Eversholt UK Rails Limited

Corporate Governance statement and Section 172(1) statement for the year ended 31 December 2025

For the year ended 31 December 2025, the Company has voluntarily adopted the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ("FRC") in December 2018 and available on the FRC website).

The Group adopts a number of governance policies and procedures on a group-wide basis, which are adopted and implemented by the subsidiaries of the Company to the extent relevant to their operations.

The purpose of this report is to explain these principles, how they are applied to the Company in the context of its role within the broader Group.

Being the holding company of the Group, the Company's performance is dependent upon the performance of the Group. Corporate governance activities are carried out directly by the Company aligned where appropriate for the Company's role in the Group (for example, Board Composition) as reflected in the following sections.

Principle 1 – Purpose and leadership

The Group's strategy for the financial year reported was to focus on growth through investing in UK rolling stock and associated rail assets. This is broken-down into three areas:

- Leasing and asset managing our existing UK fleet;
- Acquisition of new and existing UK rolling stock assets; and
- Owning and acquiring UK rail related non-rolling stock assets where they complement our rolling stock portfolio.

Our corporate vision was "To be the UK's rolling stock leasing company of choice and continue to be an expert and responsible provider of train finance and asset management". Our strategy and vision were underpinned by our management of Environmental, Social and Governance ("ESG") matters summarised by the following four themes:

- Innovating to support the transport decarbonisation journey;
- Leading as a responsible asset owner;
- Providing a great place to work; and
- Delivering results with integrity.

The Group identified four shared behaviours (respect, one team, be open to change and demonstrate a sense of urgency) that are central to the creation and maintenance of a culture within the business which empowers each member of the workforce to contribute to the successful pursuit of the Group's strategic aims, and to forge strong relationships with the Group's external stakeholders.

In pursuit of its vision, the Board of the Company (the "Board") maintains a relentless focus on safety, validated by an external Safety Panel as explained in further detail below.

Following the acquisition of Eversholt UK Rails Limited by the Beacon Rail Group, the Group has adopted the three behaviours of the wider Beacon Rail Group (agile: we empower our people to tackle issues without delay; collaborative: we act as one Beacon; and thrive: we develop personal growth and curiosity). The Group will continue to pursue its strategic objectives and management of ESG matters, both of which are aligned with those of the wider Beacon Rail Group.

Principle 2 – Board composition

For the financial year reported, the Company was the intermediate holding company for the Group. The Board comprised the Chief Executive Officer, five non-executive directors appointed by the Company's previous owners, and an industry-focused Senior Independent Director. Where appropriate, the non-executive directors offered constructive challenge to the activities of the Leadership Team.

The Board considered that the size and composition was appropriate to the core function in setting the Group's overall strategy and overseeing the activities of the Group. In discharging this role, the Board was supported by a number of operational committees which, as explained below, provided the Board with high quality management information.

The Group is cognisant of the need to foster diversity in its workforce and management structures and has adopted a formal diversity and equality policy.

Following the acquisition by Beacon Rail Group, and to facilitate the integration of the Company, governance arrangements will be reviewed.

Principle 3 – Director responsibilities

For the financial year reported the Board was responsible for setting the Group's overall strategy and maintaining oversight of its activities. Each Board member had a clear understanding of their respective responsibilities and their accountability for discharging this role. The Group adopted a formal governance matrix framework which prescribes the scope of authority of the Chief Executive Officer and other members of the Leadership Team and reserves key business decisions to an appropriate decision maker within the Group.

In addition to this, a formal policy and process for major business approvals and the control of expenditure was adopted.

For the financial year reported the Board was supported by the following principal operational committees of Eversholt Rail Limited:

- Business Process Committee;
- Asset Safety Committee;
- Risk and Compliance Committee;
- Treasury Committee; and
- UK Rolling Stock and Balance Sheet Committee.

Following the acquisition by Beacon Rail Group, to facilitate the integration of the Company, there will be a review of existing governance arrangements.

In addition, the Board maintained an Audit, Risk and Treasury Committee ("ARTC") and a Remuneration and HR Committee. Each committee's function and role is described below.

The Company Secretary acted as secretary to the Board and each committee. The Company Secretary ensured that relevant papers were circulated in advance of meetings to ensure informed decision-making.

Eversholt Rail Limited Board of Directors ("MaintCo Board")

The MaintCo Board met monthly to consider any matters reserved for it under the Group's delegated authority and governance matrix. It received monthly briefings on asset safety, HR matters and financial performance and quarterly updates on ESG matters. In addition, quarterly updates were provided from the Leadership Team and outputs from the MaintCo Board's Committees were presented monthly.

Business Process Committee ("BPC")

The BPC was chaired by the Head of Business Process and comprised other senior members. It met monthly to oversee the application and operation of business systems.

Asset Safety Committee ("ASC") (previously Operational Safety Committee "OSC")

The ASC was chaired by the Client Services Director and comprised other senior members. It met monthly to oversee the effectiveness of safety management and key controls.

Risk and Compliance Committee ("RCC")

The RCC was chaired by the Legal Director and comprised other members of the Leadership Team and the Head of Corporate Services. It met monthly to oversee the management of existing and emergent risks and to ensure that appropriate systems and procedures were in place to ensure risks were properly identified, assessed, managed and reported and that the Group complied with its legal obligations (whether contractual or statutory).

Treasury Committee ("TC")

The TC was chaired by the Chief Financial Officer and comprised other members from the Leadership Team and other senior members. It met monthly and was responsible for the management and control of financial risks in accordance with an internal treasury policy.

UK Rolling Stock and Balance Sheet Committee ("UKRSBS")

The UKRSBS was chaired by the Chief Financial Officer and comprised members of the Leadership Team and the Head of Corporate Services. It met fortnightly to oversee a range of operational and strategic matters.

Principle 4 – Opportunity and risk

Opportunities

For the financial year reported, the UKRSBS was the principal forum for the assessment of strategic opportunities, which were considered as part of their scheduled meetings. Identified opportunities were considered at Board level where required by the governance matrix and business approvals framework.

Business risk

For the financial year reported, the Board was responsible for the identification and management of risk within the Group. The Board was supported in its work by a dedicated ARTC. The Board was also supported indirectly by Eversholt Rail Limited's RCC described in the section above.

The ARTC reviewed the Group's internal and external audit processes, together with the Group's principal strategic, operational and financial risks. The Committee met at least twice a year, and more frequently when required. The ARTC operates under formal terms of reference and was composed of three representatives from the Group's owners with the Chief Executive Officer, Chief Financial Officer and Legal Director being invited to attend where appropriate. In the opinion of the Board, these representatives provide valuable independence and challenge to the risk assessment and mitigation work of the Group.

Industry-specific operational risks

The Group operates in an industry where the assessment and management of operational safety risks is of paramount importance.

The Group maintained an ASC and an External Safety Panel ("ESP").

The ESP was comprised of the Company's senior independent non-executive director, together with a representative with significant operational experience within the UK rail industry and a further transport industry executive. The inclusion of a committee member with experience from outside the rail sector provided an independent perspective and the opportunity for the Group to learn from best practices in another transport sector.

The ESP was chaired by the Company's senior independent non-executive director and reports annually to the Board on the operation of the ESP.

The role of the ESP was to provide an independent forum to review the work of the ASC and to report to the Board on the ASC's work and its ongoing effectiveness. The ESP met quarterly and is authorised to review the ASC's working papers. The ESP was empowered to require the ASC to undertake new or additional work to determine and address operational risks as it considered necessary.

Principle 5 – Remuneration

The Group is committed to attracting, retaining and incentivising a talented workforce to deliver the Group's strategic objectives.

The Board maintained a Remuneration and HR Committee which met annually to review the remuneration of the Group's Leadership Team. In conjunction with external consultants, the Remuneration and HR Committee benchmarked executive pay against a number of comparators. For the wider employee base, remuneration was set by the Chief Executive Officer, again subject to regular external benchmarking against an appropriate peer group.

Principle 6 – Stakeholders

The Group is committed to creating a diverse and inclusive environment for all those with whom it works. As such, it recognises the importance of maintaining strong relationships

with its stakeholders in order to create sustainable long-term value, and the Board encouraged active dialogue and transparency with all its stakeholder groups.

More broadly, the Group is aware of the environmental impact of the operation of its leased fleet and seeks to minimise this through its fleet maintenance and procurement policies, as described below.

Train Operating Companies ("TOCs") and Freight Operating Companies ("FOCs")

The Group operates under a formal Code of Practice (the "Code", available at https://eversholtrail.co.uk/downloads/), which governs its dealings with TOCs. The Code sets out the

Group's approach to the market and is designed to provide appropriate assurances for customers as to the manner in which the Group's TOC customers can expect to build constructive relationships with it.

Key provisions of the Code include commitments to:

- Building long-term relationships with customers;
- Support customers in providing passengers with a safe, economically efficient and reliable railway service; and
- Fair and reasonable leasing terms, in particular at franchise renewal.

Amendments to the Code will be made in consultation with the Office of Rail and Road ("ORR"). The Group operates a formal complaints procedure in relation to any alleged breach of the Code.

The Group maintains regular dialogue with all TOCs (including publicly owned and open-access), FOCs and their parent groups through a dedicated Account Management team.

Regulators and other public bodies involved in the UK rail network

Whilst not directly regulated itself, the Group maintains a close relationship with the ORR - the independent safety and economic regulator of the UK rail industry.

The Group is committed to assisting national and regional rail sponsors, including the Department for Transport ("DfT"), Transport Scotland, Transport for Wales ("TfW"), Transport for London ("TfL"), Transport for the North and Transport for the West Midlands during their respective concession award processes and throughout the operation of the rail concessions.

The Group also engages with other rail stakeholders, such as Transport Focus and the Association of Community Rail Partnerships, as well as contributing to a number of cross-industry working parties.

A consistent, structured approach is applied to all the above relationships. Regular engagement at working level is complemented by senior-level reviews focused on strategic aspects, together with ad hoc meetings as necessary to support specific joint programmes and initiatives. During concession award processes, a dedicated, cross-disciplinary bid team led by a senior manager is established to engage with bidders and provide them with all information necessary to support their bid submissions.

Suppliers

The Group holds multiple contracts with key business and safety critical suppliers that deliver a range of services. These services help support the safe operation of the Group's trains on the railway and enhance the residual value of its fleets. Securing the right capability and capacity from the Group's supply base is critical to helping the Group manage its operational risk and enhance its reputation with its customers.

The Group takes a relationship-based approach with its suppliers, focusing on clear and timely communication. The Group holds quarterly business reviews with its key strategic suppliers. These reviews encompass a wide range of activities including health and safety, delivery performance, engineering support, future plans and provide a forum for delivering feedback from key stakeholders to the supplier. In addition to these reviews and to help support the operational needs of the business, the Group's project managers hold regular fleet reviews with suppliers and customers to ensure compliance with the particular requirements of the project and to discuss any issues either party may have that may impact delivery of these requirements.

External lenders

The Group regularly engages with its banks and institutional investors. A key forum for dialogue with these stakeholders is the Group's annual management presentation, at which a review of the previous financial year and outlook for the coming year is shared. This provides stakeholder representatives with the opportunity to hear from the Senior Leadership Team, ask questions about the business and engage in informal discussions with management. The Group also shares annual and semi-annual financial statements and investor reports detailing key events in the development of the business.

Employees

The Group recognises that a diverse workforce is critical to the future of the business and strives to create an environment where its employees can thrive personally and professionally. This includes a focus upon building valuable, experienced teams and attracting a diverse pool of talent. Long-term success depends upon the recruitment, development, wellbeing and retention of high quality people that share the right core values and culture. Features of the Group’s approach to equality, diversity and inclusion are:

- Ensuring that employees feel welcome, valued and respected, motivated to perform at their personal best, with health and safety a priority;
- Creating high performing teams by bringing together different opinions and perspectives to deliver the best solutions for customers and opportunities for employees and the business;
- Seeking continuous improvement processes to maintain and enhance a diverse and inclusive environment, embedding an appropriate culture through consistent key messages; and
- Encouraging and attracting people from all ages and backgrounds.

Integral to this approach is communication. The Group adopts the following principal methods of engagement with its employees:

- Staff satisfaction survey: the Group runs a regular staff survey to understand ways in which it can improve the working environment;

- "Town hall" meetings: All employee meetings were held on a regular basis during 2025 by the CEO and Leadership Team to ensure a cascade of information. As part of the wider Beacon Rail Group, regular communication of developments in the business are communicated through a combination of “Town Hall” meetings and weekly all employee virtual meetings.

- Group-wide training: Training has been held during the course of the year for all employees on compliance matters (e.g., anti-bribery);

- Cross Functional Bootcamps: New employees attend a cross functional bootcamp which allows them to gain a greater insight into the business and opportunity to develop working relationships.

Owners

For the financial year reported, the Group maintained close relations with its shareholder with representatives of that shareholder sitting on the Board, as outlined above. As part of that relationship, the Group shared details of proposed transactions and sought appropriate shareholder approval, where required, for activity which was outside any delegated mandate.

Environment and the community

The Group is committed to reducing the environmental impact of its leased fleet. All of the Group's diesel fleets are compliant with modern engine emission legislation and its new electric fleets are fitted with regenerative braking, putting power back into the overhead line.

The Group is pursuing a series of green initiatives in relation to its fleets. These include:

- Fitting a number of fleets with a driver advisory system which enables drivers to operate the train in a more power efficient way; and

- Ensuring that scrapping processes for life-expired rolling stock maximises the amount of recycled materials;

Further information on the Group's participation in industry discussions in response to the UK Government's challenge to the UK rail industry to remove all diesel-only trains by 2040 is set out in the Strategic report within the Annual report and financial statements of Eversholt UK Rails (Holding) Limited for the year ended 31 December 2025.

The Group recognises its responsibility towards communities and since 2013 has contributed through fundraising and donations to charities. Our charity partner for the financial year ended 31 December 2025 continued to be Back Up, an organisation that delivers services that build confidence, independence and inspire people affected by spinal cord injury to transform their lives. During 2025 we had an aim to raise awareness of the charity, raise funds, provide volunteering opportunities for our staff as well as administration assistance and office space for meetings and training for the charity. Our charity partner was selected by our staff.

We also provided support to several industry organisations including National Rail Museum, Campaign for Better Transport and Community Rail Network.

Section 172(1) statement

In discharging their duty to promote the interests of the Company under section 172 Companies Act 2006, the Directors of the Company have regard to a number of factors and stakeholder interests, described below.

The Company is the parent of the Group. It is responsible for setting the strategy of the Group and overseeing its operations.

As a wholly owned subsidiary with no employees, the Directors do not consider the factors listed in section 172(1)(b) (interests of the company's employees) or 172(1)(f) (need to act fairly between the members of the company) are relevant to the proper discharge of their duty under section 172.

Long-term consequences of business decisions and maintaining reputation for high standards of business conduct

The Company operates in a sector characterised by long-term relationships between stakeholders, driven by a relatively small number of market participants.

Maintaining a reputation for high standards of business conduct is vital and the Company expects all members of the supply chain to always act with integrity, acting openly, honestly and ethically, irrespective of the volume of transactions. The Company has zero tolerance to fraud and consistently maintains effective control, oversight and scrutiny processes, executed with independence and impartiality. Integrity is underpinned with policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training.

In addition to these core values, compliance with these requirements together with the Company’s corporate responsibility commitments, provide the framework within which the Company operates both internally and in the marketplace. Suppliers and contractors are also expected to behave in a consistent manner.

The Group provides rolling stock and rolling stock related services to TOCs and FOCs who operate rail concessions via National Rail Contracts (“NRCs”) for periods that vary from TOC to TOC but usually include a core term of between two and four years. As the NRCs with privately owned TOCs expire, the concessions will be nationalised and operated by a government owned operator whose functions will eventually be integrated into Great British Railways (“GBR”). Accordingly, consideration of long-term consequences is an inherent part of the Company's decision-making processes. As a privately-owned company ultimately held by an infrastructure investor, management of the Company considers that the interests of the Company and its ultimate owners are aligned in seeking sustainable value creation over the longer term through the Company's operations, promoting long-term strategic decision-making.

These factors also drive a continuing focus on the maintenance of durable relationships with stakeholders, built on the Group's reputation with customers and suppliers. Details of the Code of Practice that sets out the basis on which the Group deals with customers and other stakeholders, and other methods of stakeholder engagement designed to maintain the

Group's reputation for high standards of business conduct, is in the corporate governance statement within the Annual report and financial statements of Eversholt UK Rails Limited (a parent company of the Eversholt UK Rails Group) for the year ended 31 December 2025.

During 2025, management has made decisions in relation to the evaluation of potential investments, dividends payable to shareholders and capital amounts to be retained in the Group for investment purposes.

Identification of, and engagement with, stakeholder groups

The Company recognises the importance of maintaining strong relationships with its stakeholders in order to create sustainable long-term value, and the Board encourages active dialogue and transparency with all its stakeholder groups.

Given the business of the Group, the Board believes the following stakeholder groups are relevant to the proper discharge of the duties of the Directors of the Company under section 172(1):

- TOCs and FOCs - the Group’s customers;
- Industry regulators and rail services sponsors (principally the Office of Rail and Road), the DfT, Transport Scotland, Transport for Wales and Transport for London (in their role providing funding and strategic direction for major rail projects), and other public bodies involved in the UK rail industry;
- The Group's suppliers – train manufacturing companies and other suppliers who supply and maintain rolling stock;
- The Group’s employees;
- The Group's external lenders; and
- The Group's owners.

Details of these groups, and the main methods that the Directors have used to engage with those stakeholders during the course of the year, are set out in the Company’s Corporate governance statement.

The Board of the Company believes that having regard to each of these stakeholder groups is relevant to the proper discharge of the duties of the Directors of the Company under section 172(1).

Impact on the environment and the community

In addition to understanding and having regard to the interests of these stakeholder groups, the Group is committed to reducing the environmental impact of its rolling stock and to making a positive impact in the community. Further information on the steps taken to reduce the environmental impact of the Group's operations, and its charitable activities, are set out in the Strategic Report within the Annual report and financial statements of Eversholt UK Rails (Holding) Limited for the year ended 31 December 2025.