

Summary of the themes raised at the Annual General Meeting held on 21 July 2023 and the responses provided to shareholders.

Business Ethics

The Group operates in an ethical manner and adheres to several Group policies in relation to ethics and diversity. Information is available on the Group's website: [Ethics – FirstGroup plc](#)

Buyback vs Dividend

A buyback is a more flexible and agile way to return a portion of the proceeds following our North America exit to shareholders and it also reduces the Group's share count resulting in increased value for our shareholders.

Debt position

It was confirmed the Group had net cash of c.£110m at its FY 2023 year end and remains in a adjusted net cash position.

Consultation on Ticket office changes

The industry's proposals would move ticket office employees to a new multi-skilled role, meaning they are on hand to give face to face help with a much wider range of support than currently, from journey planning, to finding the right ticket and helping those with accessibility needs.

National Rail Contracts ('NRC')

The change to the way in which the rail industry is funded was discussed, as well as the structure of the NRCs, where almost all cost risk and all revenue risk is borne by the DfT. The NRCs have replaced the franchise model and train operators are now paid a fixed annual management fee to provide a service, like other government contractors, with the potential to earn additional independently evaluated performance-based fees.

Withdrawal from service of some rolling stock on the Great Western Railway network

An explanation to the background of the changed fleet was provided. Great Western Railway has halted development work and planned rollout of Class 769 tri-mode trains between Reading, Redhill and Gatwick in the face of revised customer growth figures and to avoid further costs required to get them into passenger service. We need to constantly look and reassess our options in the face of changing customer demand, particularly given the pressures on public sector budgets. While this decision is not taken lightly it is right that we focus limited resources effectively for customers. The trains have been returned to their leaseholder and are available for other operators to use, should they be required.

Expansion plans

The Group will review acquisition opportunities. Any acquisition must create shareholder value and the Group applies strict financial discipline when assessing any opportunities.

Understanding stakeholders / Use of public transport by the Board

The Board hears the views of the workforce from Ant Green the Group Employee Director. Board members engage with employees on site visits and all members of the Board regularly use public transport.

Driver availability (bus)

The net number of drivers has increased by more than 500 since August 2022.

Directors' shareholding

Since the publication of the annual report Directors have increased the number of shares they hold in the Company.

Loss of TransPennine contract

The Group is disappointed by the decision not to extend the National Rail Contract for TPE, given the investment and improvements we have made to the service over the years, which resulted in growing annual passenger numbers from 14m in 2004 to more than 29m before the pandemic. For a sustained period during the first year of the current contract, TPE posted its best performance results for a decade. However, in 2022 TPE's service levels declined due to circumstances not wholly within the operator's control, mainly the challenging industrial relations environment including the withdrawal of longstanding industry-standard overtime arrangements while undertaking unprecedented driver training requirements due to infrastructure upgrades.

How is the Group Employee Director selected?

Ant Green was elected by the workforce.

Progress on exit from North America

In December 2022, FirstGroup completed the sale of all but two of its remaining Greyhound US properties to an affiliate of Twenty Lake Holdings LLC for the net proceeds of £122m. The Group also still owns three properties in Canada and is looking to dispose of all five properties at an appropriate time to complete the exit.

Employment of disabled people

The Group takes all aspects of diversity and inclusion seriously including the employment of disabled people. Our companies work closely with the [Disability Confident scheme](#) to ensure that disabled people and those with long-term health conditions can fulfil their potential and realise their aspirations. The Disability Confident scheme supports employers to make the most of the talents disabled people can bring to the workplace. The scheme aims to help employers to successfully recruit and retain disabled people and those with health conditions. FirstGroup Holdings, First Bus and all three major First Rail companies are all members of the scheme.

Rail fares

The DfT sets regulated rail fares on a nationwide basis. It was confirmed that the cost of rail fares in the Group's management fee based operations was managed by the DfT given that they retain revenue risk. The Group sets the fares for its open access operations (Lumo and Hull Trains). The popularity of these two services demonstrate that customers are attracted to the fare levels we are offering on these East Coast Main Line routes."

Source of rolling stock

The Group confirmed that rolling stock procured by its TOCs is generally assembled at manufacturing plants in the UK.