



17 June 2024

Dear Shareholder,

In advance of our forthcoming AGM, I am writing to you in my capacity as Chair of the Remuneration Committee of Trainline in respect of the resolution to approve our Directors' Remuneration Policy.

We are pleased that Glass Lewis have recommended votes in favour of all our AGM resolutions, and the Investment Association have not flagged any significant concerns. ISS were the final proxy body to publish their report ahead of our 2024 AGM. Although they have recommended a vote for our FY2024 Remuneration Report, ISS have recommended a vote against our new Remuneration Policy. Having engaged extensively with shareholders and the proxy bodies during the year to gather feedback on our Policy changes, we are naturally disappointed with ISS's position. We believe that their analysis and recommended vote against is an outlier, which does not take into account:-

- Trainline's relatively unique context and need to renew the Directors' Remuneration Policy at the 2024 AGM to reflect the evolving rail and market landscape and to retain and incentivise our Chief Executive, Jody Ford. Jody is instrumental to the success of the business given his unique digital skillset and experience, relationships with key external stakeholders, and knowledge of the rail market.
- The fulsome context for our remuneration decisions provided in the Remuneration Report.
- That the shareholders we have consulted with have largely been supportive of the proposed changes, including the refinements we made to address the feedback we received.

Therefore, I am reaching out to shareholders to further explain our position, counter the points ISS make in their report, and to offer a meeting prior to the AGM if it would be helpful to further discuss our approach.

In summary, the following changes are proposed to the executive remuneration framework for FY25:

- **No change to the total incentive opportunity for the CEO, but a rebalancing between the bonus and performance share plan (PSP) opportunity for both Executive Directors** to provide a greater weighting on the achievement of short-term financial and strategic targets. This rebalancing will help **drive strategic progress against a backdrop of a complex and uncertain external environment** that Jody and the team need to navigate while delivering innovation and growth for the longer term.

Considering this rebalancing and the increase in the shorter-term component, **the total incentive opportunity for the CFO will be reduced from 500% to 450% of salary.**

We considered it appropriate to **retain the maximum incentive opportunity at 550% of salary for our CEO, recognising the need to retain Jody given his skills and experience, his relationships with regulators, government, and train operating companies, in addition to the competitive talent market for this role.**

While our original proposals included a rebalancing with equal weighting between the bonus and PSP opportunity, we have retained a higher weighting on the longer-term component recognising this is the preference of some shareholders.

	Maximum annual bonus opportunity		Maximum PSP opportunity		Total incentive opportunity	
	Current	Proposed	Current	Proposed	Current	Proposed
Chief Executive Officer	200%	250%	350%	300%	550%	550%
Chief Financial Officer	150%	200%	350%	250%	500%	450%

The ISS commentary states that "full opportunity for the CEO and half the opportunity for the CFO from the last tranche of current remuneration policy's 'kicker' award is essentially 'baked in' to their normal awards under the new policy (100% and 50% of base salary respectively). It then goes on to state "it would be

reasonable to expect that the kicker award would represent a 'one-off' arrangement and not be used to help justify an increase in the 'normal' award opportunity for the new LTIP."

When our current approach was approved at the 2022 AGM the PSP award included a one-off additional kicker award of 300% of salary for the first year, which was subsequently reduced to 100% of salary for the remainder of the Policy. When the current Policy was approved no decision had been taken on whether this remuneration structure and quantum would only apply during the life of the current Policy, nor did we make any public statement implying that was the case. ISS are not correct to state that we are using a "one-off" arrangement to justify an increase.

The ISS recommendation of the new Remuneration Policy does not take into account that, while **we have removed the kicker award within the PSP, simplifying its structure, the stretch required for maximum vesting of the PSP is now 80th percentile TSR performance vs the upper quartile performance required for the previous core award.** Financial targets which are not TSR are set at equivalent levels. This is clearly a very important counterpoint to the ISS argument that the reduced kicker amount should not be included in the current opportunity levels.

- In addition to the 80th percentile TSR performance required for full vesting of the PSP, in response to shareholder feedback and to reflect the rebalancing towards annual performance, we **also incorporated an additional stretch target into the bonus framework for Executive Directors** such that there will now be a four-point vesting schedule for financial targets (entry; target; stretch; and maximum). The **higher maximum annual bonus opportunity will therefore only be delivered for out-performance above the current stretch financial targets.**
- In response to shareholder feedback and to enhance the alignment of interests between our Executive Directors and shareholders, the **shareholding guideline has been increased to 250% of salary** (currently 200% of salary).

Overall, the Committee believes these changes are essential in incentivising our Executive Directors and ensuring the Directors' Remuneration Policy is aligned to delivery of the strategy and the interests of all stakeholders. It is important to highlight:

- The entire incentive framework remains performance-based with the majority subject to the achievement of long-term targets. The Committee will continue to set stretching annual and long-term targets.
- Bonus earned above 100% of salary will continue to be delivered in shares. Therefore, the amount of variable remuneration delivered in cash will not change. A significant proportion of variable remuneration remains delivered in shares (450% of salary at maximum for Jody).
- The proposed approach facilitates our Executive Directors, in particular Jody, to build equity in the business quicker, thereby further aligning their interests with shareholders.

The ISS report argues against this assertion that the new structure will help the Executive Directors build up their equity in the Company more quickly. However, the ISS recommendation does not take into account the fact that the CEO's incentive arrangements have been significantly affected by external events (COVID-19, Williams-Shapps Plan for Rail white paper, RDG's Retail Review) and that the PSP award he was granted on appointment lapsed in full, and as such no value has been delivered to Jody under the PSP until 2024. These exceptional and exogenous factors have clearly had a significant impact on the CEO's ability to meet his shareholding requirements and so should be articulated in the report.

Conclusion

Despite ISS' recommendation, the Committee remains confident that the Policy is appropriate for Trainline and will support the delivery of our strategic priorities over the next three years. In addition, we welcome the positive reports from the other proxy bodies.

We hope that we can count on your support for the renewal of our Policy at the 2024 AGM. If you have any questions on the above or would like to discuss remuneration at Trainline in advance of the AGM, please contact the Investor Relations team at: Investor@thetrainline.com

Yours sincerely,

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Rakhi Goss Custard

Remuneration Committee Chair