

Remuneration Committee report



Sally Cabrini

Chair, Remuneration Committee

Main responsibilities

The Remuneration 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 wider 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 terms of reference are available on the Group's website.

Membership

Sally Cabrini (Chair)
Claire Hawkings
Jane Lodge
Peter Lynas

Dear Shareholder,

I am pleased to present the Directors' Remuneration report for the 53 weeks ended 30 March 2024.

The Remuneration Report covers the required regulatory information and provides further context and insight into our pay arrangements for Directors and other Group employees. We set out our key decisions since last year, the assessment of FY 2024 performance and determination of pay, and our approach to ensuring executive pay outcomes are fair in the context of wider employee pay.

FY 2024 was another year of strong financial performance for the Group, driven by continued growth in First Bus and our First Rail open access operations. Group adjusted operating profit increased to £204.3m (FY 2023: £161.0m).

Passenger volumes in First Bus increased by 7% compared to last year's levels which resulted in total passenger revenue of £769.1m (FY 2023: £660.0m). Our strong cash position has allowed us to further progress our investment in the electrification of our First Bus fleet and grow our portfolio of businesses.

In First Rail, open access operations performance was ahead of expectations underpinned by strong demand. Lumo has now carried more than 2.5m passengers since its launch in October 2021. WCP have been awarded a National Rail contract with a minimum three-year term to October 2026.

We have had another very successful year where we have made considerable financial progress as we continue to transform our leading First Bus and First Rail businesses.

Our strong balance sheet puts us in a good position to grow and create further value for all our stakeholders and to continue to invest to build our portfolio to ensure our business remains profitable and resilient in the long term.

Principles

The principles that underpin the Committee's approach to executive remuneration are set out in the Directors' Remuneration Policy (see pages 144-155) that will be put to shareholders for approval at the 2024 AGM. As described on page 144, after a review of the existing policy it was determined that no material changes were needed to support our current business and future growth strategy. The Committee considered the UK corporate governance landscape, including the relevant provisions of the UK Corporate Governance Code and the views of our investor base in deciding FY 2024 pay outcomes and developing the 2024 Policy.

Overview of financial performance, operating achievements and strategic progress

FY 2024 has been a year of strong financial performance:

- Group adjusted operating profit increased significantly to £204.3m (FY 2023: £161.0m)
- FY 2024 final dividend of 4.0p recommended in line with the progressive dividend policy
- We have returned c.£118m in share buyback programmes in FY 2024
- Our strong balance sheet puts us in a good position to grow and create value for our shareholders
- Revenue and profits from open access rail businesses exceeded expectations

The Group has delivered strong financial performance in FY 2024, with operating profit and cash flow exceeding the outlook for the year. For the 53 weeks ended 30 March 2024, FirstGroup outperformed the FTSE 250 with 83.5% return to shareholders compared to 11.3% return from the FTSE 250 index.

As a Committee we believe it is imperative to strike the right balance between incentivising the management team, rewarding strong performance and being equitable in the broader context, taking into account the experience of our wider stakeholders, including our employees and shareholders.

FY 2024 Executive Annual Bonus Plan (EABP)

The FY 2024 EABP was based 70% on financial metrics (60% adjusted Group operating profit, 10% adjusted Group cash flow) and 30% on non-financial metrics (personal objectives).

The Committee carefully considered performance against each of the financial and non-financial targets and then a broader consideration of overall performance. Achievement of operating profit and cash flow both exceeded maximum. In respect of personal objectives, the Committee awarded both Graham Sutherland and Ryan Mangold 80% of maximum.

The formulaic EABP award for the Executive Directors resulted in awards of 94% of maximum for both Graham Sutherland and Ryan Mangold. The Committee reviewed the overall outcome in the context of the Group's underlying performance and were satisfied with this level of payout.

Full details of targets and performance achieved are set out on pages 131-133.

Remuneration Committee report continued

2021 LTIP: The vesting of the LTIP granted in 2021 was subject to the following performance measures:

- 50% EPS
- 40% relative total shareholder return (TSR) vs FTSE 250
- 7.5% zero emission (ZE) fleet transformation
- 2.5% carbon intensity

Performance against the 2021 measures is as follows:

- the Company delivered strong earnings growth, with EPS of 16.7p, resulting in 100% vesting under this element (50% of the overall award)
- relative TSR vs FTSE 250 performance was at the 97th percentile versus the peer group, resulting in 100% vesting under this element (40% of the overall award)
- the Company outperformed against our ZE fleet transformation target with a total of 574 new ZE buses by 30 March 2024, resulting in 100% vesting under this element (7.5% of the overall award)
- carbon intensity outturn was lower than expected at 157 tCO₂e per £1m, resulting in 100% vesting under this element (2.5% of the overall award)

Therefore, the formulaic vesting of the 2021 LTIP award was 100%. The Committee carefully reviewed the overall formulaic vesting outcome in the context of the Group's underlying financial performance and were satisfied that there was no need to exercise discretion. The shares will be held for an additional two years to provide alignment with our shareholders.

Full details of the 2021 LTIP are set out on page 133-134.

2023 LTIP: The Committee determined that the 2023 LTIP award made to the CEO, CFO and other senior leaders would be measured against EPS, relative TSR and a Sustainability Scorecard (comprising two environmental measures), over a three-year period.

Full details of targets are set out on pages 134-135.

Review of our Directors' Remuneration Policy

The Committee has undertaken a thorough review of the existing Directors' Remuneration Policy, which was approved at our 2021 AGM with c.96% shareholder support. As part of our review we engaged c.70% of our shareholders requesting feedback on both our proposed policy and proposed implementation for FY 2025. The conclusion of the review was that our existing policy fully supports our current position as a UK-based transportation provider and our future growth strategy. The Committee also concluded that the policy retains the flexibility to ensure remuneration remains aligned to our strategy and operations. Therefore, no material changes to our existing policy are proposed.

The policy will be put to shareholders for consideration at the 2024 AGM.

The full policy can be found on pages 144-155.

Remuneration for FY 2025

The Committee carefully considered base salary increases for the Executive Directors holistically, taking into account FY 2025 base salary increases applied to the wider workforce and investor guidance that base salary increases for Executive Directors should be aligned with those provided to the wider workforce.

Therefore, the Committee approved an increase of 4% for Graham Sutherland and Ryan Mangold, effective 1 April 2024. See page 137 for more information.

The Executive Directors have an opportunity to receive a maximum of 150% (half of which is deferred into shares for three years) of base salary under the FY 2025 EABP. Changes from FY 2024 include a reduction in the weighting of the personal element from 30% to 10% and the inclusion of a new operational scorecard weighted at 20%.

The FY 2025 EABP is based on the following metrics:

- 60% adjusted Group operating profit
- 10% adjusted Group cash flow
- 20% operational scorecard
- 10% personal objectives

Details on the metrics are set out on page 137. The Committee considers the forward-looking annual bonus targets to be commercially sensitive, but full disclosure of targets and performance outcome will be set out in next year's Annual Report on Remuneration.

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 the 2023 LTIP with the only change being the addition of diversity and inclusion metrics, aligned with our equality, diversity and inclusion (ED&I) strategy. The 2024 LTIP consists of 50% EPS, 30% relative TSR and 20% on an ESG Scorecard. The targets for these awards are set out on page 137.

Remuneration fairness

As a Remuneration Committee we take our responsibility to consider senior team pay in the context of wider workforce pay, policies and practices, and a number of items are tabled at Committee meetings every year to ensure the approach throughout the Group is fair, particularly during the cost of living crisis.

The 'Remuneration in context' section of the report on pages 128-129 provides a summary of the items and the factors that the Committee considers when making executive reward decisions as well as support we have provided to our employees during the cost of living crisis.

What the Remuneration Committee has looked at in the last 12 months

The Committee has:

- conducted a thorough review of the Remuneration Policy, that is being put to shareholders for approval at the 2024 AGM, including engaging in a shareholder consultation process with c.70% of our shareholders
- approved FY 2024 EABP payout for Executive Directors and other senior employees
- determined the vesting of the 2021 LTIP
- reviewed and approved the FY 2023 Directors' Remuneration report
- approved the 2023 LTIP awards
- agreed FY 2025 EABP approach
- reviewed the 2023 gender and ethnic pay gap reporting ahead of publication
- reviewed wider workforce remuneration and related policies
- approved the launch of the 2023 SAYE
- reviewed its terms of reference

Remuneration Committee report continued

Governance

The Committee actively monitors developments in corporate governance and the guidelines produced by shareholders and their representative bodies.

Our Group Employee Director is encouraged to attend all Committee meetings, and regularly does so. I also periodically attend meetings of the Employee Directors' Forum to hear directly from our network of Employee Directors. In these meetings I explain how executive remuneration aligns with wider workforce pay and Employee Directors have the opportunity to ask questions about last year's Directors' Remuneration Report.

We have provided further details on our approach to pay throughout the Group on pages 128-129.

In conclusion

We will continue to monitor governance developments and are committed to maintaining an open and transparent dialogue with our shareholders on executive remuneration. We consider ongoing engagement to be vital in ensuring that our approach to remuneration continues to be aligned with the long-term interests of the Group's shareholders and wider stakeholders.

We welcome the feedback received during the year and hope to receive your support at our upcoming AGM.

Sally Cabrini

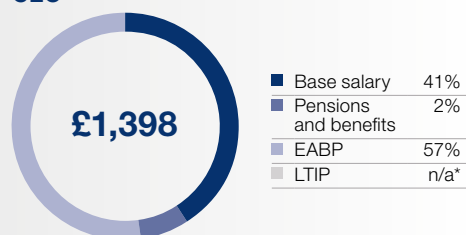
Chair, Remuneration Committee

Remuneration at a glance

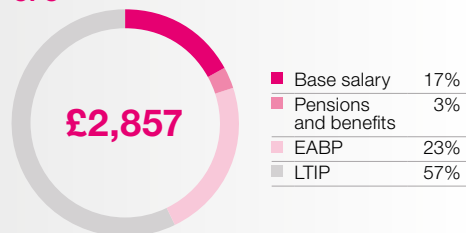
This section summarises the pay our Executive Directors received in FY 2024.

FY 2024 single figure total remuneration (£'000s)

CEO



CFO



➔ Read more on pages 130-134

* Graham Sutherland, the CEO, joined on 16 May 2022, therefore does not have an LTIP vesting in 2024.

Shareholding requirement – progress in FY 2024

Requirement: At 30 March 2024

200% of base salary

CEO 116%
CFO 589%

Key remuneration outcomes for FY 2024

FY 2024 Executive Annual Bonus Plan (EABP)

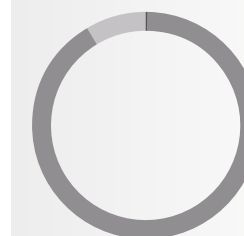
Weighting	Measure	Threshold (0% payment)	Target (50% payment)	Maximum (100% payment)	Outcome as % of maximum award	Link to strategy
60%	Adjusted Group operating profit				60%	● ● ●
	Target	105.8	117.5	135.1		
	Performance	▶ £156.6m				
10%	Adjusted Group cash flow				10%	● ●
	Target	(3.5)	12.8	38.2		
	Performance	▶ £67.7m				
30%	Personal objectives					● ● ● ●
	Target	0%	50%	100%		
	CEO		80%		24%	
	CFO		80%		24%	
Total bonus achieved (as % of maximum)						
	CEO		94.0%	(141.0% of base salary)		
	CFO		94.0%	(141.0% of base salary)		

2021 Long-Term Incentive Plan (LTIP) vesting outcome

Weighting	Measure	Threshold (0% payment)	Maximum (100% payment)	Outcome as % of maximum award	Link to strategy	
50%	EPS			50%	● ● ●	
	Target	5.8	9.9			
	Performance	▶ 16.7p				
40%	Relative TSR			40%		
	Target	Median	Upper Quartile			
	Performance	▶ 97th percentile				
7.5%	ZE Fleet			7.5%	● ●	
	Target	260	400			
	Performance	▶ 574				
2.5%	Carbon intensity			2.5%	● ● ●	
	Target	221 tCO ₂ /£1m	212 tCO ₂ /£1m			
	Performance	▶ 157				
Total (as % of maximum)					100%	

Spend on pay

Expenditure on pay vs distributions to shareholders



Executive Directors' pay	0.3%
Total employee pay	91.3%
Distributions to shareholders	8.4%

Key to our strategic pillars

- Deliver day in, day out
- Diversify our portfolio
- Lead in environmental and social sustainability
- Drive modal shift

Remuneration in context

In setting the remuneration for Executive Directors, the Committee takes account of the overall approach to rewarding other employees in the Group. Due to the varied nature of the operations of our divisions and their respective employment markets, we have a range of remuneration practices across the organisation. These are designed to be relevant to each individual market. Almost 85% of our employees are covered by collective bargaining arrangements.

A number of items are tabled at Committee meetings each year to ensure the approach throughout the organisation is consistent and fair:

- report summarising wider workforce pay policies and practices with updates provided on a regular basis
- Gender and ethnicity pay gap reports including statistics from each UK reporting entity
- actions management are taking to improve diversity in the workforce and close pay gaps where they exist
- CEO pay ratio and underlying statistics

The table on page 129 (Wider workforce remuneration) summarises the FirstGroup approach to pay. The main difference between the structure of our most senior employees' remuneration and that of the wider workforce is that senior employee remuneration is more heavily weighted to variable pay, that is linked to business performance.

Treating our people fairly

Effective 1 April 2024, First Bus became a Real Living Wage employer. This commitment impacted c.1,300 colleagues who received a pay increase in line with this commitment. First Bus have also committed to go beyond the accreditation requirements and pay all apprentices the Real Living Wage within 18 months of 1 April 2024.

The approach to pay rises for non-collectively bargained employees in First Bus has been to skew the salary increase budget to have a greater impact on lower earners in recent years. For FY 2023, First Bus applied a flat increase to base salary in order to have a greater impact on lower earners for FY 2023. For FY 2024, non-collectively bargained colleagues in First Bus received an increase of 3% + £800, for an average base salary increase of c.5.2%. For FY 2025, non-collectively bargained colleagues in First Bus received an increase of 4%. Depending on participation in our annual bonus schemes, colleagues also received a flat increase of up to £800 in addition to the 4% increase. For the collectively bargained population, average increases in FY 2023 were over 7% and in FY 2024 were c.8%.

In First Rail, offers have been made for pay increases for FY 2023 and FY 2024 of 9% (i.e. 5% for FY 2023 (minimum of £1,750 increase) and 4% for FY 2024). These increases have been implemented for our non-collectively bargained population and collectively bargained populations where an agreement has been reached. At the time of publication Aslef, who represent train drivers, have not put their pay offers for FY 2023 or FY 2024 to their members, but we remain open and willing to engage in national level talks to resolve the dispute. FY 2023 pay increases were made for members of RMT, TSSA and Unite; FY 2024 pay increases are currently in progress.

We also offer other benefits to our employees to support them through the cost of living crisis, including extensive retail discounts through our shopping portal, discounts of 4-5% at several large supermarkets. In 2023, colleagues saved over £590,000 on their shopping bills.

For FY 2024, we relaunched the Save as You Earn (SAYE) scheme, which allows colleagues to purchase discounted shares at the end of a three-year savings contract. We had a high acceptance rate for the SAYE scheme with applications for about 15.6 million options from over 3,450 applicants and will be launching the scheme again for FY 2025.

TOCs provide free travel for employees and their families across their own network. First Bus provides employees and their families with free travel on the First Bus network. All employees, regardless of employer, receive discounted rail travel across our network. All employees have access to our Employee Assistance Programme, which among other things, provides free, individual and confidential financial advice.

In FY 2024, First Bus ran a series of Financial Wellbeing webinars to offer support around the cost of living crisis. We have also introduced two new healthcare benefit schemes that are available to all of our First Bus colleagues. The SimplyHealth scheme allows First Bus colleagues to claim back healthcare costs, including optical, dental and muscular health as well as contributions for health diagnostics.

The SmartHealth scheme is a free app that provides access to a number of services, including GP appointments, mental health support, second medical opinion, nutrition advice, fitness plans and health checks.

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 and insights from employees across a range of issues.

Information on how we engage our employees is set out on page 99.

The Group also engages with its workforce through our Employee Directors and the Group Employee Director is invited to attend all of the Committee's meetings, and regularly does so. Our Committee Chair, Sally Cabrini, will also periodically attend the Employee Director Forum meetings to explain how executive remuneration aligns with wider workforce pay and answer questions on last years' Directors' Remuneration report. More information on the role of our Group Employee Director is set out on page 105.

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

Remuneration in context continued

Wider workforce remuneration

Eligibility	Element	Definition
All employees (c.31,000)	Base salary	<ul style="list-style-type: none"> ■ Base salaries are reviewed annually ■ When considering salary for Executive Directors and Executive Committee members, the Committee considers increases available to the wider workforce
	Pension	<ul style="list-style-type: none"> ■ We are committed to helping our colleagues save for retirement through a variety of Company pension arrangements, designed in line with market practice. We operate a number of different pension plans that reflect the history and requirements of our various businesses. See page 130 for more information on the average pension contribution
	All employee share scheme	<ul style="list-style-type: none"> ■ All UK employees with at least six months of service are eligible to participate in our HMRC approved all employee share plans. Under SAYE eligible employees can make monthly savings over a period of three years with the option to purchase FirstGroup shares at a discount of up to 20% of the market value of shares on grant. Under Buy as You Earn, our Share Incentive Plan (SIP), eligible employees can purchase shares from their pre-tax salary and become shareholders in the Company
	Benefits	<ul style="list-style-type: none"> ■ 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. Other benefits include discounted travel on our rail and bus services, discounts on shopping, entertainment and eating out ■ Our larger businesses have dedicated in-house Occupational Health teams and our other businesses use external specialist advisers to support employees with health problems that may affect performance ■ All divisions run workplace health and wellbeing programmes to support employees in staying fit and healthy
Senior executives and management (c. 1,100)	Annual bonus	<ul style="list-style-type: none"> ■ Senior executives and management population – incentivises successful execution of our business strategy and operational goals with participants including both corporate centre and divisional roles ■ Our TOC businesses also offer commission schemes for Customer Hosts, Guards and Revenue Protection staff to drive revenue
Senior executives (c. 150)	LTIP	<ul style="list-style-type: none"> ■ Senior executives with sufficient line of sight to drive long-term sustained value creation for our shareholders
Executive Committee and Executive Directors (5)	Shareholding guidelines	<ul style="list-style-type: none"> ■ Senior executives ensuring alignment with the shareholder experience

Strategic alignment of remuneration

The table below sets out how each of the performance metrics used in our incentive plans for FY 2025 are aligned to the Company's strategy. See pages 17-29 for more information on our strategy.

Measure	Deliver day in, day out	Diversify our portfolio	Lead in environmental and social sustainability	Drive modal shift
EABP ¹	Adjusted Group operating profit	●	●	●
	Adjusted Group cash flow	●		●
	Operational performance	●	●	●
	Personal objectives	●	●	●
LTIP	EPS	●	●	●
	Relative TSR	●		
	ESG Scorecard		●	●

¹ The Remuneration Committee makes a holistic safety assessment at year end which can reduce the formulaic outturn to reflect safety performance.

Annual report on remuneration

The annual report on remuneration sets out

- Directors' remuneration for FY 2024, pages 130-136
- the statement of the planned implementation of policy in FY 2025, page 137

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) Regulations 2008 (as amended) and Rule 9.8.6 of the Listing Rules. The annual report on remuneration and Chair's statement will be put to an advisory shareholder vote at the 2024 AGM.

Single total figure of remuneration for Executive Directors (audited)

	Salaries	Taxable Benefits	Pension	Total fixed remuneration	Annual Bonus cash	Annual Bonus value of deferred shares	LTIP ^{2,3}	Other ⁴	Total variable remuneration	Total remuneration
Graham Sutherland – CEO										
FY 2024 £'000s	567	1	28	596	399	399	–	4	802	1,398
FY 2023 £'000s ¹	484	1	24	509	341	341	–	–	682	1,191
Ryan Mangold – CFO										
FY 2024 £'000s	475	14	71	560	335	335	1,623	4	2,297	2,857
FY 2023 £'000s	461	14	69	544	325	325	2,312	–	2,962	3,506

1 Graham Sutherland was appointed to the Board as Chief Executive Officer on 16 May 2022 with an annual base salary of £550,000. Graham Sutherland did not receive any payments in relation to recruitment remuneration, including any buyout awards. Graham Sutherland's FY 2023 bonus has been pro-rated based on the date he was appointed to the Board.

2 The value of the 2021 LTIP, which has a three-year performance period ending 30 March 2024, was calculated using the average share price for the period of 1 January to 30 March 2024 (167.28p). In line with reporting requirements, the LTIP values include dividend equivalent amounts of £59,794 for the Chief Financial Officer, and £775,354 of the value for the Chief Financial Officer at vesting is attributed to share price growth as the share price at award was 84.29p in 2021.

3 The value for FY 2023 relates to the 2020 LTIP which had a three-year performance period ending 25 March 2023. As a result of the downwards adjustment of 10%, 88.4% of the award vested in June 2023. The value of the 2020 LTIP reported in the 2023 report (£1,877,592) was an estimate based on the average share price over the last three months of FY 2023 (106.3p). The actual value of the 2020 LTIP on the 8 June 2023 vesting date was £2,312,450 (based on adjusted closing share price of 131.31p); this includes dividend equivalents of £34,681.

4 Graham Sutherland and Ryan Mangold both participate in the 2023 SAYE scheme, more detail on the scheme can be found on page 129. The value of their options under the 2023 scheme has been valued as the number of options subscribed for, multiplied by the difference between the closing share price on the date before grant (£137.6p) and the option price (£111.0p) which is a 20% discount.

More detail can be found on pages 130-134.

Benefits (audited)

Benefits for Executive Directors include the provision of a company car allowance and private medical cover. Graham Sutherland's benefits for the year comprised £604 for UK private medical insurance. Ryan Mangold's benefits for the year comprised a £12,000 car allowance and £1,509 for UK private medical insurance.

Pension (audited)

Graham Sutherland received a pension allowance of 5% of his base salary, £28,325. Ryan Mangold received a pension allowance of 15% of his base salary, £71,280. The average pension benefit for the wider workforce is in excess of 15% of base salary.¹

No Director has a prospective benefit under a defined benefit pension.

1 We operate a number of different pension arrangements across the Group including defined benefit pension schemes. Over 60% of our UK workforce are in a defined benefit pension with the remainder in defined contribution schemes on varying rates.

Annual report on remuneration continued

FY 2024 performance and reward decisions

As a Committee, we believe it is imperative to strike the right balance between incentivising the management team, rewarding strong performance, and being equitable in the broader context.

When assessing the performance of the Executive Directors, the Remuneration Committee takes a broad view of financial performance delivered, the shareholder experience and the outcome for the Company's stakeholders, including customers, employees and the communities in which we operate. When considering remuneration outcomes, the Committee takes into account performance against specific metrics on safety, including workplace fatalities and injuries, and customer satisfaction, as well as environmental, social and governance matters such as significant environmental incidents, large or serial fines or sanctions from regulatory bodies, and significant adverse legal judgments or settlements. The Committee has broad discretion to ensure incentive outcomes are appropriate.

FY 2024 Executive Directors' annual bonus

For FY 2024, the annual bonus maximum opportunity was 150% of salary for both Executive Directors. As in previous years, the EABP aimed to incentivise improved performance against a range of financial and non-financial metrics. The structure of the bonus was weighted so that 70% was based on financial metrics and 30% on non-financial metrics. The Committee retains overriding discretion to adjust the overall bonus outturn (including to £nil) if a serious safety failing or deterioration is identified.

The chart below sets out the targets, performance achieved and corresponding bonus outturns on a formulaic basis against the financial and qualitative targets.

FY 2024 annual bonus outcome (audited)

Measure	Weighting	Threshold	Maximum	Actual Result	Bonus Achievement	Payout %
Adjusted Group operating profit (Pre-IFRS 16 basis)¹	60%	£105.8m	£135.1m	£156.6m	100%	60%
Adjusted Group cash flow²	10%	£(3.5)m	£38.2m	£67.7m	100%	10%
Personal objectives	30%	N/A	N/A	See below	80%	24%

1 Adjusted Group operating profit is assessed on a pre-IFRS 16 basis as this more appropriately reflects the underlying risk given that the majority of IFRS 16 impacts are not for our account. Pre-IFRS 16 basis is readily understood by management teams and is used in banking covenants. Group operating profit post-IFRS 16 is £204.3m. See note 4 for the reconciliation.

2 Group adjusted cash flow is assessed from continuing operations on a pre-IFRS 16 basis. It excludes growth investments (-£20.7m), Employee Benefit Trust share purchases (-£16.8m), interest & tax (-£5.1m), transit earnout from North America (+£67.6m), Hitachi joint venture (+£15.1m), dividends to shareholders and non-controlling interests (-£36m) and share buyback (-£117.6m).

Graham Sutherland

Objectives

Refine Group strategy/equity story including a capital markets day (or equivalent) and take steps to reshape the financial footprint of the Group through M&A, organic growth, decarbonisation, and shareholder capital returns.

Monitor and finalise completion of US residual separation issues including First Transit earnout.

Enhance the Group's business continuity plans and execution capability in light of the increasing threat levels from geo-political change and cyber attacks.

Further review of Group talent and succession plans to be presented to the Board.

Demonstrate personal leadership of action to protect customers and employees from health and safety risks and continue to improve our health and safety culture.

Deliver NRCs for WCP on a long-term contract, in line with current Government policy.

Performance Assessment

Refreshed Group strategy presented and endorsed by the Board. Four strategic pillars introduced to guide decision-making and investment prioritisation across the Group. Introduced two events in the investor relations calendar covering First Bus and First Rail strategies. Acquisition of York Pullman and integration of acquisitions completed in FY 2023. Shareholder capital returns progressed returning c. £115m to shareholders in FY 2024. Significant work completed to enhance Bus and Rail development pipeline.

First Transit earnout completed. Now largely de-risked in North America.

Significant progress in cyber security defences through incremental protection investments.

Full review of Group talent and succession plans including a robust view of the top leaders in the organisation and respective development needs.

Regular private meetings with safety leads in both divisions to review safety KPIs and discuss individual incidents and key learnings.

The WCP NRC was delivered with a 3+6 contract achieved to October 2032, with the first potential risk in October 2026.

Annual report on remuneration continued

Graham Sutherland continued

Objectives	Performance Assessment
Demonstrate progress against all ESG targets and commitments to ensure the Group moves towards a leadership position in the Transport sector.	Scope 1 & 2 emissions reduced by c.27%. Significant improvement on ZE buses (13% of fleet) and depot electrification. On track for net zero 2035 commitment.
Demonstrate leadership and progress on D&I commitments that have been agreed by the Board.	Set D&I targets at the Board. In FY 2024 women in senior leadership roles increased from 33% to 35%.
Bonus Achievement for Graham Sutherland	80%
Payout % for Graham Sutherland	24%

Ryan Mangold

Objectives	Performance Assessment
Progress the equity story for the Group, including a capital markets day (or equivalent), and take steps to reshape the financial footprint of the Group through M&A, organic growth, or shareholder capital returns.	Introduced two events in the investor relations calendar covering First Bus and First Rail strategies. Acquisition of York Pullman and integration of acquisitions completed in FY 2023. Shareholder capital returns progressed returning c. £115m to shareholders in FY 2024. Significant work completed to enhance Bus and Rail development pipeline.
Implement the Hitachi Zero Carbon JV and explore opportunities from the strategic partnership.	Completed the £100m and 1000 EV bus battery JV with Hitachi that included an innovative financing structure allowing for future benefit from battery residual value and the opportunity to benefit from the strategic partnership through the 5% warrants held in Hitachi Zero Carbon.
Progress the Group and Bus pension scheme merger to facilitate operating efficiencies and reduce costs.	Merger completed. Exit from LGPS and removed liability.
Exit strategy of remaining two Greyhound USA real estate assets and ensure the collection of CARES and ARP attributable to the Group as covered under the SPA with Flix.	Successful collection of the outstanding CARES and ARP above expectations.
Finalise the First Transit earnout.	Completed the negotiation and settlement of First Transit.
Demonstrate personal leadership of action to protect customers and employees from health and safety risks and continue to improve our health and safety culture.	Key focus on health and safety in Business Review Meetings and other forums in reviewing Health, Safety and Environment to reinforce the importance in this area.
Deliver NRCs for WCP on a long-term contract, in line with current Government policy and support further growth and sustainability in Affiliate Contracts.	The WCP NRC was delivered with a 3+6 contract achieved to October 2032, with the first potential risk in October 2026.
Ensure strong financial and legal management on the exit of TPE contract.	TPE exited with smooth transition to the OLR, retaining all affiliate business.
Demonstrate leadership and progress on D&I commitments that have been agreed by the Board.	Diversity in the finance team is higher than before. Mentoring a participant from our Reach Forward programme.
Bonus Achievement for Ryan Mangold	80%
Payout % for Ryan Mangold	24%

As noted in the Chief Executive Officer's review, performance on the financial measures was strong for the Group as a whole. There was also strong performance in respect of the non-financial measures (as detailed above). The Committee determined that Graham and Ryan had delivered their personal objectives to a high standard. The Committee accordingly awarded both Graham Sutherland and Ryan Mangold 24% out of a possible 30% for their personal objectives.

Taking into account the above outcomes, the formulaic EABP award for both Graham Sutherland and Ryan Mangold resulted in a potential award of 141% of the maximum. The Committee considered this formulaic performance in the context of the Group's wider performance and decided that it did not need to exercise any discretion to reduce this outcome. Under the approved policy, 50% of the award is normally paid in cash with 50% deferred into shares (deferred share awards vest after three years, subject to continued employment, and are not subject to any further performance conditions).

Annual report on remuneration continued

The overall bonus payout for FY 2024 was therefore as follows:

	Graham Sutherland	Ryan Mangold
Maximum EABP opportunity (% of salary)	150%	150%
EABP Achieved (as % of maximum)	94%	94%
EABP (% of salary)	141%	141%
Total EABP	£798,765	£670,032
EABP – Cash	£399,382	£335,016
EABP – Deferred Shares	£399,383	£335,016

Long-Term Incentive Plan

The vesting of 2021 LTIP awards was subject to achieving the following performance conditions over a three-year performance period ending 30 March 2024.

Vesting of 2021 Long-Term Incentive Awards (audited)

Metrics	Weighting	Outturn	0%	Threshold: 20%	Maximum: 100%	% of award which vested
EPS	50%	16.7p	<5.8p	5.8p	9.9p	100%
Relative TSR vs FTSE 250	40%	97th percentile	<Median	Median	Upper quartile	100%
Sustainability Scorecard						
ZE Fleet (# vehicles)	7.5%	574	<260	260	400	100%
Carbon intensity (tCO ₂ e per £1m)	2.5%	157	>221	221	212	100%
Total						100%

As disclosed in the 2021 report, the Committee decided to delay 2021 LTIP target setting to allow adequate time to better understand uncertainties around the impact of Covid-19 on the wider economy and our business and the impact and timing of the sales of our North American businesses.

The 2021 LTIP absolute EPS target was set reflecting the current portfolio (comprising only First Bus and First Rail), therefore, no adjustment was required in respect of the disposals. However, the tender offer that took place in December 2021 reduced the number of shares in issue compared to when the EPS target was set in November 2021. Therefore, in line with market practice, the EPS targets were restated in order to ensure the EPS targets retain the same level of stretch as before the tender offer. The adjusted targets are shown in the table above and were also disclosed in the 2022 report.

Beginning with the 2021 LTIP, ESG measures have been introduced as part of a Sustainability Scorecard, with the Committee selecting a measure relating to progress in transforming our First Bus fleets through the deployment of zero emissions technology, which will have the most significant impact on reducing our carbon air pollution emissions, and an emissions measure (Carbon Intensity as tonnes of CO₂ equivalent per £1m of revenue) which measures performance across our whole business in a way that allows a single measure to be used for both First Bus and First Rail operations and allows for like-for-like comparisons across peer companies and industries. In selecting the measures for use in the Sustainability Scorecard, the Committee considered it important to choose those which most closely aligned with our strategy and investment case, and selected metrics that are quantifiable and capable of being independently verified. Both of these measures meet these tests and are tracked, measured and reported to our banking partners as part of the Company's sustainability-linked revolving credit facility.

Annual report on remuneration continued

As a result of this outcome, awards vested as follows:

	Total number of shares granted	Proportion of award vesting (% max)	Face value of shares vesting (£'000) ¹	Value attributable to share price movement (£'000) ²	Value of dividend equivalents due (£'000)	Value of resultant award (£'000)
Executive Director						
Chief Financial Officer	934,274	100%	£1,563	£775	£60	£1,623

¹ The face value of the 2021 LTIP at vesting has been calculated based on the average share price over the last three months of FY 2024 (167.28p).

² £775,354 of the value for the Chief Financial Officer at vesting is attributed to share price growth. The share price at award was 84.29p in 2021.

Long-Term Incentive Awards made during the year

The Committee determined that the 2023 awards would be measured against EPS, relative TSR and a Sustainability Scorecard (comprising two environmental measures), over a three-year period.

The measures of the 2023 LTIP are consistent with the 2022 and 2021 LTIP. The only difference is the emissions reduction measure in the 2023 and 2022 LTIP is aligned with the Science Based Target (SBT), set during FY 2022, for a reduction in our Scope 1 and 2 emissions.

Emissions reduction aligned to our SBT will become the main emissions metric that we report on and a key performance indicator for the Group. In addition, we consider that using an absolute carbon reduction metric is ultimately more appropriate than a carbon intensity measure, on the basis that the latter is affected by changes in revenue as well as carbon performance. As was the case with the previous measure, the Scope 1 and 2 emissions reduction targets are quantifiable, capable of being independently verified and are closely aligned with our strategy and investment case.

Both of our sustainability measures will be tracked, measured and reported to our banking partners as part of the Company's sustainability-linked revolving credit facility.

Awards were made in June 2023 and are subject to an additional two-year holding period as well as malus and clawback. 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, targets and comparator group for the 2023 LTIP awards are set out below.

2023 Long-Term Incentive Plan performance metrics (audited)

	Adjusted EPS ²	Relative TSR vs FTSE 250 ³	Sustainability Scorecard	
			Additional ZE ⁴ buses in service/on order by 31 March 2026	Scope 1&2 emissions (tCO ₂ e) ⁵ reduction ⁶
Weighting	50%	35%	7.5%	7.5%
Threshold (20% vesting) ¹	12.1p	Median	600	12%
Maximum (100% vesting)	15.7p	Upper quartile	850	15%

¹ Vesting will be on a straight-line basis between threshold and maximum.

² EPS will be assessed on a pre-IFRS 16 basis as this aligns with how performance is measured internally and is most readily understood by management teams (adjusted Group operating profit in the EABP is measured on a pre-IFRS 16 basis for the same reason). A reconciliation from IAS17 to post-IFRS 16 EPS will be included in the FY 2026 Directors' Remuneration report so to provide clarity between the LTIP targets and achievement relative to the reported EPS on a statutory basis.

³ Relative TSR will be assessed against the FTSE 250 Index, excluding investment trusts.

⁴ Zero emission.

⁵ Tonnes of carbon dioxide equivalent (tCO₂e) per £1m of revenue.

⁶ From SBT base year 2020.

An LTIP award of 200% and 175% of salary were granted to Graham Sutherland and Ryan Mangold, respectively, on 9 June 2023.

Annual report on remuneration continued

2023 Long-Term Incentive Plan grants (audited)

Details of Graham Sutherland's and Ryan Mangold's awards (granted in the form of conditional share 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	% of award which vests at threshold	Performance period
Graham Sutherland	135.2p	200%	838,017	£1,133,000	20%	1.4.23 – 31.3.26
Ryan Mangold	135.2p	175%	615,088	£ 831,600	20%	1.4.23 – 31.3.26

¹ The share price at grant for the LTIP awards is closing mid-market share price for the day preceding the grant date.

As is normal practice, the Committee will ensure that any vesting is appropriate in the context of underlying financial performance and the experience of our wider stakeholders. The Committee retains the ability to apply discretion in the event that the value at vesting is considered to be an unjustified windfall gain taking into account the performance of the Group.

Directorate changes

No directorate changes were made during FY 2024.

Payments for loss of office (audited)

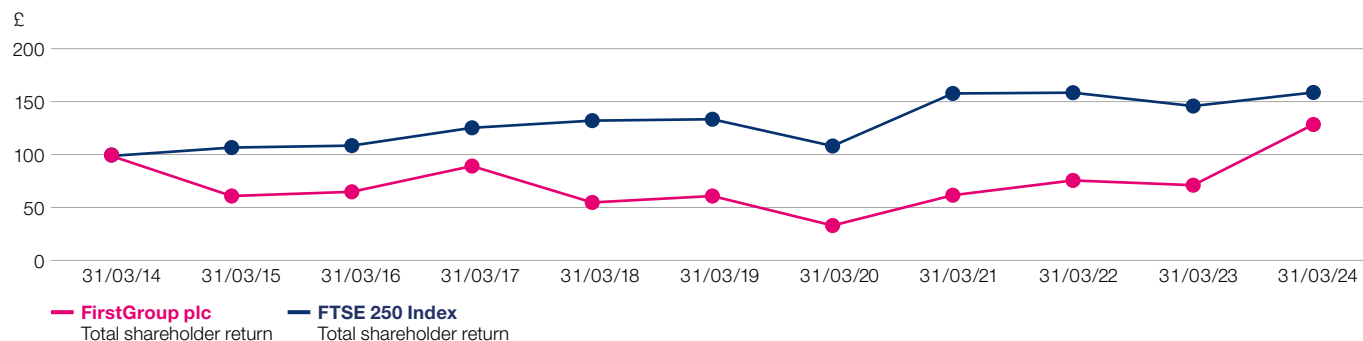
No payments for loss of office were made during FY 2024.

Payments to past Directors (audited)

No payments to past Directors were made during FY 2024.

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.



TSR is measured according to a return index calculated by Thomson Reuters 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.

Annual report on remuneration continued

Remuneration of the Chief Executive Officer

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

	2015	2016	2017	2018	2019 (Tim O'Toole)	2019 (Wolfhart Hauser)	2019 (Matthew Gregory)	2020	2021	2022 (Matthew Gregory)	2022 (David Martin)	2023 (David Martin)	2023 (Graham Sutherland)	2024
Total remuneration (£'000s)	1,647	1,243	1,267	1,100	175 ³	266 ⁴	422 ⁵	788	840	2,246 ⁶	320 ⁷	134 ⁸	1,191 ⁹	1,398
EABP (% of maximum potential)	57	15.9	– ¹	– ²	–	N/A	33.4	–	–	97	N/A	N/A	94	94
LTIP vesting (% of maximum potential)	–	–	16.3	–	–	N/A	12.5	12	14.6	88.5	N/A	N/A	–	–

1 No EABP was paid to Tim O'Toole in 2017, he received a conditional deferred share award instead.

2 No EABP was paid to Tim O'Toole in 2018.

3 Remuneration for Tim O'Toole until he stepped down as CEO on 31 May 2018. Tim O'Toole was not eligible for an annual bonus or LTIP awards.

4 Remuneration for Wolfhart Hauser for his period as Executive Chairman, 1 June to 12 November 2018. Wolfhart Hauser was not eligible for EABP or LTIP awards.

5 Remuneration for Matthew Gregory as Chief Executive from 13 November 2018 to 31 March 2019.

6 Remuneration for Matthew Gregory as Chief Executive from 1 April 2021 to 13 September 2021.

7 Remuneration for David Martin for his period as Interim Executive Chairman from 13 September 2021. David Martin was not eligible for EABP or LTIP awards.

8 Remuneration for David Martin for his period as Interim Executive Chairman until 30 June 2022. David Martin was not eligible for EABP or LTIP awards.

9 Remuneration of Graham Sutherland from his appointment as Chief Executive Officer on 16 May 2022. Salary and EABP have been pro-rated for time served.

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

Having not increased NEDs' or Chairman's fees since 2019, we conducted a market review of both NEDs' and Chairman's fees in FY 2024. As a result, for FY 2024 NEDs' fees were increased by 3%. That is, for FY 2024 NEDs' fees were £59,740 p.a. with additional fees of £12,360 p.a. payable to the Senior Independent Director and the Chairs of the Audit, Responsible Business, and Remuneration Committees. No changes to the Chairman's fees were made in FY 2024.

£'000	FY 2024					FY 2023				
	Basic Fee	Committee Chair	SID	Taxable Benefits ¹	Total	Basic Fee	Committee Chair	SID	Taxable Benefits ¹	Total
David Martin ²	310	–	–	30	340	366	–	–	52	418
Sally Cabrini	60	12	–	2	74	58	12	–	1	71
Myrtle Dawes	60	–	–	6	66	58	–	–	6	64
Claire Hawkings	60	12	–	2	74	58	12	–	3	73
Jane Lodge	60	12	–	4	76	58	12	–	2	72
Peter Lynas	60	–	12	1	73	58	–	12	2	72
Anthony Green ³	60	–	–	–	60	58	–	–	–	58

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

2 David Martin's basic fee in FY 2023 includes the additional fee of £225,000 p.a. he was paid for his role as Executive Chairman in FY 2023 (from 1 April 2022 to 30 June 2022). When he returned to the role of Non-Executive Chairman his fee returned to £310,000 p.a.

3 Anthony Green was appointed as Group Employee Director on 15 September 2020. In addition to his fee as Group Employee Director, Anthony Green received earnings from the Group as an employee amounting to £24,898 in FY 2023 and £29,810 in FY 2024.

Annual report on remuneration continued

Implementation of Remuneration Policy for FY 2025

Annual base salary

The Committee carefully considered base salary increases for the Executive Directors holistically, taking into account FY 2025 base salary increases applied to the wider workforce (see page 128 for more information), investor guidance, the Group's strong performance in FY 2024 as well as the macroeconomic environment, including relatively high rates of inflation experienced during FY 2024.

The Committee decided it would be appropriate to award a base salary increase of 4% for Graham Sutherland and Ryan Mangold, increasing their base salary to £589,200 and £494,300, respectively, from 1 April 2024.

FY 2025 Executive Directors' annual bonus

For FY 2025, the EABP will continue to incentivise improved performance against a range of financial and non-financial metrics. The financial targets are 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 FY 2025. Changes from FY 2024 include a reduction in the weighting of the personal element from 30% to 10% and the inclusion of an operational scorecard weighted at 20%. The precise measures under the operational scorecard may change each year depending on annual business priorities. The performance measures for FY 2025 are:

Measure	Weighting
Adjusted Group operating profit (pre-IFRS 16)	60%
Adjusted Group cash flow	10%
Operational scorecard:	
First Bus Net Promoter score	3.5%
First Bus Employee engagement score	3.5%
First Bus Overall Fleet MPG	3.0%
First Rail average TOC Scorecard score	10%
Personal objectives	10%

The targets for FY 2025 will be disclosed in next year's report when they are no longer commercially sensitive.

The FY 2025 annual bonus maximum and threshold levels of bonus as a percentage of base salary will be as follows:

Executive Director	Maximum	Threshold
Graham Sutherland	150%	0%
Ryan Mangold	150%	0%

All payouts will be subject to the Committee's discretion as well as malus and clawback provisions. 50% of any bonus earned will be deferred into the Company's shares for three years, conditional upon continued employment. The Committee has demonstrated in assessing bonus outcomes, including in respect of FY 2021 and FY 2020, 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.

2024 Long-Term Incentive Awards

It is the Committee's intention to make awards under the LTIP this year. Awards of 200% and 175% of salary will be made to the Chief Executive Officer and Chief Financial Officer, respectively. The measures of the 2024 LTIP will be consistent with the 2023 LTIP with the only difference being the inclusion of a diversity and inclusion metric aligned with our strategy.

The Committee is mindful of potential changes in transport policy in the short to medium term and the targets are based on the information known at the time they were set. The Committee will consider if any adjustments to the 2024 LTIP targets are necessary (either positive or negative) during the course of the performance period due to factors outside of management's control to ensure an appropriate level of stretch is maintained and payouts under the LTIP are aligned to the wider stakeholder experience. Full disclosure on any adjustments will be provided in the relevant remuneration report.

Details of the performance metrics, targets and comparator group for the 2024 LTIP awards are set out below.

	ESG Scorecard					
	Adjusted EPS	Relative TSR vs FTSE250 ²	Additional ZE ⁴ buses in service/ on order by 31 March 2027	Scope 1&2 emissions (tCO ₂ e) ⁵ reduction ⁶	Gender diversity in senior leadership	Ethnic diversity in senior leadership
Weighting	50%	30%	7.5%	7.5%	2.5%	2.5%
Threshold (20% vesting) ¹	16.7p	Median	700	24% reduction	37.4%	8.2%
Maximum (100% vesting)	21.4p	Upper quartile	990	26% reduction	38.7%	9.6%

1 Vesting will be on a straight-line basis between threshold and maximum.

2 Relative TSR will be assessed against the FTSE 250 Index (excluding Investment Trusts).

4 Zero emission.

5 Tonnes of carbon dioxide equivalent (tCO₂e).

6 From SBT base year 2020.

Annual report on remuneration continued

Directors' interests in share awards (audited)

The outstanding LTIP, deferred share bonus 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 ¹	Date of grant	During year				Number of shares under award as at 30.03.24 ²	Exercise price (£)	Face value of awards (£) ³	Date on which awards vest/ become exercisable ⁴	Expiry date
			Number of shares under award as at 26.03.23	Awards granted	Awards exercised	Awards lapsed					
Graham Sutherland	LTIP	18.08.22	972,590	–	–	–	972,590	nil	1,100,000	18.08.25	N/A
		09.06.23	–	838,017	–	–	838,017	nil	1,133,000	09.06.26	N/A
	Deferred bonus shares	09.06.23	–	252,191	–	–	252,191	nil	340,963	09.06.26	N/A
	SAYE	13.07.23	–	13,621	–	–	13,621	1.11	18,743	01.09.26	01.03.27
Ryan Mangold	LTIP	24.09.20	1,962,274	–	1,734,057 ⁵	228,217	–	nil	762,736	08.06.23	08.06.24
		02.08.21	934,274	–	–	–	934,274	nil	787,500	02.08.24	02.08.25
		18.08.22	713,770	–	–	–	713,770	nil	807,275	18.08.25	N/A
		09.06.23	–	615,088	–	–	615,088	nil	831,600	09.06.26	N/A
	Deferred bonus shares	18.08.22	289,456	–	–	–	289,456	nil	327,375	18.08.25	18.08.32
		09.06.23	–	240,545	–	–	240,545	nil	325,217	09.06.26	09.06.33
	SAYE	13.07.23	–	13,621	–	–	13,621	1.11	18,743	01.09.26	01.03.27
Anthony Green	SAYE	13.07.23	–	1,945	–	–	1,945	1.11	2,676	01.09.26	01.03.27

1 LTIP – granted in the form of nil cost options or conditional share awards granted under the Long-Term Incentive Plan. Awards prior to FY 2023 were typically made in the form of nil cost options. From FY 2023 awards were made as conditional share awards. Awards are subject to clawback and malus and subject to an additional two-year holding period.

Deferred bonus shares – 50% of the bonus awarded. Awards made after FY 2023 are made as conditional share awards under the EABP. Awards are subject to clawback and malus.

SAYE – options granted under the all-employee share scheme.

Participants are entitled to receive accrued dividends and dividend equivalents under the LTIP and EABP pro-rated in proportion to the amount of the award that vests.

2 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.

3 The face value of LTIP and deferred bonus awards made 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 awards made prior to FY 2023. For LTIP and deferred bonus awards made from FY 2023, the face value of LTIP and deferred bonus awards has been calculated by multiplying the maximum number of shares that could vest by or become exercisable by the average closing mid-market share price on the day preceding the grant date. For deferred bonus and LTIP awards made on 09.06.23 this is £1.352. For SAYE awards the face value of options under the 2023 scheme is determined by multiplying the number of options subscribed for by the closing mid-market share price on the date before grant (£137.6p).

4 LTIP awards will not vest until the date the Committee determines whether performance conditions have been met, or if later, the date specified above. If dealing restrictions apply on the date of vesting then vesting will occur on the first date after dealing restrictions cease to apply.

5 The market share price on the date of exercise, 15 June 2023, was £1.39 for a total market value of £2,413,807.

Annual report on remuneration continued

Directors' shareholding, shareholding guidelines and summary of outstanding share interests (audited)

Under the terms of the Policy approved by shareholders at the 2021 AGM, Executive Directors are expected to hold shares, or rights to shares in the Company, equivalent to a minimum of 200% of base salary within a five-year period from their date of appointment to create greater alignment of the Executive Directors' interests with those of shareholders. This represents an increase for the Chief Financial Officer from 150%. The Policy approved at the 2021 AGM also introduced post-cessation shareholding guidelines where Executive Directors are normally expected to hold the in-employment guideline (or full actual holding if lower) in the first year following cessation of employment and 50% (or full actual holding if lower) in the second year following cessation of employment.

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 30 March 2024. It shows that Graham Sutherland's current shareholding is 115.8% of his base salary and Ryan Mangold's current shareholding is 589.3% of his base salary.

The Committee believes that it is an essential part of the Policy that Executive Directors build significant shareholdings. The retention and build-up of equity is important in a long-term business such as FirstGroup, as it encourages decisions to be made on a long-term, sustainable basis for the benefit of customers and shareholders.

There has been no change in the Directors' interests in the ordinary share capital of the Company between those set out below and the date of approval of this report. The beneficial interests of Directors who served during the year ending 30 March 2024 and their connected persons in the shares of the Company as at that date and 26 March 2023 are shown below.

Directors	Ordinary shares beneficially owned			Unvested EABP/SAYE/SIP Shares ^{2,3}	Unvested LTIP Shares ⁴	Vested but not exercised EABP/LTIP awards	Shareholding requirement as % of salary	Current shareholding as % of salary ^{5,6,7,8}	% shareholding requirement achieved
	Date of appointment	at 26.03.23 or appointment date if later	at 30.03.24 ¹						
Executive Directors									
Graham Sutherland	16 May 22	211,181	230,005	265,812	1,810,607	N/A	200%	115.8%	57.9%
Ryan Mangold	31 May 19	632,113	1,270,689	544,393	2,263,132	N/A	200%	589.3%	294.7%
Non-Executive Directors⁹									
David Martin ¹⁰	15 Aug 19	–	–	–	–	–	–	–	–
Sally Cabrini	24 Jan 20	10,000	10,000	–	–	–	–	–	–
Myrtle Dawes	1 Apr 22	–	3,497	–	–	–	–	–	–
Anthony Green	15 Sep 20	1,570	1,615	1,945	–	–	–	–	–
Claire Hawkings	21 Jan 22	10,000	10,000	–	–	–	–	–	–
Jane Lodge	30 June 21	15,000	15,000	–	–	–	–	–	–
Peter Lynas	30 June 21	80,000	80,000	–	–	–	–	–	–

1 Ryan Mangold participates in the all-employee Share Incentive Plan (SIP). His Partnership Shares are held in trust and are not at risk of forfeiture. Ryan Mangold acquired an additional 172 Partnership Shares between 30 March 2024 and the date of approval of this Report.

2 EABP shares are deferred shares that are subject to continued employment, but not subject to further performance conditions.

3 SIP Matching Shares awarded to Ryan Mangold are held in trust and are at risk of forfeiture if the corresponding Partnership Shares are withdrawn from trust within three-years. No Matching Shares were awarded between 30 March 2024 and the date of approval of this Report.

4 LTIP awards are conditional share awards and nil cost options subject to ongoing performance conditions.

5 Based on the closing mid-market share price on 30 March 2024 (£1.804).

6 Graham Sutherland has until 16 May 2027 to meet his current shareholding guideline.

7 Ryan Mangold has until 31 May 2024 to meet his current shareholding guideline.

8 The % shown includes the after-tax value of vested but unexercised awards and the after-tax value of unvested EABP awards that are subject to continued employment.

9 Shares for Non-Executive Directors are held outright with no attaching performance conditions.

10 A person closely associated with David Martin beneficially owns 200,000 shares.

Annual report on remuneration continued

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 30 March 2024, 3.43% of the Company's issued share capital had been issued for the purpose of the SAYE, BAYE and LTIP 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. As at 30 March 2024, 14,379,907 shares were held by the EBT to hedge outstanding awards of 37,735,458. This means that the EBT holds sufficient shares to satisfy approximately 38.1% of outstanding awards.

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. None of the Executive Directors currently sit on any other external company boards.

Percentage change in remuneration levels

The table below shows the movement in the salary, benefits and annual bonus for all Directors between the current and previous financial year compared to that for the average UK employee (First Bus and First Rail, but excluding the Corporate centre). For the benefits and bonus per employee, the figures are based on those employees eligible to participate in such schemes.

	Average UK employees ¹	Executive Directors			Non-Executive Directors						
		GS ²	RM ³	DM ^{4,5}	SC ⁴	MD ⁶	CH ⁷	JL ⁷	PL ^{7,8}	AG ⁴	
% change to FY 2024	Salary/Fees	6.0%	3.0%	3.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Benefits ⁹	(15.6%)	(46.2%)	(2.6%)	(41.5%)	102%	(4.8%)	(30.9%)	48.8%	(47.5%)	0.0%
	Annual Bonus	9.1%	3.0%	3.0%	–	–	–	–	–	–	–
% change to FY 2023	Salary/Fees	5.9%	N/A	2.4%	0.0%	0.0%	N/A	0.0%	0.0%	(14.6%)	0.0%
	Benefits	(7.3%)	N/A	0.0%	56.5%	(41.8%)	N/A	N/A	24.0%	116.2%	0.0%
	Annual Bonus	(32.3%)	N/A	(0.7%)	–	–	–	–	–	–	–
% change to FY 2022	Salary/Fees ¹⁰	11.1%	N/A	7.1%	7.1%	6.1%	N/A	N/A	N/A	N/A	0.0%
	Benefits	4.2%	N/A	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	0.0%
	Annual Bonus	576.6%	N/A	N/A	–	–	–	–	–	–	–
% change to FY 2021	Salary/Fees ¹⁰	(2.4%)	N/A	(6.7%)	(6.7%)	(5.7%)	N/A	N/A	N/A	N/A	N/A
	Benefits	9.4%	N/A	0.0%	(100.0%)	0.0%	N/A	N/A	N/A	N/A	0.0%
	Annual Bonus	(66.2%)	N/A	N/A	–	–	–	–	–	–	–

1 We use all UK employees as a reference, rather than just those employed by the listed parent company which only employs c. 50 individuals, as we believe this provides a more accurate reference point. 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 increase in benefits in FY 2021 reflects the inclusion of Avanti employees for a full year. The decrease in annual bonus in FY 2021 reflects no management bonuses paid in the Rail business in FY 2021.

2 Graham Sutherland was appointed to the Board as Chief Executive Officer on 16 May 2022; as such, no comparison to FY 2022 is available and his FY 2023 pay has been annualised for comparison purposes.

3 Ryan Mangold was appointed to the Board as Chief Financial Officer on 31 May 2019, therefore, his FY 2020 pay has been annualised for comparison purposes. Bonuses were not paid in FY 2020 or FY 2021, therefore, the percentage change in annual bonus to FY 2022 is 'N/A', meaning that the year-on-year change cannot be calculated.

4 David Martin, Sally Cabrini and Anthony Green were appointed to the Board in FY 2020. FY 2020 fees have been annualised for comparison purposes.

5 David Martin was appointed Interim Executive Chairman on 13 September 2021; as such he received a temporary fee increase to £535,000 per annum. David Martin resumed the role of Non-Executive Chairman from 1 July 2022 and his fees returned to £310,000 per annum. For comparison purposes FY 2022 and FY 2023 fees relate to the fees he receives as Non-Executive Chairman. David Martin did not have any taxable benefits relating to FY 2021, therefore, the percentage change in benefits to FY 2022 is 'N/A', meaning that the year-on-year change cannot be calculated.

6 Myrtle Dawes was appointed to the Board on 1 April 2022; as such, no comparison to FY 2022 is available.

7 Claire Hawkings, Jane Lodge and Peter Lynas were appointed to the Board in FY 2022. FY 2022 fees have been annualised for comparison purposes.

8 Peter Lynas served as Chair of Board Safety Committee from September 2021 to March 2022; for comparison purposes the fee he received as Chair has been annualised. Peter Lynas' fees decreased in FY 2023 compared to FY 2022 as he no longer served as Chair of a Committee.

9 Private medical insurance premium rates for all employees, including the Executive Directors, were lower in FY 2024 compared to previous years due to a Covid rebate.

10 Directors' salary/fee figures for FY 2021 reflect the voluntary 20% reduction between April to July 2020. There were no changes to NED fees between FY 2020 and FY 2023, but an increase of 3.0% in FY 2024.

Annual report on remuneration continued

CEO pay ratio

In line with reporting requirements, the table below sets out the ratio at the median, 25th and 75th percentiles of the total remuneration received by the Chief Executive Officer, compared to the total remuneration received by our UK employees. The Company has calculated the ratios in accordance with the methodology of Option B as it was deemed the most reasonable and practical approach given the collation of data exercise required for gender pay gap reporting. There has been no departure from this methodology and no element of pay has been omitted. It should be noted that the pay ratio may vary year-on-year and the incentive outcomes for the Chief

Executive Officer can impact the results significantly. We will provide an explanation in each year's report around the change in the ratio as well as any additional context, where helpful, to understand variance. The UK employees at the lower quartile, median and upper quartiles were identified as at 5 April 2023 and their salary and total remuneration were calculated in respect of actual pay data from 1 April 2023 to 31 March 2024.

The Committee is satisfied that these pay ratios are consistent with our pay, reward and progression policies and that these colleagues are representative of the relevant percentiles

across the organisation, as they represent frontline workers in our First Bus and First Rail divisions, i.e., the large majority of our UK workforce receiving basic pay, overtime, holiday pay and employer pension contributions. The figures also include sick pay (where relevant).

There has been an increase in the CEO pay ratio between FY 2024 and FY 2023. This is largely due to the appointment of a new Chief Executive Officer in May 2022, therefore, FY 2023 salary and EABP awards were pro-rated with FY 2024 being the first full year. The significant decrease in CEO pay ratio between FY 2023 and FY 2022 is largely due

to the former Chief Executive Officer's 2019 LTIP award that vested at 88.5% of maximum (177% of base salary). FY 2025 will be the first year the current Chief Executive Officer will have an LTIP award due to vest.

The Committee is satisfied that the data included in the CEO Pay Ratio table reflect the goals of the Group's Remuneration Policy to support colleagues in the performance of their roles in collectively delivering the Group's strategy. In particular, the performance-based framework that rewards employees for their individual efforts and the performance of the Company, and to structure pay in a simple and transparent manner, have been applied consistently.

Year	Method	Pay ratio			Population	Remuneration values			
		25th percentile	50th percentile	75th percentile		CEO	25th percentile	Median	75th percentile
FY 2024	Option B	42:1	40:1	26:1	Total remuneration	£1,397,817	£33,279	£35,182	£53,996
					Salary only	£556,500	£28,715	£30,311	£49,240
FY 2023	Option B	34:1	30:1	22:1	Total remuneration	£1,190,865	£35,189	£40,145	£54,283
					Salary only	£483,635	£23,018	£27,592	£46,518
FY 2022	Option B	68:1	62:1	41:1	Total remuneration	£2,246,181	£33,073	£36,395	£55,051
					Salary only	£288,795	£22,179	£29,254	£45,703
FY 2021	Option B	30:1	25:1	16:1	Total remuneration	£839,822	£27,560	£34,002	£53,437
					Salary only	£592,667	£22,274	£17,210	£38,480
FY 2020	Option B	32:1	25:1	17:1	Total remuneration	£788,400	£24,600	£32,000	£45,400
					Salary only	£635,000	£19,100	£24,100	£37,200

Annual report on remuneration continued

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 and share buyback.

	FY 2024 £m	FY 2023 £m	% change
Adjusted operating profit ¹	202.4	154.4	31%
Distributions to shareholders ²	103.7	45.9	126%
Total employee pay ³	1,572.0	1,520.3	3.4%

1 Group adjusted operating profit, as reported in note 5 in the notes to the consolidated financial statements, has been used as a comparison as it is a key financial metric that the Board considers when assessing Company performance.

2 Distributions to shareholders, as reported in the consolidated statement of changes in equity, of £103.7m in FY 2024 consists of £29.5m in dividends (£36m including non-controlling interests) and £74.2m share buyback (£74.7m including related costs). There is an additional £41.1m in liability related to the share buyback for FY 2024, for a total share buyback of £115.3m (£115.8m including related costs). Distributions to shareholders in FY 2023 of £45.9m consists of £14.7m in dividends and £31.1m share buyback (£31.6m including related costs). In FY 2023 there was an additional £43.9m in liability related to the share buyback, for a total share buyback of £75m, this was completed in August 2023.

3 Total employee pay is the total pay for all Group employees, including pension and social security costs. The average monthly number of employees in FY 2024 was 29,339 (FY 2023: 29,983).

Committee membership and attendance

The membership of the Committee is shown on page 124 and attendance is set out on page 104. After each meeting, the Chair of the Committee presents a report on its activities to the Board. The Chairman, Chief Executive Officer, Group HR Director and Company Secretary will normally attend meetings by invitation, to provide advice and respond to specific questions. Other attendees may include the Chief Financial Officer, the Group Head of Reward, the Employee Director and the Committee's external remuneration adviser. Attendees are not involved in any decisions and are specifically excluded from any matter concerning their own remuneration. The Company Secretary acts as secretary to the Committee.

Who supports the Committee?

The Committee continues to receive advice from independent external remuneration advisers, Willis Towers Watson (WTW). The Committee appointed WTW in FY 2020, following a competitive tender process led by the Chair of the Committee. The Committee is solely responsible for their appointment, retention and termination and for approval of the basis of their fees and other terms. The Chair of the Committee agrees the protocols under which WTW provides advice.

WTW is a member of the Remuneration Consultants Group Code of Conduct and adheres to this Code in its dealings with the Committee. The Committee reviews the appointment of its advisers annually and is satisfied that the advice it receives is objective and independent.

During the course of the year, WTW provided independent advice and commentary on a range of topics including Directors' remuneration reporting, new remuneration policy, discretionary share plans, corporate governance and executive remuneration trends and shareholder consultation. WTW fees for advice provided to the Committee were £136,670 (FY 2023: £77,954), charged on a time-spent basis. WTW provides remuneration advice, including the provision of benchmark data, to the Company.

Annual report on remuneration continued

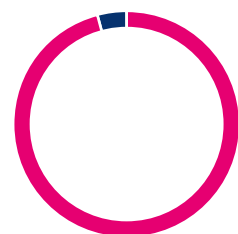
Shareholder voting on remuneration

Throughout FY 2024, we engaged with shareholders on the Directors' Remuneration Policy, and implementation for FY 2025, that is being put to shareholders to vote on at the 2024 AGM.

We have set out the results of votes on the Directors' Remuneration report at the 2023 AGM and the Directors' Remuneration Policy at the 2021 AGM as well as the result of previous shareholder votes on remuneration resolutions since 2016.

To approve the Directors' Remuneration report at the 2023 AGM

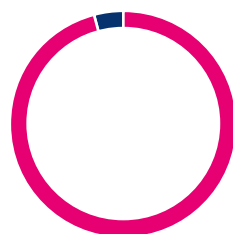
2023 AGM Voting



Votes for	511,579,618
Votes against	22,157,576
Votes withheld	175,084

To approve the Directors' Remuneration Policy at the 2021 AGM

2021 AGM Voting



Votes for	943,536,831
Votes against	40,940,117
Votes withheld	3,531,863

* 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.

To approve the relevant Directors' Remuneration report	Votes for	Votes against
2023 AGM	95.85%	4.15%
2022 AGM	84.16%	15.84%
2021 AGM	98.43%	1.57%
2020 AGM	99.99%	0.01%
2019 AGM	76.32%	23.68%
2018 AGM	96.37%	3.63%
2017 AGM	91.32%	8.68%
2016 AGM	96.53%	3.47%

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.

To approve the Directors' Remuneration Policy	Votes for	Votes against
2021 AGM	95.84%	4.16%
2018 AGM	84.52%	15.48%
2015 AGM	92.82%	7.18%

Further engagement

The Committee values its continued dialogue with shareholders and engages directly with them and their representative bodies at the earliest opportunity. Shareholder feedback received in relation to the AGM, as well as any additional feedback and guidance received during the year, is considered by the Committee as it develops the Company's remuneration framework and practices.

In line with Provision 3 of the Code, the Committee Chair welcomes questions from shareholders on the Committee's activities.

Remuneration Policy

The 2024 AGM marks the third anniversary of the approval of our Remuneration Policy. As such, we are required to put a new Directors' Remuneration Policy to binding shareholder vote, and we look forward to continuing high levels of shareholder support.

The policy is the framework for setting the pay of the Executive Directors, Non-Executive Directors, and the Group's Executive Team. While the shareholder-approved policy applies to the most senior executives in the business, the Committee has also reviewed remuneration and incentives more widely, taking these into account when setting this policy. The focus of the Committee is to ensure that the policy fully supports the Group's strategic aims focused on operational delivery, driving modal

shift, targeted investment in adjacent growth opportunities to diversify the Group's portfolio and playing a leading role in environmental and societal sustainability.

The Committee met several times during FY 2024 to discuss the 2024 policy to ensure it is fit for purpose, aligned to the business strategy and complies with the Companies Act, relevant regulatory requirements (including the Principles set out in Provision 40 of the UK Corporate Governance Code) and the latest investor guidelines. The Committee considered the Company's position as a UK-based transport provider, our future growth strategy and key stakeholders, including the wider workforce, passengers and national, devolved and local governments.

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

- Alignment with business strategy and objectives
- Rewarding for performance
- Competitive remuneration
- Simplicity and transparency

The Committee sought the views of our independent advisors, Willis Towers Watson, as well as our top shareholders. The Committee consulted c.70% of our top shareholders, seeking their view on the proposed 2024 policy. While the Committee did not formally consult employees when determining the 2024 policy, we do have several channels in which we gather

feedback from employees, including inviting the Group Employee Director to all of the Committee meetings, which he regularly attends. The Committee Chair also attends Employee Director forum meetings.

Following a thorough review of the policy, the Committee concluded that our existing policy, which was approved at our 2021 AGM with c.96% shareholder support, fully supports our current and future strategy, therefore, no material changes to our existing policy are proposed. This includes no change to the structure or quantum of the annual bonus or LTIP. Where appropriate we have made minor clarifications to our existing policy.





The following table sets out how the proposed Remuneration Policy addresses the factors set out in Provision 40 of the UK Corporate Governance Code:

Clarity	The Committee considers that FirstGroup's remuneration structures are transparent and welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration.
Simplicity	The overall Remuneration Policy is designed to be comprehensive without becoming overcomplicated and to encourage the Executive Directors to concentrate on providing easy and convenient mobility, improving quality of life by connecting people and communities, and delivering ongoing shareholder value through an attractive annual dividend.
Risk	<p>One of the Committee's principles is that the majority of the reward opportunity for Executive Directors should be provided through performance-related incentives linked to the Group's strategic goals and taking account of the Group's attitude to risk. Reward under these incentives is linked to both individual and Group performance. The Committee is satisfied that the structures of the incentive arrangements do not encourage inappropriate risk taking.</p> <p>In addition, the following, best-practice, measures are in place to minimise risks:</p> <ul style="list-style-type: none"> ■ EABP deferral, the LTIP holding period and shareholding requirement, including post-cessation provisions, provide a clear link to the Group's ongoing performance and shareholder experience ■ the Committee has discretion to adjust the formulaic incentive outcomes if it considers that they are not reflective of the underlying performance of the Company or any individual, and has demonstrated in recent years that it is prepared to use its discretion to reduce a formula-driven outcome where this does not reflect broader Company performance or the shareholder experience ■ malus and clawback provisions apply to EABP and LTIP awards
Predictability	The table on page 151 sets out four illustrations of the application of the Remuneration Policy including potential opportunity levels resulting from threshold, target and maximum performance under the EABP and LTIP.
Proportionality	Performance measures and target ranges under the EABP and LTIP are designed to be sufficiently stretching in order to ensure outturns are fully aligned with Group performance. As above, the Committee has discretion, and has demonstrated in recent years that it is prepared to use its discretion, to override formulaic outcomes in order to ensure performance is reflective of FirstGroup's underlying performance.
Alignment to culture	The Committee believes in an approach to executive pay that is commensurate with value creation for shareholders. The Remuneration Policy and the Company's incentive schemes have been designed to drive appropriate behaviours consistent with FirstGroup's purpose, Values and strategy and are aligned to wider workforce policies and practice.

The Company's Policy remains to attract, retain and motivate its leaders and to ensure they are focused on delivering business priorities within a framework designed to promote the long-term success of FirstGroup and align with shareholder interests. In order to prevent any conflicts of interest, the Committee is composed entirely of independent Non-Executive Directors. No individual is involved in deciding their own remuneration.

Remuneration Policy continued



The diagram below illustrates the balance of pay and time period of each element of the Policy for Executive Directors.

Total pay over five years		Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Pay		Salary				
Fixed Pay		Benefits, Pension				
EABP (Malus and clawback provisions apply)		Up to 150% of salary				
		50% in cash	50% in shares. Three-year deferral period No further performance conditions			
LTIP (Malus and clawback provisions apply)		Up to 200% of salary Three-year performance period			Two-year holding period No further performance conditions	

Remuneration Policy continued



As outlined on page 144, the 2024 Directors' Remuneration Policy, the 'Remuneration Policy', will be subject to a vote at the 2024 AGM on 26 July 2024. The Remuneration Policy for the Company has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), and taking account of the Principles of the UK Corporate Governance Code, the 'Code'. The Remuneration Committee, 'the Committee', has also taken account of the guidelines issued by the Investment Association, ISS and other shareholder bodies when setting the remuneration framework and has sought to maintain an active and constructive dialogue with investors on developments in the remuneration aspects of corporate governance. The Remuneration Policy will take effect from the date it is approved.

Remuneration Policy for Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<p> Salary To attract and maintain high calibre executives with the attributes, skills and experience required to deliver the Group's strategy.</p>	<p>Typically reviewed annually, effective from 1 April. Any increases take account of:</p> <ul style="list-style-type: none"> ■ Company and individual performance and experience ■ role and responsibilities ■ market positioning ■ external indicators, such as inflation and market conditions, and ■ pay increases made to the wider workforce <p>No recovery or withholding applies.</p>	<p>Salary increases (in percentage terms) for Executive Directors will normally be with reference to increases made to the wider workforce, however, there is no formal maximum. Where the Committee considers it necessary or appropriate, larger increases may be awarded in individual circumstances, including, but not limited to, factors such as an increase in the size or scope of the role, or the individual's development and performance in the role.</p> <p>The Committee has the flexibility to set the salary of a new hire at a discount to the market level and to realign it in subsequent years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience that is critical to the delivery of the Company's strategy.</p>	<p>Not applicable</p>
<p> Benefits Provide market competitive benefits to assist in attracting and retaining executives and to support them in the performance of their roles.</p>	<p>A range of benefits may be provided including, but not limited to, private medical insurance, life assurance, long-term disability insurance, company car allowance, general employee benefits, including participation in our all-employee share plans and travel and related expenses.</p> <p>The Committee retains the discretion to offer additional benefits as appropriate, such as assistance with relocation, tax equalisation and overseas tax advisory fees.</p> <p>No recovery or withholding applies.</p>	<p>The cost of benefits is not pre-determined, reflecting the need to allow for increases associated with the provision of benefits. As such, there is no formal maximum.</p>	<p>Not applicable</p>


Remuneration Policy continued

Remuneration Policy for Executive Directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
 <p>Pension benefits Allows executives to build long-term savings for their retirement and ensures the total remuneration package is competitive.</p>	<p>Payment may be made into a pension scheme or delivered as a cash allowance. No recovery or withholding applies.</p>	<p>Executive Directors receive a pension contribution, or cash allowance, of up to the average pension benefit for the wider UK workforce, up to a maximum of 15% of base salary.</p>	<p>Not applicable</p>
 <p>Annual bonus 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 provides alignment with shareholders and supports retention.</p>	<p>Bonuses are awarded annually under the Executive Annual Bonus Plan (EABP). At least half the bonus awarded in any year will be deferred into shares, normally for a period of three years. The EABP is reviewed annually to ensure performance measures and targets are appropriate and support the strategy. Up to 25% of the maximum may be payable for threshold performance with maximum vesting being equal to 100% of any award made. The Committee has discretion to permit a dividend equivalent amount to accrue on shares which vest under the EABP. The rules of the EABP contain malus and clawback provisions to take account of exceptional and adverse circumstances. Cash bonus payments can be clawed back up to the third anniversary of payment and deferred share awards may be subject to malus prior to the vesting date.</p>	<p>The maximum annual bonus opportunity for the Executive Directors is 150% of salary.</p>	<p>The bonus may be based on a combination of financial, operational, and individual metrics, which the Committee will review on an annual basis. The precise allocation between financial and non-financial metrics (as well as weightings within these metrics), will depend on the strategic focus of the Company from year-to-year. At least half of any award will be subject to financial measures. Vesting of deferred shares is dependent on continued employment or good leaver status. The Committee retains the discretion, acting fairly and reasonably, to alter the bonus outcome in light of the underlying performance of the Company, taking account of any factors it considers relevant.</p>


Remuneration Policy continued

Remuneration Policy for Executive Directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
 <p>Long-Term Incentive Plan (LTIP) Incentivises the execution of strategy, and drives long-term value creation and alignment with shareholders.</p>	<p>Awards under the LTIP are conditional rights to receive shares or nil-cost options over shares, subject to continued employment or good leaver status and the achievement of performance conditions.</p> <p>Up to 20% of the maximum may be payable for threshold performance, with maximum vesting being equal to 100% of any award made.</p> <p>Shares which vest under the LTIP are typically subject to an additional holding period of two years.</p> <p>Shares may be sold in order to satisfy tax or other relevant liabilities as a result of an award vesting.</p> <p>The Committee has discretion to permit a dividend equivalent amount to accrue on shares which vest under the LTIP.</p> <p>The rules of the LTIP contain malus and clawback provisions to take account of exceptional and adverse circumstances. Malus applies to awards before vesting. Where awards have vested they may be clawed back up to the fifth anniversary of grant.</p>	<p>Normal award policy is for a maximum annual award opportunity of 200% of base salary for the Chief Executive and 175% for other Executive Directors.</p> <p>In exceptional circumstances, awards of up to 300% of base salary may be made, such as to aid recruitment.</p>	<p>The Committee determines the precise metrics and weightings of LTIP awards on an annual basis to ensure the targets are stretching and supportive of the Group's strategy and business objectives, usually over a three-year performance period.</p> <p>In recent years measures have included financial measures, such as EPS, relative TSR vs the FTSE 250 and ESG measures that support our strategy.</p> <p>The Committee retains the discretion, acting fairly and reasonably, to alter the LTIP vesting outcome in light of the underlying performance of the Company during the performance period, taking account of any factors it considers relevant.</p>

Remuneration Policy continued

Remuneration Policy for Executive Directors continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
 <p>Shareholding Guidelines To ensure that Executive Directors' interests are aligned with those of shareholders.</p>	<p>During employment The Executive Directors are expected to hold shares, or rights to shares, equivalent in value to a minimum of 200% of base salary within a five-year period from the later of their date of appointment or the 2021 AGM.</p> <p>For these purposes, rights to shares includes the estimated after-tax value of EABP awards and vested LTIP awards, including those subject to a holding period, but does not include any unvested LTIP awards.</p> <p>Post-employment Following cessation Executive Directors are normally expected to hold:</p> <ul style="list-style-type: none"> ■ the in-employment guideline (or full actual holding if lower) for the first year following cessation of employment, and ■ 50% of the in-employment guideline (or full actual holding if lower) for the second year following cessation of employment <p>The post-employment guideline will apply to share awards granted under incentive plans from the 2021 AGM onwards and will not include shares purchased outright by an Executive Director.</p>	Not applicable	Not applicable

Remuneration Policy continued

Remuneration Committee judgment and discretion

The Committee operates within the bounds of the shareholder approved Remuneration Policy at all times. It will also operate the EABP and LTIP according to the rules of each respective plan, the Listing Rules and any relevant legislation. The Committee considers the use of judgment and discretion to be pivotal to operating the Remuneration Policy successfully. Remuneration Committee judgment and discretion includes, but is not limited to:

- when to make awards and payments; how to determine the size of an award or payment, or when and how much of an award should vest;
- who receives an award or payment;
- how to deal with a change of control, restructuring or any other corporate event of the Group;
- whether an Executive Director or senior manager is a good or bad leaver for incentive plan purposes and what proportion of awards vest, if any, at the time of leaving or at the original vesting date(s);
- how and whether an award or its performance condition(s) may be adjusted in certain circumstances, e.g. change of accounting policy;
- the choice of (and adjustment of) performance measure(s), weighting(s) and target(s) for each incentive plan from year-to-year in accordance with the Remuneration Policy set out above and the rules of each plan; and
- amending plan rules in accordance with their terms.

The Committee also has the ability to exercise judgment when assessing qualitative performance, including, but not limited to, performance against any strategic objectives in the EABP and the assessment of the personal performance of an Executive Director.

Where the formulaic vesting outcomes for the EABP or LTIP are not reflective of the underlying performance of the Company during the performance period, the Committee retains the discretion, acting fairly and reasonably, to alter the vesting outcomes of the EABP or LTIP, taking account of any factors it considers relevant.

Any use of discretion will, where relevant, be disclosed in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Malus and clawback

Malus and clawback provisions apply to the EABP (including deferred share awards) and LTIP awards. Events that may trigger the Remuneration Committee to apply malus and/or clawback include, but are not limited to:

- a material misstatement (including any omission) in the Company's financial results;
- where the award, or the vesting outcome of the award, was based on a material error, or on inaccurate or misleading information;
- any form of misconduct;
- insolvency or corporate failure; and
- regulatory censure or significant reputational damage.

Corporate events

In the event of a change of control or winding-up of the Company, unvested share awards granted under the EABP and the LTIP will normally vest early. The number of shares which may vest under LTIP awards in these circumstances will be subject to any relevant performance conditions and, unless the Committee determines otherwise, time pro-rating. The Committee will determine the number of shares in respect of which an EABP award vests at its discretion. In the event of a demerger, distribution (other than an ordinary dividend) or other transaction which, in the opinion of the Committee, would affect the share price, the Committee may allow EABP and LTIP awards to vest subject, in the case of LTIP awards, to any relevant performance conditions and, if the Committee so decides, time pro-rating.

Setting performance measures and targets

In determining the levels of executive reward, the Committee places considerable emphasis on ensuring a strong and demonstrable link between actual remuneration received and the delivery of FirstGroup's strategy. The measures and weightings used under the EABP are selected annually to reflect the Group's key strategic initiatives for the year and may reflect both financial and non-financial objectives. The targets for the EABP are set by reference to the Company's strategy and internal budgets as well as the external context, such as market forecasts. This approach seeks to ensure that the targets are appropriately stretching, yet achievable.

The LTIP provides a focus on delivering superior returns to shareholders by providing rewards for long-term sustainable value creation. The Committee reviews annually whether the performance measures, weightings and calibration of targets remain appropriate and sufficiently challenging taking into account the Company's strategic objectives and shareholder interests.

All-employee share plans awards are not subject to performance conditions in line with the treatment of such awards for all employees and in accordance with the applicable tax legislation.

Group employee considerations

In setting the remuneration of the Executive Directors, the Committee takes into account the overall approach to rewarding employees in the Group. All employees, including Directors, are paid by reference to the market rate and base salary levels are reviewed regularly. When considering salary increases for Executive Directors, the Committee pays close attention to pay and employment conditions across the wider workforce.

The key difference between Executive Director remuneration and the wider workforce is that, overall, the remuneration of Executive Directors is more heavily weighted towards variable pay linked to business performance. As a result, Executive Director remuneration will be more variable, increasing or decreasing in line with overarching business performance. Long-term incentives are provided only to the most senior executives as they are reserved for those considered to have the greatest ability to drive Group performance.

Remuneration Policy continued

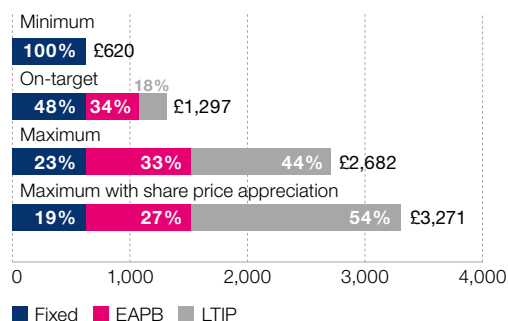
All UK-based employees are able to become shareholders in the Company through participation in the Company's all-employee share schemes. The Company provides a number of forums for employees to provide feedback as well as receiving employee views from the Group Employee Director.

Legacy arrangements

The Company may make any remuneration payments and payments for loss of office to satisfy commitments agreed prior to the approval of this Remuneration Policy notwithstanding that they are not in line with the Remuneration Policy set out above, provided that such payments were consistent with the Directors' Remuneration Policy in force at the time they were agreed. This includes previous incentive awards that are currently outstanding, and which have been disclosed to shareholders in previous remuneration reports.

Graham Sutherland, Chief Executive

Total remuneration (£'000)



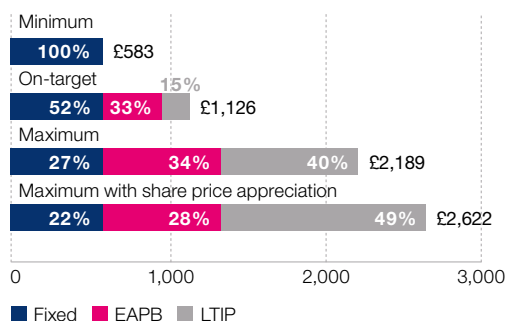
The Company may also make any remuneration payments and payments for loss of office outside of this Remuneration Policy in order to satisfy legacy arrangements made to an employee prior to (and not in contemplation of) joining the Board of Directors. All historic awards that were granted, but remain outstanding, remain eligible to vest based on their original award terms.

Minor amendments

The Committee may make minor amendments to the Remuneration Policy (for example, for tax, regulatory, exchange control or administrative purposes) without obtaining shareholder approval.

Ryan Mangold, Chief Financial Officer

Total remuneration (£'000)



Reward scenarios

The graphs below provide an indication of the reward opportunity for each of the current Executive Directors based on their roles as at 01 April 2024.

The basis of calculation and key assumptions used to complete the charts are as follows:

Minimum – Only fixed pay is payable, i.e. base salary, benefits and pension or cash in lieu of pension. No bonus is payable, and no vesting achieved under the LTIP. The Executive Directors' pension benefit is included at 5% of salary for the CEO and 15% of salary for the CFO.

On-target – Fixed pay plus 50% of maximum annual bonus payout (i.e. 75% of salary) and 20% vesting under the LTIP (i.e. 40% of salary for the CEO and 35% of salary for the CFO).

Maximum – Fixed pay plus 100% of maximum annual bonus payout (i.e. 150% of salary) and 100% vesting under the LTIP (i.e. 200% of salary for the CEO and 175% of salary for the CFO).

Maximum + 50% share price growth – A maximum scenario showing maximum plus 50% share price growth has been included.

Remuneration Policy continued

Approach to recruitment remuneration

The Committee believes it is vital to be able to attract and recruit high-calibre executives who are focused on delivering the Group's strategy, while relating reward to performance in the context of appropriate risk management and aligning the interests of Executive Directors and senior managers with those of shareholders to build a sustainable performance culture.

The Committee's approach when considering the overall remuneration arrangements in the recruitment of a new Executive Director is to take account of his or her remuneration package in their prior role, the market positioning of the remuneration package and not to pay more than is necessary to facilitate their recruitment.

The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's normal Remuneration Policy as set out above, modified as follows:

Salary	The salary level shall take into account Executive Director salaries paid by companies in the comparator group, which comprises companies that are broadly in line with FirstGroup's size, structure and complexity and have features that are comparable to FirstGroup. The Committee has the flexibility to set the salary of a new Executive Director at a discount to the market level initially, with a series of higher than usual increases implemented over the following few years to bring the salary to the desired positioning, subject to individual and business performance.
Benefits	The Company may award certain additional benefits and other allowances including, but not limited to, those to assist with relocation support, temporary living and transportation expenses, educational costs for children and tax equalisation to allow flexibility in employing an overseas national.
Pension benefits	Any new Executive Director will be eligible to participate in pension or pension allowance, insurance and other benefit programmes in line with local practice.
Annual bonus	The maximum bonus opportunity shall be 150% of base salary.
Long-Term Incentive Plan	The maximum opportunity shall be 200% of base salary for a newly recruited CEO and 175% of base salary for other newly recruited Executive Directors. However, a maximum opportunity of 300% of base salary may be used in exceptional circumstances, in addition to any buyout of forfeited awards.
Buyout awards	The Committee may grant such cash or replacement share-based awards, if any, as it considers are reasonably necessary to facilitate the recruitment of a new Executive Director in the circumstances. This includes an assessment of the awards and any other compensation or benefits item that would be forfeited on leaving their current employer. The value of these payments would not exceed what is considered by the Committee to be a fair estimate of remuneration lost when leaving the former employer and would reflect, as far as possible, the nature and time horizons attached to that remuneration and the impact of any performance conditions. If the Executive Director's former employer pays a portion of the remuneration that was deemed forgone, the replacement payments will be reduced by an equivalent amount.
Notice periods	The Committee shall utilise notice periods of up to 12 months.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement shall be set in accordance with the normal Remuneration Policy as set out below.

In the case of an internal executive appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its existing terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment will continue.

Remuneration Policy continued

Executive Directors' service agreements

The Executive Directors' service agreements, including arrangements for early termination, are carefully considered by the Committee, and are designed to recruit, retain and motivate Executive Directors of the calibre required to manage the Company. The Committee's policy is for Executive Directors' service contracts to be terminable on no more than one-year's notice. The details of existing Executive Directors' service contracts are summarised in the table below:

Executive Director	Date of service contract	Notice period
Graham Sutherland	16 May 2022	12 months
Ryan Mangold	31 May 2019	12 months

Policy on payment for loss of office

Executive Directors' service agreements contain provisions for payment in lieu of notice. The Company is unequivocally against rewards for failure; the circumstances of any departure, including the individual's performance, would be taken into account in every case. Executive Directors' service agreements are kept available for inspection by shareholders at the Company's registered office.

Service agreements may be terminated without notice and without payment in lieu of notice in certain circumstances, such as gross misconduct. The Company may require the Executive Director to work during their notice period or may choose to place the individual on 'garden leave', for example to ensure the protection of the Company's and shareholders' interests where the Executive Director has access to commercially sensitive information.

The Committee reserves the right to make any other payments in connection with an Executive Director's cessation of office or employment where the payments are made in good faith, in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), by way of a compromise or settlement of any claim arising in connection with the cessation of the Executive Director's office or employment or to strengthen the Group's rights post-termination. Any such payment may include, but is not limited to, paying reasonable relocation costs, including possible tax exposure costs, any reasonable level of fees for outplacement assistance and/or the Executive Director's legal or professional advice fees in connection with his cessation of office or employment.

Remuneration Policy continued

In the event of an Executive Director's departure, any outstanding share awards will be treated in accordance with the plan rules as follows:

Plan	Treatment on Cessation
Salary, Benefits and Pension	These will be paid over the notice period and are subject to mitigation. The Company has discretion to make a lump sum payment in lieu.
EABP	<p>Good leaver reason*</p> <p>Where an individual is considered a good leaver* a performance-related bonus may be paid. This will usually be based on the proportion of the bonus year for which the individual has been actively employed and bonus (if any) will be paid at the normal time, although the Committee retains discretion to pay it earlier in appropriate circumstances.</p> <p>Other reason</p> <p>The EABP provides no entitlement to a bonus following cessation of employment, unless the leaver is considered a good leaver.</p>
Deferred Share Awards	<p>Good leaver reason*</p> <p>Where an individual is considered a good leaver*, unvested EABP deferred share awards will typically vest at the end of the vesting period, although the Committee may accelerate vesting. Where an award vests early, time pro-rating will apply unless the Committee determines otherwise.</p> <p>In the case of death, all outstanding awards will vest in full immediately.</p> <p>Other reason</p> <p>Unvested EABP deferred share awards will normally lapse on cessation of employment or, at the Committee's discretion, on service of notice of termination of employment.</p>
Long-Term Incentive Plan	<p>Good leaver reason*</p> <p>Where an individual is considered a good leaver*, unvested LTIP share awards will typically vest at the end of the vesting period, subject to time pro-rating and to the extent that any performance conditions have been satisfied, as determined by the Committee. The Committee may determine that vesting is accelerated with performance tested at this time. Unless the Committee decides otherwise, the holding period will continue to apply.</p> <p>In the case of death, awards will vest immediately subject to time pro-rating and no holding period will apply.</p> <p>Other reason</p> <p>Unvested LTIP awards will normally lapse on cessation of employment.</p>
All-employee share plans	Awards will vest in accordance with the rules of the relevant plan, which do not permit the exercise of any discretion by the Committee.

* A good leaver is defined as a share plan participant who ceases to be employed in the following circumstances: ill-health; injury or disability; statutory redundancy; agreed retirement; employing company ceasing to be a Group company; transfer of employment to a company which is not a Group company; and at the Committee's discretion. Cessation of employment in circumstances other than death or those set out above is cessation for other reasons.

Policy on external appointments

The Committee believes that the Company can benefit from Executive Directors holding one approved non-executive directorship of another company, offering Executive Directors the opportunity to broaden their experience and knowledge. Company policy is to allow Executive Directors to retain the fees earned from such appointments.

Chairman and other Non-Executive Directors' letters of appointment

The Chairman and other Non-Executive Directors do not have service contracts, but each has a letter of appointment with the Company. Each letter of appointment generally provides for a three-month notice period. Non-Executive Directors are normally appointed for two consecutive three-year terms, with any third term of three years being subject to rigorous review, taking into account the need progressively to refresh the Board.

In line with the requirement of the Code, all Non-Executive Directors including the Chairman are subject to annual re-election by shareholders at each AGM. The appointment of each of the Non-Executive Directors is subject to early termination without compensation if they are not reappointed at a meeting of shareholders.

Remuneration Policy for the Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors may on occasion receive reimbursement of costs incurred in relation to professional advice.

These payments, if made, are taxable benefits to the Non-Executive Director and the tax arising is paid by the Company on the Director's behalf.

Fees for the Non-Executive Directors are determined by the Board as a whole, on the recommendation of the Executive Directors and the Chairman. Fees for the Chairman are determined by the Committee.

Remuneration Policy continued

The policy on fees for the Chairman and Non-Executive Directors is:

Purpose and link to strategy	To be sufficient to attract, motivate and retain Non-Executive Directors necessary to contribute to a high-performing Board.
Chairman	<p>The fee for the Chairman is determined by the Committee and reflects the commitment, demands and responsibility of the role. The fee is paid monthly and can either be taken in cash or shares or a combination of both. The fee is inclusive of all Committee roles and is not performance-related or pensionable. Limited benefits relating to travel, accommodation and meals may also be payable in certain circumstances, with the tax arising being paid by the Company on the Chairman's behalf.</p> <p>The fee payable to the Chairman may be varied (either up or down) from this level during the three-year period that this Remuneration Policy operates to ensure it continues to appropriately recognise the requirements of the role.</p>
Non-Executive Directors	<p>Fees are determined by the Board, within the limits set out in the Company's Articles of Association, with Non-Executive Directors abstaining from any discussion or decision on their fees.</p> <p>The Board takes account of recognised best practice standards for such positions when determining the fee level and structure.</p> <p>The Non-Executive Directors receive a base fee. Additional fees may be payable for additional responsibilities, including chairmanship of the Company's key Committees and for performing the Senior Independent Director role. Fees are paid monthly and can either be taken in cash or shares or a combination of both.</p> <p>Non-Executive Directors' letters of appointment contain provisions for payment in lieu of notice.</p> <p>Other than the Group Employee Director, Non-Executive Directors do not participate in any of the Company's incentive arrangements or receive any pension provision.</p> <p>Non-Executive Directors are reimbursed for expenses and any tax arising on those expenses is settled directly by the Company. To the extent that these are deemed taxable benefits, they will be included in the Annual Report on Remuneration, as required.</p> <p>Reasonable costs of travel and accommodation for business purposes are reimbursed to Non-Executive Directors. On the limited occasions when it is appropriate for a Non-Executive Director's spouse or partner to attend, such as to a business event, the Company will meet these costs. The Company will meet any tax liabilities that may arise on such expenses.</p> <p>Fee levels may be varied (either up or down) during the three-year period that the Remuneration Policy operates to ensure they continue to appropriately recognise the time commitment and responsibilities of the role, increases or decreases to fee levels for Non-Executive Directors in general and fee levels in companies of a similar size and complexity.</p>
Group Employee Director	The Group Employee Director's fee is in line with the basic fee of the Non-Executive Directors and is payable in addition to the remuneration received as an employee of the respective Group operating company, which includes participation in any benefit and incentive arrangements and pension scheme.

Consideration of shareholder views

As part of the Remuneration Policy review, the Committee consulted with our top shareholders (who collectively held c.70% of our outstanding share capital at the time of consultation) inviting them to provide feedback on our proposed Remuneration Policy. The consultation process allowed us to ensure shareholders views were considered in shaping the Company's Remuneration Policy. The Committee values its continued dialogue with shareholders and engages directly with them and their representative bodies at the earliest opportunity. Shareholder feedback received in relation to the AGM, as well as any additional feedback and guidance received during the year, is also considered by the Committee when developing the Company's remuneration framework and practices.

Sally Cabrini

Chair, Remuneration Committee

11 June 2024

Compliance with the Corporate Governance Code

P Remuneration policies and practices designed to support strategy

The Directors' Remuneration Policy, which if approved will apply from the 2024 AGM, was designed with consideration of the UK Corporate Governance Code. The majority of the Executive Directors' remuneration is through performance-related incentives linked to the Group's strategic goals. Half of any Executive Director's annual bonus that vests under the EABP is deferred into shares that vest after three years. Any awards that vest under the LTIP are subject to a further two-year holding period. Additionally, the Executive Directors have shareholding guidelines and post-cessation shareholding guidelines provide a clear link to the Group's ongoing performance and shareholder experience. See pages 144-155 for the 2024 policy.

Q Formal and transparent procedure for developing policy on executive remuneration

FirstGroup welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration.

R Directors to exercise independent judgment and discretion when authorising remuneration outcomes

The Remuneration Policy allows for the use of discretion to adjust the formulaic incentive outcomes if they are not reflective of underlying performance of the Group. As noted under Provision 37, discretion has been applied to reduce formulaic outcomes under the EABP in FY 2020 and FY 2021, resulting in no bonus being awarded in either year. The Committee also used its discretion to apply a downward adjustment resulting in an overall reduction of 10% of the 2020 LTIP award that vested in June 2023.

32 Establish a remuneration committee

The Company has a Remuneration Committee in accordance with the requirements of the Code.

33 Delegation of responsibilities and review of workforce remuneration and related policies

When determining senior team pay the Committee considers it in the context of wider workforce pay, policies and practices. Each year, a number of items are tabled at Committee meetings to ensure the approach throughout the Group is fair. See pages 128-129 for further information.

34 Non-executive director remuneration

The Company's NEDs each receive an annual fee reflecting the time commitment for their roles. An additional fee is paid to the Senior Independent Director and Chairs of the Audit, Remuneration and Responsible Business Committees to reflect the additional time commitment associated with these roles. The NEDs do not receive any performance-related pay or equity awards. NEDs are permitted to buy shares in the Company, subject to the Company's share dealing code. See page 136 for fees paid to NEDs and the Chairman.

35 Consultants appointed by the committee

Willis Towers Watson was appointed by the Committee in FY 2020.

Compliance with the Corporate Governance Code

36 Remuneration schemes should promote long-term holdings by executive directors

Executive Directors are required to hold shares to the value of 200% of base salary within five-years of appointment. Post-cessation, Executive Directors must maintain 100% of their in-employment shareholding guideline in the first year following employment, dropping to 50% in the second year (or the full actual holding if lower).

37 Use of discretion

As noted in Principle R, the Committee has the ability to use discretion to override formulaic outcomes.

The Committee used their discretion to reduce formulaic outcomes under the FY 2020 and FY 2021 EABP, resulting in no payout in both years, to ensure performance is reflective of the Company's underlying performance and aligned with the shareholder experience. The Committee also used its discretion to apply a downward adjustment resulting in an overall reduction of 10% of the 2020 LTIP award that vested in June 2023. Additionally, malus and clawback provisions apply to both the EABP and LTIP.

38 Only basic salary to be pensionable

The Company complies with this provision and pension contributions are aligned with the wider workforce. See page 130 for further information.

39 Notice and contractual periods

The notice and contractual periods for the Executive Directors are for one year.

40 Matters to be addressed by the committee when determining remuneration

The current remuneration structures address the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture. See page 144 for further detail on how the agreed Remuneration Policy addresses these factors.

41 Report on the work of the committee and reporting requirements

The strategic rationale for our Executive Director remuneration policies and structures is set out in the Remuneration Committee Chair's letter on pages 124-126 and in the Annual Report on Remuneration on pages 130-143. The Committee is satisfied that the remuneration outcomes are appropriate, considering internal and external measures and the wider workforce pay.

We encourage an open dialogue with shareholders on executive remuneration matters.

In developing the Remuneration Policy we consider alignment with the wider workforce pay policies. The Remuneration Committee Chair regularly attends Employee Director Forums and answers questions about executive remuneration.