

Environmental, social and governance



Becoming the environmental leader

As a high quality shared mobility operator, sustainability is integrated into our business and reflected in our strategy, our purpose, our values and our culture.

Our purpose, driving the modal shift from private cars to public transport, is critical to reducing air pollution and congestion and, through the accessibility and availability of public transport increasing social mobility. But we can have a unique opportunity to create a multiplier effect by both providing an alternative to private cars and decarbonising our fleet at the same time.

Vehicle emissions account for around 95% of the Group's Scope 1 & 2 emissions. In terms of reducing the impact of transport on the environment, we have an opportunity to provide an alternative to private cars but we have a further opportunity to act on climate change by decarbonising our fleet.

Transitioning to cleaner, greener, vehicles is key to meeting both our environmental and social goals and in doing so delivering on our Evolve strategy.

This year we announced new targets for the decarbonisation of our entire fleet and a Group net zero emissions target for Scope 1 and 2 by 2040.

Reporting

We have benchmarked our strategy to both the Sustainability Accounting Standards Board's (SASB's) Materiality Map® and the United Nations Sustainable Development Goals (SDGs), in order to ensure we are focused on the areas where we can make the biggest impact for our stakeholders.

This year, we have incorporated the TCFD recommendations into our reporting: outlining our approach to climate related governance, the management and integration of climate-related risk and opportunities, our transition plans, scenario modelling, metrics and targets (see pages 35 to 39).

We are pleased that our work has been recognised:



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, the second possible highest rating, with an industry- adjusted score of 8.5 out of 10



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Focus areas

**Be the most reliable**

SDG



SASB

Access & Affordability

Selected targets

Sustainable Cities and Communities SDG 11

11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

Key metrics

- Passenger numbers
- On-time performance
- Breakdowns

**Be the safest**

SDG



SASB

Quality & Safety/
Employee H&S/
Critical Incident
Risk Management

Selected targets

Good Health and Wellbeing SDG 3

3.6 By 2020 halve the number of global deaths and injuries from road traffic accidents.

Decent Work and Economic Growth SDG 8

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Sustainable Cities and Communities SDG 11

11.2 – as *Most reliable*

Key metrics

- Zero responsible fatalities
- FWI/million miles
- Leading safety credential in each market
- Passenger numbers

**Be the environmental leader**

SDG



SASB

Air Quality/
GHG Emissions

Selected targets

Sustainable Cities and Communities SDG 11

11.2 – as *Most reliable*

11.6 By 2030, reduce the adverse per capita environmental impact of cities, included by paying special attention to air quality and municipal and other waste management.

Responsible Production and Consumption SDG 12

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Climate Action SDG 13:

13.2 Integrate climate change measures into national policies, strategies and planning.

Key metrics

- Passenger numbers
- Absolute CO₂ emissions (tCO₂e)
- CO₂/million passenger km

**Have the most satisfied customers**

SDG



SASB

Access & Affordability/
Quality & Safety

Selected targets

Sustainable Cities and Communities SDG 11

11.2 – as *Most reliable*

Key metrics

- Passenger numbers
- Customer satisfaction score (CSATS)
- Net Promoter Score (NPS)

**Be the employer of choice**

SDG



SASB

Labour Practices/
Employee H&S

Selected targets

Decent Work and Economic Growth SDG 8

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Key metrics

- Commitment to real Living Wage (or 10% above national minimum wage where Living Wage does not exist)
- FWI/million miles

Environment

Be the environmental leader

This year we announced new targets for the decarbonisation of our entire fleet, building on the targets previously announced for the UK. We also announced a Group net zero target for Scope 1 and 2 emissions by 2040.

Our targets for fleet transition to zero emission vehicles can be seen below:



Our Group target is net zero by 2040 (Scope 1 & 2 emissions)

In 2021, our environmental performance metrics have been impacted by Covid-19, with absolute environmental measures down (with services closed), but intensity measures up, due to lower occupancy (resulting from ongoing Covid-19 restrictions and corresponding falls in passenger numbers). See pages 221 to 223 for details, data and more information on our performance.

In the UK Bus operations, we launched 20 hydrogen buses, in partnership with Birmingham City Council, which are the first in regular service in England, outside of London. We are pleased to be the lead operator in Coventry, which is the UK’s first all-electric city. The West Midlands has 49 ZEVs operating now, with 130 more on order which will begin service in 2023. We also have the ambition to scale up to over 200 Hydrogen buses from 2023.

In ALSA we introduced our first hydrogen bus in the year and now operate a total of 21 ZEVs across ALSA. In North America we operate a total of 102 ZEVs, predominantly in our Shuttle operations.

First of a kind

In 2021, we signed the first ‘availability’ contract in the UK with Zenobe, providing the Group with ‘ZEVs as a service’, without the requirement for upfront capital expenditure, with the availability provider accepting the risk transfer for issues such as battery performance and charging technology. This will enable us to transition

our fleet faster than we could otherwise do and we are aiming to have similar contractual structures in North America and ALSA.

In North America, we are running a number of electric school bus pilots and now operate around 100 ZEVs in WeDriveU.

We also are the first public transport operator to run regular services using hydrogen buses in Madrid, Spain.

Scope 3 emissions are more complex to ascertain, but we have commenced a project, working closely with our core suppliers, to quantify the Group’s Scope 3 footprint.



Social capital

Be the safest

The safety of all our people and how we embed safety into our culture is a key priority. Our safety criteria and frameworks are consistently applied everywhere we operate. Our Driving Out Harm initiative, launched in 2011 and refreshed as technology has advanced, has created and maintained a strong safety culture, reflected in our performance.

In particular, we have invested in training and tools (including Lytx DriveCam, Zonar, speed monitoring, fatigue monitoring, virtual wing mirrors, Alcolock and collision avoidance systems) to continually improve our safety standards.

In 2021, UK Bus and North America had zero at-fault major responsible injuries. A full update on our safety performance can be found on pages 85 and 86 in the Safety & Environment Committee Report.

Improving the accessibility and affordability of public transport is also key to our business. The corresponding positive impact on customer satisfaction and, in turn, passenger numbers, is key to our continued success, and our purpose:

to drive modal shift. In the UK, we currently have Sprint rapid transit lanes under construction which, when open in 2022, will reduce journey times on the same routes by 20%.

Most Satisfied Customers

We are proud of our progress. For example, ALSA delivered significant increases in the quality of service in Casablanca, Morocco, working in partnership with the local authority. Since 2020, measures of customer satisfaction 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 the customer experience, including safety, reliability and comfort. We have improved the diversity of our driver population, recruiting more female drivers, and have introduced new routes providing access for communities that were previously underserved.

North America school bus recorded its highest ever customer satisfaction score in 2021: 66% of customers gave the highest possible score.

In Germany, our reputation for performance and reliability has led to the award of the largest ever emergency contract in the German rail industry.

Most reliable

Our customers expect us to be reliable so they know they will get where they need to go on time. In North America, a late school bus has serious consequence and during 2021 we have continued to focus on on-time yard departures.

Through detailed analysis of our operations, we identified driver behaviour and scheduling as the key issues.

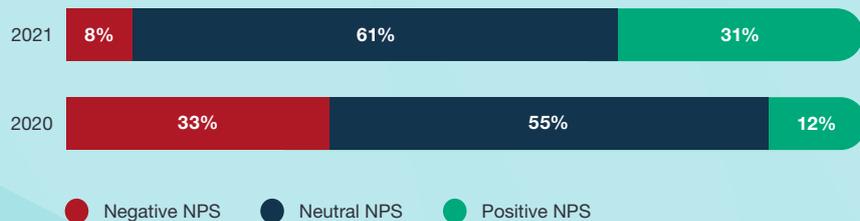
By reviewing and refining our processes our on-time departure has improved, leading to more consistent school arrival times and a reduction in penalties for lateness. This also supported the improvement in customer satisfaction scores, referenced earlier.

Driving customer satisfaction in Morocco



Satisfaction rate

Satisfaction rate improvement from 6.8 in 2020 to 7.8 in 2021 and the NPS from -21 to +23



Human capital

Employer of choice

We take our responsibilities to our 44,500 employees very seriously. In 2021, our Evolve strategy committed us to being the employer of choice.

During Covid-19, we maintained measures to undertake Pulse surveys in 2021, and were pleased to see engagement remained strong.

We measure progress through local employee engagement surveys and listening forums. We will be conducting our first global employee survey in 2022, which will enable us to have a consistent picture of our engagement scores.

Building on strong foundations, our refreshed people strategy will focus on sector leading employee engagement: creating a diverse and inclusive workforce and great people processes underpinned by our values.

Our 'listening' strategy is underpinned by regular and extensive internal communications with opportunities for two-way dialogue. The Board held four listening forums across all our territories in 2021, described in detail on page 64.

We have started the cascade of our Evolve strategy to all our employees. In doing so we will involve all employees in its delivery, promoting a common awareness of financial and economic factors affecting our performance.

In 2021, we increased our focus on health and wellbeing, providing access to wellbeing resources across divisions and a greater focus on mental health. We continued to protect colleagues during Covid-19, topping up wages impacted during furlough.

As part of our commitment to being the employer of choice, we support our people to participate in local community initiatives. However,

due to Covid-19 restrictions, our level of community activity and associated investment was reduced in 2021. Nevertheless, we remain committed to our 1% PBT target.

Creating a diverse and inclusive workplace is very important to everyone at National Express. For example, we have recently rolled out a programme of unconscious bias training.

Our approach and performance are overseen by our Board and our Global Diversity & Inclusion (D&I) Council. See pages 74 to 75 of our Nominations Committee Report for more details.

We are fully committed to equal opportunities (see below).

Health Bus reaches visitor milestone



We are proud that in the UK, our employee 'Health Bus' won an award for 'Outstanding Contribution by an Employer to Workplace Health and Wellbeing' from the Society of Occupational Medicine. The award highlighted the excellent service the Health Bus has provided since launch in 2014. In 2021, the bus reached the milestone of more than 10,000 visitors and will be continuing its journey in 2022 with the launch of a new bus.



Equal opportunities

We are an equal opportunities employer and our policy is to treat all employees equally, irrespective of race, gender, disability, age, sexual preference, marital status, employment status, religious or political beliefs and social background.

We give full and fair consideration to disabled applicants for employment, having regard to their skills and capabilities, as well as recognising our obligations in connection with the continuing employment and training of members of the workforce who have become disabled whilst in the Company's employment.

Where an employee becomes disabled, the objective is to retain their services wherever possible. We work to ensure

the continued career development of disabled persons including through training and promotion wherever their skills and capabilities permit.

We also promote an environment free from discrimination, harassment or victimisation and a culture in which members of the workforce are able to raise concerns without suffering detrimental treatment. They can do this by speaking with their line managers, any HR team members or via the Company's whistleblowing 'hotline', through which colleagues can raise concerns in confidence and anonymously if they wish. All such concerns raised in good faith are duly investigated and acted upon. Material concerns are reported to the Company's Board of Directors.

Governance

Governance is about having the best people governing our business and taking decisions on its behalf at every level of the organisation. We believe that the best people are those who are invested in the Company's purpose, behave in accordance with its values and are fully engaged in delivering its strategy. For full details, see our Corporate Governance Report on pages 50 to 108.

The Task Force on Climate-related Financial Disclosures

The Group has complied with the requirements of LR 9.8.6 R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

TCFD recommendation		Where in our TCFD disclosure is this addressed?
Governance	Board's oversight of climate-related risks and opportunities	A
	Management's role in assessing and managing climate-related risks and opportunities	B
Strategy	Climate-related risks and opportunities (short, medium and long term)	D
	Impact of climate-related risks and opportunities on the strategy and financial planning	E
	Resilience of the organisation's strategy, considering different climate-related scenarios, including a 2°C or lower scenario	E
Risk management	Processes for identifying and assessing climate-related risks	C
	Processes for managing climate-related risks	C
	Identifying, assessing and managing climate-related risks, and integration into overall risk management	C
Metrics and targets	Metrics to assess climate-related risks and opportunities in line with strategy and risk management process	F
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks	G
	Targets used to manage climate-related risks and opportunities and performance against targets	F

A Board's oversight of climate-related risks and opportunities

The Board's oversight of environmental matters is through its Safety & Environment Committee, which meets three times a year. The Committee reports to the Board of Directors but all Non-Executive Directors are members of this Committee and the Executive Directors also attend its meetings in view of the importance of safety and the environment to the Company.

Key activities

The Safety & Environment Committee approved the Group's environment strategy, centred on the transition of the Group's fleet to zero emission vehicles (see section F below). The Committee reviewed a number of matters relevant to the strategy, including:

- economics and expected impact on the Group's Consolidated Income Statement and Balance Sheet;
- timetable and deliverability, including government and customer support and advancement of ZEV technology in each of the Group's core geographies; and
- communication to the Group's stakeholders.

The Committee also reviewed the Group's process for identifying climate-related risks and opportunities, and the summary thereof (see section D below), as well as agreeing the proposed climate scenarios to be financially modelled. Subsequently, the Committee reviewed the two climate scenarios (see section E below). These reviews included:

- due enquiry into how the risks and opportunities had been identified;
- robust challenge of whether the impact of the risks and the deliverability of the opportunities were realistic; and
- why the two climate scenarios had been chosen.

Training and development

To assist them in discharging their oversight responsibilities on the Group's environmental strategy and being able to give direction and raise challenges, the Directors engaged e4tech, a leading energy and sustainability strategy consultancy. The Non-Executive Directors are also members of Chapter Zero, the UK chapter of the Climate Governance Initiative.

B Management's role in assessing and managing climate-related risks and opportunities

The Company's Executive Directors are responsible for the delivery of the Group's environment strategy and the sponsors of its overall net zero and zero emission fleet ambitions. They have created a new role and appointed a Group Sustainability Director, who joined the Group in December 2021, to support this delivery and continue to develop the Group's environment and wider sustainability strategy. As the Group's environment strategy is centred on the transition of the Group's fleet to ZEVs, the Group has also established two steering groups to oversee and lead the ZEV transition. The below diagram explains the role different managers play in assessing and managing climate-related risks and opportunities:



C Processes for identifying, assessing and managing climate-related risks

Identifying and assessing

The Group's risk management system exists to identify, assess and report on all business risks, including climate-related risks (see pages 42 to 47 for more detail). This year, we introduced a specific climate-related risk self-assessment, completed by all the Group's divisions. Divisions assigned a probability of occurrence and a financial impact score against each of the climate-related risks identified.

In assessing these risks, we have considered materiality. For short- to medium-term risks, we have applied a level of materiality broadly equivalent to that used in the audit of our Financial Statements (5% of the Group's Underlying Operating Profit or £10 million (whichever is higher)). For longer-term risks, we assume a materiality of 10% of the Group's Underlying Operating Profit, as they are further away, less certain and the Group has longer to develop strategies to mitigate.

For each risk, divisions have assessed the expected 'velocity' and activities and controls in place to mitigate the risk, as well as the effectiveness of those controls. The risk assessment is split into two sections: physical risks (such as extreme weather events), and risks related to transition to a lower carbon society, such as the cost or operational challenges with transitioning rapidly to a zero emission vehicle fleet. Finally, each division has assessed potential opportunities related to climate change.

The risk assessments were reviewed by the Group Financial Controller, the CFO and the Group Head of Risk, and a report produced for the Safety & Environment Committee of the Board (a summary of the risks and opportunities is set out in section D below).

Managing climate-related risks

Climate-related risks, like any principal risks, are included in the divisional and group risk registers and are assigned Risk Owners, who are responsible for the day-to-day management of the risk and in charge of capturing and reporting any developments regarding the risk in the regular Risk Management updates that take place throughout the year. Any requirements to increase investment or expenditure to further mitigate the risks are discussed at the correct level of management and approved as per the Group's delegated authority framework.

Integration into the overall risk management

The newly introduced climate-related risk self-assessments feed into the wider divisional and group risk registers and any significant climate-related risks are captured on those for review and discussion at the various levels of management and the Board.

D Climate-related risks and opportunities

Physical risks and opportunities

We identified and assessed the following risks:

- Severe weather events damaging Company assets. For example, the loss of a key location due to a natural fire caused by extreme high temperatures, or a natural catastrophe such as a hurricane and/or floods.
- Severe weather events resulting in lost revenue. For example, increased lost operating days in North America due to snow causing schools to close, or flooding prohibiting us from operating services in certain locations.
- Rising sea levels impacting on operations located near to coasts, requiring relocation, additional insurance premiums or loss of premises.
- Extreme heat reducing tourism during peak summer months in Spain and Morocco.
- Increased insurance premiums.

Opportunities that could arise from the physical effects of climate change, even in a scenario where there is no coordinated, rapid central government intervention, include the following:

- Local authorities/city councils could introduce more stringent congestion charges or emission-free zones to counteract the impact of increased pollution. This would drive modal shift onto public transport.
- Extreme weather events could have more of a disruptive impact on rail infrastructure, resulting in increased cancellations of, or reductions in, rail services, resulting in modal shift from rail to bus or coach, as well as opportunities for rail replacement services.

Transition risks and opportunities

We considered the risk of regulatory change and/or customer demand requiring society to transition to zero emission cars and public transport. The transition would involve potentially material changes in procuring, maintaining and operating the assets, creating execution risk. It would also require significant change to infrastructure, along with a need to recruit, train and retain employees with the necessary skills to maintain and repair these vehicles. Furthermore, a rapid transition to zero emission fleets could result in a need to accelerate depreciation on non-ZEV vehicles.

However, transition to a lower carbon society also brings potentially huge opportunities for a public transport company, as governments around the world prioritise investment into public transport to help cities solve the challenges of the drive for a cleaner air environment and, at the same time, meet their countries' carbon reduction targets. Furthermore, should governments introduce bans on vehicles with internal combustion engines, this could drive significant modal shift out of private cars and into public transport.

E Impact of climate-related risks and opportunities

We developed two principal scenarios, both of which looked at the impact on the Group as of 2035: an extreme climate change scenario (assuming a lack of action to reduce emissions, resulting in more extreme weather events) and an extreme transition scenario (including an assumed ban on internal combustion engines). We chose 2035 as the year to assess the impact of our modelling as it was sufficiently long term for the negative impacts of climate change to develop whilst also being the earliest realistic date (even in an extreme transition scenario) for a potential global ban on the use of internal combustion engines.

We assessed the impact of these scenarios on the Group's profit, cash flow and net debt, as well as the impact on the covenant tests that apply to certain of the Group's borrowings.

Extreme climate change scenario

The extreme climate change scenario assumes governments fail to take coordinated action to address global warming, resulting in increased extreme weather events. This scenario effectively assumes the current warming rate continues unabated; rising to c.+4°C by the end of the century, as forecast by the Intergovernmental Panel on Climate Change (IPCC) in its worst case 'RCP 8.5' scenario.

We assumed a confluence of extreme weather events occurring at least once a year, every year. These included: damage to depots from flooding and fires; business disruption from extreme heat or cold/snow; and increased insurance premiums. We considered the impact of these before mitigations; we anticipate that mitigating actions could significantly reduce risk, for example by relocating assets away from localised flood or wildfire risks.

We concluded that the financial impact of those risks would not be material. We arrived at this conclusion because of the geographical spread of the Group; operating from hundreds of depots across 50 cities and 11 countries. Extreme weather events, whilst potentially very disruptive on

a localised basis, are unlikely to impact all of the Group's physical locations in the same way at the same time. In any case, the Group's insurance policies cover many of the risks of physical damage, as well as the cost of business interruption.

Extreme transition scenario

This assumes that governments align on a coordinated decarbonisation strategy to limit the global temperature increase to 1.5°C above pre-industrial levels, as projected by the IPCC's 'RCP 2.6' scenario. Specifically, we have assumed that this involves a global ban on the use of any internal combustion engine vehicles from 1 January 2035, announced during 2022.

This scenario identified that whilst there could be financial impact from risks such as failing to comply with new regulatory requirements, difficulty in recruiting and retaining employees with the necessary skills to repair and maintain vehicles, and changing customer behaviour (e.g. resulting in lower demand for high carbon emitting activities such as flying and cruise ships, which in turn could impact our associated transport services to and from those places), these are not expected to be material either individually or in aggregate.

In modelling the impact of a ban on diesel vehicles from 1 January 2035, we concluded that, whilst the Group does not underestimate the operational challenges and, to that end, has set up the appropriate governance to plan for it, there would be no material adverse financial impact on the Group. This is because: we would have 13 years to plan for it; a 2035 target would not necessarily require much acceleration of fleet replacement beyond normal replacement cycles and our existing ZEV targets; and we have already identified that total cost of ownership for electric buses is better than for diesel.

Opportunities

In both scenarios there are potentially very material upside opportunities from modal shift.

In the extreme climate change scenario, whilst it is assumed that central governments take no action to reduce

emissions, it is likely that local government authorities or transport authorities would unilaterally impose measures to address congestion and pollution in cities. These measures could include clean air zones or congestion zones that levy fees for cars, or even ban them from city centres completely. This would force modal shift out of private car and into public transport.

In the extreme transition scenario, as well as local authorities potentially imposing measures, it is likely that central governments would bring about measures to either ban combustion engine cars or make them prohibitively expensive, as well as incentivising the transition to ZEVs.

The UK's Climate Change Committee predicts that 9-12% of car journeys could be switched to bus by 2030, with 17-24% being switched by 2050. According to our analysis of the Department for Transport's 'Passenger transport by mode' 2019 statistics, a modal shift of 1% from car to bus would result in an increase of 23% bus passenger kilometres.

Conclusion

Under the most extreme climate scenarios, we anticipate the modal shift opportunities to more than offset the risks.

Our conclusion does rely on various assumptions, with varying levels of confidence. The following two assumptions are of note, as there is uncertainty attached to them and we will accordingly monitor and re-assess closely:

- Whilst electric is becoming established as a viable, and indeed more cost effective, alternative for urban buses, the zero emission solutions for long haul transport are less developed. The current expectation is that hydrogen will be the solution, but the technology is not as proven as electric buses.
- We have assumed that there will be political will, and hence government support, in the USA for electrification of school buses; the early signs are promising.

F Metrics and targets used to assess climate-related risks and opportunities

To limit the effects of climate change, the Group will focus on reducing its carbon footprint by monitoring metrics and setting emissions reduction targets.

In 2019, the Group adopted a set of intensity base metrics which are measured year-on-year and are used as the basis for three absolute science-based targets on GHG emissions, using the Sectoral Decarbonisation Approach (SDA) methodology. These targets have not yet been registered with the SBTi as the Group is first required to complete its Scope 3 footprint. 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. We aim to achieve these SDA KPIs over an initial seven-year performance period, 2019 to 2025, with 2018 being the baseline year. The three science-based targets sit alongside more traditional targets for onsite (Scope 1 & 2) emissions, landfilled waste disposal and water usage.

The performance against KPI intensity targets for 2020 and 2021 has been materially impacted by the significant reduction in passenger numbers and mandatory requirements limiting occupancy, both of which reduce the environmental efficiency relative to normalised operation. While absolute emissions have materially improved as we travelled significantly fewer miles and sites have been closed for long periods, our intensity metrics have worsened (i.e. emissions per passenger km have increased), driven by lower occupancy across the business and a mix away from long distance coach businesses and into urban bus businesses.

Please see page 98 to 99 for information on how our GHG reduction metrics and increase in zero emission vehicles are used as a remuneration metric in relation to the Executive Directors' and senior managers' LTIP scheme.

The table below shows the overall Group targets through to 2025 and our progress to date from our baseline year of 2018. More detail on these targets and on performance against them is set out in the detailed environmental data disclosures on pages 221 to 223.

Reduction target description (metric)	Base year (2018)	2025 target	Required % reduction from 2018	2021	% change from base year	% change YOY (2020-2021)	Required % reduction to meet target
Traction Energy: (vehicle fuel and electricity) <i>MWh/mpkm</i>	66.92	58.72	(12.25)%	86.19	28.8%	20.7%	(31.9)%
Traction Carbon Emissions (Scope 1 & 2) <i>tCO₂e/mpkm</i>	17.67	15.45	(12.53)%	24.15	36.7%	8.4%	(36.0)%
Total Scope 1 & 2 Emissions <i>tCO₂e/mpkm</i>	19.26	16.45	(14.59)%	25.34	31.2%	5.9%	(34.9)%
Site Scope 1 & 2 Emissions (building use only) <i>tCO₂e</i>	41,656	38,199	(8.30)%	31,683	(23.9)%	(13.3)%	Met

As an early adopter of decarbonisation targets, the Group initially set KPIs designed to meet the IPCC goal of controlling the increase in global warming to below 2°C. These new targets introduce Net Zero targets for the Group for the first time, as well as new targets for fleet decarbonisation at the divisional level, where our vehicles currently contribute around 95% of the Group's Scope 1 and 2 emissions.

At the Group level, we have launched a new target to achieve net zero (Scope 1 & 2) by 2040. Delivery of our Group-wide targets will be achieved through our ambition to replace all carbon emitting vehicles – see page 32 for full details of our zero emission targets, and for details of ZEVs we are currently operating. Going forward we will report externally in our annual report on the number of ZEVs that the Group is operating.

Scope 1, 2 and 3 GHG emissions and related risks

We measure our absolute Scope 1 and 2 emissions and are increasingly developing our Scope 3 emissions reporting. By reducing our absolute emissions, we believe we are reducing our exposure to risks of regulatory change, public policy and changing customer demands – please see pages 42 to 47 for more information on our principal risks and uncertainties. As the Group decarbonises, these risks are expected to become opportunities as the Group's businesses leverage the environmental benefits delivered through greater use of public transport.

tCO ₂ e emissions by scope	2016	2017	2018	2019	2020	2021	% change YOY (2020-2021)
1	815,788	801,061	808,650	823,582	514,106	657,239	27.8%
2	95,107	60,682	48,583	49,938	67,879	73,649	8.5%
3	9,620	6,127	7,627	8,221	8,641	5,762	(33.3)%
Total	920,516	867,870	864,859	881,741	590,626	736,650	24.7%

Scope 1 emissions (from combustion of fuels) represent the largest category for emissions, with vehicle emissions representing around 95% of Scope 1 emissions. Scope 2 emissions (from electricity usage) represent energy usage both in our buildings and in our German rail operations. Scope 3 emissions represents business travel, waste, water and certain other upstream emissions. However there is more work to be done to quantify a complete set of Scope 3 emissions. We have initiated a screening exercise in order to develop our understanding of Scope 3 emissions and will report on our progress in our 2022 Annual Report. We recognise the importance of emissions data, and ESG data more generally, and the quality of data underpinning it. Accordingly we continue to enhance our approach and processes in line with external expectations. Whilst we do utilise external support in the calculation and compilation of the Group's emissions, the Group's disclosures are not currently subject to independent assurance. For more information on the emissions data, please refer to our detailed environmental disclosures on pages 221 to 223.