



**CONFIDENTIAL**

LEGALLY BINDING MEMORANDUM OF UNDERSTANDING  
between

- (1) Inframobility UK Bidco Limited
- (2) the Trustees of the Stagecoach Group Pension Scheme

Date: 9 March 2022

This **MEMORANDUM OF UNDERSTANDING** is executed and delivered as a deed on

.....9 March.....2022

between

- (1) **INFRAMOBILITY UK BIDCO LIMITED**, a company registered in England and Wales with registered number 13957417 and having its registered office address at Solent Business Park, Forum 4 C/O Aztec Financial Services (UK) Limited, Parkway South, Whiteley, Fareham, United Kingdom, PO15 7AD (the "**Offeror**"); and
- (2) [REDACTED] in their capacity as **THE TRUSTEES OF THE STAGECOACH GROUP PENSION SCHEME**, care of Stagecoach Group plc, 10 Dunkeld Road, Perth PH1 5TW, together with their successors in office (the "**Trustees**").

## **BACKGROUND**

- (A) On the Memorandum Date, the Offeror or a member of the Offeror's Group has made the Rule 2.7 Announcement in respect of the Offer, which anticipates the implementation of the Transaction.
- (B) The Company is the principal employer of the Pension Scheme and the Trustees are the current trustees of the Pension Scheme.
- (C) The covenant provided to the Pension Scheme by the Company is the most significant element of the overall employer covenant supporting the Pension Scheme. The Trustees are concerned to ensure that the Transaction would not have a materially detrimental effect on the Pension Scheme by materially weakening the employer covenant supporting the Pension Scheme.
- (D) The Pension Scheme is a significant stakeholder in the Group and represents an important risk factor for the Offeror as future owner of the Group. The Offeror is willing to procure that the Group commits to additional cash contributions to the Pension Scheme following the Transaction Effective Date to anticipate and facilitate investment de-risking to bring the Pension Scheme's risk profile into line with the Offeror's risk budget.
- (E) The parties have entered into this Memorandum to (among other things) set out the terms of the arrangements between them that will become effective on and from the Transaction Effective Date.
- (F) The parties intend this Memorandum to be legally binding.

## **AGREED TERMS:**

### **1. Definitions and Interpretation**

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- 1.1 In this Memorandum (including the recitals) the following expressions have the following meanings:
- |                                |  |
|--------------------------------|--|
| "2020 Valuation Contributions" | aggregate cash deficit recovery contributions to the Pension Scheme of £7.7m per annum as agreed in the recovery plans entered into by the Trustees and members of the Group as part of the Pension Scheme Valuation as at April 2020                  |
| "Additional Contribution"      | has the meaning ascribed to it in clause 5.10  |
| "Affiliate"                    | in respect of any person: <ul style="list-style-type: none"> <li>(a) a parent undertaking of that person;</li> <li>(b) a subsidiary undertaking of that person; or</li> <li>a subsidiary undertaking of a parent undertaking of that person</li> </ul> |

“Business Day”	any day other than a Saturday or a Sunday or a public or bank holiday when the banks are open for business in London
“Code”	The City Code on Takeovers and Mergers
“Committed Contribution Payment Date”	has the meaning ascribed to it in clause 5.7.2
“Committed Contribution Payment Period”	has the meaning ascribed to it in clause 5.6
“Committed Contributions”	has the meaning ascribed to it in clause 5.6
“Companies Act”	the Companies Act 2006
“Company”	Stagecoach Group plc (with registered number SC100764 having its registered office at 10 Dunkeld Road, Perth PH1 5TW)
“Condition”	a condition to the implementation of the Transaction as set out in the Rule 2.7 Announcement
“Confidentiality Agreement”	the confidentiality agreement between the Trustees and DWS Alternatives Global Limited dated 17 January 2022, as amended or superseded from time to time
“Employer”	a participating employer of the Pension Scheme from time to time
“Group”	the Company and each of its subsidiary undertakings from time to time (and “ <b>Group member</b> ” and “ <b>member of the Group</b> ” shall be construed accordingly)
“Liability Management Exercise”	any exercise intended to commute, reshape, or transfer out benefits from the Pension Scheme or any section of the Pension Scheme in relation to all or part of the Pension Scheme or any section of the Pension Scheme with a view to improving the funding position of the Pension Scheme or any section of the Pension Scheme by offering an additional option or options to members (or certain members) of the Pension Scheme or any section of the Pension Scheme, including but not limited to: <ul style="list-style-type: none"> <li>(a) a pension increase exchange;</li> <li>(b) a transfer value exercise;</li> <li>(c) a flexible retirement option; or</li> <li>(d) an early retirement option exercise</li> </ul>
“London Section Employers”	the Employers in respect of the London Section as at the date of this Memorandum
“London Section”	the segregated section of the Pension Scheme known as the “London Section”
“Longer Term De-risking Strategy”	has the meaning ascribed to it in clause 5.9.1
“Long-Term Objective”	has the meaning ascribed to it in clause 5.9.1
“LTO Measure”	a long-term objective for the Pension Scheme with the methods and assumptions used for the purposes of calculating the technical provisions in the Pension Scheme Valuation but with a discount rate calculated using the relevant gilt yield curve plus 0.5% per annum, with fully

	market implied inflation (with no inflation risk premium) plus an appropriate explicit expense reserve
“Main Section”	the segregated section of the Pension Scheme known as the “Main Section” as defined in the Pension Scheme Rules
“Memorandum Date”	the date of this Memorandum
“Offer”	the implementation of the Transaction by way of a contractual takeover offer (as defined in Part 28 of the Companies Act)
“Offeror Document”	each document listed in Schedule 1
“Offeror’s Group”	the Offeror and each of its Affiliates from time to time (and <b>“the Offeror’s Group member”</b> and <b>“member of the Offeror’s Group”</b> shall be construed accordingly)
“Panel”	the Panel on Takeovers and Mergers
“Pension Scheme”	the occupational pension scheme known as the Stagecoach Group Pension Scheme which is currently governed by the Pension Scheme Rules
“Pension Scheme Rules”	the Definitive Trust Deed and Rules dated 27 February, 27 March and 16 April 2013 governing the Pension Scheme, as amended from time to time
“Pension Scheme Valuation”	a valuation in respect of the Pension Scheme carried out in accordance with Part 3 of the Pensions Act 2004
“Relevant Period”	has the meaning ascribed to it in clause 5.7
“Rule 2.7 Announcement”	the announcement by the Offeror or a member of the Offeror’s Group under Rule 2.7 of the Code on the Memorandum Date
“Scheme of Arrangement”	the implementation of the Transaction by way of a scheme of arrangement pursuant to Part 26 of the Companies Act
“September 2021 Valuation”	the Pension Scheme Valuation with an effective date of 30 September 2021
“Sheffield Section”	the segregated section of the Pension Scheme to be established under the Pension Scheme Rules in order to accept a transfer of assets and liabilities in respect of the Group’s liabilities from the Omnibus section of the Railways Pension Scheme
“Significant Maturity”	“significant maturity” of the Pension Scheme as defined by the Pensions Regulator (if applicable), unless the Trustees and the Company agree otherwise, and currently estimated to be reached by the Pension Scheme by 2032-2034
“Transaction”	the proposed offer by the Offeror or a member of the Offeror’s Group to acquire the entire issued and to be issued share capital of the Company
“Transaction Effective Date”	(a) if the Transaction is implemented by way of an Offer, the date that the Offer is declared or becomes unconditional in all respects; or (b) if the Transaction is implemented by way of a Scheme of Arrangement, the date that the Scheme of Arrangement becomes effective
“Warranted Information”	the information set out in each Offeror Document relating to the proposed legal structure for the Offeror’s Group and

the proposed financing structure for the Offeror's Group (including the Group)

- 1.2 Unless otherwise specified, any reference to a “**Schedule**” is to a Schedule to this Memorandum.
- 1.3 The phrases “**parent undertaking**” and “**subsidiary undertaking**” have the meanings given to them in section 1162 and schedule 7 of the Companies Act.
- 1.4 Any reference to:
- 1.4.1 a “**party**” is to a party to this Memorandum;
- 1.4.2 “**assets**” includes present and future properties, revenues and rights of every description (including any shares or other securities issued by any person);
- 1.4.3 a “**liability**” includes any liability or obligation whatsoever and however arising and, in particular, whether
- (i) arising under applicable law, in contract, tort, delict, unjustified enrichment or otherwise;
- (ii) arising as a result of any negligence or breach of duty or otherwise; and / or
- (iii) present, future, contingent, unascertained or otherwise; and
- 1.4.4 a “**person**” includes a reference to any individual (including that individual's legal personal representatives), firm, partnership, limited partnership, limited liability partnership, company, corporation or other body corporate, government, state or agency of a state or any unincorporated association or joint venture (in each case whether or not having a separate legal personality and whether or not that person is acting as a trustee).
- 1.5 References to any gender include references to each other gender (including neuter) and references to the singular include the plural and vice versa.
- 1.6 The clause headings in this Memorandum do not affect its interpretation.
- 1.7 Any reference to this Memorandum or any other agreement or document shall be interpreted as a reference to this Memorandum or, as the case may be, that other agreement or document, as it may have been, or may from time to time be amended, varied, supplemented, substituted, novated or assigned.
- 1.8 References to any statute or statutory provision include, unless the context otherwise requires, a reference to the statute or statutory provision as modified, replaced, re-enacted or consolidated and in force from time to time and any subordinate legislation made under the relevant statute or statutory provision (as so modified, replaced, re-enacted or consolidated) in force from time to time.
- 1.9 Any phrase introduced by the term “**include**”, “**including**”, “**in particular**”, “**other**”, or any similar general term is not limited by any particular examples preceding or following those general terms.

## **2. Effectiveness**

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The parties agree that no provision of this Memorandum, other than this clause 2 and clauses 4.5, 5.1, 5.2, 5.3, 5.4, 8, 9, 10.1, 11, 12, 13, 14 and 15, shall come into effect prior to the Transaction Effective Date.

## **3. Obligations relating to the Pension Scheme**

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The parties recognise that the Pension Scheme is a significant stakeholder in the Group and that the Trustees and the Group have obligations under the Pension Scheme Rules and applicable law. For the avoidance of doubt, the parties confirm that nothing in this Memorandum will operate to:

- 3.1 prevent the Trustees from exercising any decision as to the investment strategy of the Pension Scheme or require the consent of the Company to the exercise of any investment decision, subject always to the obligations of the Trustees to consult with the Group under section 229 of the Pensions Act 2004; and

- 3.2 prevent any person from complying with their duties and obligations under Part 3 of the Pensions Act 2004 in relation to the Pension Scheme.

#### **4. Trustee changes**

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- 4.1 The Offeror:
- 4.1.1 acknowledges the experience and history of the current individual Trustees; and
- 4.1.2 subject to clause 4.2, will procure that (on, or as soon as reasonably practicable following, the Transaction Effective Date) the Company will enter into a commitment with the Trustees not to exercise any right to:
- (i) replace the Trustees with a sole corporate or sole professional trustee; or
- (ii) remove any Trustee who at the Memorandum Date is a current trustee and who holds that position having been nominated by the members of the Pension Scheme in accordance with section 241 of the Pensions Act 2004,
- in each case within a 12 month period commencing on the Transaction Effective Date.
- 4.2 Nothing in clause 4.1.2 shall prevent any Trustee who has wilfully or recklessly breached any of their duties as a Trustee from being removed from office by the Company.
- 4.3 The parties acknowledge that nothing in clause 4.1 shall prevent or restrict:
- 4.3.1 the appointment of any professional trustee as an additional trustee of the Pension Scheme; or
- 4.3.2 the replacement of any Trustee who has died or resigned from office.
- 4.4 Without prejudice to clause 4.1, the Offeror will procure that (on, or as soon as reasonably practicable following, the Transaction Effective Date) the Company will enter into a commitment with the Trustees that (so far as reasonably practicable) it will:
- 4.4.1 give the Trustees at least two months' notice prior to the exercise of any right of the Group to remove and / or replace any Trustee;
- 4.4.2 during that period, consult with the Trustees (and, acting reasonably, take into account their reasonable representations in relation to such removal and / or replacement); and
- 4.4.3 comply with all requirements to appoint a minimum number of member-nominated trustees in accordance with section 241 of the Pensions Act 2004.
- 4.5 The Offeror confirms that it will not, prior to the Transaction Effective Date, encourage or request that the Group exercise any right to:
- 4.5.1 replace the Trustees with a sole corporate or sole professional trustee; or
- 4.5.2 remove any Trustee who at the Memorandum Date is a current trustee and who holds that position having been nominated by the members of the Pension Scheme in accordance with section 241 of the Pensions Act 2004.

#### **5. Funding, investment and Committed Contributions**

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##### **September 2021 Valuation**

- 5.1 The Offeror acknowledges that the Trustees expect to agree the September 2021 Valuation with the Company on a "business as usual" basis prior to the Transaction Effective Date. The Offeror will take no action to prevent or obstruct the Company or the Trustees concluding the September 2021 Valuation.
- 5.1.1 Summary of expected employer contributions from the September 2021 Valuation to the Main Section:
- (i) although it is anticipated that there will no longer be a deficit on a technical provisions basis, employer contributions of £3.0 million per annum will be payable until 31 March 2027 (i.e. the employer contributions set out in the recovery plan agreed between the Trustees and the Company in respect

of the Pension Scheme Valuation as at April 2020 will continue and be reconsidered following the next Pension Scheme Valuation); and

- (ii) expenses for the Main Section will first be met from the employer contributions paid to the Main Section as described in sub-clause 5.1.1(i) and otherwise met from the Main Section.

5.1.2 Summary of expected employer contributions from the September 2021 Valuation to the London Section:

- (i) in aggregate, employer contributions will not be materially different to those agreed as a result of the Pension Scheme Valuation as at April 2020 in respect of deficit reduction contributions and ongoing accrual contributions (including allowance for expenses and death in service costs); and
- (ii) any expenses exceeding the expense allowance in the ongoing accrual contributions will first be met from deficit reduction contributions payable to the London Section and otherwise met from the London Section.

5.2 The Trustees will promptly inform the Offeror of the final outcome of the September 2021 Valuation (and any differences between its terms and the summary of the expected position set out in clause 5.1).

5.3 The Trustees confirm that (as at the Memorandum Date) it is their current intention that, unless there is a material change in circumstances relating to the funding position of the Pension Scheme or the employer covenant supporting the Pension Scheme which the Trustees consider, acting reasonably, makes it necessary or advisable to agree with the Company additional covenant support measures, no additional covenant support measures will be agreed between the Trustees and the Company prior to the Transaction Effective Date in relation to the September 2021 Valuation or otherwise. The Trustees will promptly inform the Offeror if they agree additional covenant support measures with the Company in relation to the September 2021 Valuation.

#### **Future Pension Scheme Valuation**

5.4 The Trustees confirm that (as at the Memorandum Date) they have no current intention to call a Pension Scheme Valuation with an effective date prior to April 2024 (excluding, if applicable and for the avoidance of doubt, the September 2021 Valuation) other than to the extent the Trustees will be required to call a Pension Scheme Valuation in respect of the Sheffield Section within one year from the date when the Sheffield Section is established.

5.5 The Trustees agree that they will not call a Pension Scheme Valuation (other than in respect of the Sheffield Section as described at clause 5.4) with an effective date prior to April 2024 (excluding, if applicable and for the avoidance of doubt, the September 2021 Valuation) unless there has been a material change in circumstances relating to the funding position of the Pension Scheme or the employer covenant supporting the Pension Scheme which the Trustees consider, acting reasonably, makes it necessary or advisable for them to call an earlier Pension Scheme Valuation.

#### **Committed Contributions**

5.6 The Offeror shall procure that (on, or as soon as reasonably practicable following, the Transaction Effective Date) the Company enters into a commitment with the Trustees to pay (or procure that members of the Group commit to pay) committed contributions to the Pension Scheme (the “**Committed Contributions**”) on the terms set out in this clause 5 in respect of the period:

5.6.1 beginning on the Transaction Effective Date; and

5.6.2 ending on the date which is the 10<sup>th</sup> anniversary of the first Committed Contribution Payment Date (as defined in clause 5.7.2) or, if earlier, the date that the Trustees conclude a Pension Scheme Valuation which has demonstrated that the liabilities of the Pension Scheme are less than the value of its assets based on the LTO Measure,

(the “**Committed Contribution Payment Period**”).

- 5.7 Subject to clause 5.8, the Committed Contributions payable in respect of each successive 12 month period in the Committed Contribution Payment Period (each a “**Relevant Period**”) shall be:
- 5.7.1 an amount equal to:
- (i) in respect of the first Relevant Period, £12.5 million;
  - (ii) in respect of each subsequent Relevant Period, the amount of the Committed Contributions payable in respect of the previous Relevant Period, increased by 3%; and
- 5.7.2 payable monthly in equal instalments on or before the 19<sup>th</sup> of the month following the last Business Day of each month in the Relevant Period (each such date being a “**Committed Contribution Payment Date**”).
- 5.8 The parties acknowledge and agree that:
- 5.8.1 save as set out in sub-clause 5.8.2(i), the Committed Contributions are inclusive of the employer contributions payable to the Pension Scheme:
- (i) in relation to the Pension Scheme Valuation as at April 2020; and
  - (ii) to be agreed between the Trustees and the Company in relation to the September 2021 Valuation; and
- 5.8.2 the Committed Contributions shall be appropriately allocated between the Main Section, the London Section and the Sheffield Section by the Trustees, in consultation with the Company, and subject to the following principles:
- (i) Committed Contributions will not include the ongoing accrual contributions, which for these purposes shall comprise of the annual service cost for Pension Scheme benefits and death in service benefits for active Pension Scheme members and all ongoing expenses, except that up to £3.0 million per annum in relation to ongoing expenses of the Main Section, and up to £0.6 million per annum in relation to ongoing expenses of the London Section will be included in the Committed Contributions;
  - (ii) Committed Contributions shall next be allocated against deficit recovery payments in any Pension Scheme Valuation, which for the avoidance of doubt may exceed the Committed Contributions; and
  - (iii) any remaining Committed Contributions shall be applied by the Trustees to the general funds of the Pension Scheme.

#### **Investment de-risking approach to Pension Scheme funding**

- 5.9 In recognition of: (i) the Offeror’s desire to achieve a lower risk approach in relation to the funding and investment strategy of the Pension Scheme and for that approach to be more aligned with the Offeror’s business strategy as a provider of patient capital; and (ii) the commitments in relation to Committed Contributions set out at clause 5.7:
- 5.9.1 the Trustees will, and the Offeror will procure that the Company will, engage collaboratively and in good faith in discussions to review the Pension Scheme’s funding and investment strategy with a view to reaching agreement on a transition towards a lower-risk investment strategy for the Pension Scheme over time to target full funding on the LTO Measure by the time the relevant section of the Pension Scheme reaches Significant Maturity (the “**Long -Term Objective**”). Such agreement is expected to include:
- (i) some initial changes to the asset allocation of the Pension Scheme and introducing interest rate and inflation hedging as part of risk reduction; and
  - (ii) a dynamic de-risking strategy for the Pension Scheme which targets long-term risk and return consistent with the Long-Term Objective by the point of Significant Maturity with reasonable likelihood  
(the “**Longer Term De-risking Strategy**”); and



- 5.9.2 the Trustees will, and the Offeror will procure that the Company will, engage collaboratively and in good faith with a view to reaching agreement on the Longer Term De-risking Strategy and documenting it in the Pension Scheme's statements of investment principles within 12 months of the Transaction Effective Date.
- 5.10 The parties recognise that the amount of the Committed Contributions will exceed the 2020 Valuation Contributions and are expected to exceed the employer contributions (excluding the employer ongoing accrual contributions) to be agreed in respect of the September 2021 Valuation. The amount by which the Committed Contributions exceed the amount of any employer contributions (other than employer ongoing accrual contributions and any expenses which it has been agreed will be met by the Employers separately from the Committed Contributions) agreed between the Trustees and the Company for the 2020 Valuation Contributions or the September 2021 Valuation (if greater) shall be an **"Additional Contribution"**.
- 5.11 The commitments made by the Company or members of the Group in accordance with clause 5.7 above shall provide that the Additional Contributions shall, unless the Company otherwise agrees in writing, automatically cease to be payable by the Company or the relevant member of the Group (as applicable) on the earliest of the following events:
- 5.11.1 the Longer Term De-risking Strategy not being agreed by the Trustees and the Company and documented in revised statements of investment principles for the Pension Scheme by the date which is 12 months after the Transaction Effective Date (or such later date as the Trustees and the Company agree in writing);
- 5.11.2 the Trustees do not comply with the Longer Term De-risking Strategy, unless the Company has agreed in writing to such non-compliance; and
- 5.11.3 the Trustees amend the Longer Term De-risking Strategy without the Company's prior written agreement.

## **6. Liability Management Exercises**

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- 6.1 The Trustees shall, acting reasonably and in good faith, consider any proposals by the Company from time to time following the Transaction Effective Date for the conduct of one or more Liability Management Exercises.
- 6.2 The Offeror shall procure that (on, or as soon as reasonably practicable following, the Transaction Effective Date) the Company commits to the Trustees that, following the Transaction Effective Date, the Company shall acting reasonably and in good faith consider any proposals from the Trustees from time to time for the conduct of one or more Liability Management Exercises.

## **7. Information Sharing and Consultation Protocol**

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Following the Transaction Effective Date, the Offeror will procure that (on, or as soon as reasonably practicable following, the Transaction Effective Date) the Company enters into an information sharing and consultation protocol as set out in Schedule 2.

## **8. Warranties**

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- 8.1 The Offeror warrants to the Trustees that (as at the Memorandum Date) to the best of its knowledge, information and belief:
- 8.1.1 the Warranted Information was true, accurate and not misleading in all material respects at the time that the relevant Offeror Document was provided to the Trustees;
- 8.1.2 no event, matter or circumstance has occurred since the relevant Offeror Document was provided to the Trustees which makes the Warranted Information untrue, inaccurate or misleading in any material respect; and
- 8.1.3 each statement of the Offeror's future intentions in relation to the Warranted Information represents the Offeror's genuine good faith intentions as at the time that the relevant Offeror Document was provided to the Trustees.

- 8.2 The Offeror will promptly notify the Trustees if any event, fact, matter or circumstance occurs in the period between the Memorandum Date and the Transaction Effective Date which would have resulted in a warranty given pursuant to clause 8.1 being untrue if that warranty were given by the Offeror on the date on which the event, fact, matter or circumstance occurred.

## **9. Trustee confirmations**

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Based on the information available to the Trustees at the Memorandum Date and subject to the provision of support for the Pension Scheme as documented in this Memorandum, the Trustees have concluded that (as at the Memorandum Date) the Transaction would not be materially detrimental to the employer covenant supporting the Pension Scheme, to the ability of the Pension Scheme to meet its liabilities or to the likelihood of the accrued Pension Scheme benefits being received. In giving this confirmation, the Trustees have taken account of the information provided to it in the Warranted Information.

## **10. The Pensions Regulator**

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- 10.1 Prior to the Transaction Effective Date each party will, so far as reasonably practicable:
- 10.1.1 cooperate with the other party in relation to any engagement with the Pensions Regulator in relation to this Memorandum; and
  - 10.1.2 update the other party about any discussions that they have with the Pensions Regulator in relation to this Memorandum,
- in each case except to the extent that:
- 10.1.3 that party considers (in good faith) that it would not be appropriate to do so (having regard, where the party is the Trustees, to their duties as trustees); and / or
  - 10.1.4 the Pensions Regulator has requested or required that party not to do so.
- 10.2 Following the Transaction Effective Date:
- 10.2.1 the Offeror will procure that (on, or as soon as reasonably practicable following, the Transaction Effective Date) the Company will commit to the Trustees that it will, so far as reasonably practicable:
    - (i) cooperate with the Trustees in relation to any engagement with the Pensions Regulator in relation to this Memorandum; and
    - (ii) update the Trustees about any discussions that it has with the Pensions Regulator in relation to this Memorandum
  - 10.2.2 the Trustees will, so far as reasonably practicable:
    - (i) cooperate with the Company in relation to any engagement with the Pensions Regulator in relation to this Memorandum; and
    - (ii) update the Company about any discussions that they have with the Pensions Regulator in relation to this Memorandum,
- in each case except to the extent that:
- 10.2.3 the relevant party considers (in good faith) that it would not be appropriate to do so (having regard, where the party is the Trustees, to their duties as trustees); and / or
  - 10.2.4 the Pensions Regulator has requested or required the relevant party not to do so.

## **11. Takeover Code**

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- 11.1 The Trustees agree that they will consult with the Offeror concerning any opinion which they might wish to publish for the purpose of Rule 25.9 of the Code. They further acknowledge that they will take due account of the terms of this Memorandum when formulating the wording of any such opinion.
- 11.2 The Offeror may include a statement in the Rule 2.7 Announcement referring to or summarising the terms of this Memorandum. The Trustees accept that the Offeror may publish this Memorandum under Rule 26 of the Code.

- 11.3 Nothing in this Memorandum is or shall be read as constituting a post-offer undertaking by the Offeror or any member of the Offeror's Group for the purposes of the Code.

## **12. Confidentiality**

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- 12.1 Subject to the remainder of this clause and the terms of the Confidentiality Agreement, each party undertakes to the other that it will keep the terms of this Memorandum and any information provided to them pursuant to the information sharing and consultation protocol set out in Schedule 2 confidential and not, without the prior written consent of the other party, directly or indirectly communicate or disclose those terms or any such information to any other person.
- 12.2 The provisions of clause 12.1 shall not apply to any disclosure of any of the terms of this Memorandum:
- 12.2.1 by any party to the Pensions Regulator;
- 12.2.2 by any party to the extent required by applicable law or regulation or the rules of any stock exchange or listing authority, the Code, the Panel or any other governmental or regulatory agency or organisation (including any tax authority or antitrust body);
- 12.2.3 without prejudice to clause 12.2.2:
- (i) by the Offeror: (a) in the Rule 2.7 Announcement, any offer document, revised offer document, scheme circular or supplementary scheme circular in relation to the Transaction; (b) to any of the Offeror's Affiliates; and/or (c) to the Offeror's investment manager and any of its Affiliates; or
- (ii) by the Trustees in any opinion given by them pursuant to Rule 25.9 or 32.6 of the Code;
- 12.2.4 by the Trustees, to the members of the Pension Scheme but only where such disclosure:
- (i) is to the minimum extent required under law;
- (ii) relates to relevant (and not all) terms of this Memorandum; and
- (iii) is part of information provided to members of the Pension Scheme on a regular basis;
- 12.2.5 by any party to the extent that those terms are already publicly known (other than as a result of a breach of this clause);
- 12.2.6 by any party to that party's directors, officers or employees;
- 12.2.7 by any party to that party's professional advisers (provided that they have an obligation of confidentiality to the disclosing party which is equivalent to the terms of this clause or are otherwise subject to professional duties of confidence); or
- 12.2.8 by any party to the Company (including the Company's directors, officers or employees) and the Company's professional advisers (provided that such advisers have an obligation of confidentiality to the disclosing party which is equivalent to the terms of this clause or are otherwise subject to professional duties of confidence).
- 12.3 A party who is intending to make a disclosure pursuant to clauses 12.2.2 or 12.2.3 shall (to the extent lawful and practicable) consult with the other party in relation to the form of that disclosure and take into account any reasonable comments of the other party on it.

## **13. Termination**

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- 13.1 Subject to clause 13.2, this Memorandum shall terminate upon the occurrence of any of the following:
- 13.1.1 the parties agree in writing to terminate this Memorandum;
- 13.1.2 written notice of termination being given by one party to the other following the occurrence of one or more of the following:
- (i) any Condition being invoked by the Offeror (where the invocation of the relevant Condition is permitted by the Panel);

- (ii) a third party announces a firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for the Company under Rule 2.7 of the Code, which completes, becomes effective or is declared or becomes unconditional in all respects; or
  - (iii) the Transaction is withdrawn, terminated or lapses in accordance with its terms and, where required, with the consent of the Panel, other than where such withdrawal, termination or lapse is followed within 60 Business Days by an announcement under Rule 2.7 of the Code made by the Offeror or any person acting in concert with the Offeror (or deemed to be acting in concert with the Offeror) to implement the Transaction by a different Offer or Scheme of Arrangement.
- 13.2 For the avoidance of doubt, no party may terminate this Memorandum pursuant to clause 13.1 as a result of a switch from a Scheme of Arrangement to an Offer (or vice versa) as the structure by which the Transaction is proposed to be implemented.
- 13.3 Upon termination of this Memorandum, each party shall cease to have any further rights or obligations under this Memorandum, but termination shall not affect:
- 13.3.1 any accrued rights or remedies in respect of the breach by another party of this Memorandum prior to termination; or
  - 13.3.2 any of the following provisions (which shall remain in full force and effect):
    - (i) clause 9
    - (ii) this clause 13.2; and
    - (iii) to the extent that they apply in relation to the foregoing clauses, clauses 14 and 15.

## 14. Notices

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- 14.1 Any notice, demand or communication in connection with this Memorandum shall be in writing and delivered personally or sent by pre-paid first class post or by email to the recipient's address as set out in clause 14.3 or to any other address which the recipient has notified in writing to the sender not less than 5 Business Days before the notice is despatched.
- 14.2 The notice, demand or communication is deemed given:
- 14.2.1 if delivered personally, at the time of delivery to the address provided for in this Memorandum;
  - 14.2.2 if sent by pre-paid first class post, on the second Business Day after posting it; or
  - 14.2.3 if sent by email, at the time of transmission,
- provided that, if it is delivered personally on a day which is not a Business Day or after 4pm on any Business Day, it shall instead be deemed to have been given or made on the next Business Day.
- 14.3 The addresses referred to in clause 14.1 are:

### **OFFEROR**

To: Inframobility UK Bidco Limited

For the attention of: [REDACTED]

Address: 45 Cannon Street, London EC4M 5SB

Email: [REDACTED]

### **THE TRUSTEES**

To: The Trustees of the Stagecoach Group Pension Scheme

For the attention of: [REDACTED]

Address: 10 Dunkeld Road, Perth PH1 5TW

Email: [REDACTED]

## 15. Miscellaneous

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### **Status of the Trustees**

- 15.1 The Trustees are entering into this Memorandum in their capacity as the current trustees of the Pension Scheme (and in no other capacity) and consequently:
- 15.1.1 the agreement set out in this Memorandum will not be affected by any change in the identities of the persons who from time to time are the trustees of the Pension Scheme and shall be enforceable by and against the Trustees' successors in office as trustees of the Pension Scheme,
  - 15.1.2 any new Trustee appointed prior to the Transaction Effective Date shall be required to accede as a party to the Memorandum as a condition of being appointed as a Trustee; and
  - 15.1.3 any liability of the Trustees (or their successors in office as trustees of the Pension Scheme) under or in connection with this Memorandum shall be in their capacity as trustees of the Pension Scheme (and in no other capacity). No Trustee shall incur any personal liability under or in connection with this Memorandum and any liability of the Trustees shall lie only against (and be limited to) the assets of the Pension Scheme to the fullest extent permitted by law.

### **Variation**

- 15.2 This Memorandum may only be varied by an agreement in writing signed by or on behalf of each party to this Memorandum.

### **Entire agreement**

- 15.3 This Memorandum and the Confidentiality Agreement together constitutes the entire agreement between the parties relating to the Transaction and the Pension Scheme and supersede and replace any previous agreement, understanding, undertaking or arrangement of any nature between the parties relating to the subject matter of this Memorandum.
- 15.4 Each party acknowledges that in entering into this Memorandum it is not relying upon any pre-contractual statement that is not set out in this Memorandum or the Confidentiality Agreement.
- 15.5 Except in the case of fraud or fraudulent misrepresentation, no party shall have any right of action against any other party to this Memorandum arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Memorandum or the Confidentiality Agreement.
- 15.6 For the purposes of clauses 15.4 and 15.5, "pre-contractual statement" means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Memorandum or the Confidentiality Agreement made or given by any person at any time prior to the entry into of this Memorandum.
- 15.7 Nothing in this Memorandum shall limit any liability for (or remedy in respect of) fraud or fraudulent misrepresentation.

### **Third party rights**

- 15.8 The parties do not intend that any term of this Memorandum will be enforceable (whether under the Contracts (Rights of Third Parties) Act 1999 or otherwise) by any person who is not a party to it.

### **Assignment**

- 15.9 Except as set out in clause 15.10, no party shall be entitled to assign (whether absolutely or by way of security and whether in whole or in part), transfer, charge, declare itself a trustee for a third party of, or otherwise dispose of in any manner whatsoever, the benefit of this Memorandum (or any part of it) or sub-contract in any manner whatsoever its performance under this Memorandum, without the prior written consent of the other parties.
- 15.10 The Trustees may assign and / or transfer all of their rights and obligations under this Memorandum to any successor to all or part of their functions as trustees of the Pension Scheme and the Offeror may assign and / or transfer all of their rights and obligations under this

Memorandum to any of its Affiliates with a registered office in the United Kingdom, subject to the Trustee's prior written consent (not to be unreasonably withheld or delayed).

**Costs and expenses**

- 15.11 Subject to any separate agreement between any party and any other party, each of the parties shall pay its own costs and expenses in connection with the negotiation, preparation or execution of this Memorandum and any documents referred to in it.

**Remedies and waivers**

- 15.12 No delay or omission by any party in exercising any right, power or remedy provided by applicable law or under this Memorandum shall affect that right, power or remedy or operate as a waiver of it.
- 15.13 The single or partial exercise of any right, power or remedy provided by applicable law or under this Memorandum shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 15.14 The rights, powers and remedies provided in this Memorandum are cumulative and not exclusive of any rights, powers and remedies provided by applicable law.

**Counterparts**

- 15.15 This Memorandum may be executed in any number of counterparts and by the parties to it on separate counterparts. Each counterpart when executed and delivered shall be an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Memorandum by email attachment shall be an effective mode of delivery.

**Governing law**

- 15.16 This Memorandum and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, English law.

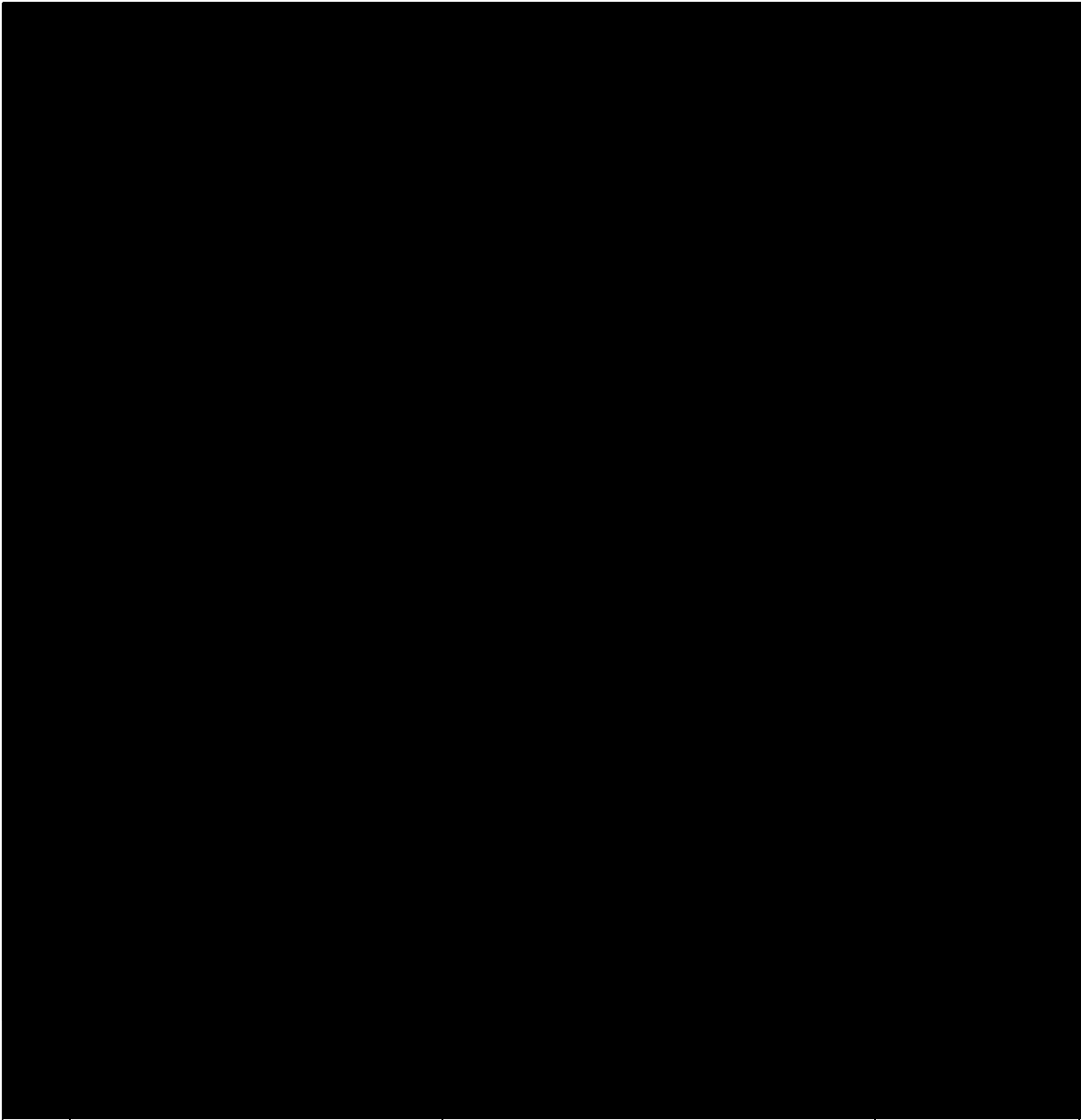
**Jurisdiction**

- 15.17 The English courts shall have exclusive jurisdiction in relation to all disputes which may arise out of or in connection with this Memorandum, including without limitation, disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, termination or the legal relationships established by, this Memorandum; and (ii) any non-contractual obligations arising out of or in connection with this Memorandum. The parties irrevocably agree to submit to that jurisdiction.

**THIS MEMORANDUM** has been executed by or on behalf of the parties on the date at the top of page 1.

**SCHEDULE 1**

**OFFEROR DOCUMENTS**



**SCHEDULE 2**  
**INFORMATION SHARING AND CONSULTATION PROTOCOL**

*[The remainder of this page has intentionally been left blank]*



**CONFIDENTIAL****Subject to contract**

This **Agreement** is executed and delivered as a deed on .....2022

between

- (1) **Stagecoach Group plc** [ ] with registered number [ ] and having its registered office address at [ ] (the "**Company**"); and
- (2) [ ] in their capacity as **THE TRUSTEES OF THE STAGECOACH GROUP PENSION SCHEME**, care of [ ], together with their successors in office (the "**Trustees**").

**BACKGROUND**

- (A) The Company is the principal employer of the Pension Scheme (as defined below) and the Trustees are the current trustees of the Pension Scheme.
- (B) The Company recognises that the Trustees and their advisers need access to information concerning the Group (as defined below) in order for the Trustees to form an understanding of, assess and monitor the employer covenant with respect to the Pension Scheme.
- (C) The purpose of this Agreement is to set out (i) the information which the Company will provide the Trustees on a regular basis and (ii) the events which the Company has agreed will be notified to the Trustees. For the avoidance of doubt, the parties acknowledge that the obligations set out in this Agreement are in addition to all information and notification requirements which are set out in applicable law.

**AGREED TERMS:****1. Definitions and Interpretation**

- 1.1 In this Agreement (including the recitals) the following expressions have the following meanings:
- |                      |   |
|----------------------|---|
| "Acquisition"        | in respect of any asset, the purchase or acquisition of any interest in that asset (including the purchase or acquisition of any lease, licence or other right to use that asset) (and "Acquire" and "Acquired" shall be construed accordingly)                 |
| "Affiliate"          | in respect of any person: <ul style="list-style-type: none"> <li>(a) a parent undertaking of that person;</li> <li>(b) a subsidiary undertaking of that person; or</li> <li>(c) a subsidiary undertaking of a parent undertaking of that person</li> </ul>      |
| "Agreement Date"     | the date of this Agreement  |
| "Annual Information" | has the meaning ascribed to it in clause 3.1.3  |
| "Business"           | an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants |
| "Business Day"       | any day other than a Saturday or a Sunday or a public or bank holiday when the banks are open for business in London  |
| "Dee Group"          | PEIF III and each of its subsidiary undertakings from time to time but excluding the Group. " <b>Dee Group member</b> " and " <b>member of the Dee Group</b> " shall be construed accordingly   |

"Disposal"	in respect of any asset, the sale, grant of any lease, licence or other right to use, or other disposal or transfer of any interest in that asset (and "Dispose" and "Disposed" shall be construed accordingly)
"Distribution"	<ul style="list-style-type: none"> <li>(a) a dividend or other distribution (including distribution in specie);</li> <li>(b) a return of capital;</li> <li>(c) a payment or transfer of assets on (or as a result of) any cancellation, reduction, repurchase redemption or repayment of any shares, other equity securities or equity capital, which for the avoidance of doubt excludes any payment of external debt securities of the Group;</li> <li>(d) the payment, pre-payment or repayment of any Financial Indebtedness by any Group member to any member of the Dee Group; or</li> <li>(e) any transaction, arrangement or event whereby a Group member becomes a creditor in relation to Financial Indebtedness in respect of which a member of the Dee Group is the debtor,</li> </ul> <p>in each case whether or not on a winding up</p>
"Dividend Information"	has the meaning ascribed to it in clause 3.1.4
"Employer"	the Company and any other principal or participating employer of the Pension Scheme from time to time
"Excluded Company Distribution"	<p>the declared Distribution by the Company not exceeding:</p> <ul style="list-style-type: none"> <li>(a) the cumulative total of £75 million during the first complete financial year of the Company following the Agreement Date (expected to be the financial year ending May 2023) ("FY23");</li> <li>(b) the cumulative total of £75 million and a further Indexed Company Allowance during the second complete financial year of the Company following the Agreement Date ("FY24"), less any Distributions by the Company in FY23;</li> <li>(c) the cumulative total of the amount calculated for the purposes of (b) plus a further Indexed Company Allowance during the third complete financial year of the Company following the Agreement Date ("FY25"), less any Distributions by the Company in FY24;</li> <li>(d) for any financial year of the Company after FY25, the cumulative total of the Indexed Company Allowance assessed on a rolling three-year basis, less any Distributions by the Company in the previous two financial years</li> </ul>
"Excluded London Distribution"	<p>the declared Distribution by the London Section Employers not exceeding:</p> <ul style="list-style-type: none"> <li>(a) the cumulative total of £20 million during the first complete financial year of the London Section Employers following the Agreement Date (expected to be the financial year ending May 2023) ("FY23")</li> </ul>

	<ul style="list-style-type: none"> <li>(b) the cumulative total of £20 million and a further Indexed London Allowance during the second complete financial year of the London Section Employers following the Agreement Date (“FY24”), less any Distributions by the London Section Employers in FY23;</li> <li>(c) the cumulative total of the amount calculated for the purposes of (b) plus a further Indexed London Allowance during the third complete financial year of the London Section Employers following the Agreement Date (“FY25”), less any Distributions by the London Section Employers in FY24;</li> <li>(d) for any financial year of the London Section Employers after FY25, the cumulative total of the Indexed London Allowance assessed on a rolling three-year basis, less any Distributions by the London Section Employers in the previous two financial years</li> </ul>
“Existing Bonds”	the £400,000,000 bonds issued by the Company, due September 2025
“Existing RCF”	each of the six committed revolving credit facilities provided to the Company, amounting to aggregate facilities of £325,000,000, and which are currently due to expire in March 2025
“Financial Indebtedness”	<p>any liability for or in respect of:</p> <ul style="list-style-type: none"> <li>(a) moneys borrowed (including bank overdrafts) from banks or other financial institutions;</li> <li>(b) any amount raised by that person pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;</li> <li>(c) any lease or hire purchase contract, a liability under which would, in accordance with applicable International Financial Reporting Standards as they apply in the United Kingdom, be treated as a balance sheet liability, other than those entered into in the ordinary course of business; or</li> <li>(d) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back and sale and leaseback agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of borrowing or otherwise classified as borrowings under International Financial Reporting Standards as they apply in the United Kingdom other than arrangements entered into in the ordinary course of business</li> </ul>
“Group”	the Company and each of its subsidiary undertakings from time to time (and “ <b>Group member</b> ” and “ <b>member of the Group</b> ” shall be construed accordingly)
“Guarantee”	a guarantee or other similar agreement or arrangement under which one person is liable or responsible for any liabilities or obligations of another person
“Half-Yearly Information”	has the meaning ascribed to it in clause 3.1.2

“Indexed Company Allowance”	means £75 million increased by 3% per annum for each Company financial year from FY23
“Indexed London Allowance”	means £20 million increased by 3% per annum for each financial year of the London Section Employers from FY23
“London Section Employer”	means an Employer in respect of the London Section (being currently East London Bus & Coach Company Limited (registered number 02328402) and South East London & Kent Bus Company Limited (registered number 02328595))
“London Section”	the segregated section of the Pension Scheme known as the “London Section”
“LTO Measure”	a long-term objective for the Pension Scheme with the methods and assumptions used for the purposes of calculating the technical provisions in the Pension Scheme Valuation but with a discount rate calculated using the relevant gilt yield curve plus 0.5% per annum, with fully market implied inflation (with no inflation risk premium) plus an appropriate explicit expense reserve
“Material Guarantee or Security”	a Guarantee by any one or more Group members or Security Interest over any specified assets or shares of any one or more Group members, which guarantees or secures (as applicable): <ul style="list-style-type: none"> <li>(a) Financial Indebtedness in excess of £50 million;</li> <li>(b) any other liabilities exceeding £50 million which have been (or are to be) incurred by one or more Group member otherwise than in the ordinary course of their business and activities</li> </ul>
“Memorandum Date”	the date of the memorandum of understanding entered into between Inframobility UK Bidco Limited (a company registered in England and Wales with registered number 13957417) and the Trustees
“Notifiable Event	has the meaning ascribed to it in clause 4.4
“PEIF III”	Pan-European Infrastructure III, SCSp, registered as a special limited partnership (société en commandite spéciale) with the Luxembourg Register of Commerce and Companies in accordance with the 1915 Law under registration number B228810 having its registered office at 8, rue Lou Hemmer, L-1748 Senningerberg, Grand Duchy of Luxembourg
“Pension Scheme”	the occupational pension scheme known as the Stagecoach Group Pension Scheme which is currently governed by the Pension Scheme Rules
“Pension Scheme Rules”	the Definitive Trust Deed and Rules dated 27 February, 27 March and 16 April 2013 governing the Pension Scheme, as amended from time to time
“Pension Scheme Valuation”	a valuation in respect of the Pension Scheme carried out in accordance with Part 3 of the Pensions Act 2004
“Relevant Information”	has the meaning ascribed to it in clause 3.1
“Security Interest”	(a) a mortgage, charge, pledge, lien or other security interest securing any liability of any person;

- (b) any Disposal by any person on terms whereby the relevant assets are or may be leased back or re-acquired by that person;
- (c) any Disposal of any receivables by a person on recourse terms;
- (d) any arrangement entered into by a person under which any money or the benefit of a bank or other account of that person may be applied to reduce, set-off against or made subject to a combination of accounts in respect of any liability of that or another person; and
- (e) any contract, arrangement or agreement having a similar effect to any of the foregoing

"Senior Lender" has the meaning ascribed to it in clause 3.1.1(ii)

"Senior Lender and Credit Rating Agency Information" has the meaning ascribed to it in clause 3.1.1

"Structured Secured Financing Term Sheet" the financing term sheet a draft of which dated 18 January 2022 has been shared with the Trustees and which sets certain proposed ring-fencing amendments to be made to the Existing Bonds and each Existing RCF

1.2 The phrases "**parent undertaking**" and "**subsidiary undertaking**" have the meanings given to them in section 1162 and schedule 7 of the Companies Act.

1.3 Any reference to:

1.3.1 a "**party**" is to a party to this Agreement;

1.3.2 "**assets**" includes present and future properties, and rights of every description (including any shares or other securities issued by any person);

1.3.3 a "**liability**" includes any liability or obligation whatsoever and however arising and, in particular, whether

(i) arising under applicable law, in contract, tort, delict, unjustified enrichment or otherwise;

(ii) arising as a result of any negligence or breach of duty or otherwise; and/or

(iii) present, future, contingent, unascertained or otherwise; and

1.3.4 a "**person**" includes a reference to any individual (including that individual's legal personal representatives), firm, partnership, limited partnership, limited liability partnership, company, corporation or other body corporate, government, state or agency of a state or any unincorporated association or joint venture (in each case whether or not having a separate legal personality and whether or not that person is acting as a trustee).

1.4 References to any gender include references to each other gender (including neuter) and references to the singular include the plural and vice versa.

1.5 The clause headings in this Agreement do not affect its interpretation.

1.6 Any reference to this Agreement or any other agreement or document shall be interpreted as a reference to this Agreement or, as the case may be, that other agreement or document, as it may have been, or may from time to time be amended, varied, supplemented, substituted, novated or assigned.

1.7 Any phrase introduced by the term "**include**", "**including**", "**in particular**", "**other**", or any similar general term is not limited by any particular examples preceding or following those general terms.

## **2. Effective Date**

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This Agreement shall take effect on the Agreement Date.

### 3. Information sharing

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#### Information sharing

3.1 The Company will provide the following information and documentation described in sub-clauses 3.1.1 to 3.1.3 (the “**Relevant Information**”) to the Trustees as soon as reasonably practicable after it becomes available:

3.1.1 Any financial and other documentation in relation to the financial performance of the Group which is available and is provided in writing in the ordinary course of business:

- (i) to any lender which is party to a committed revolving credit facility with the Group pursuant to which the Group can borrow an amount equal to or greater than £25 million; and/or
- (ii) to any bond holders of the Group (any of those lenders referred to in clause 3.1.1 (i) and the class of bond holders of the Group, each being a “**Senior Lender**”); and/or
- (iii) to any credit rating agency in their ongoing review of the Group’s business,

(the “**Senior Lender and Credit Rating Agency Information**”).

3.1.2 To the extent produced by the Group, the information and documentation described below to the extent not provided to the Trustees pursuant to clause 3.1.1:

- (i) subject to clause 3.3, Group consolidated financial statements for the relevant six-month period, comprising income statement, cash flow statement and balance sheet in respect of the Group; and
- (ii) to the extent produced by the Group:
  - (a) in respect of the Group’s London Bus business, summary financial performance comprising revenue, EBITDA/operating profit and additions to property, plant and equipment in respect of the relevant six-month period;
  - (b) the debt covenant compliance certificate in respect of the six-month period, including forecast compliance over the twelve-month period following each date which is six months after the date of the Company’s financial year end;
  - (c) copies of any summary financial information provided by the Company to the credit rating agencies following each date which is six months after the date of the Company’s financial year end; and
- (iii) to the extent not provided to the Trustees pursuant to sub-clause 3.1.2(i) or 3.1.2(ii), confirmation of any Distributions that the Company and/or any London Section Employer are forecasting to make in the twelve-month period following each date which is six months after the date of the Company’s financial year end.

(the “**Half-Yearly Information**”).

3.1.3 the latest information and documentation available for the Group described below to the extent not provided to the Trustees pursuant to clause 3.1.1:

- (i) subject to clause 3.3, Group consolidated financial statements for the most recently ended financial year/period, comprising income statement, cash flow statement and balance sheet; and
- (ii) to the extent produced by the Group:
  - (a) in respect of the London Bus business, summary financial performance comprising revenue, EBITDA/operating profit and additions to property, plant and equipment in respect of the most recently ended financial year/period;

- (b) the latest Group annual budget and financial forecasts approved by the Company, including revenue and EBITDA/operating profit budget figures for the London Bus business;
  - (c) the debt covenant compliance certificate in respect of the financial year/period most recently ended, including forecast compliance over the period covering twelve months following each date which is the date of the Company's financial year end;
  - (d) copies of the financial information provided by the Company to the credit rating agencies for the period covering twelve months following each date which is the date of the Company's financial year end; and
- (iii) to the extent not provided to the Trustees pursuant to sub-clauses 3.1.3(i) or 3.1.3(ii), confirmation of any Distributions that the Company and/or any London Section Employer are forecasting to make for the period covering twelve months following each date which is the date of the Company's financial year end,
- (the "**Annual Information**").
- 3.1.4 Details of any Distribution declared and/or paid by the Company or any London Section Employer (the "**Dividend Information**").
- 3.2 Without prejudice to clause 3.1 (and unless stated otherwise) the Company will provide to the Trustees:
- 3.2.1 the Senior Lender and Credit Rating Agency Information within a period of 5 Business Days after it is provided to lenders and credit rating agencies;
  - 3.2.2 the Half-Yearly Information within a period of 30 days after the date that it is provided to a member of the Dee Group (or a shareholder of PEIF III), but in any event not later than 120 days after each date which is six months after the date of the Company's financial year end;
  - 3.2.3 the Annual Information within a period of 30 days after the date that it is provided to a member of the Dee Group (or a shareholder of PEIF III), but in any event not later than 180 days after each date which is the date of the Company's financial year end; and
  - 3.2.4 the Dividend Information within a period of 30 days after the date on which the relevant Distribution is declared and/or paid.
- 3.3 If, at any time, the Group consolidated financial statements referred to in clause 3.1.3(i) are not being prepared by (or in respect of) the Group for any purpose other than complying with those clauses, the Trustees and the Company will (in good faith and acting reasonably) discuss the extent to which any information which is produced by (or in respect of) the Group for the purposes of assessing the financial performance of the Group is to be provided as an alternative to those financial statements.

#### **Management meetings with the Trustees**

- 3.4 The Company will ensure that a senior financial officer of the Group meets with the Trustees on an approximately six-monthly basis (at mutually convenient times) to present and discuss the performance and outlook of the Group, to supplement the provision of the Relevant Information to the Trustees. The presentation to the Trustees at such meetings will include:
- 3.4.1 a summary of the Relevant Information; and
  - 3.4.2 to the extent not covered in the most recently provided Relevant Information:
    - (i) an indication of events occurring since the last such meeting, that the Company reasonably considers are important to the Trustees' assessment of the employer covenant;
    - (ii) an indication of any significant changes in the Group's principal risks and uncertainties, that the Company reasonably considers are important to the Trustees' assessment of the employer covenant;

- (iii) an indication of the outlook for the Group;
- (iv) the movement in the Group's consolidated net debt for the most recently ended financial year / period (or if later, the most recently ended first six months of a financial year / period);
- (v) an indication of the Group's available liquidity in the form of cash and committed debt facilities at the most recent financial year / period end (or if later, the most recent end of the first six months of a financial year / period);
- (vi) an indication of the Group's debt financial covenant outcomes for the most recent period for which these have been determined; and
- (vii) any plans the Group has to re-finance borrowings and/or significantly change its capital structure, that the Company reasonably considers are important to the Trustees' assessment of the employer covenant.

#### 4. Notifiable events

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- 4.1 The Company undertakes to the Trustees:
  - 4.1.1 to notify the Trustees, in advance if reasonably practicable, of any Notifiable Event;
  - 4.1.2 if requested by the Trustees (acting reasonably), enter into non-legally binding discussions with the Trustees in relation to the mitigation (if any) to be provided in connection with any Notifiable Event which might be (or would be reasonably likely to be) materially detrimental to the employer covenant supporting the Pension Scheme; and
  - 4.1.3 act in good faith and reasonably in discussions with the Trustees pursuant to clause 4.1.2.
- 4.2 The Trustees undertake to the Company that they will act reasonably and in good faith in any discussions with the Company pursuant to clause 4.1.2.
- 4.3 For the avoidance of doubt, nothing in this Agreement shall be interpreted:
  - 4.3.1 as agreement or an obligation on the part of the Company to provide additional or accelerated funding to the Pension Scheme or to provide any mitigation to the Pension Scheme in any particular circumstance; or
  - 4.3.2 as an agreement on the part of the Trustees not to, or prohibiting or restricting the Trustees from, requesting any additional or accelerated funding or mitigation to be provided (or taking any other action) in respect of any event, fact, matter or circumstance which:
    - (i) they consider will or may have a detrimental effect on the employer covenant supporting the Pension Scheme; but
    - (ii) is not a Notifiable Event,
 (even if that event, fact, matter or circumstance is of a type which could be a Notifiable Event were it not for the application of any threshold or other exclusion).
- 4.4 For the purposes of this Agreement, a "Notifiable Event" is:
  - 4.4.1 any direct or indirect Disposal (whether in a single transaction or a number of related transactions within a 12-month period) of any of the following:
    - (i) any shares or other securities issued by an Employer, other than where the Disposal is to one or more other Employers;
    - (ii) all or substantially all of the business and/or assets of an Employer, other than where the Disposal is to one or more other Employers;
    - (iii) any shares or other securities issued by any Group member whose revenue, in respect of the last financial year for which the Group has produced audited financial statements, exceeded 20% of the Group consolidated revenue, other than where the Disposal is to one or more other Group members; and



- (iv) all or substantially all of the business and/or assets of any Group member whose revenue, in respect of the last financial year for which the Group has produced audited financial statements, exceeded 20% of the Group consolidated revenue, other than where the Disposal is to one or more other Group members,

but excluding, for the avoidance of doubt, the planned Disposal by the Group of: (i) the Group's shareholding in Scottish Citylink Coaches Limited; and (ii) the marketing, retail and customer services activities of the Megabus UK and Falcon inter-city coach businesses, pursuant to an agreement between the Company and ComfortDelGro Corporation Limited;

- 4.4.2 any direct or indirect Acquisition by a member of the Group (whether in a single transaction or a number of related transactions within a 12-month period) of any assets (including any shares, securities or other interest in any person) which together constitute a Business whose revenue for the most recent 12-months for which a revenue figure is available for that Business is more than 20% of the Group's consolidated revenue in respect of the last financial year for which the Group has produced audited consolidated financial statements, other than where the Acquisition is from one or more Group members;
- 4.4.3 a refinancing of the Existing Bonds and/or any Existing RCF, where (i) such refinancing would, in the reasonable opinion of the Company, be materially detrimental to the employer covenant supporting the Pension Scheme or (ii) where such refinancing results in the Group no longer having an investment grade credit rating;
- 4.4.4 a material change to:
  - (i) the proposed ring-fencing structure set out in the Structured Secured Financing Term Sheet; and/or
  - (ii) to any other terms of the Existing Bonds and/or any Existing RCF;
 in each case where such change could, in the reasonable opinion of the Company, be reasonably likely to be materially detrimental to the employer covenant supporting the Pension Scheme;
- 4.4.5 any Material Guarantee or Security being given by a Group member;
- 4.4.6 the declaration or payment of a Distribution by the Company other than an Excluded Company Distribution;
- 4.4.7 the declaration or payment of a Distribution by a London Section Employer other than an Excluded London Distribution;
- 4.4.8 any decision to wind down, close or cease all or substantially all of the business carried on by any Employer if the revenue of that Employer, in respect of the last financial year for which the Group has produced audited financial statements, exceeded 10% of the Group consolidated revenue.

## **5. Confidentiality**

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- 5.1 Subject to the remainder of this clause, the Trustees undertake that they will keep the terms of this Agreement and any information provided to them by the Company or its Affiliates pursuant to this Agreement confidential and not, without the prior written consent of the Company, directly or indirectly communicate or disclose those terms or any such information to any other person.
- 5.2 The provisions of clause 5.1 shall not apply to any disclosure of any of the terms of this Agreement:
  - 5.2.1 to the Pensions Regulator;
  - 5.2.2 to the extent required by applicable law or regulation;
  - 5.2.3 to the extent that those terms are already publicly known (other than as a result of a breach of this clause);

- 5.2.4 to the Trustees' professional advisers (provided that they have an obligation of confidentiality to the Trustees which is equivalent to the terms of this clause or are otherwise subject to professional duties of confidence).
- 5.3 Where the Trustees intend to make a disclosure pursuant to clause 5.2 they shall (to the extent lawful and practicable) consult with the Company in relation to the form of that disclosure and take into account any reasonable comments of the Company on it.
- 5.4 If required by the Company prior to the disclosure of information to the Trustees about a specific transaction, each of the Trustees shall, and the Trustees shall procure that their advisers shall, enter into a transaction-specific confidentiality agreement and deliver a signed copy of those agreements to the Company by email.

## **6. Review of Agreement and termination**

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- 6.1 The parties agree that if:
- 6.1.1 in the reasonable opinion of the Trustees or the Company, the first financial forecasts provided to the Trustees pursuant to clause 3.1.3(iii) are materially different to the financial forecasts which have been provided to the Trustees by the Dee Group in writing before the Memorandum Date; and
- 6.1.2 as a result, the Trustees or the Company (acting reasonably and in good faith) consider that the terms of this Agreement need to be updated and notify the other party of that within three months of those first financial forecasts being provided to the Trustees,
- then the Trustees and the Company shall engage collaboratively in good faith discussions to review the terms of the Agreement, with a view to considering whether any amendments should be made to reflect the change in the financial forecasts.
- 6.2 The parties further agree to engage collaboratively and in good faith in discussions to review the terms of this Agreement at each Pension Scheme Valuation with a view to considering whether any amendments should be made to reflect changes in the circumstances of the Group or the Pension Scheme.
- 6.3 This Agreement shall terminate upon the occurrence of any of the following:
- 6.3.1 the parties agree in writing to terminate this Agreement;
- 6.3.2 the Trustees concluding a Pension Scheme Valuation which has demonstrated that the liabilities of the Pension Scheme are less than the value of its assets based on the LTO Measure. In those circumstances, the parties shall engage collaboratively and in good faith with a view to agreeing a replacement information sharing protocol which reflects the more limited reliance of the Pension Scheme on the employer covenant.

## **7. Notices**

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- 7.1 Any notice, demand or communication in connection with this Agreement shall be in writing and delivered personally or sent by pre-paid first class post or by email to the recipient's address as set out in clause 7.3 or to any other address which the recipient has notified in writing to the sender not less than 5 Business Days before the notice is despatched.
- 7.2 The notice, demand or communication is deemed given:
- 7.2.1 if delivered personally, at the time of delivery to the address provided for in this Agreement;
- 7.2.2 if sent by pre-paid first class post, on the second Business Day after posting it; or
- 7.2.3 if sent by email, at the time of transmission;
- provided that, if it is delivered personally on a day which is not a Business Day or after 4pm on any Business Day, it shall instead be deemed to have been given or made on the next Business Day.

7.3 The addresses referred to in clause 7.1 are:

**COMPANY**

To: Stagecoach Group plc

For the attention of: [REDACTED]

Address: 10 Dunkeld Road, Perth, PH1 5TW

Email: [REDACTED]

**THE TRUSTEES**

To: The Trustees of the Stagecoach Group Pension Scheme

For the attention of: [REDACTED]

Address: 10 Dunkeld Road, Perth PH1 5TW

Email: [REDACTED]

**8. Miscellaneous**

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**Status of the Trustees**

8.1 The Trustees are entering into this Agreement in their capacity as the current trustees of the Pension Scheme (and in no other capacity) and consequently:

8.1.1 the agreement set out in this Agreement will not be affected by any change in the identities of the persons who from time to time are the trustees of the Pension Scheme and shall be enforceable by and against the Trustees' successors in office as trustees of the Pension Scheme; and

8.1.2 any liability of the Trustees (or their successors in office as trustees of the Pension Scheme) under or in connection with this Agreement shall be in their capacity as trustees of the Pension Scheme (and in no other capacity). No Trustee shall incur any personal liability under or in connection with this Agreement and any liability of the Trustees shall lie only against (and be limited to) the assets of the Pension Scheme to the fullest extent permitted by law.

**Variation**

8.2 This Agreement may only be varied by an agreement in writing signed by or on behalf of each party to this Agreement.

**Third party rights**

8.3 The parties do not intend that any term of this Agreement will be enforceable (whether under the Contract (Third Party Rights) (Scotland) Act 2017 or otherwise) by any person who is not a party to it.

**Assignment**

8.4 Except as set out in clause 8.5, no party shall be entitled to assign (whether absolutely or by way of security and whether in whole or in part), transfer, charge, declare itself a trustee for a third party of, or otherwise dispose of in any manner whatsoever, the benefit of this Agreement (or any part of it) or sub-contract in any manner whatsoever its performance under this Agreement, without the prior written consent of the other parties.

8.5 The Trustees may assign and/or transfer all of their rights and obligations under this Agreement to any successor to all or part of their functions as trustees of the Pension Scheme.

**Counterparts**

8.6 This Agreement may be executed in any number of counterparts and by each of the parties on separate counterparts. Where executed in counterparts:

8.6.1 this Agreement will not take effect until each of the counterparts has been delivered;

8.6.2 each counterpart will be held as undelivered until the parties agree a date on which the counterparts are to be treated as delivered;

8.6.3 the date of delivery may be inserted in the testing clause in the blank provided for the effective date.

**Governing law**

8.7 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, Scots law.

**Jurisdiction**

8.8 The Scottish courts shall have exclusive jurisdiction in relation to all disputes which may arise out of or in connection with this Agreement, including without limitation, disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, termination or the legal relationships established by, this Agreement; and (ii) any non-contractual obligations arising out of or in connection with this Agreement. The parties irrevocably agree to submit to that jurisdiction.

**IN WITNESS WHEREOF THIS AGREEMENT** (comprising this and the preceding [11] pages) has been subscribed as follows:

Effective date:.....

**Subscribed by STAGECOACH )**  
**GROUP plc, acting by )** .....  
) Director

.....

at:

.....

on:

.....

in the presence of:

Witness Signature:

Name:

Address:

**Subscribed by THE TRUSTEES OF )**  
**THE STAGECOACH GROUP )** .....  
**PENSION SCHEME acting by )** Trustee

.....  
And .....  
Trustee

.....

.....

at:  
.....

on:  
.....



Executed and delivered as a deed by  
THE TRUSTEES OF THE  
STAGECOACH GROUP PENSION  
SCHEME acting by

[Redacted]

[Redacted]  
.....

in the presence of:

Witness Signature:

[Redacted]

Name:

[Redacted]

Address:

[Redacted]...

[Redacted]

[Redacted]

.....

in the presence of:

Witness Signature:

[Redacted]

Name:

[Redacted]

Address:

[Redacted]