

FirstGroup plc – Tax Strategy for the Year ending 31 March 2026

Introduction

FirstGroup is a leading provider of public transport. We provide easy and convenient mobility, improving quality of life by connecting people and communities.

Our services are a vital part of society – transporting customers for business, education, health, social or leisure purposes. We create solutions that reduce complexity, making travel smoother and life easier. Our businesses are at the heart of our communities, and the essential services we provide are critical to delivering wider economic, social and environmental goals.

Our four strategic pillars support us to drive sustainable growth and lead the way in our sector. Our first pillar sets out our commitment to deliver day in day out for customers, while the second one sets out the important part we have to play in driving modal shift from car and air to bus and train. Our third pillar sets out our leading role in environmental and social sustainability while our fourth pillar is to continue to grow and diversify our portfolio. To deliver our strategy, we have a responsibility to manage our tax affairs in a way that sustainably benefits the customers and communities we serve.

Taxation is a complex and technical discipline requiring significant expertise to ensure that we pay the right amount of tax, taking full account of the rules which governments set on behalf of society and which determine how wealth is redistributed. We comply with these laws and regulations whilst at the same time ensuring our responsibility to both our passengers and to our shareholders. We believe that ultimately the interests of all our stakeholders are best served by ensuring that we act responsibly in paying the right amount of tax in any country where we operate, while remaining financially strong to meet the changing transportation needs of our customers and communities.

This strategy document is considered to comply with the statutory obligation under Para 16(2), Schedule 19 of the United Kingdom Finance Act, 2016 for FirstGroup plc and all UK subsidiaries.

Taxation within FirstGroup

We pay a range of taxes in the territories in which we have operations – UK and Ireland and taxes related to our legacy businesses disposed of in 2021 in the USA and Canada. As an employer of a substantial number of drivers and other employees, we pay a significant amount of employment taxes such as national insurance. We also incur VAT, as well as corporate income tax on the profits we make in each country. Other taxes which we incur include withholding taxes, property taxes (such as stamp duty), import duty and fuel taxes.

We have an internal team of tax professionals based in the UK who have specialist expertise in one or more areas of taxation. We rely on professional service firms to manage compliance and reporting requirements outside the UK including continuing obligations in the USA and Canada while we complete our exit from those markets. The overall responsibility for taxation matters lies with the Chief Financial Officer, with the taxation department reporting through the Head of Tax, both of whom are based in UK. The Board and its Audit Committee receive regular updates on taxation matters, both as part of the annual audit and half year review, and at other times during the year. The Board considers matters of policy, significant projects and other significant tax risks.

Ensuring that we pay the right amount of tax requires that we have adequate systems and controls within our accounting processes, and with our interface with tax authorities. In UK, these systems are reviewed annually as part of our Senior Accounting Officer certification.

Our Attitude to Tax Planning

Our responsibility to ensure we pay the right amount of tax requires us to explore and understand complex tax rules that apply within the countries in which we operate. Often countries make available to companies such as ours particular tax incentives as a result of the services and employment that we bring through our operations. We seek to make use of these incentives in line with the tax legislation and our wider commercial objectives. Often, we will need to use professional services firms to provide technical support, to ensure that we are properly complying with rules and hence provide greater certainty of tax outcomes.

Our tax affairs may sometimes involve transactions which span more than one country. For example, we need to ensure that the funding needs of the countries in which we operate are met. Provided it is commercially and legally acceptable, we explore different options for ensuring cash is available wherever it is needed by our business operations. We do not, however, artificially utilise tax jurisdictions that are not relevant to our underlying business operations.

Our Attitude to Tax Risk

Judgements are often required as a result of the interpretation of tax rules as well as the compliance obligations that those rules entail. Tax risk results where different judgements can be made with regard to particular rules and our business practices. We seek to reduce tax risk where we can, including through the use of professional services firms to advise us, where there is complexity and uncertainty, but we recognise that we cannot eliminate tax risk from a Group which is as large and complex as ours. In accordance with Generally Accepted Accounting Practice, we make accounting provisions in instances where we believe there is a high degree of risk. These are reviewed as part of the audit process.

Working with HMRC

We seek to have an open and transparent relationship with HMRC in line with the Cooperative Compliance Framework. This results in regular communication including review meetings at which we discuss all matters which are currently the subject of communication between us, as well as matters of processes and governance. We do not wait until the submission of tax returns before discussing our approach and judgements in relation to significant tax positions. We expect the relationship to be genuinely two way and collaborative, with assistance provided by HMRC in interpreting rules and helping us to reduce our overall tax risk where we target low risk.