

Directors' report and additional disclosures

The Directors present their report on the affairs of the Group, together with the audited financial statements and the report of the auditor for the 53 weeks ended 30 March 2024. Information required to be disclosed in the Directors' report may be found below and is incorporated into the Directors' report by cross reference to the following sections of the Annual Report and financial statements in accordance with the Companies Act 2006 (the 2006 Act) and Listing Rule 9.8.4R of the Financial Conduct Authority.

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Directors

The Directors of the Company who served during the year, and those appointed after the end of the financial year, are shown on pages 106 to 108.

Details of the Directors' interests in shares can be found in the Directors' Remuneration report on page 139.

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

Powers of the Directors

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

Conflicts of interest

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

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

Furthermore, the Articles include provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director from breaching their duty if a conflict of interest arises.

These provisions will only apply where the circumstance giving rise to the potential conflict of interest has previously been authorised by the Directors. The Board considers that the formal procedures for managing conflicts of interest currently in place have operated effectively during the year under review.

Election and re-election of Directors

Directors are required under the Articles to submit themselves for election by shareholders at the AGM following their appointment by the Board. Also, in accordance with best practice and the Code, all of our Directors put themselves forward for re-election by shareholders annually and will do so at the AGM on 26 July this year.

Directors' indemnities and liability insurance

FirstGroup maintains liability insurance for its Directors and Officers. The Company has also granted indemnities to the extent permitted by law to each of the Directors, the Company Secretary and a number of other executives and senior managers. These indemnities are uncapped in amount in relation to certain losses and liabilities which they may incur to third parties in the course of acting as a Director or Officer of the Company or any of its associated companies. Neither the indemnity, nor insurance cover provides cover in the event a Director or Officer is proved to have acted fraudulently or dishonestly. The indemnity is categorised as a 'qualifying third-party indemnity' for the purposes of the Companies Act 2006 and will continue in force for the benefit of Directors and Officers on an ongoing basis.

Disclosure of information to the external auditor

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

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

Share capital

As at 30 March 2024, the Company's issued share capital was 750,695,015 ordinary shares of 5 pence, each credited as fully paid and the Company held 110,880,572 of these shares in treasury, and the issued share capital of the Company which carries voting rights of one vote per share comprised 639,814,443 ordinary shares. Given the ongoing buyback programme, these figures continue to change – announcements are made to the market each day that shares are repurchased. Further details of the Company's issued share capital are shown in note 28 to the Company's financial statements.

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

Directors' report and additional disclosures continued

Substantial shareholdings

As at 30 March 2024, the Company had been notified under the FCA's Disclosure, Guidance and Transparency Rule of the following interests in its total voting rights of 3% or more:

Name of shareholder	Number of ordinary shares	% of total voting rights	Date of notification
Ameriprise Financial, Inc.	80,699,728	12.59	19 March 2024
Schroders Plc	70,053,170	10.93	20 March 2024
Majedie Asset Management Limited	60,915,714	4.99	3 February 2021
Aberforth Partners LLP	33,717,348	4.97	6 September 2023
Lombard Odier Asset Management Limited	55,461,667	4.54	16 December 2020
Coast Capital Management LP	25,169,383	3.35	20 May 2022

Between 30 March 2024 and the date of this report:

Name of shareholder	Number of ordinary shares	% of total voting rights	Date of notification
BlackRock, Inc	32,025,072	5.01	23 April 2024
Schroders Plc	63,587,135	9.99	29 April 2024
BlackRock, Inc	n/a	below 5%	14 May 2024
BlackRock, Inc	31,599,564	5.00	27 May 2024

Articles of Association

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

Shares

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

Voting rights

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

Dividend rights

Shareholders may by ordinary resolution declare dividends but the amount of the dividend may not exceed the amount recommended by the Board.

Transfer of shares

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

Going concern and viability

Directors are required to consider if it is appropriate to adopt the going concern basis of accounting. Disclosure of the Directors' deliberations to determine whether it is appropriate to adopt the going concern basis of accounting in addition to consideration of whether there are any material uncertainties which may affect the Group's ability to continue to adopt this basis can be found in the Going concern statement on page 97, the Audit Committee report on starting on page 116 and in note 2 to the financial statements. In summary, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 96.

Employee share plans

The Company operates a number of employee share plans, details of which are set out in note 36 and in the Directors' Remuneration Report that starts on page 124.

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

Employment of disabled persons

Applicants with disabilities are given full and fair consideration during recruitment processes. We are committed to supporting employees with disabilities with regard to training, career development and promotion. Our policies on employee consultation and on equal opportunities for all employees can be found on pages 65 to 68.

Employee engagement

We remain committed to employee involvement throughout the Group. Employees are kept well informed of the performance and strategy of the Group and other matters of concern through a variety of means including personal briefings, regular meetings, email and broadcasts by the Group Chief Executive and other senior managers. Refer to page 68 for further information.

Stakeholder engagement

The Board has determined that the Group's stakeholders are customers, investors, government, employees, communities and our strategic partners and suppliers. The Board is aware that its actions and decisions impact our stakeholders. Effective engagement with stakeholders is important to the Board as it strengthens the business and helps to deliver a positive result for all our stakeholder groups. In order to comply with Section 172 of the Companies Act, the Board is required to take into consideration the interests of stakeholders and include a statement setting out the way in which Directors have discharged this duty during the year. The Group's stakeholders are identified on pages 98 to 100 of the Strategic report and the statement of compliance with Section 172 is set out on pages 101 and 102. Further information on workforce engagement can also be found on page 68.

Directors' report and additional disclosures continued

Purchase of own shares

At the AGM of the Company in 2023 authority was granted for the Company to purchase up to 14.99% of its ordinary shares. The Company announced a £115m buyback programme on 8 June 2023 under the authority granted at the 2023 AGM and restricted this to 14.99% of the issued share capital on the day before the programme commenced. The Company anticipates seeking authority to purchase up to 14.99% of its ordinary shares at the AGM in 2024.

Political donations

At the 2023 AGM, shareholders passed a resolution to authorise the Company and its subsidiaries to make political donations to political parties or independent election candidates, to other political organisations, or to incur political expenditure (as such terms are defined in Sections 362 to 379 of the 2006 Act), in each case in amounts not exceeding £100,000 in aggregate. As the authority granted at the 2023 AGM will expire, renewal of this authority will be sought at this year's AGM. Further details are available in the Notice of AGM.

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

No political donation nor expenditure was incurred by the Company and its subsidiaries during FY 2024.

Change of control – significant agreements

Financing agreements

As at 30 March 2024, the Group had a £300m multi-currency revolving credit and guarantee facility between, amongst others, the Company and The Royal Bank of Scotland plc dated 27 August 2021, maturing in August 2026. Following any change of control of the Company, individual lenders may negotiate with the Company with a view to resolving any concerns arising from such change of control. If the matter has not been resolved within 30 days, an individual bank may cancel its commitment and the Company must repay the relevant proportion of any drawdown.

The Group also had a £150m Green Hire Purchase Finance Facility between, amongst others, the Company and Lloyds Bank plc dated 21 December 2023, maturing in December 2026. Following any change of control of the Company, individual lenders may negotiate with the Company with a view to resolving any concerns arising from such change of control. If the matter has not been resolved within 30 days, an individual bank may cancel its remaining available commitment under the facility and immediately terminate any Hire Agreements already in place.

The outstanding £96.2m 6.875% bonds due 18 September 2024 issued by the Company may also be affected by a change of control of the Company. Upon a change of control of the Company, provided that certain further thresholds in relation to the credit rating of the bonds are met, the bondholders have the option to require the Company to redeem the bonds.

First Rail

The Group's contracted passenger rail operators, First Greater Western Limited, First MTR South Western Trains Limited (jointly owned with MTR Corporation) and First Trenitalia West Coast Rail Limited (jointly owned with Trenitalia) are each party to a contractual agreement with the Secretary of State for Transport. These agreements are subject to termination clauses which may apply on a change of control.

First MTR South Western Trains Limited, First Greater Western Limited, First Trenitalia West Coast Rail Limited and the Group's non-contracted rail operators, Hull Trains Company Limited and East Coast Trains Limited, each hold railway licences as required by the Railways Act 1993 (as amended); these licences may be revoked on three months' notice if a change of control occurs without the approval of the ORR. All of these operators also require and hold track access agreements with Network Rail Infrastructure Limited under which they are permitted to access railway infrastructure.

Failure by any of the operators to maintain its railway licence is a potential termination event under the terms of the track access agreements. The Group's railway operators also lease rolling stock from specialist rolling stock leasing companies such as Eversholt Rail Group, Rock Rail Limited, Beacon Rail Limited, Porterbrook Leasing Company Limited and Angel Trains Limited. A material number of the individual leasing agreements include change of control provisions. The Group is also involved from time to time in bidding processes for transport contracts in the UK and further afield which customarily include change in circumstance provisions which would be triggered on a change of control and could result in termination or rejection from further participation in the relevant competitions.

Significant shareholders' agreements

The Group, through First Rail Holdings Limited, has shareholders' agreements governing its relationship with MTR Corporation in relation to the SWR rail operator and with Trenitalia in relation to the West Coast Partnership rail operator. As is customary, these agreements include provisions addressing change of control.

FirstGroup plc entered into a strategic partnership with Hitachi ZeroCarbon (H2C), via a 50:50 joint venture, to purchase up to 1,000 bus batteries as part of its fleet decarbonisation journey.

Post balance sheet events

Information on material events that occurred from 30 March 2024 to the date of this report can be found on page 248 and in note 39.

Branch disclosure

The Group has a branch in France (First Travel Solutions Ltd), which was established on 28 March 2019.

Streamlined Energy and Carbon Reporting (SECR) compliance

In compliance with the SECR requirements, our GHG emissions and our energy consumption and energy and emissions reduction initiatives are reported on page 57.

Management report

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

The Directors' report was approved on behalf of the Board on 11 June 2024.

David Blizzard

Company Secretary
11 June 2024

395 King Street, Aberdeen AB24 5RP

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2024 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

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

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

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration report, comply with the Companies Act 2006.

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

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Governance report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Ryan Mangold

Chief Financial Officer
11 June 2024

395 King Street,
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