

# Corporate Governance report

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We have complied with the provisions of the UK Corporate Governance Code throughout the period. "



**David Martin**  
Chairman

## Dear Shareholder,

I am delighted to introduce the Corporate Governance Report for FY 2024.

In my Chairman's statement starting on page 4 I have commented on the progress made during the year. This report focuses on governance and how your Board has acted and made decisions during the year.

The financial results have been strong, and we have made good strategic progress. The Executive team have performed very well, and the Board members have been busy providing oversight for all stakeholders.

We conducted an external Board evaluation during the year and report on that on page 113. In September 2023, we held our Board meeting in Birmingham and our January 2024 meeting was held in Bristol to enable the Board to meet team members and visit our operations in those areas.

The report is set out on the pages that follow and you will find an introductory letter from the Chair of each of the Board Committees followed by their report on that Committee.

I welcome your comments on this Corporate Governance Report and on the 2024 Annual Report more generally.

I'd like to thank my colleagues on the Board and all the employees of FirstGroup for their ongoing commitment and for their achievements in the past year.

## David Martin

Chairman  
11 June 2024

## Compliance with the UK Corporate Governance Code

**We have complied with the Provisions of the UK Corporate Governance Code (the 'Code') throughout the 53 weeks to 30 March 2024.**

In this Annual Report we have included a commentary running throughout the Governance Report that summarises how we have complied with the UK Corporate Governance Code and guide shareholders to sections of the report to help access information quickly. The Principles are represented by letters and the Provisions by numbers. Both the Principles and the Provisions are paraphrased in the interests of space – full details of each can be found on the Financial Reporting Council's website at [www.frc.org.uk](http://www.frc.org.uk).

### A Led by an effective Board

The Board's effectiveness review (details of which are set out on page 113) indicates that the Board has operated effectively during the period under review.

### B Purpose, values and strategy

This is covered throughout the Strategic report. The Values are on the website and are set out in the Culture section of this Corporate Governance Report.

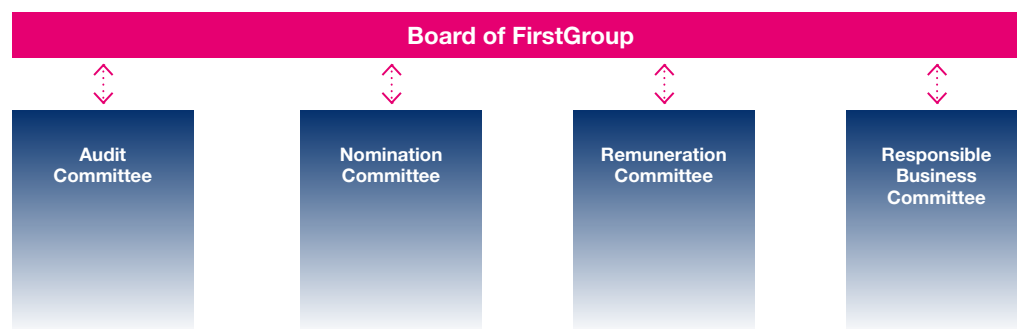
# Governance at a glance

## Overview

The illustration below shows the Board-level governance structure and the primary standing Committees that have been established to effectively run the business in compliance with the UK Corporate Governance Code.

## Corporate governance framework

The corporate governance framework, comprising clearly defined responsibilities and accountabilities, is set out below:



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

The matters reserved to the Board are set out in writing and cover the most important decisions that will be taken within the Group. These include strategy, capital structure/allocation, financial reporting and controls, risk appetite and risk management, stakeholder engagement, Board membership, remuneration, corporate governance and key policies. The Board Committees assist by reviewing certain matters before recommendations are put to the Board for approval.

## Board and Committee attendance

Director	Chairman	Non-Executive Directors					Employee Director	Executive Directors	
	David Martin	Sally Cabrini	Myrtle Dawes	Claire Hawkings	Jane Lodge	Peter Lynas <sup>1</sup>	Ant Green	Graham Sutherland	Ryan Mangold
Board	6/6	6/6	6/6	6/6	6/6	5/6	6/6	6/6	6/6
Short-notice Board	1/1	1/1	1/1	1/1	1/1	1/1	1/1	1/1	1/1
Audit	–	–	–	4/4	4/4	3/4	–	–	–
Remuneration	–	4/4	–	4/4	4/4	3/4	–	–	–
Nomination	3/3	3/3	3/3	3/3	3/3	2/3	3/3	–	–
Responsible Business	–	4/4	4/4	4/4	–	3/4	4/4	–	–
Overall	10/10	18/18	14/14	22/22	18/18	17/22	14/14	7/7	7/7

1 Peter Lynas was away for one set of meetings and missed five meetings held over two days. The original dates had to be changed and Mr Lynas had a prior engagement; he provided detailed comments to the relevant Chairpersons ahead of the meetings.

The Board of FirstGroup is led by its Chairman, David Martin who also chairs the Nomination Committee. Jane Lodge chairs the Audit Committee, Claire Hawkings chairs the Responsible Business Committee and Sally Cabrini chairs the Remuneration Committee. There is a separate report covering the work of each of these Committees on the pages that follow. The terms of reference of these four Committees are available on the Group's website.

In addition to these four Committees the Board has a Disclosure Committee to identify inside information and to oversee the timely and accurate disclosures when required.

The Board may delegate other matters to an ad hoc committee established for a specific purpose.

The matters not reserved to the Board are delegated to the Chief Executive Officer with the Board retaining responsibility for oversight and holding management to account.

The split of responsibilities between the Chairman and Chief Executive Officer is set out in writing.

The Chief Executive Officer has formed an Executive Committee, which is not a Board Committee, to assist him in the day-to-day running of the Company. The Executive Committee meets monthly and, its main responsibilities include:

- Developing, implementing and monitoring operational plans
- Reviewing financial performance, forecasts and targets
- Prioritising initiatives and allocating resources
- Developing strategy for submission to the Board
- Overseeing risk management including identifying risks and developing risk mitigation strategies
- Developing and monitoring the internal control strategies
- Leading the Group's culture and safety programme.

Members of the Executive Committee are set out on page 108.

## Board composition

As shareholders can see from the biographies on pages 106 to 108, we have diverse experiences on the Board which gives rise to interesting debates on Board business.

## Governance at a glance continued

### Roles and responsibilities

The Board has agreed a clear division of responsibilities between the Chairman and the Chief Executive Officer, and these roles, as well as those of other Directors and the Company Secretary, are clearly defined so that no single individual has unrestricted powers of decision.

#### Chairman

##### David Martin

- Leads and manages the business of the Board
- Provides advice, support and constructive challenge to the Chief Executive Officer
- Provides direction and focus and ensures sufficient time is allocated to promote effective debate and sound decision making
- Promotes the highest standards of integrity and probity and ensures effective governance
- Manages Board composition, performance and succession planning
- Maintains effective communication with shareholders and ensures their views are understood by the Board
- Facilitates effective and constructive relationships and communications between Executive and Non-Executive Directors

#### Chief Executive Officer

##### Graham Sutherland

- Provides leadership to the executive and senior management team in the day-to-day running of the Group's businesses
- Develops the Group's objectives and strategy for consideration and approval by the Board, taking into account the interests of shareholders and stakeholders
- Implements the agreed strategy
- Promotes a safe working environment and a safety-focused culture across the Group
- Maintains an active dialogue with shareholders and other stakeholders
- Responsible for implementing effective internal controls and ensuring risk management systems are in place

#### Chief Financial Officer

##### Ryan Mangold

- Responsible for the financial stewardship of the Group's resources
- Responsible for the Group's finance, tax, treasury, insurance, Legal, risk management and internal control functions
- Supports the Chief Executive Officer in providing executive leadership and developing strategy
- Supports the Chief Executive Officer to implement the agreed strategy
- Reports to the Board on operational and financial performance of the businesses

#### Senior Independent Director

##### Peter Lynas

- Acts as an additional point of contact for shareholders to discuss matters of concern
- Provides a sounding board for the Chairman and serves as an intermediary for the other Directors
- Leads the annual review of the Chairman's performance taking into account the views of the Non-Executive Directors and Executive Directors

#### Non-Executive Directors (NEDs)

##### Sally Cabrini Myrtle Dawes Claire Hawkings Jane Lodge Peter Lynas

- Provide a strong independent element to the Board and collectively provide a broad range of experience, knowledge and individual expertise
- Constructively support and challenge management
- Review management's performance in meeting agreed objectives and deliverables
- Review the integrity of financial information and determine whether internal controls and systems of risk management are robust

#### Group Employee Director

##### Anthony Green

- Brings insight into employee engagement and perspectives from the front line to Board deliberations
- Chairs the Employee Director's Forum
- Promotes employee involvement and participation in the affairs of the Group through share ownership, employee surveys and other means of employee involvement
- Promotes the Group's policies and procedures amongst employees, in particular those related to safety, diversity and inclusion, and business ethics

#### Company Secretary

##### David Blizzard (not a Board member)

- Provides advice and support to the Board, its Committees, the Chairman and other Directors individually as required, primarily in relation to legal and corporate governance matters
- Responsible, with the Chairman, for setting the agenda for Board and Committee meetings and for high-quality and timely information and communication between the Board and its Committees and the Executive Directors and senior management

# Board

## David Martin

Chairman



N

**Appointed:**  
15 August 2019

### Key areas of expertise:

Surface Transportation, Business Turnaround, Performance Improvement, International Transport Contract Businesses, Strategic Transactions

### Skills and experience:

David is the former Chief Executive of Arriva, which he joined in 1998 as Board member responsible for international development before taking over the leadership of the company in 2006. During his tenure, Arriva was transformed into a multi-national transport services group through a number of key strategic mergers and acquisitions. In September 2010, the company was purchased by Deutsche Bahn, one of the world's leading passenger transport and logistics companies. David remained as Chief Executive throughout this period, before stepping down in January 2016. He remained on the Arriva Board advising on a range of issues until May 2017. He was formerly a Non-Executive Director at Biffa plc and at Ladbrokes plc and previously held roles at British Bus plc, where he was responsible for development of strategy and M&A, at shipping company Holyhead Group and at business services group Initial Services PLC. David is a chartered management accountant.

### External appointments:

Member of the advisory board at Nottingham Business School; member of the steering committee at Nottingham Trent University.

### Nationality:

British

## Graham Sutherland

Chief Executive Officer



E

**Appointed:**  
16 May 2022

### Key areas of expertise:

Business Strategy, Performance Improvement, Government Contracting, Engineering and Infrastructure, Digital Transformation, Corporate Finance/M&A, Governance

### Skills and experience:

Graham has a strong track record in the delivery of critical services and in creating value for shareholders in rapidly evolving regulatory and technological environments. Previously, he was Chief Executive Officer of KCOM Group plc, an LSE-listed telecommunications company. Prior to this, Graham held a number of senior executive roles within BT Group PLC over 12 years. These included as Chief Executive Officer of the BT Business and Public Sector division, where he was responsible for profitable growth and led the integration of EE's Business unit, creating a division with £4.6bn in annual revenues and 13,000 employees. Graham was also Chief Executive of BT Ireland where he was responsible for all consumer, business and network activities. Prior to that he was Chief Executive of NTL Ireland and has also held senior financial roles including at Bombardier. Graham has an established record in strategic development, as well as delivering enhanced financial and operational performance and engaging a diverse range of stakeholders including consumer, business and public sector customers.

### External appointments:

None.

### Nationality:

British

### Key

- (A) Audit Committee
- (R) Remuneration Committee
- (N) Nomination Committee

- (B) Responsible Business Committee
- (E) Executive Committee
- Chair

## Ryan Mangold

Chief Financial Officer



E

**Appointed:**  
31 May 2019

### Key areas of expertise:

Corporate Finance/M&A, Turnaround, Pensions, Governance

### Skills and experience:

Ryan was appointed as CFO in May 2019, having previously been Group Finance Director of Taylor Wimpey Plc for eight years. Ryan has a strong track record of building financial discipline in the organisations he has worked at. During his time at Taylor Wimpey, Ryan played a leading and integral role in strengthening the balance sheet, driving operational improvements, rebuilding the business post the financial crisis (to become a constituent of the FTSE 100), the sale of the North American business and the improvement of its pensions position. Ryan was previously at the 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.

### External appointments:

None.

### Nationality:

South African/British



## Board continued

### Sally Cabrini

Independent Non-Executive Director



R B N

#### Appointed:

24 January 2020

#### Key areas of expertise:

Human Resources, Information Technology, Transformation

#### Skills and experience:

Sally brings valuable experience of a number of sectors including UK regulated utilities, services and manufacturing. She has expertise in delivering significant business transformation programmes often including internal restructuring or divestment, pension changes and both cultural and significant technological changes. As Transformation, IT and People Director at Interserve Group Limited, she had a strong focus on effective operational delivery and led a major transformation programme which had significant financial and strategic challenges, and prior to that she was a senior executive at FTSE 100 constituent United Utilities for nine years, including four years as Business Services Director with responsibility for information technology, cyber security and human resources in a regulated CNI environment. Sally was also a Non-Executive Director and Chair of the Remuneration Committee at Lookers plc from January 2016 to 2020 and at Appreciate Group plc (2019 to 2023).

Sally is a fellow of the Chartered Institute of Personnel and Development.

#### External appointments:

None.

#### Nationality:

British

### Myrtle Dawes

Independent Non-Executive Director



B N

#### Appointed:

1 April 2022

#### Key areas of expertise:

Engineering, Safety, Technology and Digital Transformation, Project Management and Energy Transition

#### Skills and experience:

Myrtle is an established leader with extensive experience in the Energy sector both in the UK and internationally. A chartered Chemical Engineer, she has held a number of senior safety and engineering project management roles in the offshore Oil and Gas industry, including for BP and BHP Petroleum. Moving to Centrica in 2009, Myrtle performed a number of senior executive roles encompassing engineering, project management, technology and digital transformation, including leading the team responsible for safety-critical, customer-facing residential assignments. She holds a Masters in Chemical Engineering and Chemical Technology from Imperial College.

#### External appointments:

Solution Centre Director for the Net Zero Technology Centre, leading the development of technology for net zero in the Energy sector and Non-Executive Director for Aquilla European Renewals plc. Fellow of the Institution of Chemical Engineers, the Energy Institute, the Forward Institute and Honorary Fellow of the Association for Project Management.

#### Nationality:

British

#### Key

(A) Audit Committee

(R) Remuneration Committee

(N) Nomination Committee

(B) Responsible Business Committee

(E) Executive Committee

(●) Chair

### Anthony Green

Group Employee Director



B N

#### Appointed:

15 September 2020

#### Key areas of expertise:

Transportation, Employee Engagement, Safety, Learning and Development

#### Skills and experience:

Ant is a bus driver and a trainer for First Bus. He has been the Employee Director of First Essex Buses Ltd since 2014, a company he joined in 2009. In 2015, he was seconded to roll out Be Safe, the Group's safety behavioural change programme. Since then, Ant has trained more than 1,900 colleagues and coached leaders on the implementation of successful safety techniques. Prior to joining First Essex, he worked at retailer Homebase for 16 years including in several managerial positions, and also volunteered at St John Ambulance.

#### External appointments:

None.

#### Nationality:

British

## Board continued

### Claire Hawkings

Independent Non-Executive Director



(A) (B) (N) (R)

#### Appointed:

21 January 2022

#### Key areas of expertise:

Sustainability Strategy, Business Transformation, Governance, Commercial Transactions, Performance Management and Energy Transition

#### Skills and experience:

Claire has more than 30 years' business experience, principally in the Energy sector, and has held UK and international leadership positions, most recently with Tullow Oil plc, and prior to that with BG Group plc and British Gas plc. Claire is an environmental scientist and an experienced ESG professional and holds a degree in Environmental Studies awarded by Northumbria University and an MBA from Imperial College Management School. She is also a Fellow of the Energy Institute and a Fellow of Chapter Zero.

#### External appointments:

Non-Executive Director and Chair of the ESG Committee of Istock plc, a Non-Executive Director and Senior Independent Director of James Fisher and Sons plc and a Non-Executive Director of Defence Equipment and Support, a bespoke trading entity and arm's length body of the Ministry of Defence.

#### Nationality:

British

### Jane Lodge

Independent Non-Executive Director



(A) (R) (N)

#### Appointed:

30 June 2021

#### Key areas of expertise:

Transportation/Travel/Engineering and Infrastructure, Corporate Finance/M&A, Governance

#### Skills and experience:

Jane spent her executive career with Deloitte, where she spent more than 25 years advising multi-national companies including businesses in transport, leisure, consumer and technology sectors. Since 2012, she has served as a non-executive director and audit committee chair at several UK public companies in a range of sectors. Previous roles include Non-Executive Director of Sirius Minerals plc (2015-2020, when the company was acquired by Anglo American plc), Costain Group plc and of Devro plc (2012-2020) and Non-Executive Director and Audit Committee Chair of DCC plc (2012-2022). In addition to broad international experience in a range of sectors, Jane brings substantial audit, risk and audit committee expertise to the Board.

#### External appointments:

Non-Executive Director, Audit Committee Chair and member of the ESG Committee of Bakkavor Group plc; Non-Executive Director and Remuneration Committee chair of Gianbia plc; Non-Executive Director and Audit Committee Chair of TI Fluid Systems plc.

#### Nationality:

British

#### Key

(A) Audit Committee

(R) Remuneration Committee

(N) Nomination Committee

(B) Responsible Business Committee

(E) Executive Committee

● Chair

### Peter Lynas

Senior Independent Non-Executive Director



(A) (R) (B) (N)

#### Appointed:

30 June 2021

#### Key areas of expertise:

Defence and Aerospace, Government Contracting, Turnaround, Corporate Finance/M&A, Pensions, Governance

#### Skills and experience:

Peter was Group Finance Director of BAE Systems plc (and a Director of BAE Systems, Inc.) from 2011 until his retirement in 2020, having previously served in increasingly senior financial and M&A roles since joining the company in 1999. Peter's early career was spent at De La Rue Systems, which he joined as a trainee accountant, and then, GEC Marconi, where he became Finance Director of Marconi Electric Systems. In addition to his strong strategic and financial background, Peter brings to the Board extensive experience in heavily regulated industries with significant contractual relationships with government.

#### External appointments:

Non-Executive Director of Cohort plc.

#### Nationality:

British

## Executive Committee members

### Graham Sutherland

Chief Executive Officer

### Janette Bell

Managing Director, First Bus

### David Blizzard

Group Company Secretary

### Ryan Mangold

Chief Financial Officer

### Steve Montgomery

Managing Director, First Rail

## Board continued

### Directors

The Company has formal procedures to review and if appropriate authorise conflicts of interest and these have operated effectively throughout the year.

The Board carries out an annual review of the independence of its Non-Executive Directors. All the Non-Executive Directors are considered to have the appropriate skills, knowledge, experience and character to bring independent and objective judgment and valuable insights to the Board's deliberations. The Chairman was considered to be independent on appointment and is committed to ensuring that the Board comprises a majority of independent Non-Executive Directors.

Ant Green has served as an Employee Director throughout the year and has continued to act as an effective channel to put the voice and sentiment of the workforce into the Boardroom. Ant Green and the Executive Directors are not considered to be independent.

The biographies of all the current Board members are set out on pages 106 to 108.

Following a recommendation from the Nomination Committee, the Board recommends that all Directors are reappointed at the AGM where they will offer themselves for re-election.

As noted above, the Board has documented a split of responsibilities between the Chairman and the Chief Executive Officer, and we have agreed responsibilities for the Committee Chairs, Senior Independent Director and Non-Executive Directors. The Board reviewed and reconfirmed these arrangements in March 2024, and they are summarised on page 105 and available in full on our website.

### Commitment

All Directors are expected to attend each Board meeting and each Committee meeting for which they are members, unless there are exceptional reasons preventing them from attending. The attendance levels were excellent in FY 2024.

The Nomination Committee adopted an over-boarding policy in early 2022 to make sure Directors had sufficient time to fulfil their obligations and has applied this when reviewing additional appointments for existing Board members. All Directors are within the limits set by the policy. Further detail is provided in the report of the Nomination Committee.

### Culture

FirstGroup is values-based and has five Values:

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

These Values underpin decisions taken at all levels of the organisation and are wholly consistent with the duties of Directors. The operating companies also have their own values, consistent with the above but expressed differently for their respective workforces. The Board monitors culture in a variety of ways, receiving information from many sources to enable them to understand and monitor the culture of the organisation.

The primary sources are:

- Regular updates from the CEO and CFO within their reports to the Board
- The reports from the Group Employee Director
- The results from engagement surveys
- Review of calls to the confidential whistleblowing hotline
- People sections of reports to Responsible Business Committee
- Meeting people when the Board visits the Group's operating locations

Additionally, the Board receives updates on adherence with the Ethics and Compliance training programmes which require employees to complete a regular programme of training that is relevant to their role and includes IT security training, anti-bribery, modern slavery and competition law training.

The Responsible Business Committee has met four times during the year and considered a range of very important topics. The Committee has covered employee welfare, environmental matters and community engagement.

The Responsible Business Committee has monitored performance against the science-based emissions reduction target that was approved by the SBTi in FY 2023. Read more about this on page 84. The Committee has had oversight of the matters set out in the Responsible business section of the Strategic report starting on page 48. The governance of the Responsible Business Committee is within this Annual Report on page 123.

## Compliance with the UK Corporate Governance Code

### 1 Basis on which the company generates and preserves value

This is covered in the Strategic report on pages 4 to 102.

### 2 The Board should assess and monitor culture

Throughout the year, the Board monitors culture through a variety of sources, and an explanation is given in the columns to the left.

### 3 Engagement with major shareholders

The regular engagement with shareholders is led by Executive Directors, and regular roadshow events are held with larger shareholders following results announcements. In FY 2024, we held two additional investor events, one for each division.

The Chairman, Committee Chairs and the Senior Independent Director are available to shareholders on request, and if there is a matter requiring shareholder input the most appropriate Director will engage with shareholders.

### 4 Action if 20% of shareholders vote against a proposal

Not applicable in FY 2024 – shareholders overwhelmingly supported all the resolutions at the AGM. Had this is not the case this year the Board would expect to comply with the Code.

### 5 Views of key stakeholders and S172 Statement

A comprehensive Section 172 statement is set out on pages 101 to 102 within the Strategic report. The Company has appointed Ant Green, a Director from the workforce, who updates his fellow Directors on the views from the workforce at each Board meeting.

## Board continued

### Board meetings

Board meetings focus on strategy and financial and business performance. The key matters considered by the Board during the scheduled meetings are set out below.

<b>June</b>	Board evaluation Strategic review Year-end matters, approval of Results and Annual Report including the risk disclosures Review of whistleblowing incidents and procedures Modern Slavery Statement and Actions
<b>July</b>	Strategic update Deep dive into the Group's Public Affairs strategy Update on the electric vehicle fleet and related opportunities
<b>September</b> (In Birmingham)	Detailed Strategy Review Report on various cyber security matters A review of the terms of the joint venture with Hitachi Business presentation from the Avanti team
<b>November</b>	Half year results Update on Capital Allocation and financing of the electric fleet Talent and succession planning
<b>January</b> (in Bristol)	Budget Assumptions Business presentation from the bus leadership team covering West of England and Wales
	Presentation from the GWR team
<b>March</b>	Budget review and approval

At each meeting the Board receives an update from any of the Board Committee meetings that have been held since the last meeting together with a presentation from the CEO, the CFO, the head of the rail division, the head of the bus division, the Group Employee Director and the Company Secretary.

In September 2023, the Board met in Birmingham in the Avanti offices and received a presentation from the Avanti team and toured the operations at Birmingham New Street. In January 2024, the Board met in Bristol and had the opportunity to visit a bus depot and staff facilities to observe the operations and meet colleagues working at these sites. The Board received a presentation from the GWR team in March 2024.

### Compliance with the Corporate Governance Code

#### C Necessary resources and control framework

The Board has delegated the day-to-day running of the Company to the Chief Executive Officer who, with the Executive Committee ensure that their teams have the necessary resources to meet their objectives. The Board reviewed the talent and succession planning to help ensure the Company has the right teams to deliver on the Group's objectives.

#### 6 Workforce concerns (known as whistleblowing)

The Board reviews all concerns raised by the workforce twice each year. If a serious concern were to be raised between the reviews, it would be escalated to the Board immediately, rather than waiting until the next report was due.

#### D Responsibilities and engagement with shareholders and stakeholders

There is a comprehensive programme to engage with shareholders and stakeholders. The engagement with the different stakeholders is set out in the Strategic report with the relevant section starting on page 98.

#### E Workforce policies and practices

The Group has a comprehensive framework of policies and practices that are aligned with the Values and the long-term success of the Company. Examples of the practices are set out within the 'Supporting our people' section of the Strategic report that starts on page 65. The relevant policies are owned by the Human Resources teams and cover the full range of employment issues expected for a diverse workforce.

#### F Chairman leads the Board and is responsible for its effectiveness

The Chairman is responsible for leading the Board and its effectiveness. The duties are set out in a document published on the Company's website. The effectiveness of the Chairman is reviewed annually as an important part of the Board evaluation process led by the Senior Independent Director.

#### G Appropriate combination of Executive and Non-Executive Directors

There is an appropriate division of responsibilities between the Executives and Non-Executives. The matters reserved to the Board are clearly defined and all significant transactions would come before the Board.

#### 7 Conflicts of interest

The Board reviews all Directors' external appointments twice each year to confirm that they do not create a conflict of interest. If a Director had a conflict in respect of a particular contract or arrangement being considered by the Board, there is a process for the Director to declare that conflict and the Board would decide whether or not it was appropriate for the Director to be involved in discussions on that matter.



## Board continued

### Induction

On appointment all new Directors receive a comprehensive induction tailored to their experience, background and areas of focus.

The programme is designed to help each new Director become fully effective in their role as quickly as possible and provide them with a good understanding of the Group's businesses, key drivers of operational and financial performance, the role of the Board and its Committees, the approach to corporate governance and the duties and responsibilities of being a Director of a publicly listed company.

### Continuing professional development

From time to time, training sessions are organised for the Board, and in FY 2024 the sessions focused on industry trends and forthcoming governance developments.

From time to time, the Directors attend seminars and round table discussions aligned to their areas of responsibility or interest.

### Shareholder engagement

Primary responsibility for shareholder engagement sits with the Executive Directors.

The Executive Directors meet with larger shareholders twice each year, normally shortly after publication of the annual or interim results and at other times if required. During the financial year, a number of other, more detailed teach-in sessions on the operations of the two divisions took place, with Janette Bell and Steve Montgomery joining the Executive Directors for the meetings. The Bus session was held in Leicester, looking at electrification, and the Rail session was held in London and took investors through the operating model in Rail.

The Chairman also took a number of meetings with large shareholders during the year.

## Compliance with the Corporate Governance Code

### 8 Concerns held by a NED on resignation

No such concerns have been raised during the period under review.

### 9 Chairman independent on appointment

David Martin was independent on appointment. The Board recognises that Mr Martin served as Executive Chairman from September 2021 until 30 June 2022.

### 10 Identification of independent NEDs

The Board has concluded that Sally Cabrini, Myrtle Dawes, Claire Hawkings, Jane Lodge and Peter Lynas are independent in character and judgment.

### 11 At least half the Board is independent

Five of the nine Directors are independent and are considered by the Board to be independent.

### 12 Appointment of Senior Independent Director and review of Chairman

Peter Lynas was appointed as the Senior Independent Director on 30 June 2021. Mr Lynas led the Non-Executive Directors' review of the Chairman's performance, and he discussed the feedback with the Chairman.

### 13 Non-Executives' role

The Non-Executives hold Executive Directors to account and regularly meet, normally at the conclusion of each Board meeting, without any members of the Executive team.

### 14 Roles of Chairman, Chief Executive and Senior Independent Director and Committee terms of reference

The responsibilities for these roles are set out in writing and, following the Board's review in March 2024, the document has been publicly available on the Company's website. Each Committee reviewed their terms of reference in March 2024, and recommended changes were approved by the Board. The updated terms of reference for the Committees are available on the Company's website.

### 15 See page 115

### I The Board supported by the Company Secretary should ensure that it has resources to function

### 16 Access to and appointment of the Company Secretary

The appointment or removal of the Company Secretary is reserved to the Board. Since appointment on 1 April 2022, David Blizzard has worked with the Chairman and Committee Chairs to support them to discharge their responsibilities.

All Directors have direct access to the Company Secretary, and governance matters are raised with the Board as they arise.

## Board continued

### Diversity and inclusion

We believe that a diverse workforce that represents the communities in which we operate is vital to the Group's success. We value the differences each colleague brings to their role, making the Group stronger and better able to meet the needs of our customers and the communities in which we operate.

### Board diversity

The Group has selected 30 March 2024 as the reference date for the data provided below. Throughout the period under review and on the selected reference date the Company has complied with the requirements that at least 40% of the Board are women and also at least one member of the Board is from a minority ethnic background.

The Company has not complied with the external target that at least one of the senior Board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) is a woman. The Audit Committee, the Remuneration Committee and the Responsible Business Committee are all chaired by women. The Nomination Committee is committed to a meritocratic appointment process, and as and when one of these roles becomes available it will ensure a diverse long-list of candidates.

There have been no changes to the composition of the Board since 30 March 2024. All Directors and members of the Executive management team are based in the UK and have been willing to freely disclose the information required for the disclosures below. Our approach to collecting the data has been to ask the relevant people for the information.

The required tables reporting on sex/gender and ethnic representation are set out below.

The diversity data for levels below the Board is set out in the Supporting our people section starting on page 65.

### Reporting table on sex/gender representation

	FirstGroup plc Board of Directors		Specified senior positions	Executive management (defined as the Executive Committee)	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of the executive management
Men	5	55.6%	4	4	80%
Women	4	44.4%	0	1	20%
Overall Not specified/prefer not to say	–	–	–	–	–

### Reporting table on ethnicity representation

	FirstGroup plc Board of Directors		Specified senior positions	Executive management (defined as the Executive Committee)	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of the executive management
White British or other white (including minority-white groups)	8	88.9%	4	5	100%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	11.1%	–	–	–
Other ethnic group including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

## Board continued

### Board evaluation

As reported last year, we delayed the external Board evaluation given that a number of Board members, including the Chief Executive, were relatively new. In FY 2023, the Company Secretary supported an internal Board evaluation process. The areas of focus and the actions taken during FY 2024 in respect of each area identified are set out in this report.

The Board commissioned Clare Chalmers to conduct the Board evaluation in respect of FY 2024. Following interviews with each of the Directors, the external audit partner, the Head of Internal Audit, the Company Secretary and other executives who regularly present to the Board or its Committees. The review included the observation of the Board meeting in January 2024.

A detailed report on the findings was prepared and Clare Chalmers presented her report to the Board in March 2024. The report identified a number of strengths and suggested areas of focus.

Following that presentation, the Chairman held discussions with each of the Directors and the Company Secretary to finalise the agreed areas of focus which were endorsed by the Board at the meeting in June. Strengths and areas of focus are set out in the column to the right. An update on the areas of focus will be provided in the Annual Report for FY 2025.

### FY 2023 Board evaluation

#### Areas of focus

##### Board composition and dynamics

Create opportunities for the Board to meet a wider group of senior leaders both within the Boardroom and other settings.

The senior leadership teams from GWR, Avanti and the Bus business covering the West of England and Wales have presented their businesses to the Board during the year.

A number of people who had not previously presented to the Board have attended to present on their areas of responsibility, and two NEDs attended the launch of the alumni programme for the internal leadership and management courses.

##### Conduct of meetings/Board support

Quality of Board reporting to be enhanced with more focused papers using executive summaries, signposting and reduce repetition.

A number of improvements have been made to the papers, and this is an ongoing area of focus following the 2024 review.

##### Stakeholders

Continue to improve the Board's understanding of the views of customers, suppliers and communities served.

The Board and Committees received a number of targeted presentations during the year to improve understanding in these areas including a presentation from the Head of Procurement on relationships with suppliers. The business presentations from GWR, Avanti and the Bus teams cover customers and communities served by the business.

##### Talent and succession

Build on improvements made in FY 2022. The first action above will also support the Board's work in this area of focus.

The Board received a detailed presentation in November 2023 reviewing detailed talent profiles and the succession plans for senior roles. The work was more detailed than in previous years and provided the Board with a clear understanding of the landscape.

### 2024 Board evaluation

#### Strengths

Amongst other things, the report identified the following strengths:

- Good dynamic supported by an open and proactive management team
- Processes around decision making and risk management
- Upward trends in effectiveness of meetings particularly Audit Committee and the Responsible Business Committee
- Frontline perspective provided by the Employee Director

#### Areas of focus

The Board agreed the following areas of focus for FY 2025:

- Further steps to be taken to enhance Board reporting in both the papers and the content of the verbal presentations at the meeting.
- Increase the opportunities for the Non-Executive Directors to meet senior leaders below the Executive Committee
- In light of the potential re-nationalisation of Rail, accelerate continuing discussions on strategic options for the future
- Following a complete refresh of the Non-Executives in the period to July 2023, review the succession planning for Board and Executive Committee during the year

## Compliance with the Corporate Governance Code

### L Annual evaluation process

#### 21 Formal and rigorous annual evaluation

An external evaluation was conducted in FY 2024 and the process is set out in the report.

#### 22 Act on results of evaluation

The Board agreed actions following the 2023 evaluation and updates are provided on the agreed actions. The areas of focus resulting from the FY 2024 report are set out in this report and the Board intends to report on progress in the Annual Report next year.