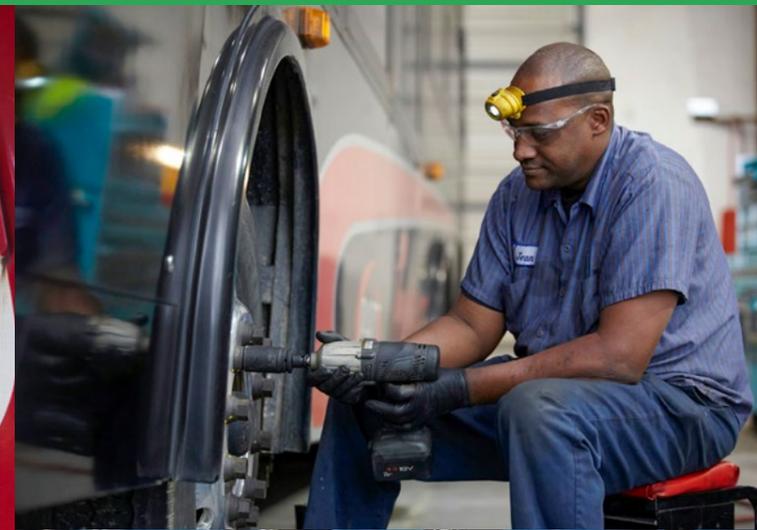
Our Evolve strategy commits us to an outcome of being the employer of choice.

To achieve this, we have recently developed a new people strategy that will:

- + enable delivery of Evolve through the right people, culture and strategies
- + embrace diversity, equality and inclusion
- + set the tone for us as a purpose-driven business
- + help us win the war for talent
- + help our people grow in a high-performance culture.



> [View the Employer of choice video](#)



## Employer of choice continued

Our new people strategy, called 'Being Part of the Future Today', is organised around three priorities: **Embrace, Energise and Elevate.**

**Embrace** is about having a culture that embraces difference and individuals, through the delivery of a compelling diversity, equality and inclusion (DE&I) strategy. This will enable all parts of our organisation to be representative of our communities, and help our people feel valued and respected for who they are.

**Energise** is about having a vibrant and energetic culture with a core set of values that people live by. It is also about creating an environment that allows people to be at their best, where they are listened to and feel they can make an impact. We are working towards world-class engagement levels, with people who are united behind our purpose, highly collaborative and proud of working here.

**Elevate** is about having a high-performance culture where people see they can, and do, grow. We will be an organisation that develops future leaders from an 'internals first' approach to talent, so our people genuinely feel this is a place where they can grow themselves and their careers.

The aim is that these three priorities - which are part of our new 'Being Part of the Future Today' people strategy - will lead to a highly engaged, big-hearted organisation, united behind our purpose.

**embrace**

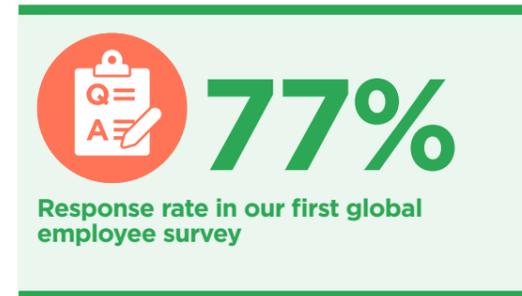
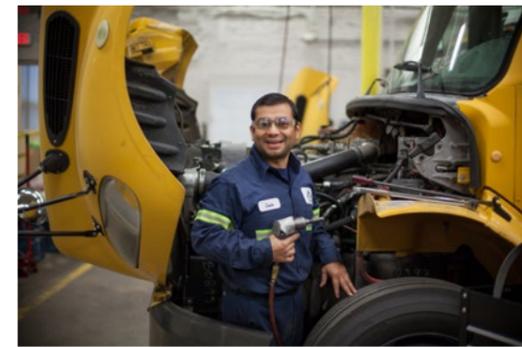
- + Inclusive Environment & Culture
- + Diverse workforce
- + Meaningful external impact & social change

**energise**

- + Values
- + Recruitment & EVP
- + Engagement
- + Well-being
- + Community

**elevate**

- + Performance Mgt
- + Talent Mgt
- + Succession
- + Leadership development
- + Learning



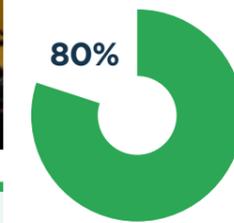
This year, as part of our 'Your Voice Matters Campaign', we carried out our first global employee survey, and were pleased to achieve a 77% response rate.

This provides us with a great benchmark against which we will drive future action plans and improvements.

In the coming months, we will be putting in place detailed action plans to improve our engagement scores:

### Key Feedback

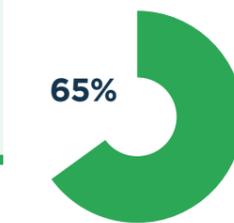
#### Safety



#### Diversity, Equality & Inclusion



#### Brand



#### Customer



Further information on this will be in our next Annual Report.

## Partnership

**The Integra Foundation is a non-profit organisation, founded in 2001, whose objective is to integrate people with a disability and those at risk of social exclusion into the world of work.**

It provides a link between more than 100 NGOs and more than 60 companies who want to provide opportunities to find jobs for people who, due to various circumstances, have difficulties in achieving integration in society. ALSA has been a supporter of the Foundation since 2001, collaborating to connect our people with people from excluded groups, referred by the Integra Foundation.

## Employer of choice continued

**Our people are passionate about the contribution we make to the communities we serve. We aim to support our colleagues to play an active role in the community. In particular, we support our drivers and people in customer-serving roles, to act as social connectors by providing a welcoming and inclusive service.**

We will listen to our people's views on how we can do more to reinforce community connection, taking ideas and inspiration from their experience to improve our service, our training and our social impact.

NELLC's company-wide Partners Beyond the Bus community outreach program, enables NELLC team members to volunteer locally year-round in various community events related to environmental sustainability, such as park clean-ups, 'Adopt-a-Highway' programs, recycling, donating, and more. Through these combined efforts at the corporate and local level, NELLC has been able to further solidify its position as a leading environmentally responsible partner.

**“** I am proud of the steps and progress National Express has made in becoming an environmentally conscious company.

**Gary Waits**  
CEO of National Express LLC

**“** Our team members continuously seek out and engage in sustainability practices, whether that be through reducing fuel consumption, recycling and repurposing parts, or our expanding efforts in EV. Ultimately, it is our responsibility to help reduce the world's carbon footprint and create a more sustainable future for generations to come. We hope to lead by example and inspire other companies to become an active participant in protecting the environment.

### Recognition for Community Contribution

#### First Bus Driver to Receive Prestigious Community Award



Durham School Services bus driver Anthony Lewis, from Carpentersville, Illinois CSC, was honoured with District 300's (D300) esteemed Blue Ribbon Society Award.

- + Awarded for excellent service and impact on the community and students he drives.
- + First school bus driver in District 300's history to receive the award.
- + Nominated by passengers.

**“** We have received many emails from the parents of the students on his elementary school route, stating what a positive and kind person he is. You only need to meet Anthony once to understand what all the fuss is about.

**Deb Mason**  
Director of Transportation for D300

**“** I love being a school bus driver. Being recognised as the first one to win this award is a great honour, and I hope that receiving this award will bring more attention to this profession and its importance in a community.

**Anthony Lewis**  
Blue Ribbon Society Award Winner



#### Our passengers are climate heroes

People choosing more sustainable modes of transport is critical to the future of sustainable mobility. We have a responsibility to encourage our passengers to use mass and active transport more often, and to be proud of making a low-carbon choice.

We recognise that we have an opportunity to further inform, educate and drive preference among our passengers.

To this end, we want to help our passengers understand that by taking our buses they are 'climate heroes', and to do this, we will:

- + inform our passengers of the positive impact they can have on congestion, air pollution, health and climate change, and why 'taking the bus', or any other form of shared, active or mass transit, is better than using a private car
- + encourage our passengers to share and celebrate their use of public transport
- + encourage our passengers to try new and different modes of transport.

#### Customer preference

Evidence we have gathered whilst operating ZEVs indicates that our passengers actively prefer zero-emission vehicles. We've found passenger numbers increased by 4% in UK Bus when operating ZEV vehicles.

#### National Express, LLC (NELLC) celebrating 'taking the bus' with our 'climate hero' passengers

In April 2022, in celebration of Earth Day, the National Express WeDriveU shuttle division held nationwide events promoting shared alternatives to driving to work alone, and showcasing electric-vehicle demos. They also offered Earth-friendly seed card passenger giveaways, made in the USA from organic, handmade paper, incorporating elements from nature such as flower petals and seeds.

# 4%

Increase in passenger numbers in UK bus when operating ZEVs.

# Safest



### Safety is our number one priority.

By leveraging technology and innovation, we aim to lead the industry by continually driving down accidents and our ambition is to be the safest shared mobility operator in the communities we serve.

We have a well-defined and developed safety system which operates across our global businesses. This system has its foundations in our 'Driving Out Harm' programme that first started in 2011, with a focus on driver and vehicle safety standards and initiatives.

In 2017, the same programme introduced five new Global Safety Policies relating to speed management, driving evaluation, competence of driving evaluators, driver monitoring and driver performance management.

As the Group grows, we continue to roll out consistent standards and policies, in every new city and country we operate in globally.

Safety performance is overseen by our main board and by reference to several KPIs, which include:

- + **FWI Index score**, (measures and weights according to severity, all responsible major, minor and lost-time injuries and any responsible fatalities)
- + **Preventable Accidents score**, (counts number of vehicle accidents that should, by compliance with safety systems, have been capable of being prevented), and
- + **DriveCam Driver Risk score**, (counts number of driver risk incidents recorded by DriveCam technology on the Group's fleet).

The target scores for these KPIs, which also comprise the safety targets in Executive Directors' and senior managers' bonuses, can be found on page 85 of our latest Annual Report.



### New driver training successful in risk reduction

ALSA has developed a new type of driver training in Spain, which has seen a 20% reduction in the average risk level of more than 400 drivers trained. To achieve this improvement, the time spent training was increased from one hour to three hours, and was personalised to the driver (according to accident rates, speed, driving styles and DriveCam risk score). A pre-training discussion between the trainer and the driver's supervisor allows agreement on the improvement areas and priorities.



### Marrakech road safety training school with our 'climate hero' passengers

Our road safety training school in Marrakech has trained more than 1,384 students to become Ambassadors for Road Safety. Since the initiative was launched, more than 4,500 students have been trained, all 11-12-year-old students from both public and private schools.

### NXUK - VR Driver training

Our data tells us that our high-potential incidents happen from events that are too risky to replicate during driver training. National Express UK has worked with simulator training experts to develop best-practice VR Driver Training, to train the reality safely.

# 20%

Reduction in average risk level of more than 400 drivers trained in Spain.

**Safest**  
continued

**National Express Bus (UK) Wins Sword of Honour Award from British Safety Council**



**National Express Bus has successfully held its five-star rating since 2016.**

The bus company's latest audit score also topped 2020 with an impressive 97.86%. The five-star rating confirms National Express's proven track record and culture of excellence in occupational health and safety management, including well-being and mental health at work.

**Mike Robinson**  
Chief Executive of the British Safety Council

**“ I would like to congratulate National Express Bus on their achievement, and applaud them for keeping their workplace safe and healthy. I pay tribute to National Express and all of its workforce for their hard work and commitment.**

**Most reliable**

**By having a relentless focus on reliability, we give ourselves the best opportunity to compete and to drive modal shift.**

We believe the reliability of mass transit is critical for the future of sustainable mobility, and for the future sustainability of our business and the value we create for all our stakeholders.

Consequently, we invest in technology and processes to improve our reliability and our business.

In the UK, for example, we recently invested in CitySwift, a timetable operation platform that uses AI and machine learning to predict journey times. This has enabled our bus operations to match service provision to prevailing traffic conditions, improving both efficiency and customer service.

**Our partnership with Transport for West Midlands**



**We invest in technology to ensure the continued satisfaction of our passengers, who want to be able to buy tickets and manage their travel plans through a variety of digital platforms - and this improves the reliability, affordability and accessibility of our services.**

Our partnership model in the UK, with Transport for West Midlands (TfWM), is a great example of where we have developed new features in our service that work hard for our passengers. These include bus priority measures, sustaining low fares, ticketing innovations such as contactless capping, together with additional ZEVs.

We are particularly proud of our 'tap and go, never overpay' contactless capping ticketing. We developed this further very recently with three-day and seven-day options, which are even more convenient and cost-effective for our passengers.

# Most satisfied customers

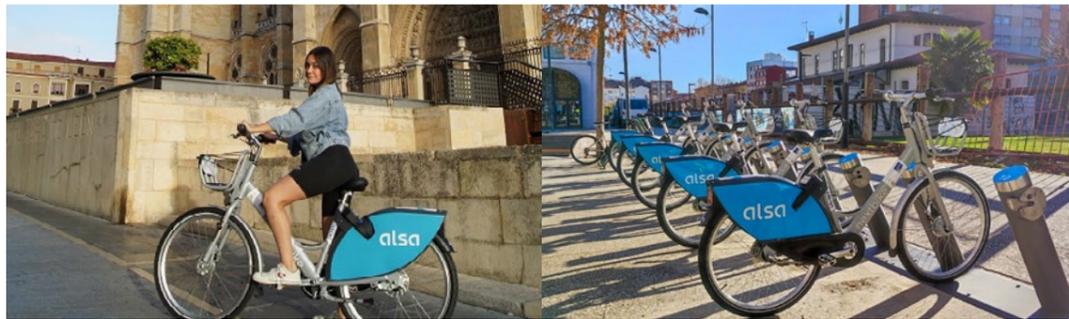
**In 2021, we provided 792 million annual passenger journeys; in 2020, we provided 579 million annual passenger journeys.**

Growth in passenger journeys is a leading indicator for the growth of our business and for driving the modal shift from cars to buses, coaches and other forms of mass transit. More than that, these increasing journey numbers are critical for our growth, which in turn is critical for supporting our role in the future of sustainable mobility.

Therefore, our ambition of having the most satisfied passengers is aligned to sustainability. We are targeting increased passenger journeys as a longer-term driver of sustainable value for our business, the environment and all our stakeholders.

We will innovate to achieve this.

## A new bike rental service in Leon, Spain



We recently launched a new public bike-rental service with Nextbike, for the City Council of Leon, in Spain, with 300 bikes across 25 stations, introducing shared bikes as a new public transport option. Residents of Leon will be able to use this service for a reduced annual subscription of 12 Euros.

The new service meets sustainability, emission-reduction and energy-efficiency criteria, with the aim of embedding micro-mobility solutions in the urban mobility policies of the city.

This 100% digital service is already operated via its own app and web where users need to register in advance. It supports the integration of bicycles in the urban public transport network of the city, allowing users to rent a bike using their Mobility Card.

The new bikes are designed to be shared, ensuring easy operation for everyone. The system, designed by ALSA and Nextbike, is focused on reinforcing cycling in urban journeys, discouraging the use of private cars.

**“ We believe in active mobility, a virtuous cycle that, when connected to public mass transport, is leading us towards radically different, next-generation mobility, that is much more sustainable. The system, launched in partnership with the City Council of Leon, is an outstanding example of digital technology combined with new micro-mobility solutions that become efficient enough to provide a better service for citizens, at the same time as contributing to our decarbonisation target.**

**Víctor López.**  
ALSA's Managing Director



**300**  
bikes for rent in the city of Leon.

# Privacy and data security

**Investing in technology, to ensure we have a best-in-class approach to being digitally enabled, is key to our Evolve strategy and fundamental to the future success of our business.**

Our customers want a digital offer – particularly younger passengers, such as millennials, who are an increasingly important target market and are more inclined to use public transportation if the service is right. A digital offer is critical to getting that right.

The data we can gather in the process helps us improve our service – and an enhanced service will help us attract new passengers and retain existing ones, leading to increases in modal shift over the long term.

We are fully aware of our responsibilities regarding cyber security and data protection, both from a regulatory perspective and in terms of our responsibilities to our customers.



In recognition of the growing focus on the delivery of our cyber-security strategy, we have recently appointed a new Group Chief Information Security Officer to the Group Senior Leadership Team, reporting to the Group Chief Information Officer.

More detail on our approach to cyber security and data protection can be found on our websites.



# Inclusion and accessibility

**Sustainable mobility includes the important notion of access to mobility, regardless of income or location, for all, including vulnerable groups. We are committed to providing affordable transport that is accessible to all.**

We meet the regulatory requirements for accessibility everywhere we operate – for example, for wheelchairs – and we are committed to providing a comprehensively accessible transport service.

In North America, for example, National Express is one of the leading providers of paratransit services.

We have been innovating in accessibility for many years. For example, we introduced our pioneering wheelchair lift to our coaches in the UK back in 2002, and this transformed the coach industry, opening doors and expanding horizons for many people for whom coach travel was previously inaccessible. The lift continues to provide step-free access, enabling people to board the coach direct from the kerbside and positioning them in a forward-facing area designated for their wheelchair.

## ALSA collaborating with Plena Inclusión Madrid



ALSA is proud to be working in collaboration with Plena Inclusión Madrid to further the integration of people with disabilities. The partnership will promote cognitive accessibility as a value for customer service, and will help ensure our service is as inclusive as possible for people with an intellectual or developmental impairment.

**Travelling with a companion**  
Since 2020, ALSA has offered a free ticket to people who are assisting passengers with disabilities. This encourages this group to use our services without incurring extra cost. In 2021, we relaunched the campaign and added a 15% discount for the disabled passenger.



**15%**

**Free ticket for people who are assisting passengers and 15% discount for disabled passengers.**

# Air pollution and health

**The World Health Organization (WHO) estimates that 4.2 million deaths occur every year as a result of exposure to outdoor air pollution, with emissions from transport being recognised as a major contributor.**

We are committed to transitioning to zero-emission vehicles, but recognise that today our existing ICE vehicles are a contributor to air pollution. We commit to continually improving our fleet to ensure that our impacts are minimised as much as possible today, while committing to transitioning to zero-emission fleets in the future.

In the UK, for example, we use the Levante Euro VI coach, which is bespoke to National Express (UK) and produces an average of 21.7 grams of GHG emissions per passenger km, lower than both rail and car. The average age of a National Express (UK) coach is three years old, and every vehicle meets the highest possible engine-emission standard, Euro VI. This standard focuses particularly on restricting diesel NOx emissions, which, along with particulate matter, are considered some of the most hazardous emissions.



We will continue to target reductions in air emissions with harmful effects on public health – such as nitrogen oxide and dioxide, methane and suspended particles – particularly in urban environments, through a constant renewal of the fleet and an increased use of alternative energies for the propulsion of vehicles.

Importantly, rapidly transitioning to zero-emission vehicles across our fleet will help to reduce air pollution – and our purpose, in leading modal shift, will also help to reduce air pollution and will in turn, help create more liveable, greener spaces, designed around people not just cars, where the communities we serve can thrive.

# Social mobility

**In Morocco in 2021, we had a record number of passengers, with nearly 290 million passenger journeys. This was an increase of 50% compared with 2019, reflecting new contracts in Rabat and Casablanca, and the growth in existing contracts such as Tangier.**

Working in partnership with the local authority in Casablanca, Morocco, we have dramatically improved the provision of mass transit.

Since 2020, measures of customer satisfaction in Morocco have increased from 6.8 in 2020 to 7.8 in 2021, and the Net Promoter Score has improved from -21 to +23. This has been driven by improvements in customer experience, including safety, reliability and comfort. We have also improved the diversity of our driver population, recruiting more female drivers.

However, we are particularly proud to have been able to introduce new routes providing access for communities that were previously underserved, because we believe this has a role to play in social mobility. (See box on this page for more details.)

Emerging concepts of social exclusion and transport justice are gaining traction among policy makers and governments around the world. A lack of access to transport, sometimes called transport poverty, has serious implications for quality of life, the fairness of societies, and the efficiencies of economies around the world.



A [review](#) of the research into transport and inequality, conducted by the UK government, has shown that when underserved communities have improved access to public transport, there can be benefits for addressing inequality.

The report found that public transport has an important role to play in social mobility, because, if it is available and affordable, it can provide different opportunities:

- + **Transport is an important facilitator of social inclusion and well-being, which can affect economic and social outcomes, and therefore inequality.**
- + **Transport barriers can be intimately related to job opportunities.**
- + **Transport can be integral to improving equality.**

As recognised by the United Nations SDG 11 Sustainable Cities and Communities (and as detailed in our Materiality section) the future of sustainable mobility needs to work for everyone in our communities. At National Express Group, we are committed to working with all our stakeholders to that end.

Transport and inequality: An evidence [review](#) for the Department of Transport – NAT Cen Social Research that works for society – Authors: Dr Shivonne Gates et al



## 290 Million

A record number of passengers journeys in Morocco in 2021.



## +23

Our Net Promoter Score in Morocco has increased from -21 to +23.

“ I believe National Express has a major role to play not only in tackling the challenge of climate change in the cities in which we operate but also driving improvements in social mobility for the people living in those cities.

More and more cities need our services. They share our desire to deliver cleaner, greener, liveable spaces. And it has never been a more exciting time to be a public transport operator, as governments around the world are looking for solutions that will deliver sustainable and growing cities that people want to live in.

**Ignacio Garat**  
CEO

# Governance

**We deliver on our promise of best-in-class governance by having the best people in our business involved at every level of the organisation.**

We believe that the best people are those who are invested in our purpose, who behave in accordance with our values and are engaged in the delivery of our strategy.

We have a Board of Directors with a diverse set of backgrounds, skills and experience.

## Experience of the board



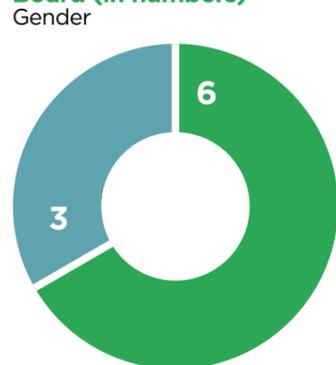
<sup>1</sup>For all Directors, excluding via their directorships with the Company

## Gender and ethnicity of the board

The Board remains committed to enhancing diversity at all levels of the organisation.

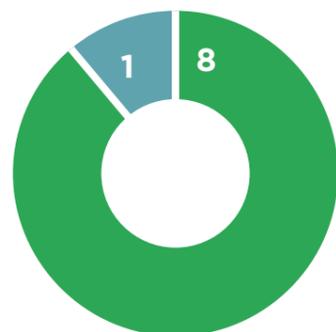
Our policy on diversity and inclusion can be found on page 76 of our [Annual Report](#)

## Board (in numbers)



Key  
Men Women

## Ethnicity



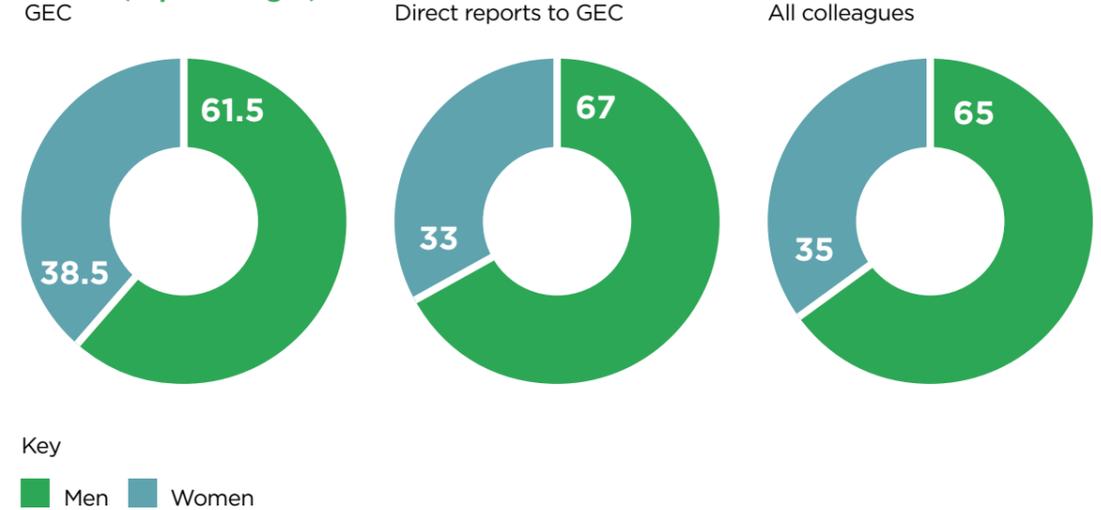
Key  
White Ethnic Minority

## Gender split of gec, direct reports to GEC and all colleagues

Our gender split, as shown below, is in the majority (circa 62-67%) men as compared to women, at all levels in the business.

We are aware of this and are working, as part of our new people strategy, to ensure greater diversity and inclusion across the business. See our people section on page 25 of this report for more details.

## Gender (in percentages)



## TCFD and governance

In 2021, we completed our first TCFD Report (Task Force on Climate Related Financial Disclosures), which was included in the ESG section of our latest [Annual Report](#), on page 35.

This includes full reference to the Board's oversight of climate-related risks and opportunities, and to management's role in assessing and managing climate-related risks and opportunities.

We have clear processes in place for identifying, assessing and managing climate-related risks, and have conducted scenario modelling, transition plans and targets.

## Sustainability: new committee for 2022

In 2022, to support the achievement of our Evolve outcomes, we established a new Sustainability Committee as a sub-committee of the Board, with the key responsibility of overseeing our approach to sustainability and chaired by Carolyn Flowers, Non-Executive Director.

The Safety & Environment Committee will pass over its responsibilities regarding environmental matters, including strategies, policies and standards, to this new committee, while safety will be overseen by the main Board.

Our full approach to governance can be seen in our [Annual Report](#).

## Governance continued

### Policies

We have a set of policies that guide our approach to governance, see below. The policies can be found in full on our National Express Group website [here](#).

National Express Group has a number of policies covering a number of business areas

<ul style="list-style-type: none"> <li>+ Anti-Bribery</li> <li>+ Environment</li> <li>+ Procurement</li> <li>+ Disability statements</li> </ul>	<ul style="list-style-type: none"> <li>+ Health &amp; Safety</li> <li>+ Workplace rights</li> <li>+ Equal Opportunities &amp; Diversity</li> </ul>	<ul style="list-style-type: none"> <li>+ Human rights</li> <li>+ Whistle-blowing</li> </ul>
<ul style="list-style-type: none"> <li>+ Gender pay gap reporting</li> </ul>	<ul style="list-style-type: none"> <li>+ Modern Slavery statement</li> </ul>	<ul style="list-style-type: none"> <li>+ Tax statement</li> </ul>



# Recognition for our approach

We want to continue to build on the progress we've made in recent years.

We were delighted to be recognised in the Financial Times' **Europe's Climate Leaders 2022** special report, which ranks the top 400 European companies that have achieved the greatest reduction in their GHG emissions intensity.



We were also pleased to be recognised by FTSE4Good, Sustainalytics, CDP and MSCI, as detailed below:

- + **Sustainalytics: Rated in 2nd percentile of all transport companies (out of 349) and in 5th percentile of over 14,000 companies in Sustainalytics global universe**
- + **MSCI: November 2021, MSCI rated AA, second possible highest rating, with an industry-adjusted score of 8.5 out of 10**
- + **National Express is a constituent of the FTSE4Good Index Series**



### ALSA, National Award to Mobility 2020 for its environmental strategy

As a recognition to the work in this area, ALSA received the National Award to Mobility 2020, in its first edition, in the category of Large Private Company, driven by its environmental strategy developed by the company.

National Mobility Awards have the support by the Ministry for Transport, Mobility and Urban Agenda, the CONAMA Foundation and the Royal Academy of Engineering, and are awarded by the platform for Sustainable Mobility.

These awards recognise best practices and initiatives in mobility, both in the public and private sector. Their objectives are to highlight cases of success, emphasising the companies leading the change and leveraging the best solutions to help driving results with positive results in the short, medium and long term.



# national express

National Express Group PLC  
National Express House  
Mill Lane  
Digbeth  
Birmingham B5 6DD

Tel: +44 (0)8450 130130  
[www.nationalexpressgroup.com](http://www.nationalexpressgroup.com)