Governance

Governance

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Improving quality of life

Match made in heaven for Royal Wedding trains

SWR and GWR worked with partners at the Royal Borough of Windsor and Maidenhead, Network Rail and the British Transport Police to help customers successfully complete 45,000 journeys to and from Windsor to watch the ceremony of the wedding of Meghan Markle and Prince Harry. Our companies took additional steps including more trains and announcements in foreign languages.

Low Emission Buses in Glasgow

First Bus are introducing low emission vehicles in a commitment to improving air quality, supporting the ambition of Glasgow City Council. This includes an investment to date of more than £30m in 150 buses for key routes around the city. The buses are equipped with on board features including Wi-Fi and charging points for customers' convenience.

Board of Directors

Wolfhart Hauser (N)
Chairman

Appointed: 2015 (independent on appointment)

Skills and experience: Wolfhart Hauser has had a distinguished career having been Chief Executive Officer (CEO) of Intertek Plc, the leading international testing company, for 10 years until 2015 and having overseen over 600% return since he joined the Board in 2002. He was previously CEO of TÜV SÜD for four years, and also worked for many years in a number of senior management roles in TÜV SÜD divisions, where the business provided road traffic safety services and training for taxi, bus and other vehicle drivers. He was also CEO of TÜV Product Service for 10 years, supporting rail manufacturers, operators and authorities with a range of services that are fundamental to reliable, safe and secure rail operation. He was previously a Non-Executive Director (NED) of Logica plc.

Other appointments: NED at Associated British Foods plc and Senior Independent Director (SID) at RELX PLC.

Nationality: German

Matthew Gregory (F)
Chief Executive

Appointed: 2015 and became Chief Executive on 13 November 2018

Skills and experience: Matthew has a deep understanding of FirstGroup, having joined the company as Chief Financial Officer (CFO) in December 2015, before his appointment as Chief Executive in November 2018. Matthew has strong strategic and operational expertise, including delivering strategy and driving performance improvement. He has extensive international experience, including significant M&A and corporate finance activity. He was formerly Group Finance Director of Essentra plc, a component manufacturer and distributor, having previously been Director of Corporate Development, where he was responsible for multiple international acquisitions, as well as driving growth and margin improvement in the group's largest division. His early career was spent at the manufacturing and distribution division of Rank Group Plc where he was responsible for managing multinational corporations, introducing new technologies and restructuring legacy businesses. Matthew qualified as a chartered accountant at EY and has recent and relevant financial experience.

Nationality: British

Ryan Mangold (F)
Chief Financial Officer

Appointed: with effect from 31 May 2019

Skills and experience: Ryan was appointed as CFO in May 2019, having previously been Group Finance Director of Taylor Wimpey Plc for 8 years. Ryan has a strong track record of building strong financial discipline in the organisations he has worked at. During his time at Taylor Wimpey, Ryan played an integral role in strengthening the balance sheet and driving operational improvements; also playing a leading role in the rebuilding of the business post the financial crisis to become a constituent of the FTSE100, the sale of the North American business and the improvement of its pensions position. Ryan was previously at Anglo American group of companies, where he was Group Financial Controller at Mondi and played a significant role in its demerger from Anglo American in 2007. Ryan is a chartered accountant and has recent and relevant financial experience.

Nationality: South African / British

Board Committees

- (A) Audit Committee
- (B) Board Safety Committee
- (N) Nomination Committee
- (R) Remuneration Committee
- (F) Financial Expert
- ● Chair

Martha Poulter A
Independent Non-Executive Director

Appointed: 2017

Skills and experience: Martha has deep expertise in technology and cyber security, specialising in the integration of new technology systems to transform and enable business performance. Throughout her career she has led technology programmes across hospitality, finance and service industries, with a strong focus on customer service and driving operational improvements and efficiencies. Martha has led and executed technology strategies across Europe, America and Asia. Most recently Martha was the Executive Vice President and Chief Information Officer (CIO) of Starwood Hotels & Resorts Worldwide and, prior to that, she was Vice President of General Electric and CIO of GE Capital with global responsibility for IT strategy and operations.

Other appointments: Senior Vice President and CIO of Royal Caribbean Cruises Ltd.

Nationality: American

Julia Steyn R
Independent Non-Executive Director

Appointed: 2 May 2019

Skills and experience: Julia brings extensive knowledge of the US transport industry to the Board. Julia served as vice president, Urban Mobility and Maven at General Motors (GM) until earlier this year. Maven combines all of GM's car- and ride-sharing offerings, including its strategic alliance with Lyft, under a single personal mobility brand. Julia first joined GM in 2012 as vice president, corporate development and global M&A, to manage GM's partnerships globally while also developing merger and acquisition opportunities. Prior to this, Julia was vice president and co-managing director for Alcoa's corporate development group, having previously worked in London, Moscow and New York for Goldman Sachs and A.T. Kearney.

Nationality: American

Imelda Walsh R N B
Independent Non-Executive Director

Appointed: 2014

Skills and experience: Imelda brings considerable experience to the Board gained across a number of sectors, as well as outstanding remuneration practice skills. She was formerly NED and Chair of the Remuneration Committee of Sainsbury's Bank plc, Mothercare plc and William Hill plc. She has held senior executive roles at J Sainsbury plc (where she was Group HR Director), Barclays Bank plc and Coca-Cola & Schweppes Beverages Limited. Imelda played a central role in delivering the turnaround of J Sainsbury plc, instilling a commercial culture, great service and operational effectiveness throughout the organisation.

Other appointments: NED and Chair of the Remuneration Committees of Mitchells & Butlers plc and Aston Martin Lagonda Global Holdings plc.

Nationality: British

David Robbie A R F
Senior Independent Non-Executive Director

Appointed: 2018 and became SID with effect from 31 May 2019

Skills and experience: David brings valuable turnaround experience to the Board, with a lead role in the integration of P&O with Royal Nedlloyd, and operational efficiency, cash optimisation and improved ROCE programmes at Rexam following its strategic refocus from 2010. He has significant international corporate finance and M&A transaction experience. He was Finance Director of Rexam PLC from 2005 until its acquisition by Ball Corporation in 2016. Prior to his role at Rexam, David served in senior finance roles at BTR plc before becoming Group Finance Director at CMG plc in 2000 and then CFO at Royal P&O Nedloyd N.V. in 2004. He served as a NED of the BBC between 2006 and 2010 and as Chairman of their Audit Committee. David qualified as a chartered accountant at KPMG and has recent and relevant financial experience.

Other appointments: NED and member of the Audit, Nomination and Remuneration Committees of DS Smith Plc.

Nationality: British

Warwick Brady A
Independent Non-Executive Director

Appointed: 2014

Skills and experience: Warwick has a strong track record of delivering restructuring, cost reduction and modernisation programmes, particularly in the transportation sector. His previous roles include Chief Executive of Mandala Airlines in Asia, Deputy Operations Director at Ryanair plc, and Chief Operating Officer at Air Deccan/Kingfisher in India and easyJet plc, during its transformation to become a FTSE100 business. Warwick also held board positions at Airline Group and NATS, the UK's airspace provider, and was Deputy CEO of Buzz.

Other appointments: CEO of Stobart Group Ltd, where he has delivered on M&A, turnarounds, complex financing and strategic re-focus to position the business for significant future shareholder value generation; and strategic Board Advisor at Vistair Systems Ltd.

Nationality: British

Steve Gunning A F
Independent Non-Executive Director

Appointed: 1 January 2019

Skills and experience: Steve has been the CFO of British Airways (BA) for the last three years and has been announced as the new CFO of International Airlines Group (the parent company of BA), effective 20 June 2019. Prior to that he served as CEO of IAG's Cargo Division for five years. During his career Steve has gained considerable experience leading operational turnarounds, overseeing major corporate integrations processes, corporate governance and complex pension negotiations. Steve qualified as a chartered accountant at PwC and gained experience in both the UK and the US and worked in the rail, financial and manufacturing sectors. Steve has recent and relevant financial experience.

Other appointments: Director of IAG Global Business Services, Avios Group and IAG Cargo.

Nationality: British

Jim Winestock B N A
Independent Non-Executive Director

Appointed: 2012

Skills and experience: Jim brings to the Board considerable operational experience gained within a large complex organisation, together with a track record of achievement. He has served in a number of senior roles and was a member of the management committee during his career at United Parcel Service, Inc, latterly as Senior Vice President and Director of US operations and global security with responsibility for all US operations and 360,000 employees.

Other appointments: NED of YRC Worldwide, Inc. Jim also serves on the Board of three not-for-profit organisations in the US.

Nationality: American

Jimmy Groombridge B
Group Employee Director

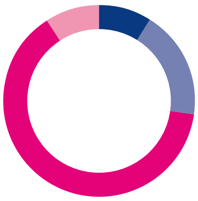
Appointed: 2017

Skills and experience: Jimmy was a bus driver for almost 40 years and having worked on projects for different departments within FirstGroup, he brings a unique experience of employee engagement at all levels to the Board. He is currently an employee of First Eastern Counties, where he served as Employee Director for more than a decade. He also served as the regional Employee Director for Norfolk and Essex. Safety is a passion for Jimmy and as such he is a champion of our Group Safety Programme "Be Safe".

Nationality: British

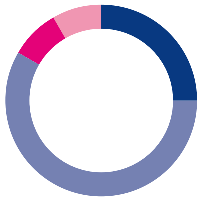
The Board focuses on matters that add value for shareholders, both present and future.

Board composition



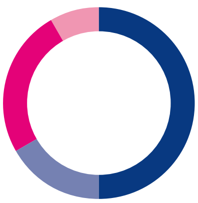
Chairman	1
Executive Directors	2
Independent Non-Executive Directors	7
Group Employee Director	1

Nationality[1]



American	3
British	7
German	1
South African	1

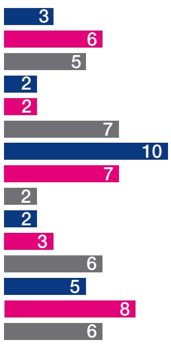
Length of tenure



0-2 years	6
2-4 years	2
4-6 years	2
6-8 years	1

Board gender diversity (%)

Core areas of expertise[1]



The graphs on this page reflect our Board composition with effect from 31 May 2019

1 Some Directors are represented in more than one category

Our Group Employee Director

- promotes employee involvement and participation in the affairs of the Group, through share ownership, employee surveys and other means
- identifies methods of achieving such employee involvement and participation and assists the FirstGroup Board to implement these
- encourages suggestions from employees for improvements in the business of the Group and identifies how such suggestions can be evaluated and implemented where appropriate
- considers the implications for the Group of political developments and initiatives, particularly in relation to transport policy and safety
- considers issues of a strategic or commercial nature affecting the Group
- promotes the Group's policies and procedures amongst employees, in particular those related to safety, diversity and inclusion, and business ethics
- demonstrates and promotes the Group's Vision and Values amongst employees

Our Chief Executive

- promotes the creation and maintenance of a safe working environment and a safety-focused culture across the Group; he does the latter by leading the Executive Safety Committee
- establishes the Group's Values and standards and sets the tone from the top
- leads the Executive Committee in the day-to-day running of the Group's business
- develops the Group's business objectives and strategy, having regard to the interests of shareholders, customers, employees and other stakeholders
- ensures the business of the Group is conducted, and results are delivered, in the right way
- establishes and maintains an organisational structure that enables the Group's strategy to be implemented effectively
- leads communication with shareholders
- establishes a strong senior management team which has the knowledge, skills, attitude and motivation to achieve the Group's business objectives and strategy, and with appropriate succession planning to ensure that this continues in the future. See page 60 for the Executive Committee composition
- promotes the interests of the Company with special regard to planning and development to secure the Group's future and sustainable success

Our Non-Executive Directors

- provide a strong independent element to the Board and a solid foundation for good corporate governance, fulfilling a vital role in corporate accountability
- challenge constructively the strategies proposed by the Executive Directors
- scrutinise the performance of management in achieving agreed goals and objectives
- play a leading role in the functioning of the main Board Committees

Our governance framework

Our Chairman

- provides an appropriate balance of support and challenge to the Chief Executive in order to maintain an effective working relationship
- promotes the Board, ensuring it functions efficiently and in conformity with the highest standards of corporate governance
- ensures Board meetings are effective and open and constructive debate is promoted, the views of all Directors are taken into account and adequate time is available for discussion on all agenda items
- chairs the Nomination Committee and ensures the Board has an appropriate balance of skills and experience and effective succession planning in place
- facilitates effective and constructive relationships and communications between Non-Executive Directors, Executive Directors and senior management
- ensures effective communication with shareholders and other stakeholders, and that their views are understood by the Board

Our Senior Independent Director

- acts as a point of contact for shareholders and other stakeholders to discuss matters of concern
- acts as a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary
- meets with the Non-Executive Directors without the Chairman being present at least annually and leads the Board in the ongoing monitoring and annual performance evaluation of the Chairman
- deputises for the Chairman, as necessary

Shareholders

Board of Directors

Leadership, strategy, risk, governance, Values and standards, purpose and culture

Audit Committee
Financial reporting, internal controls, internal audit, external audit oversight and cyber security

Pages 69 to 74

Board Safety Committee
Safety policies and standards oversight

Page 75

Nomination Committee
Board composition, skills matrix, diversity and succession planning

Pages 67 to 68

Remuneration Committee
Determining policy for executive director remuneration; setting remuneration for Chairman, Executive Directors and senior management; review workforce remuneration and related policies, and alignment of incentives and rewards with culture

Pages 76 to 97

Executive Safety Committee
Safety standards, sharing of best practice and Be Safe Programme

Page 75

Strategy/Principal and Emerging Risks/Budget/Three-Year Plan

Chief Executive

Day-to-day management; development of Group strategy and commercial objectives; implementation of Board decisions; promotion of high standards of corporate governance

Executive Committee

Supports the Chief Executive in the day-to-day running of the Group; acts as Executive Risk Committee

For further information please visit our website www.firstgroupplc.com

Your Board is focused on delivering shareholder value.

Wolfhart Hauser
Chairman

Our new Vision

Travel and customer expectations do not stand still and our goals need to evolve with the times too. We want to be known for providing outstanding customer service through easy solutions that allow our customers to improve their quality of life.

We have evolved our Vision to one that is more customer-centric, as we become known for great service, and getting our customers where they want to go with ease and convenience. To be successful and reach our goals, we must always focus on putting our customers first and see everything we do through the eyes of both the people that use our services and the clients that contract with us.

We provide easy and convenient mobility, improving quality of life by connecting people and communities.

Our Values

The Board sets out the Group's strategic aims, monitors the Group's strategic objectives and oversees their implementation by the Chief Executive. It provides leadership within a framework of appropriate and effective controls. The Board is also responsible for the culture and Values of the Group.

Our Values are:

- Committed to our customers
- Dedicated to safety
- Supportive of each other
- Accountable for performance
- Setting the highest standards

Our Values are recognised across the Group and are fundamental to the way we operate. We see these Values as key to the way we work with our customers, suppliers, employees and stakeholders in general.

In this section

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Accountability	65
Nomination Committee report	67
Audit Committee report	69
Board Safety Committee report	75

Some of the Board's areas of focus during the year

- Appointments of Matthew Gregory and Ryan Mangold as Chief Executive and Chief Financial Officer respectively
- Appointments of Steve Gunning and Julia Steyn as Non-Executive Directors
- Succession planning for the Board and senior management
- Delivering shareholder value
- Overseeing the development of the refreshed Group and divisional strategy
- Refreshment of the Board's understanding and approach to risk appetite (stakeholder-led), which resulted in a new risk management system currently being rolled out
- Assessment of the impact of external trends on existing Group-wide and business-level plans, followed by challenge, support and feedback in respect of future plans and direction of travel
- Review of the updated Corporate Responsibility strategy
- Review of recommendations arising out of the external evaluation exercise

Areas of focus in the future

- Disciplined growth and bidding
- Maintain strong cash management
- Review and implementation of recommendations arising out of the internal Board evaluation

Our Board evaluation assists us in highlighting areas in which improvements can be made.

To ensure we can fulfil our purpose, both today and for the years to come, we depend on getting the fundamentals right. This means having a robust financial position, a clear strategy executed well, and strong Vision and Values that inform all our decision making as part of a healthy corporate culture. We recognise that it will take time for our new Vision to embed, but we remain focused on delivering for our customers and other stakeholders.

Being close to our business

In order for the Board to be able to review strategy, to determine our approach to risk and to respond to events, we need to be close to our businesses and operations, our managers and employees, our customers and our stakeholders. We must be highly engaged, be close to the business, be able to both support and challenge management, and be well-equipped to oversee governance, financial controls and risk management.

To that effect, during the year, the Board visited our operations in Dallas and Philadelphia given the importance of our US operations to the overall business. These visits provided us with an opportunity not only to see our businesses, but also to meet our employees and understand their views and opinions on the Group. The visits were combined with in-depth presentations from our divisional management teams on the risks, opportunities, performance, customer propositions and strategic initiatives of their businesses.

Strategy and performance

As discussed elsewhere in the Annual Report, the progress that we made in our businesses, and the changes seen in our markets, mean the time is now right to implement new plans to drive the business forward. Our plans provide a clear strategy and place the Group's future emphasis on our core North American contracting businesses, where we see the greatest potential to generate long-term sustainable value and growth. The creation of a more focused portfolio is the most appropriate means for us to accelerate the creation of substantially increased value going forward. The TSR chart on page 60 depicts our performance over the past three years relative to our peers.

Board and Committee composition

On 31 May 2018 Matthew Gregory was appointed as Interim Chief Operating Officer after the departure of the Chief Executive Tim O'Toole, and I was asked to become

Executive Chairman. After a thorough selection process, involving both external and internal candidates, we were delighted to be able to appoint Matthew to the role of Chief Executive effective from 13 November 2018. After the year end, Ryan Mangold was appointed to the role of Chief Financial Officer, following a thorough internal and external search. During the process to recruit a permanent Chief Financial Officer, Nick Chevis, who is Director of Finance, has taken on the role on an interim basis.

We have also made changes to the composition of the Board from a non-executive perspective. In January 2019, Steve Gunning was appointed as a Non-Executive Director and a member of the Audit Committee. In May 2019 we announced the appointment of Julia Steyn as Non-Executive Director. Julia will join the Remuneration Committee in place of Drummond Hall who is retiring from the Board at the end of May. He will be succeeded by David Robbie as Senior Independent Director.

Culture

Board culture is monitored on an ongoing basis, with high-quality and transparent Board procedures being recognised as key to supporting effective performance, a formal assessment of which is conducted through a well-established annual evaluation process, which in 2017/18, was externally-led. As with previous years, we report against progress made in the period and provide details of actions agreed for the coming year, which can be found on page 62.

Diversity

The composition of our Board includes the variety of skills and competences that are needed to add value to our businesses. We remain committed to equality of opportunity, diversity and inclusion at every level, both in the Board and across our wider business. Three of our Non-Executive Directors are women, some are from different ethnic backgrounds and one is nominated by the UK workforce. We believe diverse experiences and attitudes help us better understand the needs of our customers and communities, and deliver more creative and innovative solutions.

Remuneration

There continues to be a great deal of focus on Directors' remuneration and the way it is disclosed. The Remuneration Committee has ensured that there is a clear line of sight for management between pay and performance in the areas most valued by our shareholders. See our Directors' remuneration report on page 76.

Compliance with the Code

The Annual Report and Accounts for the year ended 31 March 2019 have been prepared in accordance with the UK Corporate Governance Code which was published in 2016 (the 'Code') by the Financial Reporting Council ('FRC') and is available to view at www.frc.org.uk.

From 31 May until 13 November 2018 the Company did not comply with a provision set out in the Code, specifically provision A.2.1, which states that the role of Chairman and Chief Executive should not be held by the same individual. The Chairman was asked to perform the role of Executive Chairman while the process to recruit a permanent Chief Executive was underway. The Board felt that this was necessary at the time to allow them to conduct a thorough selection process and cause minimum disruption to the Group. The Company has complied with the rest of the provisions set out in the Code. Details of how the principles of the Code have been applied are set out in the Governance section of this report and in the Strategic Report. On 16 July 2018, the FRC published its new 2018 UK Corporate Governance Code (the '2018 Code'). At the centre of the 2018 Code there is an emphasis on the importance of positive relationships between a company and its shareholders and stakeholders. The Board, which has always been focused on the duties owed by its Directors under section 172 of the 2006 Act, has been attentive to the changes being introduced under the 2018 Code and indeed many of the initiatives which have been flagged by the FRC in the 2018 Code – including those in relation to: corporate culture; diversity; strengthening the stakeholder voice in addition to the work we have been doing for years in this respect through our Employee Directors and Group Employee Director; and adopting appropriate remuneration structures – are areas in which the Board is already committed to providing focus and upholding high standards of corporate governance. This is evidenced through this Annual Report. The Company expects to comply with the 2018 Code in the Annual Report and Accounts for the year ending 31 March 2020.

Risk management

We continue to adopt a risk-based approach in establishing the Group's system of internal control and in reviewing its effectiveness. Overall management of risks is vested in the Board, with the Audit Committee having delegated authority for reviewing the Group's risk management framework.

During the year, we developed and introduced a new risk management system that will enhance the current assurance process.

More detailed information on the Group's system of internal control and risk management can be found in the Principal risks and uncertainties section on page 42 and in the Audit Committee report on page 69.

Safety

Always front of mind, safety is our way of life.

Our goal is for zero injuries and we continue to evolve and develop our safety programmes across the Group. More information on our safety activities can be found on page 37 and in the Board Safety Committee report on page 75.

Engaging with shareholders

Engaging with shareholders, and their representative bodies, and being fully aware of their views is one of the key aspects of corporate governance. My fellow Directors and I welcome open, meaningful discussion with shareholders, particularly with regard to governance, strategy and remuneration. The Board and management have undertaken a number of activities in this regard during the year, many of which are detailed in this Annual Report and Accounts, and listened to all of our shareholders' suggestions.

The Board receives regular reports on investor relations activities and, in particular, on shareholder sentiment and feedback. The Board continues to believe that ongoing engagement with shareholders and other stakeholders is vital to ensuring their views and perspectives are fully understood and taken into consideration. This has always been a key focus for the Board.

At the Company's forthcoming Annual General Meeting ('AGM'), all Directors who are able to attend will be available, as usual, to meet shareholders after the meeting to discuss any issues they may have.

I hope you find the information which follows in this report informative and interesting.

Wolfhart Hauser
Chairman

The role of the Board

The Board is accountable to shareholders for managing the Company in a way which promotes its long-term success for the benefit of the shareholders as a whole. The Board ensures that an appropriate balance between promoting long-term growth and delivering short-term objectives is achieved.

The Board is primarily responsible for:

- determining strategic direction and demonstrating leadership
- focusing on matters that add value for shareholders of the Company, both present and future
- the governance and stewardship of the Group to provide protection and security for the shareholders' assets
- setting the Group's culture, standards and Values, and ensuring that its obligations to shareholders and other stakeholders are understood and met
- determining the nature and extent of the principal risks the Group is willing to take to achieve its strategic objectives
- ensuring that management maintains a system of internal control that provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations

The Board is the decision-making body for all matters of such importance as to be significant to the Group as a whole because of their strategic, financial or reputational implications or consequences.

Specific key matters have been reserved for approval by the Board and these include:

- the Group's strategy
- major acquisitions, mergers or disposals
- UK rail franchise bids
- dealings with regulatory authorities on matters of significance
- capital and liquidity matters
- medium-term plan and annual budget
- Board and Committee membership
- financial results, viability statement and governance
- the appointment and removal of Directors and the Company Secretary

Board meetings and visits

The core activities of the Board and its Committees are carried out in scheduled meetings. Additional ad hoc meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings.

To ensure the Board sees the Group's operations in action, the Directors normally meet at least three times each year at the Group's sites in the UK and North America. This provides senior management from across the Group with the opportunity to present to the Board and its Committees and to meet Directors informally. It also provides the Board with the opportunity to review operational matters on site.

In order to carry out its work, the Board has established a planned programme of agendas to ensure all necessary matters are covered and to allow sufficient time for debate and challenge. The Board also takes time to review past decisions where necessary. At Board meetings, the Directors receive and consider papers and presentations from management on relevant topics and senior executives are regularly invited to attend meetings for specific items. Effective review and decision-making is supported by providing the Board with high-quality, accurate, clear and timely information including input from advisers where necessary.

Board meetings are structured around:

- divisional updates
- strategy
- financial and operational updates
- assessment of risks and how they should be managed and mitigated
- other reporting items for approval
- reports from the Committee Chairs, the Group Employee Director and the Company Secretary

Division of responsibilities

The Board has agreed a clear division of responsibilities between the Chairman and the Chief Executive, and these roles, as well as those of other Directors, are clearly defined so that no single individual has unrestricted powers of decision. This is clearly shown on pages 55 and 56.

The Committees of the Board

The four principal Committees of the Board are:

- Audit Committee
- Board Safety Committee
- Nomination Committee
- Remuneration Committee

Their members are appointed by the Board upon the recommendation of the Nomination Committee and membership is spread between the Non-Executive Directors and the Group Employee Director, drawing on each of their relevant skills and experience. Committee members are expected to attend each Committee meeting, unless there are exceptional circumstances that prevent them from doing so. Only members of the Committees are entitled to attend their meetings, but others may attend at the Committee's discretion.

The Executive Committee

The Executive Committee supports the Chief Executive in the day-to-day running of the Group. It normally meets every two months and its main responsibilities are to:

- act as a communication forum for discussing Group wide issues
- communicate, review and agree on significant issues and actions
- help to develop, implement and monitor strategic and operational plans
- take active control of succession planning, talent management, Areas of Expertise, innovation and IT
- consider the continuing applicability, appropriateness and impact of risks, acting as Executive Risk Committee
- lead the Group's culture and safety programme, supported by the Executive Safety Committee

The Executive Committee also provides leadership and direction for the Group on our Environmental, Social and Governance (ESG) impacts, including climate change. Updates on material issues relating to corporate responsibility are reported to the Executive Committee, with ad hoc matters raised in between formal reports. Related risks and opportunities are incorporated into our risk management approach and each division has policies, principles and frameworks specific to their business to manage and monitor progress.

The Chief Executive and the Group Corporate Services Director subsequently update the Board on ESG matters so that the Board is able to identify and assess the significant ESG risks to the Company's short and long-term value, as well as the opportunities to enhance value that may arise from an appropriate response.

The Brexit Steering Committee

The Brexit Steering Committee was established shortly after the EU referendum in 2016 and has been meeting at regular intervals since then. The meetings have become more frequent since summer 2018 when the prospect of a hard Brexit began to look more likely.

A formal project plan has been put in place by the Group General Counsel and the Group Corporate Services Director. Senior individuals within the Group functions and divisional management teams have responsibility for delivering the actions on a timely basis. Progress is being monitored by the committee, through the Programme Director for Corporate Services, to ensure that the Group is suitably prepared for a hard Brexit, should it occur.

Key areas of focus include:

- employees/right to work
- supply chain
- cross-border bus operations

The Board has been kept informed of developments and progress on this matter throughout the year.

Executive Committee

In addition to the Chief Executive, who chairs it, its members are:

Rachael Borthwick
Group Corporate Services Director

Nick Chevis
Interim Chief Financial Officer (until 30 May 2019)

Giles Fearnley
Managing Director, First Bus

Michael Hampson
General Counsel & Company Secretary

Dave Leach
President, Greyhound

Ryan Mangold
Chief Financial Officer (from 31 May 2019)

Dennis Maple
President, First Student

Steve Montgomery
Managing Director, First Rail

Brad Thomas
President, First Transit

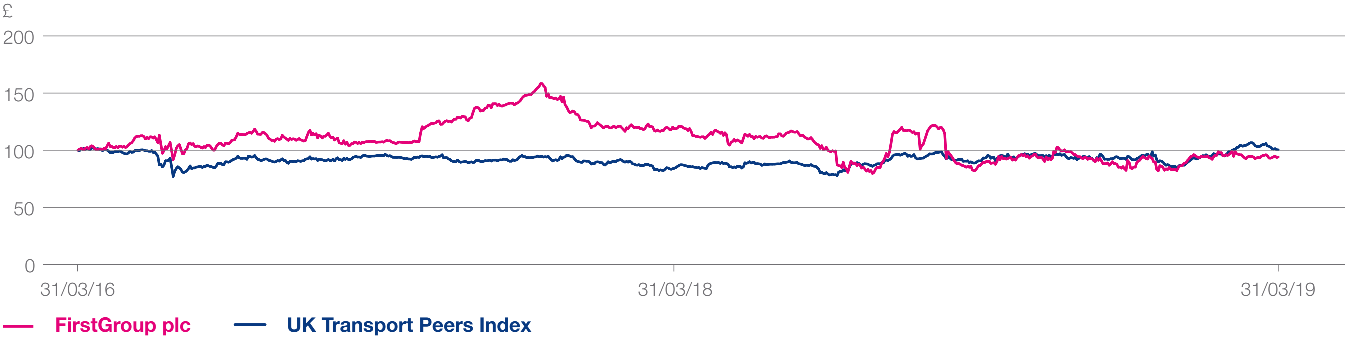
First Student and First Transit, Philadelphia

In March 2019 the Board visited First Student and First Transit facilities in Philadelphia. During their visit to First Student's Safety Office, they discussed the extensive hiring process for drivers in Philadelphia, including but not limited to background checks, road and classroom instruction and ongoing training throughout their career at First Student. They also received a presentation on safety statistics, policies and procedures, and learned about the new Safety Committee made up of drivers, monitors, managers, clerks and maintenance colleagues. The picture shows Drummond Hall, Imelda Walsh and Jimmy Groombridge during the visit to the Safety Office.

Performance graph

The chart below shows our TSR performance over the last three years relative to some of our UK peers.

3-year Total Shareholder Return (31 March 2016 – 31 March 2019)



Whilst the Board recognises that there is more to do to increase shareholder value, over the three years to 31 March 2019 the level of TSR generated by the Company is broadly in line with our UK competitors (Go-Ahead Group plc, Stagecoach Group plc and National Express Group plc).

Effective management and good stewardship of the Group are led by the Board.

The attendance of Directors at Board meetings in the year ended 31 March 2019 is shown on the table below. The Board held six scheduled meetings during the year. The table includes scheduled and non-scheduled meetings. Committee meetings attendance is shown in the respective Committee reports.

Board Director	Meetings eligible to attend	Meetings attended
Chairman		
Wolfhart Hauser N	15	15
Executive Directors		
Tim O'Toole[1]	8	6
Matthew Gregory	15	15
Non-Executive Directors		
Warwick Brady	15	13
Jimmy Groombridge	15	15
Steve Gunning[2]	2	2
Drummond Hall[3]	15	14
Martha Poulter	15	13
David Robbie A	15	14
Imelda Walsh R	15	14
Jim Winestock B	15	14

1 Tim O'Toole resigned on 31 May 2018

2 Steve Gunning was appointed on 1 January 2019

3 Drummond Hall will retire on 31 May 2019

Board balance

The Board at 31 March 2019 was comprised of the Chairman, one Executive Director, the Group Employee Director and seven Non-Executive Directors. The balance of Directors on the Board ensures that no individual or small group of Directors can dominate the decision-making process and that the interests of the minority shareholders are protected.

Board independence

It is the Company's policy that at least half the Board should be independent Non-Executive Directors. The Board carries out a review of the independence of its Directors on an annual basis. The Board considers each of its current Non-Executive Directors to be independent in character and judgement. In reaching its determination of independence, the Board has concluded that each Director provides objective challenge to management, is willing to stand up and defend their own beliefs and viewpoints in order to support the ultimate aims of the Company and there are no business or other relationships likely to affect, or which could appear to affect, their judgment. Jimmy Groombridge, the Group Employee Director, is not considered by the Board to be independent as he is an employee of the Group.

Commitment

All Directors are expected to attend each Board meeting and each Committee meeting for which they are members, save for in exceptional circumstances. To help enable this, scheduled Board and Committee meetings are arranged at least a year in advance to allow Directors to manage other commitments. If a Director is unable to attend a meeting, they receive the papers and other relevant information in advance of the meeting and have the opportunity to discuss with the relevant Chair or the Company Secretary any matters they wish to raise and to follow up on the decisions taken at the meeting. The Chairman, Chief Executive and Company Secretary are always available to discuss issues relating to meetings or other matters with the Directors. Reasons for non-attendance are generally prior business and personal commitments or illness.

During the year, a number of corporate events, such as the period between 11 April and 8 May 2018 when the Board received and considered a proposal from Apollo Management IX L.P. relating to a possible offer for the Group, meant that meetings had to be called at short notice with some Directors having to miss them because of previously arranged commitments which they could not cancel. This has been the case for Tim O'Toole, Warwick Brady and Martha Poulter (two meetings); and Drummond Hall, David Robbie, Imelda Walsh and Jim Winestock (one meeting). Scheduled meetings were however fully attended by all Directors during the year.

The Board is satisfied that each of the Non-Executive Directors is able to devote sufficient time to the Company's business. Non-Executive Directors are advised on appointment of the time required to fulfil the role and are asked to confirm that they can make the required commitment.

During the year, the Chairman met on five occasions (in May, September and November 2018, and January and March 2019) with the Non-Executive Directors without the Executive Directors present, allowing for informal discussions on a variety of issues.

Employee Directors' Forum

The majority of our bus operating companies and Train Operating Companies in the UK have Employee Directors on their boards. FirstGroup's Employee Directors meet twice yearly in London as members of the Employee Directors' Forum, which is chaired by the Group Employee Director and supported by the Deputy Company Secretary. The Group Employee Director is nominated by the Employee Directors' Forum, and serves a maximum of three, three-year terms.

Board Committee Chairmanships

- A Audit Committee
- B Board Safety Committee
- N Nomination Committee
- R Remuneration Committee

Receiving timely information enables the Directors to discharge their duties on strategic, financial, operational, compliance and governance issues effectively.

Induction and development

On appointment, all new Directors receive a comprehensive and structured induction, tailored to their individual requirements. The induction programme, which is arranged by Company Secretariat, includes visits to the Group's businesses and meetings with senior managers and advisers. The programme is designed to facilitate their understanding of the Group, the key drivers of business performance, the role of the Board and its Committees, and the Company's corporate governance practices and procedures. It also provides them with appropriate training and guidance as to their duties, responsibilities and liabilities as a director of a public limited company.

In addition, in order to assist all Directors in the performance of their duties, there are procedures in place to provide them with appropriate and timely information, including receiving information between meetings regarding Group business developments, financial performance and shareholder sentiment.

Directors are also provided with training opportunities to ensure they are kept up to date on relevant legal, regulatory and financial developments, changes in best practice and ESG matters. Typical training for Directors includes attendance at seminars, forums, conferences and working groups as well as receiving updates on various legal, regulatory and corporate governance matters. The training programme is kept under regular review.

All Non-Executive Directors can attend shareholder meetings and analyst presentations, and shareholders may meet informally with Directors at the AGM.

Evaluation

The Board undertakes regular evaluations of its own performance as well as that of its Committees providing an opportunity to consider ways to identify greater efficiencies, maximising strengths and highlighting areas for further development.

Following internal reviews in 2015/16 and 2016/17, in 2017/18 an external Board and Committee evaluation was carried out by

Board visit to First Transit's SEPTA location in Philadelphia

In the picture to the right, David Robbie is greeted by Charles Oleson, Maintenance Manager for First Transit's SEPTA location in Philadelphia. The Board visited this location in March 2019. The operation's technicians work in a paperless shop environment to maintain their 64 paratransit vehicles. First Transit was awarded this contract in 2016, operating more than 2 million revenue miles per year.

Some of the activities the Board carried out during the year

April 2018
Performance evaluation exercise, externally facilitated

May 2018
Board and Committee meetings in London
Review and approval of final results for 2018
Tim O'Toole steps down as Chief Executive
Wolfhart Hauser appointed Executive Chairman
Matthew Gregory appointed as Interim Chief Operating Officer

June 2018
Publication of the 2018 Annual Report

July 2018
AGM and Board meeting in Aberdeen
Consideration of shareholder views

September 2018
Board and Committee meetings in Dallas
Site visits

November 2018
Board and Committee meetings in London
Announcement of half-yearly results
Appointment of Chief Executive
Strategic options

January 2019
Appointment of Steve Gunning

March 2019
Steve Gunning joins the Audit Committee
Board and Committee meetings in Philadelphia
Site visits
Budget and three-year plan review
Approval of Gender Pay Gap Report
Strategic review

2017/18 Board and Committee evaluation exercise

Area identified	Issue to address	Action taken
Board composition	Add expertise in the field of accountancy and finance	Appointments of David Robbie, Steve Gunning and Ryan Mangold
	Need greater expertise in strategic development and technology	Appointments of Ryan Mangold and Julia Steyn
Meetings management and focus	Afford Non-Executive Directors further exposure to management below Board and Executive Committee level	Executives below Board and Executive Committee level now attend Board and Committee meetings for relevant agenda items
Strategic oversight	Impact of technology and disruption in the industry	The Chief Information Officer has been asked to lead on innovation and frequently presents to the Board and the Audit Committee
	Return to profitable growth and shape of the portfolio	Covered by Strategy Update announcement released on 30 May 2019
Risk management and internal control	Standalone sessions and deep dives	New risk management framework developed by the Group Director of Assurance following a number of sessions, individual interviews and deep dives with the Board and the Executive Committee

Lintstock, the London-based corporate advisory firm. All members of the Board participated, including the Company Secretary and the Deputy Company Secretary. Outcomes from this review were discussed as part of the Board meeting in May 2018. The Board agreed that, overall, the Board and its Committees were working well, and a number of key points and development themes were identified from the evaluation. These are shown on the table above.

The exercise led by Lintstock was carefully structured and involved the completion of an online questionnaire and individual interviews.

The Senior Independent Director carried out an evaluation of the performance of the Chairman through a series of individual interviews with members of the Board. The key points were fed back to the Chairman. Overall, the Chairmanship of Wolfhart Hauser was viewed positively. Board discussions were considered open and challenging, with participation of members actively encouraged.

With regards to the Committees of the Board, the exercise showed that there continued to be an effective relationship between the Board and its Committees. Board Committees were all considered to work well with thorough debate, a clear grasp of issues and subject knowledge. Committees are considered to be well chaired and managed. Further details of the findings from each of the individual Committee evaluations are set out in their respective reports.

Following the individual Directors' reviews, the Chairman has confirmed that the Directors standing for election at this year's AGM continue to perform effectively and to demonstrate commitment to their roles.

The 2018/19 evaluation was carried out internally and will be reported on next year.

Information and support

The Company Secretary and the Deputy Company Secretary, through the Chairman, are responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, applicable rules and regulations are complied with and that due account is taken of relevant codes of best practice. Company Secretariat is also responsible for ensuring communication flows between the Board and its Committees, and between senior management and Non-Executive Directors. All Directors have access to the advice of the Company Secretary and, in appropriate circumstances, may obtain independent professional advice at the Company's expense.

All Directors receive detailed papers and other relevant information on the business to be conducted at each Board or Committee meeting well in advance and all Directors have direct access to senior management should they wish to receive additional information on any of the items for discussion. The head of each division attends Board meetings on a regular basis to ensure that the Board is properly informed about the performance of that division and any issues that it faces. Between meetings Directors are provided with relevant information on matters affecting the business. Such updates are carried out by a variety of methods, including conference calls and video conferences of the full Board or between the Chairman and/or the Chief Executive and the Non-Executive Directors. Company Secretariat also circulates monthly financial and operational reports as well as papers and updates on relevant issues. Board and Committee papers are delivered securely to the Directors using a fully encrypted electronic portal system which enables a faster and more secure distribution of information.

The Company Secretary is Michael Hampson, who joined the Group in 2016. Michael is secretary to the Nomination and Executive Committees, and his deputy, Silvana Glibota-Vigo, is secretary to the Audit, Remuneration, Board Safety and Executive Safety Committees.

Conflicts of interest

The Directors have a statutory duty under the 2006 Act to avoid situations in which they have, or can have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Company. This duty is in addition to the existing duty that a Director owes to the Company to disclose to the Board any transaction or arrangement under consideration by the Company. The Company's conflict of interest procedures are reflected in the Articles of Association (the 'Articles'). In line with the 2006 Act, the Articles allow the Directors to authorise conflicts and potential conflicts of interest where appropriate. The decision to authorise a conflict can only be made by non-conflicted Directors. Directors do not participate in decisions concerning their own remuneration or interests.

The Company Secretary minutes the consideration of any conflict or potential conflict of interest and authorisations granted by the Board. On an ongoing basis, the Directors inform the Company Secretary of any new, actual or potential conflict of interest that may arise or if there are any changes in circumstances that may affect an authorisation previously given. Even when authorisation is given, a Director is not absolved from their duty to promote the success of the Company.

Furthermore, the Articles include provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director from breaching their duty if a conflict of interest arises. These provisions will only apply where the circumstance giving rise to the potential conflict of interest has previously been authorised by the Directors.

The Board considers that the formal procedures for managing conflicts of interest currently in place have operated effectively during the year under review.

Election and re-election of Directors

Directors are required under the Articles to submit themselves for election by shareholders at the AGM following their appointment by the Board. Also, in accordance with best practice and the Code, all of our Directors put themselves forward for re-election by shareholders annually.

Steve Gunning, Julia Steyn and Ryan Mangold, who were appointed with effect from 1 January, 1 May and 31 May 2019 respectively, will therefore retire and submit themselves for election and all other Directors, except for Drummond Hall, will submit themselves for re-election at the forthcoming AGM.

Following the formal performance evaluation process in relation to their fulfilment of their duties pursuant to section 172 of the 2006 Act, the Chairman is content that each Director continues to be an effective member of the Board and demonstrates commitment to their role.

Board visits Greyhound maintenance facility in Dallas, Texas

In September 2018, the Board learned about the key procedures Greyhound employees perform to keep customers and drivers safe. Greyhound sets the highest standard for intercity bus travel safety across North America. Maintenance facilities, such as this one in Dallas, play a big role in meeting that safety standard as employees excel in keeping buses moving so customers have an enjoyable travel experience.

Chief Executive visits First Student locations in Illinois

Along with First Student Chief Operating Officer Paul Osland, Matthew visited the Villa Park, Crest Hill, Naperville and Schaumburg locations. The Chief Executive met First Student colleagues in Illinois to discuss safety, operations and performance. The Illinois team is committed to working together through touchpoint and debrief sessions and sharing best practices.

The Board is responsible for promoting the long-term success of the Company for the benefit of shareholders and other stakeholders.

The Board ensures that an appropriate system of governance is in place throughout the Group. To discharge this responsibility, the Board has established a framework for risk management and internal control that identifies, evaluates and manages the principal risks associated with the Group's achievement of its business objectives, with a view to safeguarding shareholders' investment and the Group's assets. To that effect, the Board has ensured that the Company has in place systems for managing and mitigating significant risks, which incorporate performance management systems and appropriate remuneration incentives.

Fair, balance and understandable reporting

The Board considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provides the necessary information required for shareholders to assess the Company's position and performance, business model and strategy, and that the business continues to operate as a going concern. The co-ordination and review of the Annual Report and Accounts follows a well-established and documented process, which is conducted in parallel with the formal audit process undertaken by the external auditor and the review by the Board and its Committees.

Internal control

The Board is responsible for determining the nature and extent of any significant risks the Group is willing to take in order to achieve its strategic objectives and for maintaining sound risk management and internal control systems to ensure that an appropriate culture is embedded throughout the Group. The Board has established a Group-wide system of risk management and internal control that identifies and enables management and the Board to evaluate and manage the Group's principal risks with a view to safeguarding the Group's stakeholders. This system is bespoke to the Company's particular needs and the risks to which it is exposed and is designed to manage, rather than eliminate, risk. Owing to the limitations inherent in any system of internal control, this system provides robust, but not absolute, assurance against material misstatement or loss. The effectiveness of the Group's system of internal control is regularly reviewed by the Board.

The Board confirms that throughout the year ended 31 March 2019 and up to the date of approval of this Annual Report and Accounts, there have been rigorous processes in place to identify, evaluate and manage the principal risks faced by the Group, including those that would threaten its business model, future performance, solvency or liquidity in accordance with the Guidance on Risk Management and Internal Control published by the FRC.

To assist in the identification and management of the Group's principal risks, the Board has:

- established a risk management framework
- developed a system of regular reports from management
- reserved specific key matters for its decision
- authorised the Audit Committee to oversee the risk management framework and the effectiveness of the Group's financial reporting, internal control and assurance systems
- established a number of Group-wide procedures, policies and standards
- set up a framework for reporting matters of significance
- authorised the Board Safety Committee to oversee the Group's framework of safety policies and procedures to manage safety risks

Key elements of the Group's system of internal control which have operated throughout the year are:

- a clearly defined organisational structure with established responsibilities
- a focused business strategy, thus restricting potential risk exposures
- Group financial, treasury, operating, compliance and administrative policies and procedures which incorporate statements of required behaviour
- ongoing review of safety, operating and financial performance of the Group's businesses
- regular reports to the Board, Board Safety and Executive Safety Committees on safety matters
- monitoring by the Board of a comprehensive reporting system, including monthly results, periodic short-term forecasts, annual budgets and a medium-term business plan
- well-defined procedures to assess, approve, control and monitor major investments, with proposals being subject to rigorous strategic, financial and commercial examination
- divisions identifying and reviewing their principal risks and controls for monitoring and managing risks, which are reviewed by senior executive management. The updated divisional and Group risk profiles, which are reviewed by the Chief Executive and Chief Financial Officer, are presented to the Executive Committee on a monthly basis
- an established methodology for ranking the level of risk in each of its business operations and the principal risk issues associated therewith
- implementation of appropriate strategies to deal with principal risks, including careful internal monitoring and ensuring external specialists are consulted where necessary
- a centrally co-ordinated internal audit programme to verify that policies and internal control procedures are being correctly implemented and to identify any risks at an early stage
- reviewing and monitoring the confidential reporting system to allow employees to raise concerns about possible legal, regulatory, financial reporting or any other improprieties
- regular reports to the Audit Committee on the adequacy and effectiveness of internal controls
- a remuneration policy for executives that motivates them, without delivering excessive benefits or encouraging excessive risk-taking

Twice a year the Board is presented with an update for its robust assessment on the principal risks facing the Group, together with a risk map, highlighting any changes made since the previous update and the reasons for any changes. Each Committee that reports regularly to the Board provides an update on the status of risks considered within its remit. Annually, the Group's risk management framework is robustly reviewed by the Audit Committee.

Reviews of internal controls within operating units by internal audit have sometimes highlighted control weaknesses, which are discussed with management and, where appropriate, the Audit Committee, and remedial action plans are agreed. Action plans are monitored by internal audit and, in some cases, follow up visits to the operating entity are conducted until such time as the controls that have been put in place are working effectively. No material losses, contingencies or uncertainties that would require disclosure in the Annual Report and Accounts have been identified during the year by this process.

The Board, in conjunction with management, continually reviews and develops the internal control environment. No significant internal control failings were identified during the year. Where any gaps are identified, processes are put in place to address them and these are continually monitored.

The process is designed to provide assurance by way of cumulative assessment. It is a risk-based approach.

Financial and business reporting

In its reporting to shareholders the Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects. This responsibility encompasses all published information including, but not limited to: the year end and half-yearly financial statements; regulatory news announcements; and other public information.

The quality of the Company's reporting is ensured by having in place procedures for the review of information by management. There are also strict procedures to determine who has authority to release information. A statement of the Directors' responsibilities for preparing the financial statements can be found on page 102.

The Group adopts a financial reporting and information system that complies with generally accepted accounting practice. The Group Finance Manual details the Group's accounting policies and procedures with which subsidiaries must comply. Budgets are prepared by subsidiary company management which are then consolidated into divisional budgets. These are subject to review by both senior management and the Executive Directors followed by formal approval by the Board. Regular forecast updates are completed during the year and compared against actions required. Each subsidiary unit prepares a monthly report of operating performance with a commentary on variances against budget and the prior year, which is reviewed by senior management. Similar reports are prepared at a Group level. Key performance indicators, both financial and operational, are monitored on a weekly basis. In addition, business units participate in strategic reviews, which include consideration of long term financial projections and the evaluation of business alternatives.

Treasury operations

The Board has set a policy for the management of the risks from treasury operations and this is set out in more detail in note 24 to the consolidated financial statements. A Group Treasury Policy has been formulated and adopted to ensure compliance with best practice and to control and monitor effectively the risks attendant upon treasury and banking operations. In addition, the treasury committee approves decisions regarding fuel, foreign exchange and other matters reserved for its decision.

Tax strategy

We believe we have a responsibility to manage our tax affairs in a way that sustainably benefits the customers and communities that we serve. We also have a responsibility to shareholders to ensure we pay the right amount of tax and ensure compliance with the tax rules in each country in which we operate. Our Tax Strategy was approved by the Board in March 2018 and is available on our website. The Board receives regular updates on taxation matters through the Audit Committee.

Annual General Meeting

The Notice of AGM is circulated to all shareholders at least 20 working days prior to such meeting. All shareholders are invited to attend the AGM where there is an opportunity for individual shareholders to question the Chairman and, through him, the Chairs of the principal Board Committees. After the AGM, shareholders can meet informally with the Directors.

At the 2018 AGM, the Chairman provided shareholders with a brief summary of the Company's activities for the previous year. All resolutions at the 2018 AGM were voted on by way of a poll. The procedure for voting on a poll follows best practice and allows the Company to count all votes, rather than just those of the shareholders attending the meeting.

As recommended by the Code, all resolutions proposed at the 2018 AGM were voted separately and the voting results, which included all votes cast for, against and those withheld, together with all proxies lodged prior to the meeting, were announced to the London Stock Exchange and made available on the Company's website as soon as practicable after the meeting. As in previous years, the Form of Proxy clearly advised that a vote withheld is not a vote in law and is not used in calculating the votes for or against a resolution.

You will be aware that one of the Company's shareholders requisitioned a General Meeting. As a result, we are proposing to hold this year's AGM at a later date than normal.

Details of the date and venue and the resolutions to be proposed, together with explanatory notes, will be sent out in the Notice of AGM which will be posted in due course. A summary of the business to be carried out at the AGM will be published on the Company's website.

The Committee regularly reviews the Board composition to ensure it maintains an appropriate balance of skills and expertise.

Wolfhart Hauser
Chair, Nomination Committee

The Committee is primarily responsible for leading the process for appointments to the Board and reviewing the composition of the Committees, ensuring that we have the right mix of skills and experience.

The Chief Executive attends meetings of the Committee upon invitation. Committee members take no part in any discussions concerning their own membership of the Board or appointment as a Chair of a Committee, but are involved in the recommendations on Committee membership changes. The General Counsel & Company Secretary acts as the Committee Secretary.

In terms of how the Committee operates, if a matter were to concern the Committee Chair, then he would leave the meeting and another member would instead take the Chair.

Activities during the year

During the year, the Committee kept under review the balance of skills, experience, independence, knowledge and diversity (including gender), on the Board to ensure the orderly evolution of the membership of the Board and its Committees. In identifying and nominating candidates for approval by the Board, the Committee tried to ensure that the right people with the right range of skills and experience, specifically transportation and travel industry expertise, are on the Board and in senior management positions in the coming years.

Appointment of Chief Executive

Following the resignation of Tim O'Toole in May 2018, the Committee recommended the appointment of Matthew Gregory as Interim Chief Operating Officer (COO), in addition to his responsibilities as Chief Financial Officer. During his tenure as Interim COO, Matthew demonstrated the combination of strong leadership skills and strategic decisiveness, which allowed FirstGroup to make progress in a number of key areas. Having conducted a thorough selection process, which considered external and internal candidates, the Board unanimously concluded, on the Committee's recommendation, that Matthew was the right person to take on the role of Chief Executive. Matthew's comprehensive knowledge of the Group, his experience in previous roles and leadership capabilities are precisely the qualities needed to drive the Group's value mobilisation strategy at pace.

Recruitment of two independent Non-Executive Directors

When considering the recruitment of a new Director, the Committee adopts a formal, rigorous and transparent procedure with due regard to diversity. Prior to making an appointment, the Committee evaluates the balance of skills, sector knowledge, independence, experience and diversity on the Board and, in light of this evaluation, prepares a full description of the role and capabilities required. In identifying suitable candidates, the Committee:

- uses open advertising or the services of external advisers to facilitate the search
- considers candidates on merit and against objective criteria ensuring that appointees have sufficient time to devote to the position, in light of other potential significant positions
- considers candidates from different genders and a wide range of backgrounds

Where the Committee appoints external advisers to facilitate the search, it ensures that the firm selected has signed up to the relevant industry codes (for example, on diversity) and has no connection with the Company.

Prior to the appointment of Steve Gunning and Julia Steyn, the Committee ran a comprehensive and rigorous search, with a candidate profile and position specification drawn up. MWM Consulting, a global executive search firm with no other connection with the Company, were engaged to assist with the selection process and conducted searches to identify suitable, qualified candidates. A number of interviews

Membership and operation

Committee member	Meetings attended	Other Committees/Roles	Independent
Wolfhart Hauser (Chair)	6/6	Company Chairman	Yes, on appointment as Chairman[1]
Drummond Hall	6/6	Senior Independent Director Remuneration Committee	Yes
Imelda Walsh	6/6	Chair of Remuneration Committee Board Safety Committee	Yes
Jim Winestock	6/6	Chair of Board Safety Committee Audit Committee	Yes

1 From 31 May until 13 November 2018 the Chairman was asked to perform the role of Executive Chairman while the process to recruit a permanent Chief Executive was underway. Following the appointment of Matthew Gregory as Chief Executive, Wolfhart Hauser reverted to his non-executive Chairman role.

The Committee's terms of reference can be found at www.firstgroupplc.com

and meetings were held with shortlisted candidates. Steve and Julia's appointments were then recommended to the Board for approval as they fully met the criteria required. Steve joined the Board on 1 January 2019 and the Audit Committee in March 2019. Julia joined the Board on 1 May 2019. She will join the Remuneration Committee on 31 May 2019.

In addition, also during this year, the Committee recommended the appointment of David Robbie as Senior Independent Director following the retirement of Drummond Hall with effect from 31 May 2019.

Recruitment of Chief Financial Officer

Odgers Berndtson, an executive search firm with no other connection with the Company, assisted with this search which started as soon as the appointment of Matthew Gregory as Chief Executive was confirmed. Several internal and external candidates were considered; Ryan Mangold's credentials as a business transformation leader, a wealth of experience from other sectors and a strong track record of executing complex corporate changes to enhance shareholder value, particularly in listed companies, were the main considerations for the Committee when making the recommendation to the Board.

Committee evaluation

The performance of the Committee was considered through the annual Board evaluation process, in which members were requested by Lintstock to provide specific feedback using a tailored questionnaire and also individual interviews. From the responses provided, it was confirmed that the Committee continued to operate effectively and that progress had been made in the year. Further information on the wider evaluation exercise is available on page 62.

Diversity

The Committee and the Board consider diversity as an important factor when reviewing the composition of the Board. The Committee views diversity in its wider sense, including gender, length of tenure, nationality and multiple-industry expertise.

The Board consists of Directors with a wide range of skills and experience drawn from a number of industries, including transportation, listed companies, accounting and employee representation, and which are vital for bringing both the expertise required and to enable different perspectives to be brought to Board and Committee discussions.

Furthermore, the Board comprises a range of nationalities, which brings cultural diversity as well as different geographical experiences and viewpoints. The combination of these factors means that the Board benefits from a diverse range of competencies, perspectives and thoughts, which provides a dynamic environment for decision-making.

Whilst the Board at 31 March 2019 was below its target of 25% female, I am pleased to report that we have since then increased female representation to 27% with the appointment of Julia Steyn in May 2019. Julia's corporate development expertise and experience at the forefront of the emerging mobility services sector will be of immense value to the Group as our services continue to evolve to provide greater ease and convenience for our customers.

The Board remains of the opinion that appointments should be made on merit and relevant experience, against the criteria identified by the Committee. Future appointments to the Board must also complement the balance of skills the Board already possesses.

The Board recognises the need to create the conditions that foster talent and encourage more women and people from diverse backgrounds to achieve their full potential in their careers in the Group. The Committee is mindful of the target set out in the Hampton-Alexander Review of 33% female representation by 2020, as well as of the Parker review on ethnic diversity on the Board. In line with this, as part of an overall approach to HR management, there are policies and training programmes in place across the Group to promote and embed diversity and inclusion. With regards to Board diversity, the Committee will continue to make recommendations for new appointments based on merit, with candidates measured against objective criteria and with regard to the skills and experience they would bring to the Board. Further details on the Group's approach to diversity are set out on page 34.

Looking ahead to 2019/20

In the coming year, we will continue to monitor the needs of the Board and its Committees, with the aim of ensuring the Group's succession planning policy is aligned to, and evolves to meet, the ongoing business objectives and strategic goals of the Group.

Summary of Committee activities during the year

May 2018

Appointment of Matthew Gregory as Chief Operating Officer

Appointment of Wolfhart Hauser as Executive Chairman

November 2018

External performance evaluation – review of results

Appointment of Matthew Gregory as Chief Executive

January 2019

Appointment of Steve Gunning as Non-Executive Director

May 2019

Appointment of Julia Steyn as Non-Executive Director

Appointment of Ryan Mangold as Chief Financial Officer

The Committee has focused on the quality and effectiveness of financial reporting and on regulatory, compliance and internal audit matters, aimed at protecting the interests of shareholders.

David Robbie
Chair, Audit Committee

The Committee is comprised only of independent Non-Executive Directors. It is chaired by David Robbie, who has recent and relevant financial experience and the requisite competence in accounting. The other Committee members possess an appropriate level of independence and offer a depth of financial and commercial experience across various industries, including transportation, distribution and IT. The composition of the Committee changed earlier in 2019 with the appointment of Steve Gunning, who has a wealth of financial and operational experience. Along with the Committee Chair, Steve has recent and relevant financial experience. The Deputy Company Secretary acts as Committee Secretary.

The Committee's terms of reference can be found at www.firstgroupplc.com

Additional meeting attendees

The Group Chairman, the Chief Executive, the Interim Chief Financial Officer (CFO), the General Counsel & Company Secretary, the Interim Director of Finance, the Group Director of Assurance and his team, the Group Financial Controller and Deloitte LLP (Deloitte) are normally invited to attend Committee meetings, as well as other members of the Board, including the Group Employee Director, the Chief Information Officer (CIO), the Group Director of Security and executives from across the business. This gives the Committee direct contact with key leadership.

Throughout the year the Committee periodically met without others present and also held separate private sessions with the Group Director of Assurance and his team and with Deloitte, allowing the Committee to discuss any issues in more detail directly. These discussions helped shape thought processes and decision-making, and promoted a more rounded view of the Group, allowing the Committee to make meaningful interventions to quality beyond simply seeking management feedback and to challenge key judgemental areas.

Activities during the year

The Committee continued to play a key role within the FirstGroup governance framework to support the Board in matters relating to financial reporting, internal control and risk management. As well as the key activities undertaken or overseen by the Committee during the year through a periodic and structured rolling agenda, this report shares insights into the Committee's discussions. The table on page 70 provides further information on the year's activities, which included the review and amendment of its terms of reference to bring them in line with recent corporate governance changes. In addition, it is worth highlighting that the table refers to Committee activities during the year 2018/19, up to March 2019. At its meetings in May 2019, which will be reported on next year, the Committee carried out its year end related activities, including receipt, review and approval of Deloitte's audit report in respect of the 2018/19 year end.

Interaction with the regulator

During the year, the Company received correspondence as part of a review by the Financial Reporting Council (FRC) of the Group's accounting treatment for its sections of the Railways Pension Scheme (RPS) and related disclosures. This correspondence has been actively considered by the Committee Chair and the comments received discussed with the Committee. The FRC has concluded its review and consideration of the Group's accounting for its participation in the RPS. The review was performed by staff of the FRC who have an understanding of the relevant legal and accounting framework. Whilst not changing the accounting treatment adopted, the Company was requested to enhance the disclosure provided, so that the impact of the accounting approach could more clearly be identified and understood. This has been included in the disclosure in note 36 to the financial statements reflecting that the Group concurs that the suggested enhancements would help the users of the financial statements. The review conducted by the FRC was based solely on the Group's published report and accounts and does not provide any assurance that the report and accounts are correct in all material respects.

Membership and operation

Committee member	Meetings attended	Other Committees/Roles	Independent
David Robbie (Chair)	4/4	Senior Independent Director Remuneration Committee Financial expert	Yes
Warwick Brady[1]	3/4		Yes
Martha Poulter	4/4		Yes
Jim Winestock	4/4	Chair of Board Safety Committee Nomination Committee	Yes
Steve Gunning[2]	1/1	Financial expert	Yes

1 Warwick Brady missed the November meeting due to other pressing last minute commitments at Stobart Group. He was fully briefed before and after the meeting by the Committee Chair.

2 Steve Gunning was appointed on 1 January 2019.

Summary of Committee activities during the year

The Committee:	May 2018	Sep 2018	Nov 2018	Mar 2019
Financial Reporting				
reviewed the Group's final and half-yearly results, considered the significant accounting policies, principal estimates and accounting judgements used in their preparation, the transparency and clarity of disclosures within them, and compliance with financial reporting standards and governance	●		●	
reviewed the matters which informed the Board's assessment that it was appropriate to prepare accounts on a going concern basis	●		●	
reviewed the process for assessing the long-term viability of the Company	●			
received reports from management and Deloitte on accounting, financial reporting regulation and taxation issues	●	●	●	●
reviewed reports from Deloitte on its audit in respect of the final and review of the half-yearly results prior to them being approved by the Board	●		●	
reviewed and assessed the process by which the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy	●			
Internal control, risk management and internal audit				
reviewed the structure and effectiveness of the Group's system of risk management and internal control and the disclosures made in the Annual Report and Accounts on this matter	●			●
reviewed the Group's risk management activities undertaken by the divisions and at Group level in order to identify, measure and assess the Group's principal and emerging risks and review the risk appetite statement, developed by management, for recommendation to the Board	●			●
reviewed the effectiveness of the Group's risk management framework, and reports arising from the risk management process, including the development of a new risk management framework	●			●
approved the annual internal audit plan and reviewed reports from the internal audit department relating to control matters, monitored progress against the internal audit plan and any deviations to the plan were agreed	●	●	●	●
monitored and assessed the Group's insurance arrangements and material litigation matters (insured claims)		●		●
considered reports from the General Counsel & Company Secretary on litigation matters		●		●
External audit				
approved the terms of engagement of Deloitte, the fees paid to them and the scope of work they carried out	●		●	
performed an annual review of the policies on the independence and objectivity of Deloitte, the use of Deloitte for non-audit services and the employment of former employees of Deloitte	●			
reviewed the performance and effectiveness of Deloitte in respect of the previous financial year			●	
assessed the objectivity and independence of Deloitte	●			
received reports on the findings of Deloitte during the half-yearly review and annual audit, and reviewed the recommendations made to management by Deloitte and management's responses	●		●	
reviewed the external audit plan			●	
reviewed letters of representation to Deloitte	●		●	
recommended the re-appointment of Deloitte	●			
planned for the external audit tender			●	●
Other matters				
reviewed its terms of reference and the results of its performance evaluation, including effectiveness				●
reviewed and approved response to FRC correspondence on RPS accounting			●	●
received reports from divisional and functional management on a range of financial, operational, risk management, legal and corporate governance matters	●	●	●	●
received reports from the CIO on cyber security	●	●	●	●
received reports on matters raised on the confidential whistleblowing system and the process for the investigation of such matters, ensuring that the arrangements in place were appropriate for employees to confidentially raise concerns about possible legal, regulatory or other improprieties	●	●	●	●

Looking ahead to 2019/20

The Committee will remain focused on the audit and assurance processes within the business, and maintain its oversight of financial and other regulatory requirements. In addition to its routine business, the Committee's priorities for 2019/20 will be:

- Tender of the external audit service
- IFRS 16 'Leases'
- Information security
- Embedding of new risk management system

Internal control and risk management

During the year, the Committee reviewed the requirements of the Code in relation to the assessment and reporting of longer term viability, risk management and internal control. The Committee assessed the Group's risk management methodology, which is used to identify and manage the principal and emerging risks, as well as the reporting and categorisation of Group risks, and made recommendations for improvement. A new system was designed and the Committee will oversee its embedding in the coming year. The Committee also reviewed the process for assessing the principal and emerging risks that could threaten the Company's business model, future performance, solvency or liquidity in order to make the long term viability statement on page 49 and considered the appropriate period for which the Company was viable. Key external audit findings and management actions were discussed as well as reports on the outcomes of internal audit planned activities. The operation and effectiveness of the internal audit function were also reviewed, including its focus, plans and resources. The Committee monitored the progress of action plans to ensure they were completed satisfactorily. The Company's policies on financial risk management, including the Company's exposure to liquidity risk, credit risk and certain market-based risks including foreign exchange rates, interest rates and fuel prices, can be found in note 24 to the consolidated financial statements.

Internal audit

Internal audit advises management on the extent to which systems of internal control are adequate and effective to manage business risk, safeguard the Group's resources, and ensure compliance with the Group's policies and legal and regulatory requirements. It provides objective assurance on risk and controls to senior management, the Committee and the Board. Internal audit's work is focused on the Group's principal and emerging risks. The mandate and programme of work of the internal audit department is considered and approved by the Committee annually and includes a number of internal audits and health-checks across the Group's divisions. Findings are reported to relevant operational management and to the Committee. Internal audit follows up on the implementation of recommendations and reports on progress to senior management and to the Committee at each meeting. The Committee reviews and discusses the effectiveness of internal audits on an annual basis with the Group Director of Assurance, who attends every Committee meeting.

The Group Assurance Director was appointed during the year to oversee the Insurance function. A a result, several steps were taken to safeguard the independence of the Group Internal Audit function with regard to any audit work touching on insurance matters. During 2018/19, Group Internal Audit completed an audit of the North American Insurance Claims and Safety Incident processes, in which the Group Director of Assurance was a co-sponsor of the audit in his insurance role. In order to avoid any perceived conflicts, the North American Vice President of Internal Audit had complete ownership of the entire audit process including final say on the overall rating. The North American Vice President of Internal Audit worked directly with the Interim Chief Financial Officer to clear the audit report and had direct access to the Chair of the Audit Committee throughout the audit process. A similar approach was taken for Group Internal Audit's detailed insurance claims reviews at the end of the financial year.

Auditor independence and objectivity

The independence of Deloitte, whose lead audit partner is Mark Mullins, is essential to the provision of an objective opinion on the true and fair view presented in the financial statements. Deloitte's independence and objectivity are safeguarded by a number of control measures which include:

- limiting the nature of non-audit services performed by the external auditor
- placing restrictions on the employment by the Group of certain employees of the external auditor
- monitoring the changes in legislation related to auditor objectivity and independence to help ensure the Company remains compliant
- providing a confidential helpline that employees can use to report any concerns, including those relating to the relationship between Group employees and the external auditor
- the rotation of the lead auditor partner after five years
- independent reporting lines from the external auditor to the Committee and the opportunity to meet the Committee independently
- an annual review by the Committee of the policy in place to ensure the objectivity and independence of the external auditor is maintained
- the process for approving all non-audit work provided by Deloitte. Further detail on page 74

Assessing the effectiveness of the external audit process

During 2018/19, the effectiveness and quality of the external audit process were reviewed by the Committee and the findings reported to the Board. The review involved an initial assessment of the delivery and performance of Deloitte against the external audit plan for the year. An annual assessment was then carried out by the Committee, taking into account the results of questionnaires completed by each of the divisions and Group management functions. These questionnaires covered a variety of topics including the audit partners and team; the planning and execution of the audit approach; audit quality, and insights and added value provided by the audit process Feedback from the annual assessment was shared with Deloitte so that any areas for improvement could be followed up. The Committee concluded that the external audit process carried out by Deloitte continued to be effective and satisfactory, and included the necessary degree of challenge to matters of significant audit risk and areas of management subjectivity. Having reviewed the independence, objectivity and effectiveness of Deloitte, the Committee has recommended to the Board that Deloitte be re-appointed. Ordinary resolutions to re-appoint Deloitte as auditor and authorise the Directors to set their remuneration will be proposed at the 2019 AGM. 2019/20 will be Deloitte's last year as external auditor.

The FRC's Audit Quality Review (AQR) team selected for review the audit of the Group's financial statements for the year ended 31 March 2018. The review is concluded. However, the final report has not yet been issued and the Committee will consider the findings of the FRC's 2018 AQR of Deloitte as a whole and the actions being taken by Deloitte to address the matters raised and report accordingly.

External audit tendering process during 2019/20 timeline:

2019

January – May 2019
Selection and issuance of tender documents to audit firms.

May – July 2019
Shortlisted candidates meetings with key divisional and Group management, and with tender panel.

2019 AGM
Proposed re-appointment of Deloitte by shareholders for 2019/20 audit.

July – September 2019
Interviews of shortlisted candidates. Committee to agree two choices (with a preferred candidate) to present to the Board for approval.

September 2019
Approval by Board of selection of new auditor.

2020

September 2019 – May 2020
New auditor observes the Committee in November 2019, March and May 2020, and shadows Deloitte for half year and full year results audit.

2020 AGM
Approval of new auditors by shareholders.

November 2020
New auditor to undertake review of half year results.

2021

May 2021
New auditor to complete audit of full year results.

External audit tendering

Deloitte was appointed in 1999 following a full tendering process. In compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee responsibilities) Order 2014 (the Order) and as reported previously, the Committee has initiated a tender process for the external audit contract for the year ending 31 March 2021, ahead of the conclusion of Mark Mullins's five-year tenure. 2018/19 has been a year of planning for the external tender and we will report fully on the process we are following by way of regulatory announcements and in next year's Committee's report. The expected timeline for the external audit tendering process during 2019/20 is shown above.

The five-year tenure of the current audit lead partner will end on completion of the audit for the financial year ending 31 March 2020. The proposed tender timeline complies with the provisions set out in the Order. There are no contractual obligations which restrict the choice of external auditor, and the tender process will be based on a clear selection and assessment criteria.

Fair, balanced and understandable

The Committee is mindful of the Code's provision C.1.1 relating to fair, balanced and understandable reporting and sufficient time is built into the annual report timetable to ensure that the full Board receives sufficient opportunity to review, consider and comment on the report as it progresses. Learn more about fair, balanced and understandable reporting on page 65.

Committee effectiveness review

The external Board evaluation carried out in 2018/19 included an evaluation of the performance of the Committee. Overall it was concluded that the Committee was effective, used its time well, and had an appropriate focus on the key issues, and the quality of its work provided assurance to the Board. In order to further enhance the Committee's effectiveness, it was agreed that its members should continue to develop their technical knowledge. As such, in January 2019 Deloitte facilitated a training session on IFRS 16 and the impact of corporate governance changes on the work of the audit committees. The intention is that these knowledge sessions will be held periodically. Further information on the wider evaluation process is available on page 62.

Significant issues

Group Finance has worked closely with Deloitte to ensure that the Group provides the required level of disclosure regarding the significant issues considered by the Committee in relation to the financial statements, as well as how these issues were addressed, while being mindful of matters that may be business sensitive. The main areas of judgement are set out overleaf.

Committee training

The Committee receives technical updates at each meeting including on matters such as accounting standards and the audit and governance landscape. Committee members also meet with divisional management on a periodic basis, such as when travelling for overseas meetings, in order to gain a better understanding of how FirstGroup's policies are embedded in operations. The picture was taken during the Board visit to the First Transit SEPTA location in Philadelphia.

Significant issues and judgments	How the Audit Committee addressed these issues
Forecast margin and long-term growth rate used in the impairment testing of Greyhound	
Management exercises a significant amount of judgment during the impairment testing process as it is based on an estimation of future growth rates, cash flows and a suitable discount rate. An impairment charge of £277.3m on the Greyhound cash-generating unit (CGU) had been recorded last year and monitoring of this impairment continued during 2018/19.	The Committee has considered and challenged the inputs for the impairment test model. The cash flow forecasts have been reviewed alongside past performance and committed operational changes to the business. The discount rate has been benchmarked to externally available data. The long-term growth rate assumption of 2.8% has been applied in line with both market data and the macroeconomic environment in North America. Sensitivities to the model inputs have been tested for reasonableness. The value in use of Greyhound exceeded its carrying amount of £295.4m (2018: £590.4m) by £85.2m (2018: £(277.3)m shortfall) Sensitivity analysis indicated that Greyhound's margin would need to fall by 0.8% or more or long term growth rates would need to fall below 1.4% for there to be an impairment on this CGU. An increase in the discount rate of 134 basis points or more would lead to the value in use of the CGU being less than the carrying value. Further detail on impairment testing is provided in notes 4 and 11 in the consolidated financial statements.
North America self-insurance provision and valuation of significant claims	
Provisions are measured at management's best estimate of the likely settlement of all known incidents. A valuation of the expense required to settle the obligation and, where applicable, the discount rate is used to calculate the expected settlement. Following adverse settlements and developments on a number of aged insurance claims, against a backdrop of a hardened wider motor claims environment and adverse development factors, management had to increase specific case reserves. The impact of these adverse developments was a charge of £94.8m.	The Committee has reviewed the provision and challenged the assumptions used to calculate the liability. Independent actuarial expert advice on the adequacy of the provision against such liabilities is sought on a regular basis and the discount rate has been benchmarked against external data. The Committee agreed with management's view not to charge the items relating to the adverse developments in arriving at adjusted operating profit for the North American divisions in order to avoid distorting year-on-year comparisons for these businesses. The Committee considered this significant issue at its meetings in March and May 2019. Further detail on the assumptions used in determining the value is provided in note 4 in the consolidated financial statements.
Inflation, discount rate and mortality assumptions used in the valuation of pension scheme liabilities	
The Group participates in a number of defined benefit pension schemes. Management exercises significant judgement when determining the assumptions used to value the pension liabilities as these are materially sensitive to changes in the underlying assumptions.	Management has engaged with external experts and the Committee has considered and challenged the assumptions used for estimating the liabilities. Sensitivity analysis has been performed on the key assumptions: inflation, discount rate and mortality. The overall liabilities have also been assessed for reasonableness. Further detail on pensions is provided in note 36 in the consolidated financial statements.
Revenue recognition	
Estimates are made on an ongoing basis when determining the recoverability of amounts due and the carrying value of related assets and liabilities arising from franchises and long term service contracts. In addition, revenue recorded may be subject to manual adjustment to reflect the timing and valuation of revenue recognised, e.g. due to timing of travel or where amounts are unbilled at a period end.	The Committee has reviewed the revenue recognition policies and challenged the appropriateness of such policies. It was concluded that these policies and their application were in line with accounting standards. Regular forecasts are compiled on the outcome of these types of franchises and contracts to assess the reasonableness of the assumptions applied. Further detail on revenue recognition is provided in note 2 in the consolidated financial statements.
Going Concern and Viability	
The Group regularly prepares an assessment detailing available resources to support the going concern assumption and the long-term viability statements.	The Committee reviewed and challenged management's funding forecasts and sensitivity analysis and the impact of various possible adverse scenarios, including the impact of Brexit. Following the review, which the Committee carried out at its meeting in May 2019, the Committee recommended to the Board the adoption of both the going concern and viability statements for inclusion in this report. The statements can be found on page 49.
SWR contract profitability The Committee regularly reviews projected trading for all rail franchises to ensure that they remain profitable over the respective franchise term.	The Committee considered the profitability of rail franchises and SWR in particular at various meetings during the financial year. In May 2019 the Committee reached the conclusion that the SWR franchise was an onerous contract and agreed that a provision of £145.9m shall be recognised. Further detail on rail franchises profitability is provided in notes 4 and 26 in the consolidated financial statements.
TPE onerous contract provision	
Management prepared updated financial forecasts for this franchise until the initial end date of 31 March 2025. The TPE franchise was considered onerous and an onerous contract provision had been recorded the previous year. The Committee reviewed this provision during the year.	The Committee considered the updated projections for TPE and concluded that a provision of £106.9m was appropriate. Further detail is provided in notes 4 and 26 in the consolidated financial statements.
Non-GAAP measures	
The Committee regularly reviews items which management consider appropriate to adjust for in arriving at Group and divisional results in order to avoid distortions in year-on-year comparisons.	The Committee considered the treatment of the adjusting items as set out in note 4 to the consolidated financial statements and in May 2019 reached the conclusion that this treatment was appropriate.

Policy on the provision of non-audit services

The Committee's policy on the use of the external auditor for non-audit services includes the identification of non-audit services that may be provided, those prohibited, and a process through which other non-audit services may be provided. The policy requires that non-audit services of the external auditor will only be used where the Group benefits in a cost-effective manner and the external auditor maintains the necessary degree of independence and objectivity. Twice a year the Committee is also provided with a report on all non-audit assignments awarded to the external auditor and a breakdown of non-audit fees incurred. The Committee is satisfied that the Company was compliant during the year with both the Code and the FRC's Ethical and Auditing Standards in respect of the scope and maximum permitted level of fees incurred for non-audit services provided by Deloitte. Details of amounts paid to the external auditor for audit and non-audit services for the year ended 31 March 2019 are set out in note 6 to the consolidated financial statements. The policy, which was reviewed by the Committee in March 2019, is summarised below:

	Fees for other services				Audit fee
Fee categories	**Non-permitted services**	**Permitted non-audit services**	**Other permitted non-audit services**	**Statutory and audit-related services**	**n/a**
	Projects that are not to be performed by the external auditor because they would represent a threat to the independence of the audit team	Projects or engagements where the external auditor is best placed to perform the work due to their network and knowledge of the business or experience and market leadership in a particular area	Projects or engagements not covered under any of the other categories but where the external auditor is best placed to provide them	Projects or engagements where the external auditor is best placed to perform the work as it is clearly audit-related	
Examples of other services	Tax, payroll, HR, legal, valuation and actuarial services Management or decision-making consultancy Bookkeeping and preparing accounting records and financial statements Internal control or risk management procedures, internal audit outsourcing services Corporate financial, restructuring or transaction-related services	Formalities relating to shareholder circulars and other regulatory reports Professional training	Due diligence related to M&A Consultations and audits regarding acquisitions and disposals, financial accounting and reporting standards Investment circular reporting accountant engagements Employee benefit plans, IT security and sustainability audits Reports required by regulators	Review of half-yearly and other interim financial information Advice on accounting treatment of proposed transactions Reporting on regulatory returns	n/a
Roles and responsibilities					
CFO	n/a	Approval needed before work starts		Pre-approved as part of the approval of the annual audit fee	Negotiation and recommendation
Audit Committee		Approval needed if services likely to cost more than £125,000	Approval needed if services likely to cost more than £75,000 Consider if tender should be conducted		Review and approval

The Committee promotes a positive safety culture across the Group.

Jim Winestock
Chair, Board Safety Committee

Summary of Committee activities during the year

May 2018
Review of safety targets and approval of performance objectives

November 2018
Review of external performance evaluation results

The Board and Committee evaluation process which was carried out during the year confirmed that the Committee continued to operate effectively. Further information is available on page 62.

January 2019
Annual review of terms of reference

Approval of Global Safety Standards

Use of new technologies to improve safety performance

At every meeting
Safety performance of the Group, divisions and operating companies

Key safety initiatives

Be Safe programme

Reports from the Executive Safety Committee and Business Review Meetings

Ad hoc
Lessons learnt and steps taken following significant incidents

The Committee's terms of reference can be found at www.firstgroupplc.com

The Committee meets at least three times a year and the Deputy Company Secretary acts as Committee Secretary. It is supported by the Executive Safety Committee, which is chaired by the Chief Executive, and meets every two months.

The Executive Safety Committee oversees the Group's safety strategy and the performance, procedures and practices of the divisions and operating companies. It takes a proactive approach to improving safety performance and undertakes 'deep dives' on specific topics of our high-risk areas to understand root causes and inform safety interventions.

Safety Governance

Our commitment to the safety of our passengers, our employees and all third parties interacting with our businesses remains unwavering. As one of our five Values, it is central to how we do business, alongside our new Vision: we provide easy and convenient mobility, improving quality of life by connecting people and communities.

The overall structure of FirstGroup's safety governance represents a balance between delegated decision making to the operating company and retaining strategic direction, oversight and challenge from the Board.

It is the responsibility of the Committee to promote a positive safety culture throughout the businesses and reports back to the Board on safety trends, actions and other deliberations.

Our approach to safety governance is characterised by:

- the Committee overseeing material safety matters and risks across the Group, as well as reviewing targets in respect of safety performance
- management of the relevant operating company having primary responsibility for the design and implementation of an effective safety management system, and accountability for safety performance
- the safety function providing advice directly and through a series of networks across the Group.

Role and responsibilities

- Keep under review the development and maintenance of a framework of policies and standards for managing safety risks and their impact on the Group's activities
- Assess the impact of safety decisions and actions taken by the Group on its reputation, employees and other stakeholders
- Monitor and assess the commitment and behaviour of management towards safety-related risks
- Review safety performance and significant safety incidents, considering the key causes thereof and ensuring actions are taken and communications made by management to prevent similar incidents occurring in the future
- Make proposals to the Remuneration Committee regarding appropriate safety performance objectives for Executive Directors and certain senior managers
- Review the findings of internal or external reports on the Group's safety, assessing any strategies and action plans developed by management in response to issues raised and, where appropriate, making recommendations to the Board on such matters

Across all of our divisions we implement targeted biannual assurance reviews of our safety management systems, improvements and performance. We use data analysis and insights to prioritise our efforts in improving safety through both technology and behaviour.

Looking ahead to 2019/20

The Committee will continue to review our safety strategy, procedures and systems in order to improve our safety performance. In doing so, we will focus on:

- Divisional reviews (First Rail and First Transit)
- Fatigue and driver management
- Technology

Membership and operation

Committee member	Meetings attended	Other Committees/Roles	Independent
Jim Winestock (Chair)	3/3	Audit Committee Nomination Committee	Yes
Jimmy Groombridge	3/3	Group Employee Director	No
Imelda Walsh	3/3	Chair of Remuneration Committee Nomination Committee	Yes

The backdrop of this year's results has framed the Committee's decisions and the reward outcomes for Executive Directors.

Imelda Walsh
Chair, Remuneration Committee

Dear Shareholder

I am pleased to present the Directors' remuneration report for the financial year ended 31 March 2019.

Overview 2018/19

The overall trading performance for the Group was ahead of our expectations this year. Group revenue increased by 5.7% in constant currency and adjusting for the 53 weeks of trading in the Road divisions and the start of the South Western Railway (SWR) franchise. On the same basis adjusted operating profit increased by 10.5% with adjusted EPS increasing by 15.2% in constant currency. However, the Group's statutory results were adversely impacted by a number of events, recorded as adjusting items in the accounts. These arose principally as a result of the decision to provide for future losses on SWR while negotiations continue with the Department for Transport in relation to this franchise; the charge required to enlarge the Group's North American self-insurance reserve, and costs associated with Greyhound's withdrawal from Western Canada. As a result of these adjusting items, the Group recorded a statutory operating profit of £9.8m this year (2018: loss of £196.2m) and statutory EPS was (5.5)p (2018: (24.6)p).

This backdrop has framed the decisions of the Remuneration Committee and the reward outcomes for the Executive Directors.

As noted in my Statement last year, Tim O'Toole stepped down from his position on the Board and as Chief Executive on 31 May 2018. Ahead of the appointment of a replacement Chief Executive, Matthew Gregory, our Chief Financial Officer was appointed as Interim Chief Operating Officer in addition to his existing role, and our Chairman, Wolfhart Hauser, was appointed as Executive Chairman. Following a formal search process which included internal and external candidates, the Board was pleased to appoint Matthew as Chief Executive on 13 November 2018 and at this time Wolfhart reverted to his role as Chairman. Full details of Tim's termination arrangements, Matthew's new package and the remuneration arrangements which applied to him and Wolfhart in the period from 31 May to 13 November 2018 are detailed in this report. On 2 May 2019 the appointment of Ryan Mangold as Chief Financial Officer was announced, with effect from 31 May 2019.

Our approach to remuneration

The key principles underpinning the Committee's approach to executive remuneration are:

- Alignment with strategy and business objectives
- Rewarding performance
- Performance-biased framework
- Competitive remuneration
- Simplicity and transparency

Alignment with strategic objectives

The Executive Directors and senior management are specifically incentivised to achieve the Group's strategic objectives:

1. Focused and disciplined bidding in our contract businesses
2. Driving growth through attractive commercial propositions in our passenger revenue businesses
3. Continuous improvement in operating and financial performance
4. Prudent investment in our fleets, systems and people
5. Maintaining responsible partnerships with our customers and communities

2018/19 performance and reward decisions

EABP

The Committee carefully considered the outcome of the Executive Annual Bonus Plan (EABP) by firstly reviewing performance achieved against each of the financial and non-financial targets and then a broader consideration of overall performance.

The financial targets for our Executive Directors under the EABP are based on revenue, adjusted operating profit and cash flow outcome. The overall performance against each measure was positive with target performance being exceeded.

The EABP also includes non-financial measures relating to safety and customer satisfaction which are measured at divisional level and combined to provide a Group outturn. Performance against the non-financial measures was mixed across the divisions. Safety performance improved in First Bus, First Student and Greyhound but this was offset by below-target performance in First Rail and First Transit. Similarly our customer satisfaction measures saw improvements in First Student and First Transit with weaker performance in First Rail, First Bus and Greyhound.

In respect of individual performance, out of a potential 10%, the Committee awarded Matthew 7%. Full details on each objective and the performance achieved are set out on pages 84 and 85 of the Annual report on remuneration.

Taking into account the above outcomes, the formulaic EABP award for Matthew Gregory resulted in a potential award of 69.7% of the maximum.

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However, whilst underlying performance improvement in the year was strong, and the Committee commends management's delivery of good progress, Matthew and the Committee agreed that the overall performance should be considered in the context of the decision to provide for the Group's share of the potential future losses on the SWR franchise and the increase to the level of North American self-insurance reserves described on page 08.

Therefore the Committee exercised its discretion in this regard, and awarded a bonus of 33.4% of the maximum potential, which equates to 50.1% of his average salary during the year.

Under the approved Remuneration Policy, 50% of the award is normally paid in cash with 50% deferred into shares (which do not vest for 3 years, and which are not subject to any further performance conditions). In view of the provision of £145.9m made this year in respect of the SWR franchise (described on pages 07-08), the Committee decided that the deferred share element of the Chief Executive's bonus should be awarded on a conditional basis. In 2022 when the normal deferment period for the award ends, the Committee will assess the extent to which the SWR provision has been required or is likely to be required over future years. Based on that assessment, it will determine at its discretion (and after taking into account any other factors relating to First Rail that it considers relevant) the extent (if any) to which the conditional award will vest. Any shares vesting under this element will be reported in the relevant Remuneration Report, including the Committee's decision and any further supporting information.

Matthew will therefore receive a cash bonus of 25.05% (£135,708) of his average salary during the year. A further 25.05% (£135,708) of his average salary during the year will be awarded in shares which may vest at the end of three years, subject to the performance condition relating to the SWR provision.

LTIP

The vesting of the 2016 LTIP award was subject to two performance measures: 50% ROCE and 50% relative TSR. The Company's performance was just below median under the TSR measure, therefore this element of the award lapsed.

When assessing performance under the ROCE condition, the Committee determined that a number of adjustments should be made, regarding the write off of Greyhound goodwill, the TPE onerous contract accounting (both reflected in the 2017/18 results), the exceptional charge in respect of the North American self-insurance reserves, and the phasing of approximately £90m in working capital grant and other funding inflows in First Rail which we expect to reverse in the 2019/20 financial year. These adjustments result in a fairer assessment of performance, with the ROCE outcome reduced to 7.6%, which triggers the threshold level of vesting of 12.5% of the total LTIP award. The Committee considers this level of vesting is appropriate, noting the near-miss vesting in respect of the TSR element and the Company's progress in growing earnings and a more disciplined approach to capital allocation. The award will therefore partially vest on 28 June 2019, equating to 95,528 shares for Matthew Gregory (with a value of £87,140[1]), and will be subject to a two-year holding period.

Directorate changes

Tim O'Toole stepped down as Chief Executive, and from the Board on 31 May 2018. In order to assist with a period of transition, he was placed on garden leave until his employment ended on 30 September 2018 and during this period his salary, pension and benefits continued to be paid as usual. Payment in lieu of Tim's salary and benefits for the unexpired period of his notice were then paid in monthly instalments, subject to mitigation. As at 31 March 2019, a maximum of two further monthly instalments were payable. In addition, the Company paid for Tim's legal advice in relation to his departure.

Full details are set out in the section Payments to past Directors on page 90. As reported last year, Tim did not receive an annual bonus for 2018 and he was not eligible to participate in the annual bonus plan for 2019.

On leaving employment, Tim's outstanding awards under the LTIP lapsed and no further awards were made in 2018. Tim had 599,482 unvested deferred bonus shares awarded in 2016 and 2017. The Remuneration Committee gave careful consideration to the treatment of these shares and determined that, as they related to past performance, they should vest on their normal vesting dates. The 516,356 shares awarded in 2017, due to vest in 2020, remain conditional on a determination by the Committee following the conclusion of appropriate investigations into the 2016 Croydon tram incident. If the Committee determine that any of these shares will vest, a full explanation will be provided in the 2020 Directors' remuneration report.

Matthew Gregory, then Chief Financial Officer, took on the additional role of Interim Chief Operating Officer for the period 31 May 2018 to 13 November 2018. During this period, his annual salary was increased from £437,000 to £500,000.

On his appointment as Chief Executive on 13 November 2018, the following changes were made to Matthew's remuneration package:

- salary increased to £635,000
- pension allowance reduced from 20% of salary to 15% of salary, in line with the average company contribution to employee pensions in the UK
- maximum LTIP opportunity increased from 175% to 200% of salary
- shareholding requirement increased from 150% to 200% of salary

These arrangements are in accordance with our approved Remuneration Policy and provide a heavier weighting towards variable pay than the package for the previous Chief Executive. It delivers on the commitment made to shareholders, set out in my Statement in 2015, that we would reduce the fixed pay of a newly appointed Chief Executive, compared to that of his predecessor. On an annualised basis, fixed pay (defined as salary and pension allowance) has reduced by circa 30%. Matthew's salary will not be reviewed before 1 April 2020.

Matthew's maximum opportunity under the EABP remains at 150% of salary. His bonus for 2018/19 has been based on his average salary during the year. His LTIP award made in June 2018 was based on 175% of his salary as CFO (£437,000). On his appointment as Chief Executive, a further LTIP award was made in November 2018 to reflect the time during the year when Matthew was eligible for a maximum LTIP award of 200% of salary and his new salary of £635,000. Full details of both awards can be found in the table on page 89.

In recognition of **Wolfhart Hauser** taking on the role as Executive Chairman for the period 31 May 2018 to 13 November 2018, his annual fee was increased from £295,000 to £595,000. This was based on a careful assessment of the increased time requirements and the Board's desire for immediate action to review each business

1 In line with the UK Companies (Miscellaneous Reporting) Regulations 2018, the estimated value of the 2016 LTIP at vesting has been calculated based on the average share price over the last three months of 2018/19 (91.22p). The actual value of the 2016 LTIP, based on the share price on the date the awards vests, will be shown in the 2020 report. In line with the early adoption of requirements under the Regulations, none of the total value of £87,140 at vesting can be attributed to share price growth as the share price at award was 92.60p in 2016.

unit and improve operational performance. A significant portion of the increase in fee (after tax) was used by Wolfhart to purchase FirstGroup plc shares. Over this period, 56,016 shares were purchased and by the end of the year Wolfhart owned 340,574 shares, an increase of 20% over the prior year.

On Matthew Gregory's appointment as Chief Executive, Wolfhart's fee reverted to £295,000 per annum.

Full details of the terms of departure and changes to roles and resulting remuneration changes were set out at the time each announcement was made.

Finally, on 2 May 2019 we announced the appointment of **Ryan Mangold**, as CFO, on a salary of £450,000 (disclosed in the announcement), which in the view of the Committee is commensurate with the substantial experience he brings of successful business transformation. Further details of his appointment terms, in accordance with our approved Remuneration Policy, are set out on page 89.

Governance

The Committee actively monitors developments in corporate governance and the guidelines produced by shareholders and their representative bodies to ensure that we remain aligned with best practice. In particular, the Committee is mindful of the 2018 Code and legislative changes which come into force for FirstGroup for our 2019/20 financial year. Our aim for this year's reports has been to begin to comply with these new requirements as far as practicable, for example with a new section 'Our remuneration in context' so that we are well placed to be fully compliant next year. In view of the fact that three individuals served in the role of Chief Executive or Executive Chairman during 2018/19, the Committee decided against early disclosure of a CEO pay ratio. The required methodology for the Chief Executive pay figure would involve reporting a composite figure for these individuals, which would not provide shareholders with a meaningful comparison of the remuneration of the Chief Executive versus typical employee pay. We intend to fully comply with the requirement in the 2020 Directors' remuneration report.

Pay across the Group

To ensure we are able to attract and retain the skills and talent we need, the Group is committed to offering an attractive reward package for employees at all levels. In addition to competitive base salaries, we offer a wide range of benefits to employees and their families, tailored to local markets. Further information is included in this report on page 80.

Our second Gender Pay Gap Report was published in March 2019. Our median gender pay gap across the UK businesses is -5.1%. This means that women's median hourly pay is 5.1% higher than men's. More detail is given in our 2018 Gender Pay Gap Report, which can be found on the FirstGroup plc website, and the 'Our People' section of this report on page 33.

Non-Executive Directors' ('NED') fees

No changes were made to NED fees in 2018. These remained at £58,000 per annum with additional fees of £12,000 payable to the Senior Independent Director and the Chairs of the Audit, Board Safety and Remuneration Committees.

2019/20 Performance and Reward

Matthew Gregory's salary will remain at £635,000 for 2019/20 and will next be reviewed in April 2020.

The Committee considers that the existing EABP framework continues to be an appropriate short-term incentive. Targets in respect of the 2019 EABP will reflect the business context and challenges as well as the overall business plan for addressing these at both divisional and Group level and will be disclosed next year. These measures will continue to be weighted such that 75% will be based on financial metrics and 25% on non-financial metrics.

It is the Committee's intention to make awards under the LTIP this year and it is anticipated that the approach regarding metrics will be similar to that adopted in the 2018 LTIP, that is, 20% Road ROCE, 40% EPS and 40% relative TSR. The targets for these awards will be published in the 2019/20 Directors' remuneration report.

Accounting standard IFRS 16

The introduction of the new accounting standard IFRS 16 will have significant implications in respect of the reporting of our financial results, the exact impact of which was not fully known at the time this report was published. This will affect the evaluation of the EPS and ROCE performance conditions of the outstanding 2017 and 2018 LTIP awards. In view of this, and after considering emerging market practice in this regard, the Committee has taken the decision that it will convert the IFRS 16 performance outturns back to an IAS 17 basis when assessing the degree of performance achieved. This will make the performance conditions no more or less stretching than would have originally been the case. A reconciliation between the performance outcomes on an IFRS 16 and an IAS 17 basis will be included in the relevant year's Directors remuneration report in the section(s) on LTIP vesting.

Similarly, for 2019/20 incentive targets for both the EABP and the 2019 LTIP awards, the Committee has decided to set these on a pre-IFRS 16 basis in order to give clarity to participants at the outset, rather than seeking to subsequently restate the targets.

Looking ahead

For the coming year, it is anticipated that the Committee will focus on the following areas:

- supporting the Group's business objectives and strategy to rationalise the portfolio and refocus the business on our market leading contract-based businesses in North America
- ensuring compliance with new regulatory requirements, including the new UK Corporate Governance Code and the widening of the remit of the Committee
- ensuring that remuneration arrangements are designed to promote the long-term success of the Company and appropriately incentivise management to deliver the strategy

Shareholder engagement

The Committee maintains an open and transparent dialogue with shareholders on the issue of executive remuneration and considers ongoing engagement in this regard as vital to ensuring that remuneration strategy continues to be aligned with the long term interests of the Group's shareholders. We believe that in relation to incentive outcomes, both annual and long term incentives have, in recent years, reflected overall business performance and the Committee has exercised downward discretion, on a number of occasions where warranted.

The Committee were pleased that the Company's Directors' Remuneration Policy was approved by shareholders at the AGM in 2018 (84.52% voted in favour). The Committee has reviewed the remuneration outcomes for the year and confirm that the Policy has operated as intended. This Statement and the Annual report on remuneration will be subject to an advisory vote at the 2019 AGM, and we look forward to your support.

Finally, I am grateful to my colleagues on the Committee and those who support our work.

Imelda Walsh
Chair, Remuneration Committee

Remuneration policy at a glance

Summary of Remuneration Policy

Purpose and link to strategy		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Key Features of the policy
Fixed Pay To attract and maintain high-calibre executives with the attributes, skills and experience required to deliver the Group's strategy	**Salary and benefits**	→						Salary increases (in percentage terms) will normally be within the range for those of Group employees. Pension allowances for Executive Directors are in line with the average company contribution to employee pensions in the UK.
Executive Annual Bonus Plan (EABP) To focus on the delivery of annual goals, to strive for superior performance and to achieve specific targets which support the strategy. The deferred share element of our EABP encourages retention and provides a link between the bonus and share price growth.	**EABP – Cash Element**	→						Maximum bonus opportunity is 150% of base salary for Executive Directors. At least half of the bonus award will be deferred into shares, normally for a period of three years. Awards are subject to malus and clawback provisions to take account of exceptional and adverse circumstances.
	EABP – Deferred Share Element	→	→	→	→			
Long-Term Incentive Plan (LTIP) Incentivises the execution of strategy and drives long-term value creation and alignment with longer term returns to shareholders.	**LTIP**	→	→	→	→	→	→	Normal award policy is for a maximum award opportunity of 200% of base salary for the Chief Executive and 175% for other Executive Directors. Measured over three financial years from the year of award. Shares which vest under the LTIP are subject to an additional holding period of two years. Awards are subject to malus and clawback provisions to take account of exceptional and adverse circumstances.
Shareholding Guidelines To ensure that Executive Directors' interests are aligned with those of shareholders over a longer term time period	**Shareholding Guidelines**	→	→	→	→	→	→	The Chief Executive is expected to hold shares equivalent to 200% of base salary and other Executive Directors 150% of base salary, within a five year period from their date of appointment.

The Company's Remuneration Policy was approved by Shareholders at the AGM on 17 July 2018 and will apply at the latest until the 2021 AGM.

The Remuneration Policy can be found on our website at www.firstgroupplc.com/investors

Remuneration for 2019

Single figure of remuneration for 2019

	Year	Salary £000s	Benefits £000s	Pension £000s	Annual bonus: Cash £000s	Annual bonus: Value of deferred shares £000s	Long-Term Incentive Plan £000s	Total £000s
Matthew Gregory	2019	542	14	97	136	–	87	876

More detail can be found on page 82.

Incentive outcomes: Matthew Gregory

Annual bonus

Metrics	Maximum potential award	% of award which vested
Adjusted operating profit	45%	36.3%
Revenue	20%	12.8%
Cash flow	10%	10.0%
Safety	7.5%	1.9%
Customer satisfaction	7.5%	1.7%
Personal performance	10%	7.0%
Total	100%	69.7%
Total after Committee discretion[1]	–	33.4%

More detail can be found on pages 84-85.

LTIP

Metrics	Maximum potential award	% of award which vested
ROCE	50%	12.5%
Relative TSR	50%	0%
Total	100%	12.5%

More detail can be found on page 86.

1 In line with the approved Policy, the Committee carefully considered the above EABP formulaic outcome against the backdrop of wider business performance and context, and exercised its discretion as set out on page 85.

Remuneration for 2020

Salary	■ Matthew Gregory's salary from 1 April 2019 will remain at £635,000 ■ Ryan Mangold's salary from his appointment on 31 May 2019 will be £450,000
Benefits and Pension	■ Matthew Gregory will continue to receive a pension allowance of 15% of salary, and additional benefits in accordance with the approved Remuneration Policy. ■ Ryan Mangold will receive a pension allowance of 15% of salary and additional benefits in accordance with the approved Remuneration Policy, from the date of his appointment.
Incentives	■ Maximum annual bonus potential will remain at 150% of salary and maximum long-term incentive award for the CEO will be 200% of salary. ■ Targets in respect of the 2019 EABP will continue to be weighted such that 75% will be based on financial metrics and 25% on non-financial metrics. 50% of any annual bonus will be deferred into shares for three years ■ It is anticipated that the approach regarding metrics for the 2019 LTIP awards will be similar to that adopted in the 2018 LTIP, that is, 20% Road ROCE, 40% EPS and 40% relative TSR. The targets for these awards will be published in the 2019/20 Directors' remuneration report. ■ Malus and clawback apply to all incentive awards. More detail can be found on pages 92 and 93.

Our remuneration in context

In setting the remuneration policy for Executive Directors, the Committee takes into account the overall approach to rewarding other employees in the Group. FirstGroup operates in a number of markets and its employees carry out a diverse range of roles across the UK and North America. Due to the varied nature of the operations of our divisions and the respective employment markets, we have a range of remuneration practices across the organisation. These are designed to be relevant to each individual market. Approximately 90% of our UK employees and 55% of our US employees are covered by collective bargaining arrangements.

At its meeting in November 2018, the Committee reviewed a report which summarised these practices and updates will be provided on a regular basis. This process allows the Committee to consider the remuneration outcomes for the Executive Directors' and members of the Executive Committee in the light of remuneration of the rest of the workforce. The Committee also fully reviews the Gender Pay Gap report and looks at the statistics for each of our UK reporting entities, as well as discussing the actions that management are taking to improve the representation of women in our workforce and to close gender pay gaps, where these exist.

The main difference between the remuneration of the most senior employees (including Executive Directors) and that of the wider workforce is that remuneration for senior employees is more heavily weighted towards variable pay, which is linked to business performance. Our management population is typically eligible to participate in annual bonus plans, while long-term incentives are provided only to the most senior executives as these individuals are considered to have the greatest potential to influence Group performance over the longer term.

The impact of performance on the remuneration of our Chief Executive is illustrated in the chart below. This shows his potential earnings at minimum, on-target and maximum levels of performance along with the impact of a 50% increase in share price.

Base salaries for all employees, including Executive Directors, are reviewed annually. When considering salary increases for Executive Directors and Executive Committee members, the Committee pays close attention to increases available to the wider workforce.

FirstGroup offers a wide range of employee benefits to all employees regardless of role.

We are committed to helping our colleagues save for retirement through a variety of company pension arrangements, which are designed in line with local market practice. In the US the company contributes towards a number of defined contribution plans including 401(k) arrangements and various union multi-employer plans. We operate a number of different pension plans in the UK which reflect the history and requirements of those businesses. Approximately half of our UK employees who are in a pension plan participate in a defined benefit section of the Railways Pension Scheme. Other employees are members of defined contribution schemes. Therefore, we have a variety of pension arrangements, but when taken together across our UK businesses these have an average company contribution of circa 15% of salary. Matthew Gregory receives a pension allowance of 15% of salary (£10,000 p.a. of which is paid into a defined contribution pension plan) and Ryan Mangold, our new CFO, will also receive a pension allowance of 15% of salary, which is in line with the average company contribution to employee pensions in the UK. This is an issue we will continue to keep under review but the pensions arrangements for our executive directors are a reduction on our previous policy.

Another key element of our employee engagement strategy is the opportunity to share in the growth and success of the business through our UK employee share plans. UK employees (including Executive Directors) with six months' service are eligible to participate in the Company's Save As You Earn (SAYE) and Share Incentive Plan, known as Buy As You Earn (BAYE). In accordance with HMRC limits, the maximum participation level in the SAYE plan is £500 per calendar month. Participants are granted linked share options, by reference to projected savings, with a 20% discount to the share price at the time of grant. On the maturity of the savings contracts, participants can elect to use the accumulated savings to exercise their options or may request the return of their savings. The maximum participation level in the BAYE is £150 per month, in line with HMRC limits. The Company provides two Matching Shares for every three shares purchased (Partnership Shares), subject to a maximum Company contribution of shares to the value of £30 a month. The shares are held in trust and become available for release with no tax or National Insurance liability once held for five years.

Other benefits in the UK include discounted travel on our rail and bus services, and discounts on shopping, entertainment and eating out. We also operate childcare voucher schemes across our UK businesses and our Employee Assistance programme offers all employees access to free, 24/7 confidential telephone, online and face to face advice for problems they may be experiencing at home or work.

Greyhound Canada and some of our larger UK businesses have their own dedicated in-house Occupational Health teams; our other businesses use external specialist advisers to support employees with health problems which may be affecting their performance at work.

In the US we offer a broad spectrum of health and welfare benefits to our employees and their families, including life insurance, health, dental and vision benefits for employees and their dependents. We also provide disability plans for short and long term illness. Employee and family wellbeing is a focus through our 'Route to Rewards' wellness program, and throughout the year we encourage participation in wellness activities. In Canada, our employee benefits include life insurance, health and dental benefits, and disability coverage for employees and their dependents.

All our divisions run workplace health and wellbeing programmes to support employees to stay fit and healthy.

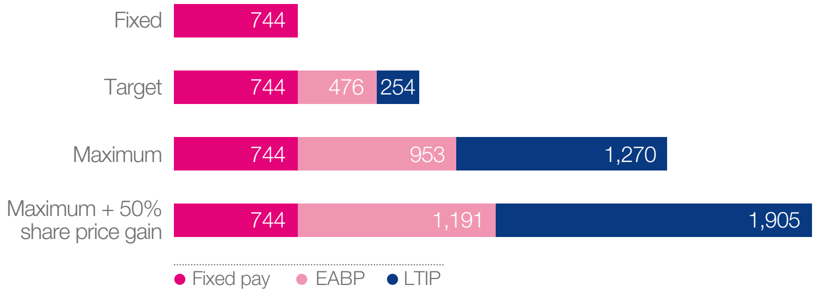
Employee engagement

While the Committee does not formally consult with employees on Executive Director remuneration, a number of different mechanisms are in place to gather feedback from employees across a range of issues. More information on our 'Your Voice' survey is set out on page 33.

The Group engages with its UK workforce through our Employee Directors and Jimmy Groombridge, our Group Employee Director is invited to attend all the Committee's meetings. Our Committee Chair, Imelda Walsh, will also periodically attend meetings of the Employee Directors' Forum. More information on the role of our Employee Directors is set out on page 57.

The Committee believes that it is important for our employees to understand how the remuneration of our Executive Directors is determined and will utilise the different communication channels operating across the Group to ensure our employees are aware of the information available in the Directors' remuneration report.

Chief Executive
Total Remuneration (£000s)



Annual report on remuneration

This part of the Directors' remuneration report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and Rule 9.8.6 of the Listing Rules. The Annual report on remuneration and the Statement by the Chair will be put to an advisory shareholder vote at the 2019 AGM.

Executive Directors' total remuneration (audited)

						Annual bonus			
	Role	Year	Salary £000s	Benefits £000s	Pension £000s	Cash £000s	Value of deferred shares £000s	Long-Term Incentive Plan £000s	Total £000s
Matthew Gregory[1]	CEO	2019	542	14	97	136	–[3]	87[4]	876
	CFO	2018	437	14	87	73	73	–	684
Tim O'Toole[2]	CEO	2019	141	6	28	–	–	–	175
		2018	846	43	211	–	–	–	1,110

1 As noted in last year's Annual report on remuneration, Matthew Gregory advised the Committee that he did not wish to be considered for a salary increase at 1 April 2018. On his appointment as Interim COO on 31 May 2018, Matthew received an increase in his annual salary to £500,000. When Matthew was appointed as Chief Executive on 13 November 2018, his salary was increased to £635,000. Taking into account these changes, total salary payable to Matthew for the year ended 31 March 2019 was £542,000.

2 Tim O'Toole stepped down from the Board on 31 May 2018. The table above reflects his remuneration during the period 1 April 2018 to 31 May 2018.

3 As explained on page 85, the Committee decided that the deferred share element of the Chief Executive's bonus should be awarded on a conditional basis. In 2022 when the normal deferment period for the award ends, the Committee will determine at its discretion the extent (if any) to which the conditional award will vest. Any shares vesting under this element will be reported in the relevant Remuneration Report, including the Committee's decision and supporting rationale.

4 In line with the regulations, the estimated value of the 2016 LTIP at vesting has been calculated based on the average share price over the last three months of 2018/19 (91.22p). The actual value of the 2016 LTIP, based on the share price on the date the award vests, will be shown in the 2020 report. In line with the early adoption of requirements under the UK Companies (Miscellaneous Reporting) Regulations 2018, none of the total value of £87,140 at vesting can be attributed to share price growth as the share price at award was 92.60p in 2016.

Benefits (audited)

Benefits for Executive Directors include the provision of a company car allowance, private medical cover, life assurance and advisory fees. Matthew Gregory's benefits for the year comprised: £12,000 car allowance and £2,000 for UK private medical insurance. In the period 1 April 2018 – 31 May 2018, Tim O'Toole received benefits of: £2,000 car allowance and £4,000 for US medical insurance.

Pension (audited)

Matthew Gregory received a pension allowance of £97,000 including a defined contribution pension input amount of £10,000. This comprised 20% of his base salary up until his appointment as Chief Executive on 13 November 2018, when his allowance was reduced to 15% of salary.

In the period 1 April 2018 – 31 May 2018, Tim O'Toole received a pension allowance of £28,000 including a defined contribution pension input amount of £2,000. This was 20% of his base salary.

Tim O'Toole's defined benefit pension accrual ceased on 5 April 2018, as the FirstGroup Pension Scheme closed to future accrual. As such, he accrued no new defined benefit pension in the year to 31 March 2019.

Following his resignation as a Director in May 2018, any increase in his benefits over the year related to evaluation or late retirement increases designed to preserve the value of previously accrued benefits, rather than accrual of new benefits.

Information in the table below includes the total accrued benefit at 31 March 2019 which represents the annual pension that is expected to be payable on eventual retirement given the length of service and salary of Tim O'Toole.

	Age at 31 Mar 2019	Pension age	Total accrued benefit at 31 Mar 2019[1]	Increase in accrued annual pension at 31 Mar 2019 £000s
Tim O'Toole	63	65	26	1

1 Tim O'Toole's defined benefit pension accrual ceased on 5 April 2018, as the FirstGroup Pension Scheme closed to future accrual. No additional benefits are available on early retirement.

Performance-related pay

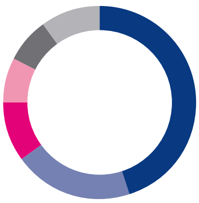
The Committee believes it is important for Executive Directors that a significant proportion of the remuneration package is performance-related and the performance conditions applying to incentive arrangements support the delivery of the Company's strategy. The Committee considers performance against a range of metrics, including safety, to ensure that the assessment is rounded, taking into account both qualitative and quantitative factors.

The table below outlines each of the performance measures used in the Company's performance-related incentives and how they support the Company's strategy and business objectives as outlined in the Strategic report:

	KPIs	Business objectives	Our Values
LTIP			
Road ROCE	●	●	
TSR		●	
EPS	●		
Bonus			
Adjusted operating profit	●	●	
Revenue	●	●	
Cash flow	●	●	
Safety	●	●	●
Customer satisfaction	●	●	●
Individual performance	●	●	●

Executive Annual Bonus Plan

2018/19 Executive Directors' annual bonus (audited)



Adjusted operating profit	45%
Revenue	20%
Cash flow	10%
Safety	7.5%
Customer satisfaction	7.5%
Individual performance	10%

For 2018/19 the EABP aimed to incentivise improved performance against a range of financial and non-financial metrics. The structure of the bonus did not change from 2017/18 and was weighted so that 75% was based on financial metrics and 25% on non-financial metrics.

For 2018/19, the EABP comprised the following six elements:

Adjusted operating profit – a KPI used in managing the business.

Revenue – encourages management to deliver sustainable growth through volume and pricing.

Cash flow – encourages management to devise operational plans focused on cash generation to create options for the Board in relation to, among other uses, investment in key assets of fleet, systems, people and debt reduction.

Safety – to ensure that risk controls, safety procedures and behaviours are constantly enhanced. Performance was assessed against a balanced scorecard using a broad range of indicators, including long term injuries, passenger injuries and collisions.

Customer satisfaction – a key focus at all levels of the Group. Performance was assessed against a balanced scorecard of measures such as customer satisfaction surveys, punctuality and cancellations across all five divisions.

Individual performance – recognises achievement in other significant areas. Performance was assessed against individual objectives for the year, which were aligned with the Group's strategy.

Stretching, relevant and measurable targets were set by the Committee against each of these elements and the Committee also reviewed targets at individual divisional level. The financial targets were based on the Group's plan and took into consideration the latest available consensus and expectations for 2018/19.

When determining the outcome for the year, the Committee assessed each element of the annual bonus separately as part of an overall balanced scorecard of measures. Within each element the Committee considered a number of sub-elements, including the performance of each division and the Company's performance on a rail and non-rail basis, and formed a rounded assessment of Matthew Gregory's performance at the end of the year.

In keeping with the practice applied in previous years, the original target ranges for the revenue and operating profit elements have been adjusted to reflect the actual reported foreign exchange rate changes experienced in the year under review.

For 2018/19, the financial and non-financial performance outcomes on a formulaic basis are summarised below and before the Committee made its assessment as to whether, in light of the underlying performance of the Company, it was appropriate to exercise its discretion and make further adjustments

Metrics	Actual performance	Threshold (0%)	Target (50%)	Maximum (100%)	Maximum potential award	% of award which vested	Outcomes
Adjusted operating profit[1]	£332.9m	£314.0m	£325.6m	£340.7m	45%	36.3%	Group EBIT performance achieved at 81% of maximum
Revenue	£7,126.9m	£6,933.2m	£7,087.1m	£7,230.2m	20%	12.8%	Group Revenue performance achieved at 64% of maximum
Cash flow[2]	£75.9m	Less than £75.7m	n/a	£75.7m or greater	10%	10%	Group cash generation for the year exceeded the EABP target level (even after adjusting for the higher than usual level of Rail ring-fenced cash) and delivered full payout
Safety	Between threshold and target	Balanced scorecard of indicators			7.5%	1.9%	Group safety performance is a composite score of performance across each division. Improved safety performance from First Bus and Greyhound, offset by weaker performance in First Student, First Rail and First Transit.
Customer satisfaction	Between threshold and target	Balanced scorecard of measures			7.5%	1.7%	Group customer satisfaction is a composite score of performance across each division. Good performance from our contract based businesses First Student and First Transit, offset by weaker performance in First Rail, First Bus and Greyhound.

1 Adjusted operating profit figures throughout this document are before other intangible asset amortisation charges and certain other items as set out in note 4 to the financial statements.

2 Group cashflow for the year was adjusted to remove the exceptional impact of ring-fenced cash from First Rail.

As previously reported, Tim O' Toole was not eligible for an annual bonus for 2018/19.

The Committee carefully reviewed Matthew Gregory's performance against his personal objectives. Matthew's objectives had evolved during the year to reflect his roles as CFO, Interim COO and now Chief Executive. Reflecting on the key deliverables required during the year, and taking into account Matthew's growing role and associated levels of responsibility, the Committee considered his performance against the following key objectives and their achievement:

Objective	Assessment
Led the strategic review which has determined, with Board support, that a portfolio rationalisation is central to delivering enhanced shareholder value.	Fully achieved
Instigated a comprehensive, externally-facilitated structural change and efficiency programme, including a 'bottom up' review of the Group's cost base.	Fully achieved
Demonstrated good progress in the key areas relating to our safety culture.	Partially achieved
Developed a new vision aimed at placing the customer at the centre of our business.	Partially achieved
Driven the appropriate culture and Values including the diversity agenda and actions to improve employee engagement across the Group.	Fully achieved

The Committee determined that Matthew had delivered these objectives to a high standard and had also made a good transition to the role of Chief Executive. Considering his achievement against his specific personal objectives, as well as his performance across three roles over the financial year, the Committee awarded him 7% out of a possible 10%.

Taking into account the above outcomes, the formulaic EABP award for Matthew Gregory resulted in a potential award of 69.7% of the maximum.

Whilst underlying performance improvement in the year was strong, and the Committee commended management's delivery of good progress, Matthew and the Committee agreed that the overall performance should be considered in the context of the decision to provide for the Group's share of the potential future losses on the SWR franchise and the increase to the level of North American self-insurance reserves described on pages 7 and 8.

Therefore, the Committee exercised its discretion in this regard and awarded a bonus of 33.4% of the maximum potential, which equates to 50.1% of his average salary during the year.

Under the approved Policy, 50% of the award is normally paid in cash with 50% deferred into shares (which do not vest for 3 years, and are not subject to any further performance conditions). In view of the provision of £145.9m made this year in respect of the SWR franchise (described on pages 7 and 8, the Committee decided that the deferred share element of the Chief Executive's bonus should be awarded on a conditional basis. In 2022 when the normal deferment period for the award ends, the Committee will assess the extent to which the SWR provision has been required or is likely to be required over future years. Based on that assessment, it will determine at its discretion (and after taking into account any other factors relating to First Rail that it considers relevant) the extent (if any) to which the conditional award will vest. Any shares vesting under this element will be reported in the relevant Remuneration Report, including the Committee's decision and any further supporting information.

Matthew will therefore receive a cash bonus of 25.05% (£135,708) of his average salary during the year. A further 25.05% (£135,708) of his average salary during the year will be awarded in shares which may vest at the end of three years, subject to the condition relating to the SWR provision.

The overall bonus payout for 2018/19 is as follows:

	Matthew Gregory
Maximum bonus opportunity (% of salary)	150%
Annual bonus (% of salary)	25.1%
Actual bonus (£000s)	136

Long-Term Incentive Plan

2016 Long-Term Incentive Awards (audited)

The vesting of the 2016 LTIP awards was subject to the achievement of ROCE and TSR performance conditions (each representing 50% of the award) over a three-year performance period.

TSR performance was measured against a comparator group of 32 companies in the travel, business services and industrial sectors, which are of comparable scale, complexity and activity to FirstGroup.

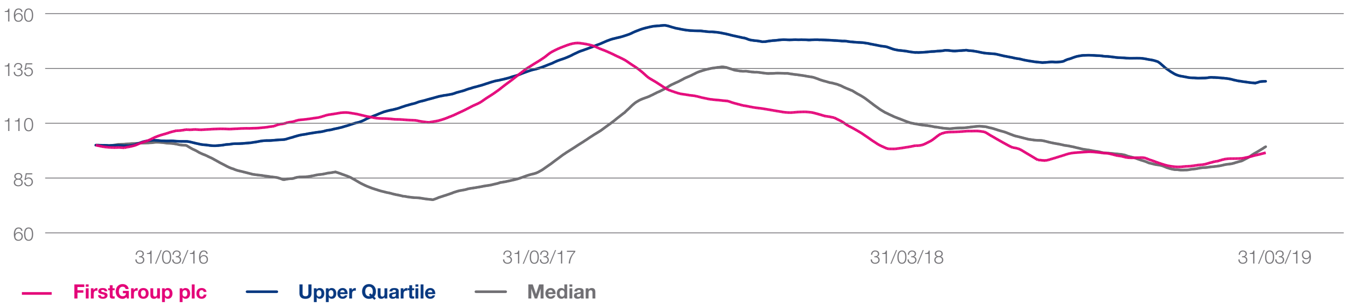
As disclosed in the 2016 Directors' Remuneration report, ROCE for LTIP purposes has been calculated by dividing adjusted operating profit after tax by net assets (excluding cash and debit items). To reflect those items outside management's control, the definition of ROCE is adjusted for:

- use of constant currency – the use of constant currency is established practice at FirstGroup and ensures that management are rewarded for improving the underlying performance of the business. LTIP targets are based on estimated foreign exchange rates in line with those rates included in the Group's Three-Year Plan, which is updated annually.
- exclusion of pension deficit – the exclusion of the pension deficit is considered appropriate as the Committee believes management should not be rewarded for movements in this element; and
- exclusion of non-continuing rail franchises – First Rail franchises that are not contracted to be operated for the full duration of the LTIP performance period are excluded from the ROCE calculation. Winning a franchise or being awarded an extension to an existing franchise (a Direct Award) within the performance period will lead to that franchise being included in subsequent LTIP awards, but not being included in the calculation of existing awards. This ensures a like-for-like comparison across the performance period. For the avoidance of doubt and in accordance with this methodology, the SWR franchise is not included in the ROCE calculation for the 2016 award.

The performance in respect of each of the metrics was as follows:

Metrics	Actual performance	Entry level (0%)	Threshold (12.5%)	Maximum (50%)	% of award which vested
ROCE	7.6%	<7.6%	7.6%	8.7%	12.5%
Relative TSR	47th percentile	Below median	Median	Upper quartile	0%

2016 LTIP – TSR Performance Versus Peer Group (31 March 2016 – 31 March 2019)



The Company's performance was just below median under the TSR measure, therefore this element of the award lapsed.

When assessing performance under the ROCE condition, the Committee determined that a number of adjustments should be made, regarding the write off of Greyhound goodwill, the TPE onerous contract accounting (reflected in the 2017/18 results), the exceptional charge in respect of the self-insurance reserve, and the phasing of approximately £90m in working capital grant and other funding inflows in First Rail which we expect to reverse in the 2019/20 financial year. These adjustments result in a fairer assessment of performance, with the ROCE outcome reduced to 7.6%, which means the threshold level of vesting of 12.5% of the total LTIP award was achieved. The Committee considers this level of vesting is appropriate, noting the near-miss vesting in respect of the TSR element and given the Company's progress in growing earnings and a more disciplined approach to capital allocation. The award will therefore partially vest on 28 June 2019, equating to 95,528 shares for Matthew Gregory (with a value of £87,140[1]), and will be subject to a two-year holding period.

1 In line with the regulations, the estimated value of the 2016 LTIP at vesting has been calculated based on the average share price over the last three months of 2018/19 (91.22p). The actual value of the 2016 LTIP, based on the share price on the date the awards vests, will be shown in the 2020 report. In line with the early adoption of requirements under the UK Companies (Miscellaneous Reporting) Regulations 2018, none of the total value of £87,140 at vesting can be attributed to share price growth as the share price at award was 92.60p in 2016.

Long-Term Incentive Awards made during the year (audited)

The Committee carried out a review of the LTIP performance metrics in 2017, which included consultation with major shareholders. As reported last year, in view of the overall results for 2018, the Committee took some further time to review the calibration of the targets for the 2018 award.

The subsequent awards were made in July 2018. There was no change to the three measures and weighting attached to each. All metrics will be assessed over a three-year performance period (which commenced on 1 April 2018).

The awards are subject to a two-year holding period following the three-year performance period as well as malus and clawback. In addition, as with all LTIP awards, before an award vests the Committee must be satisfied that the underlying performance of the Group is satisfactory and has the ability to amend the formulaic vesting outcome if they believe this is appropriate. The Committee believes that having a performance override is an important feature of the plan as it mitigates the risk of unwarranted vesting outcomes.

Details of the performance metrics and targets for the 2018 LTIP awards are set out below.

Earnings per Share ('EPS')

EPS growth will be determined using Adjusted EPS. The Committee considers Adjusted EPS to be an appropriate reflection of trading performance as it eliminates factors which distort year-on-year comparisons and so should be used to incentivise the achievement of underlying growth. The Committee noted that differences between adjusted and statutory EPS will need to be carefully considered and this is consistent with the overall review process carried out by the Committee when confirming any vesting decision.

EPS growth will be assessed at constant currency. The use of constant currency is established practice at the Company to eliminate foreign exchange translation effects only and ensures that management are rewarded for improving the underlying performance of the business.

When assessing performance, the reported Adjusted EPS for 2020/21 will be compared against the reported Adjusted EPS for 2017/18, restated into constant currency based on the effective foreign exchange rates in 2020/21.

Details of the EPS targets for the 2018 LTIP are set out below:

EPS CAGR[1]	% of award which vests
< 4%	0%
= 4%	8%
≥ 11%	40%

1 Between threshold (4%) and maximum (11%), vesting will be on a straight-line basis.

EPS targets are unchanged from the awards made in 2017 and were set taking into consideration the three-year business plan agreed by the Board in May 2018 and analyst forecasts at the time. The Committee believes this range continues to be very stretching given expectations for growth in our major markets.

ROCE ('Return on Capital Employed') – 20% of the award

As the Rail divisions are not heavy users of the Company's capital and the Company will be relying on the Road divisions to drive improved ROCE performance, the Committee concluded that 'Road ROCE', in 2017 was a more appropriate measure for the LTIP than Group ROCE. All awards since 2017 have been on this basis.

The Road ROCE metric will be calculated by dividing operating profit less tax by relevant Capital Employed retranslated at constant currency where:

- Operating profit is the reported adjusted operating profit of the Group, as published in the Annual Report, excluding earnings derived from the Rail division
- Capital Employed is net assets, excluding net debt, derivatives and pension balances and also excluding items relating to the Rail division. The exclusion of the pension deficit is considered appropriate as the Committee believes management should not be rewarded for movements in this element. This approach to pensions is identical to the ROCE definition, which did include Rail, used for LTIP awards made in 2015 and 2016.

To ensure consistency with the assessment of EPS targets, when assessing ROCE performance, the base year ROCE (6.1%) will be restated on a constant currency basis. The 2017/18 adjusted operating profit will be restated at the effective foreign exchange rate for 2020/21 and the March 2018 Capital Employed will be restated at closing balance sheet rates as at March 2021.

In order to provide transparency for each LTIP award, the Committee will disclose sufficient information to reconcile performance against the ROCE target range at the beginning and the end of the performance period.

At the beginning of the performance period for awards made in 2018 (1 April 2018), LTIP Road ROCE was 6.1%. This was calculated as follows:

Reported ROCE 2017/18	**9.5%**
Remove Rail earnings and capital employed balances	(2.9)%
Remove pension balances	(0.5)%
LTIP Road ROCE	**6.1%**

The Committee believes that this method of calculation results in a ROCE definition that will ensure management are rewarded for improving the effective allocation of capital across the business and then generating a return from this investment.

Details of the ROCE targets for the 2018 LTIP are set out below:

ROCE (Growth from end of 2017/18)[1]	% of award which vests
< 30 basis points	0%
= 30 basis points	4%
≥ 150 basis points	20%

1 Between threshold (30 bps) and maximum (150 bps), vesting will be on a straight-line basis.

Growth in Road ROCE of 150 bps for maximum vesting is in line with the targets set by the Committee for the 2017 LTIP awards. The performance required to achieve threshold vesting has been increased to 30 bps growth from 10 bps growth in 2017.

Relative TSR ('Total Shareholder Return') – 40% of the award

The relative nature of the metric, with TSR measured against a comparator group of 29 companies, creates an objective measure of long-term value delivery to shareholders and rewards executives for delivering performance which is better than that of competitors.

Relative TSR will be determined over a three-year performance period commencing on 1 April 2018 using a three-month average TSR at the beginning and end of the performance period by reference to the Company's positioning amongst a comparator group of companies.

The Committee believes that relative TSR is a suitable value metric, which takes into account performance of the Company's closest peers.

Details of the TSR targets for the 2018 LTIP are set out below:

TSR Ranking[1]	% of award which vests
Below median	0%
Median	8%
Upper quartile	40%

1 Between median and the upper quartile of the peer group, vesting will be on a straight-line basis.

The comparator group for the benchmarking of remuneration and the relative TSR metric for awards granted in 2018 is set out below. This comprises companies in the travel, business services and industrial sectors, which are of comparable scale, complexity and activity to the Company. In the event of one or more of the constituents undergoing a takeover, merger, dissolution, variation in capital or any other event that will materially affect the calculation of a ranking, the Committee shall determine how this should be reflected in the ranking calculation.

Aggreko	Electrocomponents	IWG	Stagecoach Group
Babcock International Group	Ferguson	Kier Group	Thomas Cook Group
Balfour Beatty	G4S	Mitie Group	Travis Perkins
Bunzl	Galliford Try	National Express	Wizz Air Holdings
Capita	Go-Ahead Group	Rentokil Initial	Wood Group (John)
Carnival	Grafton Group	Serco Group	
DCC	Hays	SIG	
easyJet	Interserve	Smith (DS)	

The comparator group is unchanged from that used in 2017, other than the removal of Carillion and GKN, following their delisting.

An LTIP award of 175% of salary was granted to Matthew Gregory on 5 July 2018. Following his appointment as Chief Executive, a further award was made to Matthew on 14 November 2018. This award was calculated to reflect the period during the year which he was eligible, as Chief Executive, under the Remuneration Policy, to an LTIP award of 200% of salary, taking into account his salary on promotion. Details of both awards are set out below:

Executive Director	Share price at date of grant[1]	Face value (% of base salary)	Number of shares awarded	Face value of award[2]	% of award which vests at threshold	Performance period
Matthew Gregory – July 2018	84.08 pence	175%	909,550	£764,750	20%	1.4.18 – 31.3.21
Matthew Gregory – November 2018	82.58 pence	30.3%[3]	232,998	£192,410	20%	1.4.18 – 31.3.21

1 Awards granted using the average five-day closing mid-market share price at the time of grant

2 The total face value of awards made to Matthew Gregory in 2018 is £957,160. This represents an award of 175% of Matthew's salary as CFO, of £437,000 (and therefore excludes the increase in pay agreed when he was appointed Interim COO from 1st June 2018) pro rated for the period from 1 April to 12 November 2018 (circa 62% of the year) plus an award of 200% of his salary as Chief Executive (£635,000) pro rated for the period from 13 November 2018 – 31 March 2019 (circa 38% of the year). In July 2018 Matthew was made an award of 175% of his salary at the time which had a face value of £764,750. The second award made in November 2018 represented the balance between £957,160 and £764,750.

3 The face value of the award made in November 2018 represented 30.3% of Matthew's salary at the time of grant of £635,000.

The awards are structured as nil-cost options, which may be exercised for up to 12 months following vesting. The awards are subject to clawback and malus, and a two-year post-vesting holding period.

Recruitment arrangements

On his appointment as Chief Executive on 13 November 2018, the following changes were made to Matthew Gregory's remuneration package:

- salary increased to £635,000
- pension allowance reduced from 20% of salary to 15% of salary
- maximum LTIP opportunity increased from 175% to 200% of salary
- shareholding requirement increased from 150% to 200% of salary

These arrangements are in accordance with our approved Remuneration Policy and provide a heavier weighting towards variable pay than the package for the previous Chief Executive – approximately a 30% reduction in fixed pay.

When setting the revised terms for Matthew, the Committee agreed that his pension allowance should be reduced to 15%, which is in line with the average company contribution to employee pensions in the UK. Matthew's salary will not be reviewed before 1 April 2020.

Matthew's maximum opportunity under the EABP remains at 150% of salary. His bonus for 2018/19 has been calculated based on his average salary during the year. His LTIP award made in June 2018 was calculated based on 175% of his salary as CFO (£437,000). On his appointment as Chief Executive, a further LTIP award was made in November 2018 to reflect the time during the year when Matthew was eligible for a maximum LTIP award of 200% of salary and his new salary of £635,000.

Ryan Mangold was appointed as Chief Financial Officer ('CFO') on 31 May 2019. Although this does not fall into the 2018/19 financial year, in the interests of transparency, details concerning his remuneration arrangements are provided here. This information will also be included in the 2020 Director's remuneration report. The Committee considered it necessary to attract and recruit a high calibre, highly experienced Chief Financial Officer to support the delivery of the strategy, which will require the execution of a complex portfolio rationalisation with discipline and pace. Ryan's recruitment package has been structured to support this objective.

His remuneration package as CFO is as follows:

- base salary of £450,000
- benefits in line with the Remuneration policy, including a company car allowance, private medical cover and life assurance
- a pension allowance of 15% of salary
- an EABP opportunity of 150% of salary
- a normal maximum LTIP opportunity of 175% salary
- a shareholding requirement of 150% of salary

Ryan will receive a 2019 LTIP award of 200% of base salary under the recruitment provisions of the Remuneration Policy. This enhanced award level is intended to create a strong and immediate alignment to delivery of the Company's new strategy, the commencement of which ties in directly with Ryan's appointment. The Committee was also mindful of the fact that there was no need for a buy-out of foregone awards and felt that the relatively modest additional value that this arrangement represents was therefore justified.

He will be eligible for consideration for a 2019/20 EABP on a full year basis (i.e. not subject to time pro-rating). The decision to award a full year bonus takes into account that Ryan will be in post for the great majority of the year (10 months) and also reflects the significant up-front investment of time which Ryan agreed to make ahead of his formal joining date. The Committee felt this initial investment was essential to ensure that Ryan was engaged in the launch and implementation of the new strategy, and as such was very much in the best interests of shareholders.

Payments to past Directors and payments for loss of office (audited)

Tim O'Toole stepped down from the Board on 31 May 2018. To assist with transition, he remained employed by the Group until 30 September 2018 and during this period his salary, pension and benefits continued to be paid as usual. Payment in lieu of Tim's salary and benefits for the unexpired period of his notice were then paid in monthly instalments, subject to mitigation. As at 31 March 2019, a maximum of two further monthly instalments were payable. In addition, the Company paid for Tim's legal advice in relation to his departure.

Amounts paid after Tim stepped down from the Board are set out below.

	Year	Salary £000s	Benefits[1] £000s	Pension £000s	Payments in lieu of notice £000s	Total £000s
Tim O'Toole	2019	282	12	56	524	874

1 Benefits include car allowance and medical insurance.

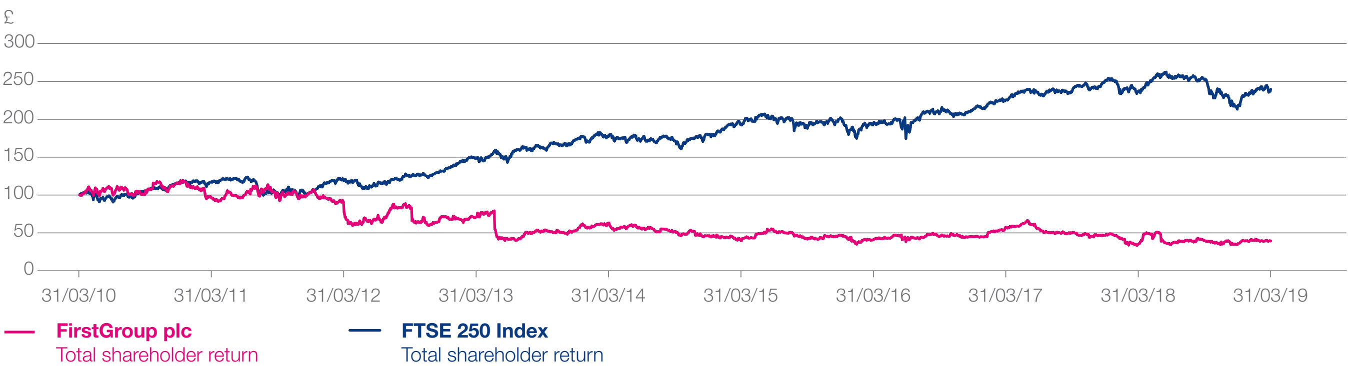
As reported last year, Tim did not receive an annual bonus for 2018 and he was not eligible to participate in the annual bonus plan for 2019.

On leaving employment, Tim's outstanding awards under the LTIP lapsed and no further awards were made in 2018. Tim had 599,482 unvested deferred bonus shares awarded in 2016 and 2017. The Remuneration Committee gave careful consideration to the treatment of these shares and determined that, as they related to past performance, they should vest on their normal vesting dates. The 516,356 shares awarded in 2017, due to vest in 2020, remain conditional on a determination by the Committee following the conclusion of appropriate investigations into the 2016 Croydon tram incident. If the Committee determine that any of these shares will vest, a full explanation will be provided in the 2020 Directors' Remuneration Report

Performance graphs

The graph below shows the TSR performance of £100 invested in FirstGroup plc shares over the past ten years compared to an equivalent investment in the FTSE 250. The FTSE 250 Index has been selected as it provides an established and broad-based index, of which the Company is a constituent.

Total shareholder return



Source: Thomson Reuters Datastream

TSR is measured according to a return index calculated by Datastream on the basis that all the Company's dividends are reinvested in the Company's shares. The return is the percentage increase in the Company's index over the ten-year period.

Remuneration of the Chief Executive

The table below shows the total remuneration figure for the highest paid Executive Director, the Chief Executive, during each of the past ten years. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years. The annual bonus percentages show the payout for each year as a percentage of the maximum.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019 (Tim O'Toole)**	**2019 (Wolfhart Hauser)**	**2019 (Matthew Gregory)**
Total remuneration (£000s)	802	857[1]	1,055	1,068	1,986	1,647	1,243	1,267	1,100	**175[5]**	**266[6]**	**422[7]**
Annual bonus (% of maximum potential)	–	43.6	–[2]	–[2]	59.1	57	15.9	–[3]	–[4]	**–**	**n/a**	**33.4**
LTIP vesting (% of maximum potential)	–	–	–	–	–	–	–	16.3	–	**–**	**n/a**	**12.5**

1 £503,000 relates to the remuneration of Sir Moir Lockhead, who resigned as Chief Executive in November 2010. From 1 November 2010 to 31 March 2011, Tim O'Toole received a remuneration of £357,000.

2 Tim O'Toole waived his bonus in 2012 and 2013.

3 A bonus was not paid to Tim O'Toole in 2017 and instead he received a conditional deferred share award.

4 No bonus was paid to Tim O'Toole in 2018

5 Relates to the remuneration of Tim O'Toole to 31 May 2018. Tim O'Toole was not eligible for an annual bonus or LTIP awards.

6 Relates to the remuneration of Wolfhart Hauser for his period as Executive Chairman, 1 June to 12 November 2018. Wolfhart Hauser was not eligible for an annual bonus or LTIP awards.

7 Relates to the remuneration of Matthew Gregory as Chief Executive from 13 November 2018 to 31 March 2019.

Non-Executive Directors' (NED) and Chairman's fees (audited)

The Chairman's fee of £295,000 has been in place since 1 December 2017. This fee was set to reflect the demands of the role and the time commitment required of the Chairman.

During the period 31 May 2018 to 13 November 2018, Wolfhart Hauser took on the interim role of Executive Chairman, while a new Chief Executive was being recruited. To recognise the additional time commitment associated with this, the Committee agreed a temporary increase in fees of £300,000 p.a. to £595,000 p.a. Wolfhart used a significant portion of this increase in fees (after tax) to purchase FirstGroup plc shares and acquired 56,016 shares during his time as Executive Chairman. By the end of the year he owned 340,574 shares, an increase of 20% over the prior year.

On the appointment of Matthew Gregory as Chief Executive on 13 November 2018, Wolfhart Hauser's role returned to that of Chairman and his annual fee reverted to £295,000.

No changes were made to NED fees in 2018. These remained at £58,000 p.a. with additional fees of £12,000 payable to the Senior Independent Director and the Chairs of the Audit, Board Safety and Remuneration Committees.

The Remuneration Policy approved last year gave the flexibility for Non-Executive Directors to receive an allowance in the event that they are required to undertake intercontinental travel for the purposes of attending Board or Committee meetings or site visits. At this time, the revised policy has not been implemented, therefore no such allowances have been paid to any Directors in 2018/19.

	Fees		Benefits[1]		Totals	
Non-Executive Director	**2019 £000s**	2018 £000s	**2019 £000s**	2018 £000s	**2019 £000s**	2018 £000s
Wolfhart Hauser[2]	**429**	285	**1**	–	**430**	285
Warwick Brady	**58**	58	**–**	–	**58**	58
Jimmy Groombridge[3]	**58**	49	**–**	–	**58**	49
Steve Gunning[4]	**15**	–	**–**	–	**15**	–
Drummond Hall	**70**	70	**–**	–	**70**	70
Martha Poulter	**58**	49	**3**	2	**61**	51
David Robbie	**70**	11	**–**	–	**70**	11
Imelda Walsh	**70**	70	**–**	–	**70**	70
Jim Winestock	**70**	70	**8**	5	**78**	75

1 The Company meets all reasonable travel, subsistence, accommodation and other expenses, including any tax where such expenses are deemed taxable, incurred by the NEDs and the Chairman in the course of performing their duties.

2 During the period 31 May 2018 to 13 November 2018, Wolfhart Hauser took on the interim role of Executive Chairman, while a new Chief Executive was being recruited. To recognise the additional time commitment associated with this, the Committee agreed a temporary increase in fees of £300,000 p.a. to £595,000 p.a. On the appointment of Matthew Gregory as Chief Executive on 13 November 2018, Wolfhart Hauser's role returned to that of Chairman and his annual fee reverted to £295,000

3 In addition to his fee as Group Employee Director, Jimmy Groombridge received earnings from the Group as an employee amounting to £21,193 (2017/18: £21,251). As a participant in the BAYE he received 257 Matching Shares during the financial year. Based on the middle market closing price of a share on 29 March 2019 of 90.95 pence, the value of these were £234.

4 Steve Gunning was appointed on 1 January 2019.

Implementation of remuneration policy for 2019/20

Annual base salary

On his appointment as Chief Executive, it was agreed that Matthew Gregory's salary would not be reviewed before 1 April 2020. It therefore remains at £635,000 for 2019.

Ryan Mangold's salary on appointment as Chief Financial Officer will be £450,000 and will likewise not be reviewed before 1 April 2020.

2019/20 Executive Directors' annual bonus

For 2019/20 the EABP will aim to incentivise improved performance against a range of financial and non-financial metrics and will be weighted such that 75% will be based on financial metrics and 25% on non-financial metrics. The financial targets will be set by the Committee based on a number of factors such as the Group's business plan, individual business unit level performance, consensus and expectations for 2019/20. The Committee will set targets which are stretching to ensure payouts only occur for strong performance over the financial year. The targets will be no less demanding than those set for the year 2018/19.

Specific targets will not be disclosed in advance as they would give a clear indication of the Group's business objectives, which are commercially sensitive. Where bonus targets are no longer commercially sensitive, typically following the end of the financial year, they will be disclosed in that year's Directors' remuneration report. Awards will be subject to an underlying performance override, enabling the Committee to scale back payouts to reflect the Group's overall performance, as well as malus and clawback. Half of any bonus earned will be deferred into the Company's shares for three years, conditional upon continued employment.

The Committee has already demonstrated in assessing bonus outcomes in previous years, 2015, 2017, 2018 and again in 2019, that it is prepared to set aside the formulaic outcome and reduce awards or introduce a further condition, to ensure that business performance or the impact of a significant event is properly reflected.

The 2019/20 annual bonus maximum and threshold levels of bonus as a percentage of base salary will be as follows:

Executive Director	Maximum	Threshold
Matthew Gregory	150%	0%
Ryan Mangold	150%	0%

2019 Long-Term Incentive Awards

It is the Committee's intention to make awards under the LTIP this year and it is anticipated that the approach to be adopted regarding metrics will be similar to that of the 2018 LTIP, that is, 20% Road ROCE, 40% EPS and 40% relative TSR. The targets for these awards will be published in the 2019/20 Directors' remuneration report.

As explained in the Remuneration Committee Chair's letter, the performance measures relating to the 2019 LTIP awards will be set and evaluated on a pre-IFRS 16 basis. The introduction of the new accounting standard IFRS 16 will have major implications on the reporting of our financial results, the impact of which was not completely known at the time the targets for the 2019 LTIP were set. The Committee took the view that it was important to give clarity to participants at the outset, rather than seeking to subsequently restate the targets at a future date. A reconciliation between the performance outcomes on an IFRS 16 and an IAS 17 basis will be included in the Directors' Remuneration Report for the year to 31 March 2022, in the section on LTIP vesting

Ryan Mangold will receive a 2019 LTIP award of 200% of base salary under the recruitment provisions of the Remuneration Policy.

Directors' interests in share awards (audited)

The outstanding LTIP, deferred share bonus and SAYE awards of Directors are set out in the table below. There have been no changes to the terms of any share awards granted to Directors.

Director	Plan	Date of grant	Number of awards held as at 1.4.18	Awards granted	Face value of awards (£)[1]	Awards vested[2]	Awards lapsed during the year	Number[3] of awards held as at 31.3.19	Exercise price (p)	Date on which award vests/ becomes exercisable	Expiry date
Matthew Gregory[4]	Deferred bonus shares	28.6.16	81,399	–	75,375	–	–	81,399	nil	27.6.19	27.6.26
		16.6.17	162,187	–	227,225	–	–	162,187	nil	16.6.20	15.6.27
		19.6.18	–	86,958	73,219	–	–	86,958	nil	19.6.21	19.6.22
	LTIP	17.12.15	1,222,200	–	1,284,532	–	1,222,200	–	nil	1.4.18	1.4.19
		28.6.16	764,231	–	707,678	–	–	764,231	nil	1.4.19	1.4.20
		24.11.17	730,420	–	764,750	–	–	730,420	nil	1.4.20	1.4.21
		5.7.18	–	909,550	764,750	–	–	909,550	nil	1.4.21	1.4.22
		14.11.18	–	232,998	192,410	–	–	232,998	nil	1.4.21	1.4.22
Group Employee Director											
Jimmy Groombridge	SAYE	8.12.15	3,601	–	3,713	–	–	3,601	85	1.2.19	31.7.19
		12.12.16	5,436	–	5,566	–	–	5,436	86	1.2.20	31.7.20
		12.12.17	3,469	–	3,747	–	–	3,469	83	1.2.21	31.7.21
		6.12.18	–	4,114	2,880	–	–	4,114	70	1.2.22	31.7.22

1 The face value of LTIP and deferred bonus in the table above has been calculated by multiplying the maximum number of shares that could vest by the average closing mid-market share price for the five days preceding the grant date. For SAYE options the face value is calculated by multiplying the number of options by the closing share price on the date of grant.

2 LTIP awards vest on the date the Committee determines whether performance conditions have been met, or if on that date dealing restrictions apply, the first date after dealing restrictions cease to apply.

3 The table above shows the maximum number of shares that could be released if awards were to vest in full. In respect of LTIP and Deferred bonus awards, participants are entitled to receive dividends or dividend equivalent amounts once the share awards have vested.

4 Awards made to Matthew Gregory under the EABP and LTIP are subject to clawback and malus provisions, in line with best practice and investors' expectations.

Shareholding guidelines (audited)

Under the terms of the Remuneration Policy approved by shareholders at the 2018 AGM, Executive Directors are expected to build up a specified shareholding in the Company. This is to create greater alignment of the Executive Directors' interests with those of shareholders. The guidelines require Executive Directors to retain at least 75% of the shares, net of tax, vesting under a Group share incentive plan or otherwise acquire shares in the Company within a five-year period from their date of appointment, until a shareholding with a market value (calculated by reference to the year end share price) equal to 200% of base salary in the case of the Chief Executive and 150% of base salary in the case of other Executive Directors is achieved. The Committee reserves the right to relax or waive the application of such guidelines in certain circumstances, including the impending retirement of an Executive Director.

The table below sets out the shareholdings of the Executive Directors and their connected persons' shareholdings (including beneficial interests) and a summary of outstanding and unvested share awards as at 31 March 2019 in the case of Matthew Gregory, and as at 31 May 2018 in the case of Tim O'Toole.

The table below shows that Matthew Gregory is making progress toward meeting the increased shareholding guideline for his role as Chief Executive, with a current shareholding of 69% of base salary. If the net value of the 95,528 shares due to vest under his 2016 LTIP award in June 2019 are included, this would increase to circa 77% of base salary. The table below uses the closing price of an ordinary share of the Company of 90.95 pence per share on 29 March 2019.

Executive Director	Ordinary shares beneficially owned at 1.4.18	Ordinary shares beneficially owned at 31.3.19[2]	Unvested deferred bonus share awards subject to continued employment[3]	Unvested share awards subject to performance conditions	Vested but not exercised share awards	Shareholding requirement (% of basic salary)	Current shareholding (% of basic salary)[4,5]
Matthew Gregory[1]	308,399	308,399	330,544	2,637,199	–	200%	69%
Tim O'Toole	1,253,522	1,265,948	83,126	516,356	–	200%	n/a

1 Matthew Gregory has until 1 December 2020 to meet the shareholding guideline of 150% of base salary (set when he was CFO) and until 13 November 2023 to meet the CEO guideline of 200% of base salary.

2 The figure for Tim O' Toole is as at 31 May 2018, the date he stepped down from the Board.

3 The unvested deferred bonus share award shown for Tim O'Toole is not conditional on continued employment and will vest on 27 June 2019.

4 Based on the middle market closing price of an ordinary share of the Company of 90.95 pence per share on 29 March 2019. The range of the Company's share price for the year was 79.3 pence to 117.5 pence.

5 The percentage of basic salary shown in the table includes vested but unexercised awards and the after tax value of unvested deferred bonus share awards which are subject to continued employment.

Non-Executive Directors' interest in ordinary shares (audited)

The beneficial interests of the Non-Executive Directors who held office at 31 March 2019 and their connected persons in the shares of the Company as at that date and 1 April 2018 are shown below. Shares are held outright with no attaching performance conditions. Jimmy Groombridge holds his shares in the FirstGroup Share Incentive Plan ('SIP') trust.

	Ordinary shares beneficially owned at 1.4.18 or date of appointment, if later	Ordinary shares beneficially owned at 31.3.19
Wolfhart Hauser	284,558	340,574
Warwick Brady	108,701	108,701
Jimmy Groombridge[1]	3,888	7,926
Steve Gunning[2]	–	–
Drummond Hall	30,990	50,990
Imelda Walsh	19,429	19,429
Jim Winestock	64,743	64,743
Martha Poulter	60,000	60,000
David Robbie	30,000	60,000

1 Jimmy Groombridge participates in the Company's BAYE scheme. His shares are held in the SIP trust. As explained on page 81, if the Partnership Shares were removed from the SIP trust within three years, the corresponding Matching Shares would be forfeited. Jimmy Groombridge acquired 315 shares between 1 April 2019 and the date of approval of this report.

2 Steve Gunning was appointed to the Board on 1 January 2019.

Dilution

The Company ensures that the level of shares granted under the Company's share plans and the means of satisfying such awards remains within best practice guidelines so that dilution from employee share awards does not exceed 10% of the Company's issued share capital for all share plans and 5% in respect of executive share plans in any ten-year rolling period. The Committee monitors dilution levels at least once a year. At 31 March 2019, less than 1% of the Company's issued share capital had been issued for the purpose of its share incentive plans over a ten-year period.

Employee Benefit Trust (EBT)

The FirstGroup EBT has been established to acquire ordinary shares in the Company, by subscription or purchase, from funds provided by the Group to satisfy rights to shares arising on the exercise or vesting of awards under the Group's share-based incentive plans. The trustee of the FirstGroup EBT has informed the Company that its intention is to abstain from voting at the Company's AGM in respect of the shares held in the trust, which are unallocated. As at 31 March 2019, 5,120,884 shares were held by the EBT to hedge outstanding awards of 29,938,092. This means that the EBT holds sufficient shares to satisfy 17% of outstanding awards.

Non-Executive Directors' dates of appointment

Non-Executive Directors have an agreement for service for an initial three-year term, which can be terminated by either party giving three months' notice. In line with the Code, all Non-Executive Directors, including the Chairman, are subject to annual re-election by shareholders at each AGM. The table below sets out the appointment dates for those Non-Executive Directors who served during the year ending 31 March 2019. They will all, except for Drummond Hall, put themselves forward for election or re-election at the 2019 AGM. We have also included below the details of Julia Steyn's appointment.

Non-Executive Director	Date of appointment
Wolfhart Hauser	24 July 2018
Warwick Brady	18 August 2017
Jimmy Groombridge	26 May 2017
Steve Gunning	1 January 2019
Drummond Hall	18 August 2017
Martha Poulter	26 May 2017
David Robbie	2 February 2018
Julia Steyn	2 May 2019
Imelda Walsh	18 August 2017
Jim Winestock	24 July 2018

External board appointments

Where Board approval is given for an Executive Director to accept an outside non-executive directorship, the Director is entitled to retain any fees received, unless the appointment is in connection with the business of the Group.

During the period until he stepped down from the Board on 31 May 2018, Tim O'Toole did not receive any remuneration for serving as an Independent Non-Executive Director of Edison International and Southern California Edison, or as a board member of the US National Safety Council.

Percentage change in remuneration levels

The table below shows the movement in the salary, benefits and annual bonus for the Chief Executive between the current and previous financial year compared to that for the average UK employee (First Bus and First Rail but excluding Group). The figures for 2019 used to calculate the change in remuneration for the Chief Executive relate to the remuneration of Tim O'Toole to 31 May 2018, Wolfhart Hauser for the period 1 June to 12 November 2018 and Matthew Gregory from 13 November 2018 to 31 March 2019. The Committee has chosen UK employees as the comparator as it feels that this provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill, which is distorted by movements in the number of employees and variations in wage practices in the US. However, the Committee will re-assess the comparator in 2019/20 to ensure it remains appropriate. For the benefits and bonus per employee, the figures are based on those employees eligible to participate in such schemes

	Base salary	Benefits	Annual bonus
Chief Executive	(23%)[1]	(73%)[2]	–[3]
UK employees[4]	12.2%	24.7%	49.9%

1 The reduction in salary is due to the fee paid to Wolfhart Hauser during his time as Executive Chairman and the salary for Matthew Gregory on appointment as Chief Executive being lower than the salary received by Tim O'Toole during his time as Chief Executive.

2 Wolfhart Hauser received no taxable benefits during his time as Executive Chairman. The value of UK medical insurance provided to Matthew Gregory is lower than that of the US medical insurance provided to Tim O'Toole. As a result total benefits for 2019 were significantly lower than in 2018.

3 No annual bonus was paid to Tim O'Toole in 2018.

4 Pay increases for the majority of UK employees in First Bus and First Rail are collectively bargained with trade unions in individual operating companies in First Bus and First Rail. Some of these agreements are multi-year deals. The double digit increases in base salary, benefits and annual bonus reflect the inclusion of the SWR franchise in the figures for UK employees this year. On a like-for-like basis (i.e. excluding SWR employees) these figures would be 2.3%, 13.7% and 38.3% respectively.

Relative importance of spend on pay

The table below illustrates the Company's expenditure on pay in comparison to adjusted operating profit and distributions to shareholders by way of dividend payments.

	2019 £m	2018 £m	% change
Adjusted operating profit[1]	**333**	317	5%
Distributions to shareholders	**–**	–	–
Total employee pay[2]	**3,355**	3,162	6%

1 Group adjusted operating profit has been used as a comparison as it is a key financial metric which the Board considers when assessing Company performance.

2 Total employee pay is the total pay for all Group employees, including pension and social security costs. The average monthly number of employees in 2018/19 was 102,061 (2017/18: 100,046).

Role of the Remuneration Committee

The Committee is primarily responsible for determining the policy for executive director remuneration and setting the remuneration for the Chairman, the Executive Directors and senior management. The Committee also reviews 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.

The Committee's full terms of reference, which were reviewed and amended this year, are available on the Company's website. These have been updated in light of the new Code. The Committee's principal responsibilities are summarised below:

- determining and agreeing with the Board the framework for executive remuneration that ensures Executive Directors and members of senior management are provided with appropriate incentives to encourage enhanced performance and are rewarded in a fair and responsible manner for their individual contribution towards the success of the Company. Senior managers are defined as the Executive Committee and other employees agreed between the Chair of the Committee, the Chairman and the Chief Executive. The members of the Executive Committee are shown on page 60.
- ensuring that the remuneration policy is appropriate and consistent with effective risk management
- within the agreed framework, setting and determining the total individual remuneration arrangements for Executive Directors and senior managers, giving due regard to individual and Company performance, and remuneration trends across the Group
- approving the design of, and determining the targets for, any performance-related plans and the total annual payments made under such plans to Executive Directors and senior managers
- determining the terms of employment and remuneration of each Executive Director and senior executive, including recruitment and termination arrangements

Membership and meeting attendance

The current members of the Committee, who are all independent Non-Executive Directors, are: Imelda Walsh, Chair; Drummond Hall, the Senior Independent Director, and David Robbie, who chairs the Audit Committee. Imelda Walsh has chaired a number of Remuneration Committees and so meets the requirements of the Code in terms of her experience. Drummond Hall will step down on 31 May 2019 and Julia Steyn will join the Committee upon Drummond's retirement.

Other attendees at the Committee meetings include the Chairman, the Chief Executive, the interim CFO, the Group Employee Director, the Group Corporate Services Director, the Group HR Director, the Group Head of Reward and PwC, the Committee's external adviser. The General Counsel & Company Secretary was secretary to the Committee until September 2018 and continues to attend Committee meetings. Since September 2018, the Deputy Company Secretary has been secretary to the Committee. Attendees are not involved in any decisions and are not present for any discussions regarding their own remuneration.

After each meeting, the Chair of the Committee presents a report on its activities to the Board.

The Committee met on eight occasions during the year with all of its members in attendance.

Committee activities

In line with its remit, amongst other matters, the Committee took the following actions during the year:

- reviewed and approved 2018/19 salaries for the Executive Directors, Executive Committee and other individuals within the Committee's remit
- assessed the level of achievement against objectives under the 2017/18 EABP and 2015 LTIP
- approved the metrics, definitions, weightings and targets for the 2018/19 EABP and 2018 LTIP awards
- approved the remuneration arrangements for Tim O'Toole on his departure from the Company
- approved the remuneration package for Matthew Gregory on his appointment as Chief Executive and the interim remuneration arrangements for Matthew Gregory and Wolfhart Hauser for their periods as COO and Executive Chairman respectively
- approved changes to the LTIP rules to explicitly include corporate failure and reputational damage as malus and clawback triggers
- reviewed and approved the 2018 Directors' remuneration report
- reviewed the 2018 Gender Pay Gap reporting and final figures ahead of publication
- reviewed its terms of reference to bring them in line with the revised UK Corporate Governance Code and associated guidance

External adviser

The Committee has authority to obtain the advice of external independent remuneration consultants. It is solely responsible for their appointment, retention and termination and for approval of the basis of their fees and other terms. Over the course of the year, the Committee was supported by PwC, who were appointed by the Committee in 2014. The Chair of the Committee agrees the protocols under which PwC provides advice.

PwC is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

During the year, PwC provided independent advice and commentary on a range of topics including Directors' remuneration reporting, discretionary share plans, corporate governance and executive remuneration trends and shareholder consultation. PwC fees for advice provided to the Committee were £97,050 (2018: £67,950), charged on a time-and-materials basis.

PwC also provided general consultancy services to FirstGroup during the year; however, the Committee is satisfied that this does not compromise the independence and objectivity of the advice it has received from PwC, which has no other connection with the Company.

As set out in the Audit Committee report, the external audit has been put out to tender at the beginning of 2019. The Remuneration Committee has been advised that, should PwC be appointed as auditors, it will be necessary to appoint new remuneration advisers as PwC would withdraw its Remuneration Committee-related services prior to the commencement of its role as auditors

Shareholder votes on remuneration matters

	2018 AGM Annual Remuneration Policy	2018 AGM Annual Report on Remuneration	2017 AGM Annual Report on Remuneration	2016 AGM Annual Report on Remuneration
Votes for	787,510,512 (84.52%)	870,429,586 (96.37%)	902,019,470 (91.32%)	799,235,216 (96.53%)
Votes against	144,272,299 (15.48%)	32,771,050 (3.63%)	85,771,076 (8.68%)	28,761,378 (3.47%)
Total votes cast	931,782,811	903,200,636	987,790,546	827,996,594
Votes withheld*	5,492,503	34,074,629	222,240	118,668,660

* Note: A 'Vote withheld' is not a vote in law and is not counted in the calculation of the votes 'For' and 'Against' a resolution.

Imelda Walsh
Chair, Remuneration Committee

Directors' report and additional disclosures

The Directors present their report on the affairs of the Group, together with the audited financial statements and the report of the auditor for the year ended 31 March 2019. Information required to be disclosed in the Directors' report may be found below and in the following sections of the Annual Report and Accounts, in accordance with the Companies Act 2006 (the '2006 Act') and Listing Rule 9.8.4R of the Financial Conduct Authority (the 'FCA'):

Information	Section	Page
Sustainability governance	Corporate Governance report	59
Greenhouse gas emissions	Key performance indicators	41
Likely future developments in the business	Chief Executive's report	4
Risk factors and principal risks; going concern and viability statements	Principal risks and uncertainties	42
Governance arrangements; human rights and anti-corruption and bribery matters	Our stakeholders	30
Long-term incentive schemes	Directors' remuneration report	76
Financial instruments and related market transactions	Financial statements	103

Directors

The Directors of the Company who served during the year, and those appointed after the end of the financial year, and their biographical details are shown on pages 52 to 54. Tim O'Toole stood down from the Board on 31 May 2018 and Drummond Hall will retire on 31 May 2019. Steve Gunning and Julia Steyn were appointed on 1 January and 2 May respectively and Ryan Mangold was appointed with effect from 31 May 2019.

Details of the Directors' interests in shares can be found in the Directors' remuneration report on pages 92 and 93.

During the year, no Director had any interest in any shares or debentures in the Company's subsidiaries, or any material interest in any contract with the Company or a subsidiary being a contract of significance in relation to the Company's business.

Powers of the Directors

The Directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to applicable legislation and regulation and the Company's Articles.

Directors' indemnities and liability insurance

FirstGroup maintains liability insurance for its Directors and Officers. The Company has also granted indemnities to each of the Directors as well as the General Counsel & Company Secretary, the Director of Finance, the Group Financial Controller, the Group Treasury & Tax Director, the Chief Information Officer, the Greyhound President and an Officer of FGI Canada to the extent permitted by law. These indemnities are uncapped in amount, in relation to certain losses and liabilities which they may incur to third parties in the course of acting as a Director (or Officer or Company Secretary as the case may be) of the Company or any of its associated companies. In the case of the Director of Finance, the Group Financial Controller, the Group Treasury & Tax Director, the Chief Information Officer, the Greyhound President and an Officer of FGI Canada the indemnities are limited to their actions as Directors of specific associated companies. Neither the indemnity nor insurance cover provides cover in the event that a Director (or Officer or Company Secretary as the case may be) is proved to have acted fraudulently or dishonestly. The indemnity is categorised as a 'qualifying third-party indemnity' for the purposes of the 2006 Act and will continue in force for the benefit of Directors (or Officers or Company Secretary as the case may be) on an ongoing basis.

Audit information

The Directors who held office at 30 May 2019 confirm that so far as they are aware, there is no relevant audit information (being information needed by the auditor in connection with preparing their audit report), of which the Company's auditor is unaware, and each of the Directors has taken all the steps that they ought reasonably to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the 2006 Act.

Share capital

As at 31 March 2019, the Company's issued share capital was 1,213,878,659 ordinary shares of 5 pence, each credited as fully paid. The Company holds 157,229 ordinary shares in treasury, and the issued share capital of the Company which carries voting rights of one vote per share comprises 1,213,721,430 ordinary shares.

Further details of the Company's issued share capital are shown in note 27 to the Company's financial statements.

The Company's shares are listed on the London Stock Exchange.

Substantial shareholdings

As at 31 March 2019, the Company had been notified under the FCA's Disclosure, Guidance and Transparency Rule ('DGTR') 5 of the following interests in its total voting rights of 3% or more:

Name of holder	Number of ordinary shares	% of total voting rights
Vidacos Nominees Ltd – HSBC Custody Nominees (Australia) Ltd	71,695,290	5.95
Schroders plc	64,283,712	5.33
Jupiter Asset Management Limited	60,603,024	5.03
West Face Capital, Inc	60,455,000	4.99
Vidacos Nominees Ltd	59,397,756	4.93
Coast Capital Management	49.934,190	4.12

Between 31 March 2019 and the date of this report, Coast Capital Management notified the Company that they had increased their holding to 118,585,445 ordinary shares which represent 9.77% of total voting rights. In addition, Jupiter Asset Management Limited notified the Company that their holding had been reduced to 60,568,279 ordinary shares which represent below 5% of total voting rights. We understand that West Face Capital, Inc has also reduced their holding from what they held at year end but no formal notification has been received.

Articles of Association

The description in this section summarises certain provisions of the Company's Articles and applicable Scottish law concerning companies. This summary is qualified in its entirety by reference to this Company's Articles and the 2006 Act. The Company's Articles may be amended by a special resolution of the Company's shareholders.

Shares

The rights attached to the ordinary shares of the Company are defined in the Company's Articles. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Voting rights

Shareholders are entitled to attend and vote at any general meeting of the Company. It is the Company's practice to hold a poll on every resolution at general meetings. Every member present in person or by proxy has, upon a poll, one vote for every share held. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

Dividend rights

Shareholders may by ordinary resolution declare dividends but the amount of the dividend may not exceed the amount recommended by the Board. The Directors are not recommending the payment of a final dividend this year.

Transfer of shares

There are no specific restrictions on the size of a holding nor on the transfer of shares which are both governed by the general provisions of the Company's Articles and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights at any meeting of the Company.

Employee share plans

The Company operates a number of employee share plans, details of which are set out in note 35 to the consolidated financial statements and on the Annual report on remuneration on page 81.

All of the Company's employee share plans contain provisions relating to change of control. On a change of control, options and awards granted to employees may vest and become exercisable, subject to the satisfaction of any applicable performance conditions at the time.

Employee involvement and policies concerning disabled employees

For how we comply with Schedule 7 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (No. 410) in this respect, please see Our people section on page 33.

Purchase of own shares

At the AGM of the Company in 2018 authority was granted for the Company to purchase up to 10% of its ordinary shares. During the year no ordinary shares were purchased. Under the existing authority the Company may purchase up to 121,140,782 ordinary shares. This authority remains in place until the 2019 AGM, when the Company intends to seek a renewal.

Political donations

At the 2018 AGM, shareholders passed a resolution to authorise the Company and its subsidiaries to make political donations to political parties or independent election candidates, to other political organisations, or to incur political expenditure (as such terms are defined in sections 362 to 379 of the 2006 Act), in each case in amounts not exceeding £100,000 in aggregate. As the authority granted at the 2018 AGM will expire, renewal of this authority will be sought at this year's AGM. Further details will be available in the Notice of AGM.

As a result of the broad definition used in the 2006 Act of matters constituting political donations, it is possible that normal business activities, which might not be thought to be political expenditure in the usual sense, could be covered. Accordingly, authority is being sought as a precaution to ensure that the Company's normal business activities do not infringe the 2006 Act, but it is not the policy of the Company to make donations to EU political organisations nor to incur other political expenditure in the EU.

In the US it is far more common for businesses to participate in the political process through a variety of methods. During the year the Group's US businesses incurred political expenditure in the US of $14,000 (2018/19: $18,948) in the support of their business goals. The Group has fully complied with jurisdictional reporting of these contributions.

Other than as explained above for our US businesses, no other political donations nor expenditure was incurred by the Company and its subsidiaries during 2018/19.

Change of control – significant agreements

Financing agreements

The Group has a £800m multi-currency revolving credit and guarantee facility between, amongst others, the Company and The Royal Bank of Scotland plc dated 7 November 2018. This refinanced the Group's existing revolving credit and guarantee facility. Following any change of control of the Company, individual lenders may negotiate with the Company with a view to resolving any concerns arising from such change of control. If the matter has not been resolved within 30 days, an individual bank may cancel its commitment and the Company must repay the relevant proportion of any drawdown.

The US$100m 4.17% notes due 2025, US$175m 4.29% notes due 2028, the £350m 8.750% bonds due 2021, the £200m 6.875% bonds due 2024 and the £325m 5.250% bonds due 2022 issued by the Company may also be affected by a change of control of the Company. In respect of the £350m 8.750% bonds due 2021, the £200m 6.875% bonds due 2024 and the £325m 5.250% bonds due 2022, upon a change of control of the Company, provided that certain further thresholds in relation to the credit rating of the bonds are met, the bondholders have the option to require the Company to redeem the bonds. In respect of the US$100m 4.17% notes due 2025, US$175m 4.29% notes due 2028, upon a change of control, the Company must make an offer to noteholders to prepay the entire unpaid principal amount of the notes held by each bondholder (at par) together with interest accrued thereon.

First Rail

The Group's franchised passenger rail operators, First TransPennine Express Limited, First Greater Western Limited and First MTR South Western Trains Limited (jointly owned with MTR Corporation) are each party to a franchise agreement with the Secretary of State for Transport. These franchise agreements are subject to termination clauses which may apply on a change of control. First MTR South Western Trains Limited, First TransPennine Express Limited and First Greater Western Limited and the Group's non-franchised rail operator, Hull Trains Company Limited, each hold railway licences as required by the Railways Act 1993 (as amended); these licences may be revoked on three months' notice if a change of control occurs without the approval of the Office of Rail and Road. All of these operators also require and hold track access agreements with Network Rail Infrastructure Limited under which they are permitted to access railway infrastructure. Failure by any of the operators to maintain its railway licence is a potential termination event under the terms of the track access agreements. The Group's railway operators also lease rolling stock from specialist rolling stock leasing companies such as Eversholt Rail Group, Rock Rail Limited, Beacon Rail Limited, Porterbrook Leasing Company Limited and Angel Trains Limited. A material number of the individual leasing agreements include change of control provisions. The Group is also involved from time to time in bidding processes for UK rail franchises and transport contracts further afield which customarily include change in circumstance provisions which would be triggered on a change of control and could result in termination or rejection from further participation in the relevant competitions.

Significant shareholders' agreements

The Group, through First Rail Holdings Limited, has shareholders' agreements governing its relationship with MTR Corporation in relation to the South Western rail franchise and with Trenitalia for the purposes of bidding for (and, if successful, operating) the West Coast Partnership franchise. As is customary, these agreements include provisions addressing change of control.

Post balance sheet events

There have been no material post balance sheet events as at the date of this report.

Branch disclosure

The Group has recently established a branch in France (First Travel Solutions Limited registered on 28 March 2019).

Non-financial reporting statement

The EU Non-Financial Reporting Directive applies to the Group for the first time this year and the tables shown overleaf summarise where you can find further information on each of the key areas of disclosure required.

Further disclosures, including our Group policies and non-financial targets and performance data, can be found on our website. A description of our Business Model is set out on page 12.

Management report

The Strategic and Directors' reports together are the management report for the purposes of the FCA's DGTR 4.1.5R.

The Strategic report was approved on behalf of the Board on 30 May 2019.

Michael Hampson
General Counsel & Company Secretary
30 May 2019
395 King Street, Aberdeen AB24 5RP

Non-financial reporting statement

Reporting requirement	Relevant section of this report
1. Description of our business model	▪ Our strategy and business model – pages 12-13
2. The main trends and factors likely to affect the future development, performance and position of the Group's business	▪ Our markets – pages 10-11 ▪ Business review – pages 14-24
3. Description of the principal risks and any adverse impacts of business activity	▪ Principal risks and uncertainties – pages 42-50
4. Non-financial key performance indicators	▪ Gender diversity – page 34 ▪ Punctuality – page 39 ▪ Safety – page 39 ▪ Customer and passenger satisfaction – page 40 ▪ Community investment – page 41 ▪ Greenhouse gas emissions – page 41

Reporting requirement	Policies, processes and standards which govern our approach*	Risk management	Embedding, due diligence, and outcomes of our approach, and additional information
5. Environmental matters	▪ Environmental Policy ▪ Environmental Management Systems in every division, certified to ISO 14001 standard across UK businesses (with the exception of Hull Trains) ▪ Certified ISO 50001 systems across First Rail	▪ Political and regulatory risk – page 44 ▪ Competition and emerging technologies risk – page 45 ▪ Compliance, litigation, claims, health and safety – page 47 ▪ Disruption to infrastructure/operations risk – page 48	▪ Responsible partnerships with our customers and communities – Business review pages 15, 17, 19, 21, 24 ▪ Performing sustainably – page 32 ▪ Greenhouse gas emissions data, trend analysis and assurance – page 41 ▪ Sustainable procurement – page 36 ▪ Reducing the impacts of waste in First Rail – page 36
6. Employees	▪ HR Policy framework across the Group ▪ Code of Ethics ▪ Gifts and Hospitality Policy ▪ Whistleblowing Policy and Procedure ▪ Health and Safety Policy	▪ Labour costs, employee relations, recruitment and retention risk – page 48 ▪ Compliance, litigation, claims, health and safety – page 47	▪ Employee engagement and representation – page 33 ▪ Board level and divisional employee directors – page 33 ▪ Investing in our employees and tackling skill shortages – page 33 ▪ Diversity and inclusion – page 34 ▪ Health and wellbeing – page 34 ▪ Safety – page 37
7. Social and community matters	▪ Community engagement and community investment frameworks ▪ Code of Ethics ▪ Payroll Giving ▪ Matched Giving Guidelines and Exclusion Policy ▪ LBG impact measurement ▪ Health and Safety Policy	▪ Compliance, litigation, claims, health and safety – page 47	▪ Responsible partnerships with our customers and communities – Business review pages 15, 17, 19, 21, 24 ▪ Our community engagement strategies – page 35 ▪ Working with charities – page 35 ▪ Our Community Rail Partnerships and local community investment – page 35 ▪ Safety – page 37 ▪ Accessible journeys – page 31 ▪ Government engagement – page 32 ▪ Performing sustainably – page 41
8. Human rights	▪ Code of Ethics ▪ Supplier Code of Conduct ▪ Code of Conduct on Anti-Slavery and Human Trafficking Prevention ▪ Modern Slavery and Human Trafficking Statement 2018 ▪ Health and Safety Policy	▪ Compliance, litigation, claims, health and safety – page 47	▪ Engaging ethically – page 30 ▪ Safety – page 37
9. Anti-corruption and anti-bribery	▪ Anti-Bribery Policy and steering committee ▪ Conflicts of Interest Policy	▪ Compliance, litigation, claims, health and safety – page 47	▪ Engaging ethically – page 30

* Some policies, processes and standards shown here are not published externally

Directors' responsibility statement

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements in accordance with applicable UK Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the 2006 Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and have adopted a control framework across the Group.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Each Director confirms to the best of their knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic report and Governance section include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy

The Strategic report comprising pages 3 to 50, and the Governance section comprising pages 51 to 102, and including the sections of the Annual Report and Accounts referred to in these pages, have been approved by the Board and signed on its behalf by:

Matthew Gregory
Chief Executive
30 May 2019
395 King Street, Aberdeen AB24 5RP