

FirstGroup plc
(the “Company”)

Remuneration Committee (the “Committee”) Terms of Reference

1 Role

- 1.1 The role of the Committee is to determine the policy for Executive Director remuneration and to set the remuneration for the Chairman, Executive Directors and senior management including compensation packages on employment or termination of office of each of the Executive Directors and senior management. For these purposes senior management is defined as the Executive Committee and those employees agreed between the Chair of the Committee, the Chairman and the Chief Executive.
- 1.2 The Committee’s role is also to review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration.

2 Membership

- 2.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee. The Committee shall be made up of at least three members.
- 2.2 All members of the Committee shall be independent Non-Executive Directors. The Chair of the Company may also serve on the Committee as an additional member if they were considered independent on appointment as Chair of the Company.
- 2.3 The Board, on the recommendation of the Nomination Committee, shall appoint the Committee Chair, who shall be an independent Non-Executive Director and who shall have served on a remuneration committee for at least 12 months. The Chair of the Company shall not be Chair of the Committee.
- 2.4 In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.5 Only members of the Committee have the right to attend Committee meetings. However, subject to the agreement of the Committee Chair:
 - (a) the Chief Executive the Group Employee Director and the Company Secretary will normally attend meetings; although they will not be present at meetings when the Committee discusses their remuneration and/or performance;
 - (b) representatives of the Committee’s remuneration consultants will normally attend meetings; and

- (c) other Directors, members of senior management and advisers may attend all or part of any meetings.

2.6 The regulations contained in the Company's Articles of Association for the meetings and proceedings of Directors shall so far as not altered hereby, also apply to members of the Committee.

3 Secretary

3.1 The Company Secretary or their nominee shall act as Committee Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given any issues.

4 Quorum

4.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5 Frequency of meetings

5.1 The Committee shall meet at least three times a year and otherwise as required.

6 Notice of meetings

6.1 Meetings of the Committee shall be convened by the Committee Secretary at the request of the Committee Chair or any member of the Committee.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no fewer than three working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7 Minutes of meetings

7.1 The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, following the approval of the Committee Chair, to other members of the Board, unless it would be inappropriate to do so.

8 Engagement with shareholders

- 8.1 The Committee Chair shall attend the Company's Annual General Meeting (AGM) prepared to respond to any shareholder questions on the activities of the Committee. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

9 Principal duties

- 9.1 The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- (a) determine the policy for the remuneration of the Chair of the Company, Chief Executive and other Executive Directors, and other members of the senior management team. The remuneration of non-executive directors shall be a matter for recommendation to the Board by the Chair of the Company and the executive Directors of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration;
- (b) in determining the policy, take into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (Code) and associated guidance regarding the remuneration of directors of listed companies and the formation and operation of share incentive plans. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives for retentive purposes and to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the long-term success of the Company. It shall also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives is within the Company's overall policy;
- (c) establish remuneration schemes that promote long-term shareholding by the Executive Directors and support alignment with long-term shareholder interests, with share awards that are typically subject to a total vesting and holding period of at least five years;
- (d) review and give consideration to equivalent packages and arrangements of competitor and other relevant companies, and judge where to position the Company relative to those companies. However, such comparisons will be used with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance;

- (e) when setting remuneration policy for Executive Directors, review and have regard to the remuneration trends across the Company and the Group, especially when determining annual salary increases;
- (f) regularly review the ongoing appropriateness and relevance of the remuneration policy and recommend to the Board to seek shareholder approval of the remuneration policy, and ensure compliance with it, in accordance with the Companies Act 2006;
- (g) within the terms of the agreed policy, and in consultation with the Chair of the Company and/or the Chief Executive, as appropriate, determine the total individual remuneration package of each Executive Director, the Chair of the Company and such other members of senior management including, where appropriate, bonuses, incentive payments, pension arrangements, share options and other share awards;
- (h) determine the policy for and scope of pension arrangements, service agreements, termination payments and compensation commitments for Executive Directors. The Committee shall ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised. In determining such packages and arrangements, give due regard to the provisions of and recommendations in the Code and other requirements of legislation, regulation and good governance;
- (i) agree any shareholding guidelines for Executive Directors and senior management including a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- (j) recommend to the Board the establishment of any share incentive plans, including material amendments to existing plans, which require the approval of shareholders, and in respect of any plans so approved by the Board, to approve any non-material amendments thereto;
- (k) exercise all the powers of the Board in relation to the operation of any share and incentive plans – particularly the Long Term Incentive Plan and Executive Annual Bonus Plan – including approving the overall award levels, the granting of awards and options, the setting, monitoring and testing of performance conditions and targets (where appropriate), the exercise of any discretions on behalf of the Board allowed under the rules of the plans and any amendments to the rules of the plans not requiring the approval of shareholders;
- (l) exercise all the powers of the Board in relation to the operation of the Group's SAYE Share Option Schemes,

other similar schemes under which options or awards are granted over the Company's shares, including the determination of overall award levels, the making of invitations, the setting of the option price, the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders;

- (m) exercise all the powers of the Board in relation to the operation of the Group's All Employee Share Incentive Plan including whether any free shares shall be granted, the determination of overall award levels, the exercise of any discretions on behalf of the Board allowed under the rules of the plans, and any material amendments to the rules of the plans not requiring the approval of shareholders;
- (n) determine remuneration packages and arrangements, including the performance criteria for performance-related plans that support the Company's strategy and promote its long-term sustainable success; are aligned to the Company's purpose and values; are clearly linked to the successful delivery of the Company's long-term strategy; and enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances;
- (o) exercise independent judgement and discretion when determining remuneration awards, taking account of the Company's and individual performance, and wider circumstances;
- (p) consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment with the Company's and Group's culture;
- (q) review workforce remuneration and related policies and oversee any major changes in employee benefits structures throughout the Company or Group;
- (r) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- (s) agree the policy for authorising claims for expenses from the Directors.

9.3 When carrying out its duties the Committee shall be mindful of the requirements of s172 of the Companies Act 2006 to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the interests of employees and other stakeholders

10 Reporting responsibilities

- 10.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting and how it has discharged its responsibilities, making recommendations when requested or when considered appropriate by the Committee Chair.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall prepare an annual remuneration report to be included in the Annual Report, in compliance with relevant legal and regulatory requirements, to be put to shareholders at the Company's AGM.

11 Authority

- 11.1 The Committee has the authority to:
 - (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat;
 - (b) oversee any investigation which is within its terms of reference;
 - (c) seek any information it requires in order to perform its duties, including from any employee of the Group and all employees shall be directed to co-operate with any request made by the Committee;
 - (d) obtain, at the Company's expense, outside legal, accounting or other professional advice, and to commission or purchase any reports, surveys or information which the Committee deems necessary to enable it to fulfil its duties;
 - (e) call any employee, through the General Counsel and Company Secretary, to be questioned at a meeting of the Committee as and when required; and
 - (f) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

12 Other matters

- 12.1 The Committee shall assist the Board in overseeing compliance with all legal and regulatory requirements and shall give due consideration to the requirements of the Code, and other applicable rules and regulations, as appropriate.
- 12.2 The Committee shall review any other matters referred to it by the Board Chairman or the Board.

- 12.3 The Committee shall annually review its terms of reference and effectiveness and recommend any changes it considers necessary to the Board for approval.

APPROVED BY THE BOARD OF DIRECTORS ON 21 MARCH 2024