



Welcome to our *first* Climate Transition Plan report

Our ambition is to be the partner of choice for innovative and sustainable transport, accelerating the transition to a net zero-carbon world.

For FirstGroup the climate emergency means stepping up to the challenge of decarbonisation, and the key role we can play in achieving lower carbon emissions from public transport and more carbon-efficient use of transport modes. The transition to a sustainable economy is intrinsically connected to our growth and commercial success. We know we have a critical role in creating a connected, healthy, net-zero carbon world, contributing to local prosperity and growth, reducing congestion on the roads, and improving air quality.

This plan outlines our comprehensive strategy for achieving our climate transition goals, detailing our approach to reducing greenhouse gas emissions, managing climate-related risks, and contributing to an economy-wide transition through modal shift and encouraging more people to switch to lower impact forms of transportation. It covers our targets, actions, and dependencies across all of FirstGroup's operations to ensure broad coverage and transparency in our climate transition efforts.



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[Find out more about FirstGroup online](#)

FirstGroup at a *glance*

Who we are

FirstGroup is a leading private sector provider of public transport. We have a diverse portfolio of businesses including bus, rail, coach and tram operations that provide easy and convenient mobility, improving quality of life by connecting people and communities.

Our purpose



We provide efficient, reliable, safe and increasingly sustainable transport links that connect communities, and our services are critical to ensuring local economies are vibrant and robust.

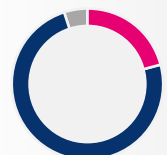
Our strategic framework

FirstGroup's four strategic pillars will support us to drive value and sustainable growth and lead the way in our sector.

[FirstGroup Annual Report 2024](#)

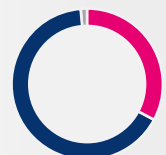
Business split

FY 2024 Revenue (£m)*



First Bus	1,012.2
DfT TOCs	3,609.2
Open access and additional services	233.2

FY 2024 Scope 1 and 2 emissions



First Bus	229,233
DfT TOCs	456,734
Open access and additional services	9,034

* Group items and intra-divisional eliminations for First Rail excluded

First Bus

First Bus is one of the largest regional bus companies in the UK, carrying more than a million passengers a day. We serve more than 20% of the population in the UK with our local bus services. We are a leading operator in the majority of our local areas, including major urban centres such as Glasgow, Bristol and Leeds. As well as commercial networks, we also run buses on behalf of organisations ranging from schools to distribution centres and major construction sites.

[Read more on page 34 of our Annual Report 2024](#)

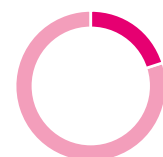
1.14m
passenger
journeys a day

>4,500
buses

>50
depots

>14,000
employees

Approximate First Bus market share of UK bus market outside of London (%)



First Bus	20%
Others	80%

First Rail

First Rail has been one of the largest UK rail operators for nearly three decades, with experience in running all types of passenger rail services. We have a track record of working successfully with a wide range of partners under various types of contracts, as well as delivering significant rail infrastructure projects. We have two Department for Transport contracted train operating companies (DfT TOCs): West Coast Partnership (WCP) which includes Avanti West Coast (Avanti), Great Western Railway (GWR), and two open access rail operations: Hull Trains and Lumo. We operate London Trams on behalf of Transport for London (TfL), the Heathrow Express (HEX) on behalf of Heathrow Airport, and in June 2024 we took over operation of the London Cable Car. First Rail also has several affiliate services businesses including First Rail Consultancy, Mistral Data and First Customer Contact.

[Read more on page 37 of our Annual Report 2024](#)

330,300
passenger
journeys a day

c.2,100
locomotives and
rail carriages

213
stations

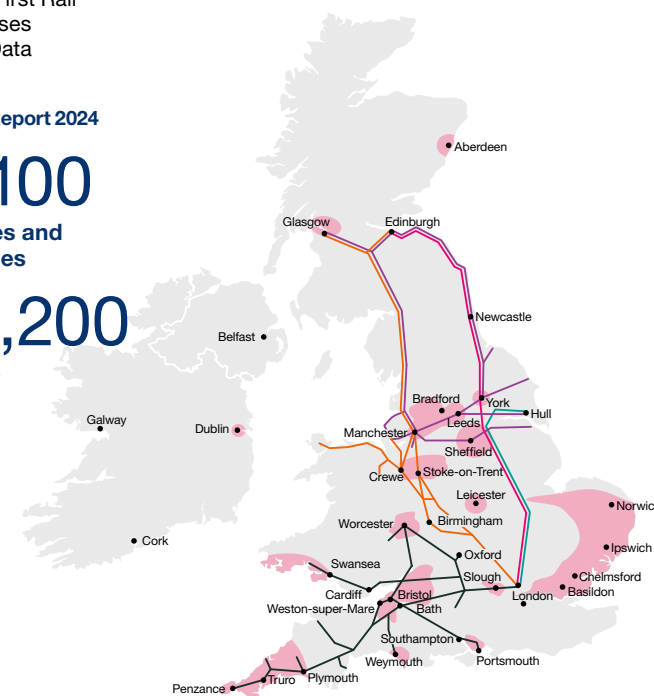
c.10,200
employees

Passenger revenue base of First Rail operations (%)



Leisure	63%
Business	18%
Commuter	19%

Avanti West Coast (Avanti) —
Great Western Railway (GWR) —
Hull Trains —
Lumo —
First Bus operations —



Introduction to the plan

FirstGroup has a key role in the decarbonisation of the economy. By connecting people and communities through the delivery of vital public transport services, we can help achieve broader social, economic and environmental goals through the promotion of modal shift.

This plan forms part of our overall business strategy and is a key component of the sustainability strategic pillar, providing more detail on our climate transition.

Explore our reporting ecosystem



FirstGroup
Annual Report
and Accounts
2024



FirstGroup
Environmental
Performance
Report 2024



FirstGroup UK
Gender and
Ethnicity Pay
Gap Report 2023

Our Strategic framework TPT 1.1

Our four strategic pillars will support us to drive value-accretive sustainable growth and lead the way in our sector.



Deliver day in, day out

Deliver a consistently safe and reliable customer experience



Drive modal shift

Drive a step change from car and air travel to bus and train



Lead in environmental and social sustainability

Deliver our decarbonisation commitments and support prosperity, growth and green jobs in the communities we serve



Diversify our portfolio

Invest to grow and diversify our portfolio and ensure our business is resilient

Our transition plan integrates our four strategic pillars to ensure a cohesive approach to achieving our sustainability and business goals.

What our plan covers

Aligning to the Transition Plan Taskforce (TPT)

This report has been prepared in alignment with the Transition Plan Taskforce (TPT) Disclosure Framework, considered the 'gold standard' for climate transition plans, marking the first time we have utilised this standard. We have included pink icons throughout to indicate where we are aligning with specific disclosure elements and have also included a full reference table on page 49.

Our plan covers the key components of the TPT framework including:

- Our strategic ambition, high-level goals and specific targets.
- An analysis of the impact of climate and the transition plan on our business model and value chain, detailing short-, medium-, and long-term actions for implementation.
- A review of levers, dependencies, and an engagement strategy for stakeholders.
- Our robust governance and financial planning that underpins delivery of the plan.
- The ways that we engage and upskill our workforce and other stakeholders to create a culture that can meet our strategic ambitions.

➔ Read more on page 49

Expected timeframes for updates

Our transition plan will be reviewed and updated at least every three years, with annual progress updates against the plan included in our Annual Report and Accounts and our Environmental Performance Report. This approach will enable FirstGroup to navigate the complexities of the political and technological landscape, and make adjustments to the plan as needed.

Alignment to frameworks TPT

This plan is prepared in accordance with the TPT framework. It incorporates elements from the Task Force on Climate-related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP) guidelines to ensure comprehensive and robust reporting.

➔ Read more on pages 19 and 49

Changes to our operations TPT 1.3

The Government have announced that National Rail Contracts will be brought into public ownership. At the end of the South Western Railway contract in May 2025 that company will then be managed by DfT Operator Limited. The dates of transfer for GWR and WCP have not been announced. FirstGroup will continue to monitor policy updates. In First Bus, we have also recently acquired bus operator RATP London, which comprises ten depots and around 1,000 buses which operate across Central and West London. To read more about how these changes will affect our business please see page 11.



Introduction to the plan continued

Structure of the report

The plan is divided into a Group overview and three sections to reflect the distinct operating models and the specific climate transition pathways faced by different parts of our business.

FirstGroup

In the Group section, our approach to managing climate-related risks is provided through a summary of our existing TCFD reporting. We also describe the governance, financial planning and culture that forms part of our transition plan, as well as our current Scope 3 targets and plans to achieve them.

→ [FirstGroup from page 7](#)

Our business divisions

For each part of our business, we describe our decarbonisation pathways and the actions we are undertaking to achieve our targets, as well as the dependencies that affect these actions. We also describe how we engage externally to advocate for policies or regulation that would support these decarbonisation pathways.

Our business plays a key role in promoting an economy-wide transition through driving modal shift. We describe the specific actions we are taking at a divisional level to drive a step change from car and air travel to bus and train to grow our business and support decarbonisation in the broader economy.

→ [First Bus from page 24](#)

→ [Open access rail from page 34](#)

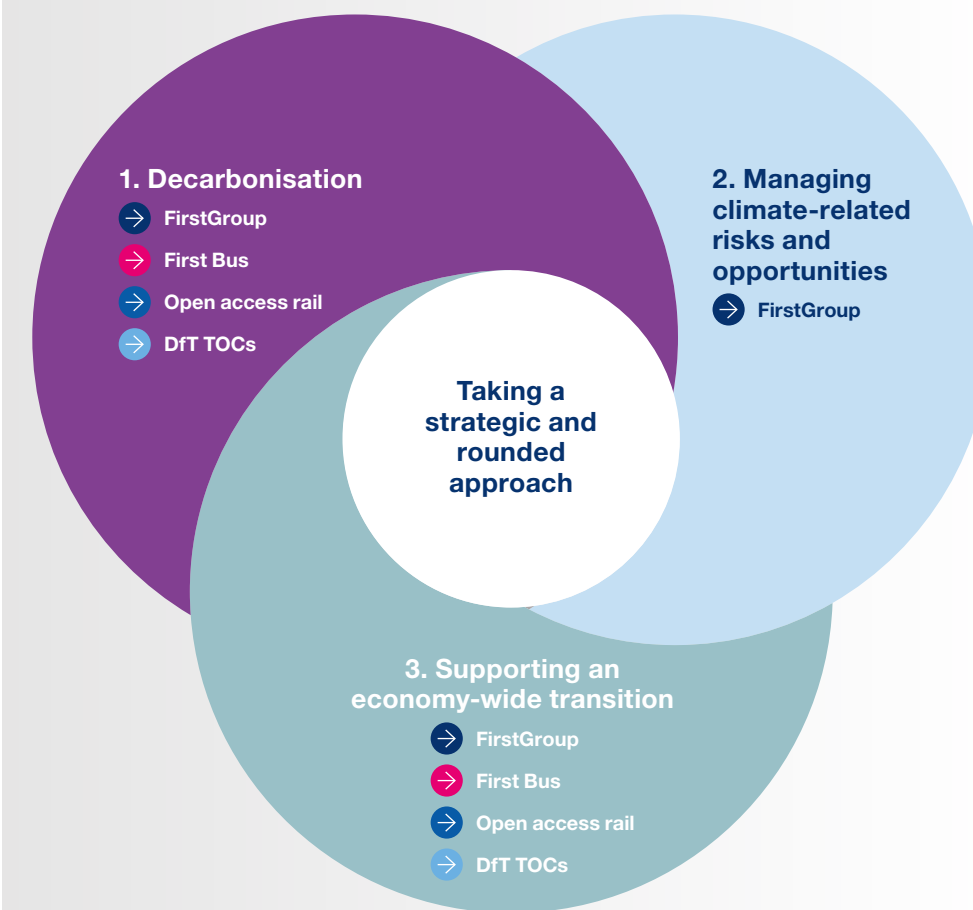
→ [DfT TOCs from page 43](#)

The TPT recommends that an entity take a “strategic and rounded” approach to transition plans that considers the actions that it can take now to capture opportunities, minimise future risks and protect and enhance its long-term value.

To achieve this, we have considered the three TPT inter-related channels throughout the Plan:

- 1 Decarbonisation: FirstGroup’s ambitions and actions, in either our own operations or value chain, in the short, medium and long term, to reduce its GHG emissions (e.g., to net zero).
- 2 Managing climate-related risks and opportunities: FirstGroup’s actions to enhance its resilience to the changing climate and respond to the risks and opportunities that arise from the transition to a low-GHG emissions, climate-resilient economy.
- 3 Supporting an economy-wide transition: FirstGroup’s ambitions and actions to drive modal shift and to accelerate the transition to a lower carbon economy.

A strategic and rounded approach



→ [Glossary of frequently used terms see page 51](#)

A strategic and rounded approach

TPT 1.1 2.1 4.1 4.3



Science-based targets (SBTs) are goals set by companies to reduce greenhouse gas emissions according to the latest climate science, to limit global warming to 1.5°C, in line with the Paris Agreement.

Key ■ First Bus ■ Open access rail ■ DfT TOCs
 — SBT pathway ... Previous emissions trajectory
 ... Estimated emissions trajectory without DfT TOCs.
 Please see page 11 for more details.

FirstGroup ambitions and targets

Year	Target
by 2050	Net-zero emissions in line with the UK Government ambition
by FY 2035	63% reduction in Scope 1 and 2 emissions (from a FY 2020 base year)
by FY 2028	20% reduction in absolute Scope 3 emissions from fuel and energy-related activities (from a FY 2020 base year)
by FY 2028	75% of suppliers with SBTs by emissions, covering purchased goods and services and capital goods

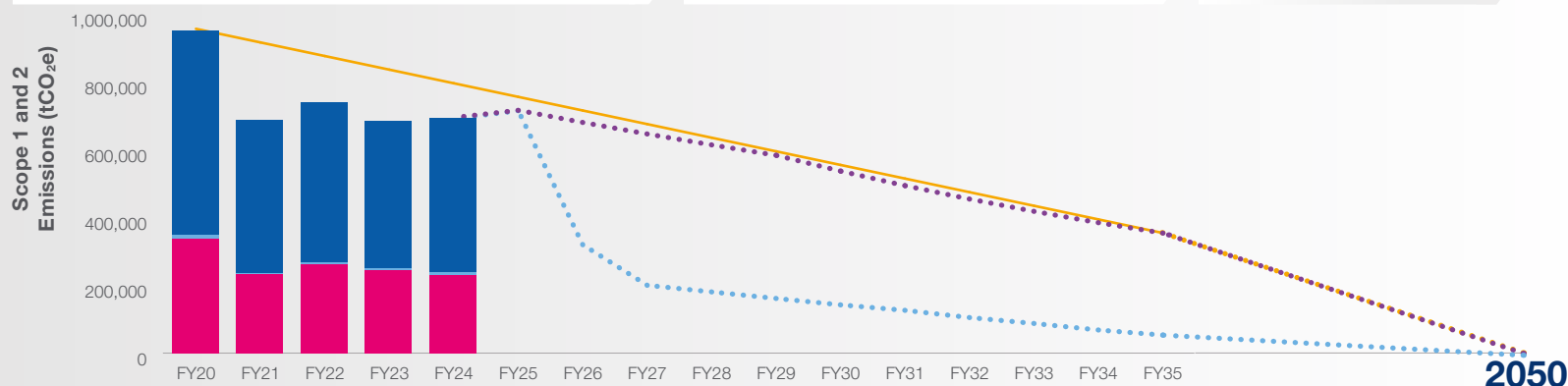
Our progress and trajectories

Short-term (2024-2027)



Medium-term (2028-2035)

Long-term (2036-2050)



How we plan to achieve our goals

	Short-, medium- and long-term decarbonisation	Supporting an economy-wide transition
FirstGroup	Fund the climate transition with CapEx and OpEx → page 18	Engage various stakeholders including suppliers, customers, investors, employees, wider industry and government to foster meaningful relationships to support transition → page 14
	Ensure good governance structures are in place to support our sustainability goals → page 21	Engage our suppliers to support delivery against our Scope 3 targets → page 15
	Embed our decarbonisation commitments into our culture → page 22	Encourage modal shift across our rail and bus networks → page 17
First Bus	Invest in bus depot power connections and electric vehicle charging infrastructure; and replace diesel vehicles with zero emission alternatives → page 27	Drive modal shift by promoting the bus as an affordable, digitised, accessible and reliable transport option → page 31
Open access rail	Introduce new technologies to improve driver efficiencies; replace fleets with low-emission alternatives; and work with wider stakeholders on network efficiencies and improvements → page 38	Drive modal shift by adding new rail routes or journey types that may not have existed previously → page 40
DfT TOCs	Gradually replace fleets with electric, bi-mode or battery alternatives; introduce property efficiency improvements; and work with wider stakeholders on industry wide decarbonisation → page 47	Drive modal shift by promoting accessible and integrated journeys that deliver good customer service and flexible ticketing → page 48



Graham Sutherland
Chief Executive Officer



Leadership Q&A with Graham Sutherland, Chief Executive Officer

Q What motivated FirstGroup to develop its first Climate Transition Plan?

A Leading in environmental and social sustainability is one of the four pillars in our business strategy outlining our commitment to sustainability and the recognition of our role in addressing climate change. As a leading private sector provider of public transport, we have a responsibility to reduce our environmental impact and contribute to the global effort to limit temperature rise. Our climate transition plan is a strategic framework that outlines our approach to decarbonisation, driving modal shift and aligns with our long-term strategy and vision of providing safe, reliable, and sustainable transport solutions.

Q What are the anticipated challenges in decarbonising bus and rail transport, and how does the Group plan to overcome them?

A Decarbonising bus and rail transport presents several challenges, including technological change, infrastructure development, and funding the transition, as well as interdependencies on a range of other stakeholders. A key area of focus is the transition to zero emission vehicles and the associated infrastructure, such as electric vehicle charging stations and use of battery technologies. We are addressing these challenges by drawing learnings from our ever-growing use of zero emission vehicles and infrastructure, collaborating with industry partners, and advocating for supportive policies and funding from the government. Additionally, we are piloting innovative technologies and scaling successful initiatives to contribute towards a smooth transition.

Q Why does modal shift matter and what is FirstGroup doing to drive it?

A Modal shift is crucial for reducing congestion, lowering emissions, and improving air quality. By encouraging people to switch from private cars and air travel to bus, coach and rail, we can significantly reduce the carbon footprint of the transport sector. FirstGroup is focused on driving modal shift through initiatives including expanding our portfolio to extend reach and services, evolving our bidding capability, adding capacity to existing services and repositioning and improving our customer proposition. We are also working closely with local authorities and communities to develop tailored solutions that meet the specific transport needs of different regions.

Q What measures are in place to ensure the resilience of your operations against climate impacts?

A We were the first UK public transport operator to support the TCFD, and FY 2024 marked our fourth year of reporting against the framework in our Annual Report. Through our work to address the TCFD Framework, we have identified the key risks and opportunities that climate change presents to our business. We also describe the steps we are taking to mitigate these risks. This includes upgrading infrastructure to operate zero emission vehicles, diversifying energy sources, and enhancing our emergency response capabilities, as well as working closely with government and other key stakeholders. We are also investing in employee training to build the green skills needed across our organisation in the future.

Q How does FirstGroup plan to continuously improve and update its climate strategy in response to new challenges and opportunities in the industry and UK?

A Continuous improvement is at the heart of our climate strategy. We have established a robust governance framework to monitor progress, review performance, and identify areas for enhancement. This includes setting interim targets, and engaging with stakeholders to gather feedback. We are also committed to staying abreast of industry developments and emerging technologies, which allows us to adapt our strategy in response to new challenges and opportunities.

Q How will the UK Government's latest policy announcements affect FirstGroup's Transition Plan?

A The Labour Government have outlined their plans for the renationalisation of rail services and the introduction of bus franchising. These policy developments present a significant shift for FirstGroup. The transition of DfT TOC rail services from private to public ownership will have an impact on our operations and revenues, and will necessitate strategic adjustments. Equally the introduction of bus franchising will change our operating models. FirstGroup remains committed to environmental and social sustainability and will continue to prioritise achieving our climate ambitions and targets during this period of change to our business. We plan to grow and expand our business in new areas, and any expansion of our portfolio will consider our environmental credentials in line with our business strategy.

**FirstGroup**

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Climate *ambitions* and *targets*

TPT 1.1 1.2 4.1 4.3 ✓

FirstGroup

FirstGroup ambitions and targets

FirstGroup has set three near-term science-based targets covering Scope 1, 2 and 3 emissions. These have been validated by the SBTi. We have set these out below. As a Group we are also committed to reaching net-zero emissions by 2050. Our First Bus division, open access rail operators and DfT-contracted TOCs are all included within the scope of these Group SBTs.

Beyond this, our FirstBus and First Rail divisions have additional decarbonisation targets. West Coast Partnership (Avanti) have also set their own SBTs, which have been validated by SBTi. GWR are working to set their own targets that are aligned to the science-based approach.

Year	Target
by 2050	Net-zero emissions in line with the UK Government ambition
by FY 2035	 63% reduction in Scope 1 and 2 emissions (from a FY 2020 base year)
by FY 2028	 20% reduction in absolute Scope 3 emissions from fuel and energy-related activities (from a FY 2020 base year)
by FY 2028	 75% of suppliers with SBTs by emissions, covering purchased goods and services and capital goods

First Bus

First Bus ambitions and targets

First Bus has a Carbon Reduction Plan, in which we are focused on becoming a leader in the transition to a low-carbon future and are committed to operating a zero emission commercial bus fleet by 2035.

As part of this, we are committed to upgrading depots with charging infrastructure and working in partnership with businesses and customers to offer electric vehicle fleet charging at our depots.

 [First Bus Carbon Reduction Plan](#)

Year	Target
by 2050	Net zero emissions in line with Group ambition
by 2035	100% zero emission commercial bus fleet

First Rail

First Rail ambitions and targets

First Rail, in line with our Group-wide commitment, is committed to a goal of reaching net-zero emissions by the year 2050. This aligns with the government's goal of having all diesel-only trains phased out by 2040. To achieve this, First Rail has also developed a Carbon Reduction Plan.

Please see page 11 for more details on the Government's announced policy to bring National Rail Contracts into public ownership as they expire and the implications for our Transition Plan.

 [First Rail Carbon Reduction Plan](#)

Year	Target
by 2050	Net-zero emissions in line with Group ambition
by 2040	Zero diesel-only trains in operation in line with the UK Governments ambition

SBTi verified targets



SCIENCE
BASED
TARGETS

Science-based targets (SBTs)

are goals set by companies to reduce greenhouse gas emissions according to the latest climate science, to limit global warming to 1.5°C, in line with the Paris Agreement.

The Science-based Targets initiative (SBTi)

helps companies set these targets by providing a clearly defined pathway for reducing emissions and validates targets. Throughout the report the SBTi logo indicates that a target is SBTi aligned.



Progress on our science-based targets

TPT 4.3

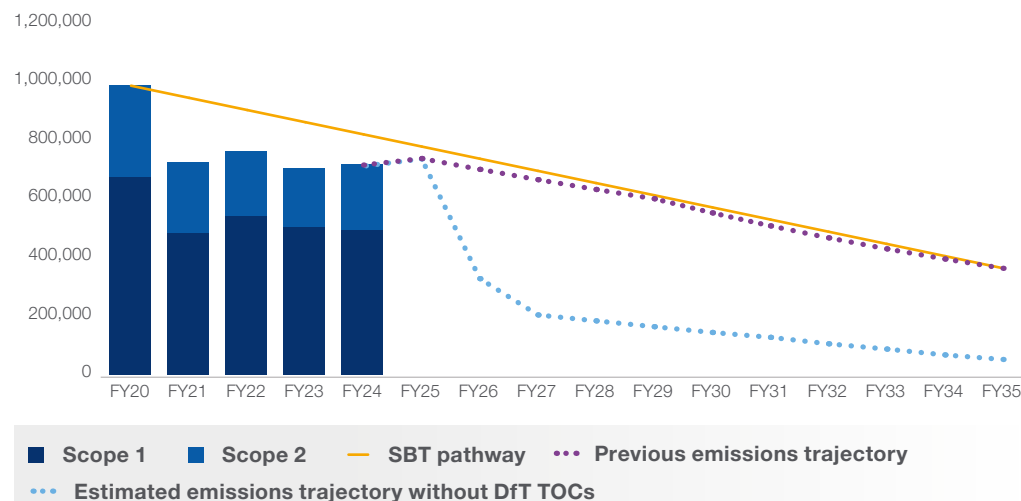
This report provides detailed breakdowns of the progress to date, as well as the levers and actions that we are taking as a Group to progress our science-based targets and ambitions. Within each report section we have also measured and forecast our emissions trajectories.

SBTi progress

During FY 2024 we continued to progress our three Group SBTs. We have seen a 27% decrease in our Scope 1 and 2 emissions since our baseline year in FY 2020, despite a slight increase of less than 2% compared with FY 2023 due to increased traction and depot electricity consumption. The Department for Energy Security and Next Zero (DEZNZ) also published a higher UK grid electricity emissions factor compared to FY 2023, which caused our emissions from this source to increase. Our future decarbonisation pathway will change as the DfT TOCs return to public ownership when the contracts expire. Please read more on page 11.

We are also making progress towards our value chain targets, achieving a 9% decrease in Scope 3 emissions this year compared with our baseline year in FY 2020, and actively engaging suppliers so that 45% by emissions now have SBTs. Full details of our supplier engagement and Scope 3 improvements can be found on pages 15-16.

SBTi progress and trajectories



Data quality

Our carbon and energy reporting approach is prepared in accordance with the Greenhouse Gas Protocol (GHG Protocol) for Corporate Accounting and Reporting Standard and the UK Government Streamlined Energy and Carbon Reporting (SECR) Guidelines. To improve the quality, accuracy and consistency of our data we have introduced OneStream financial and data reporting platform for our FY 2025 reporting which will allow for greater analysis, insights, auditing and data-driven decision making to reduce our impact.

FirstGroup plc has engaged Grant Thornton UK LLP to provide independent limited assurance in accordance with international standards for our environmental reporting. Grant Thornton UK LLP issued an unqualified assurance report over selected metrics and their full report can be found on our corporate website.

[Grant Thornton assurance](#)

FirstGroup performance on science-based targets

SBT	Baseline year 2020	2021	2022	2023	2024	Target amount	Progress against target
63% reduction in Scope 1 and 2 emissions by FY 2035 (tCO ₂ e)	957,407	704,365	739,650	684,633	695,213	354,241	44%
20% reduction in absolute Scope 3 emissions from fuel and energy-related activities by FY 2028 (tCO ₂ e)	217,066	228,549	216,738	186,421	196,753	173,653	47%
75% of suppliers with SBTs by emissions, covering purchased goods and services and capital goods by FY 2028 (%)					45	75	60%

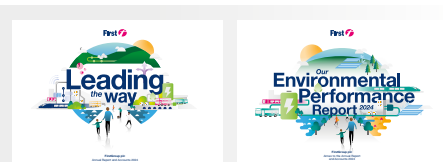
Emissions footprint and data quality

TPT 4.3

Emissions and value chain engagement

As FirstGroup is a major provider of public transport, the majority of our carbon emissions derive from the fuel and electricity consumed to power our extensive road and rail fleet. As a result, our Scope 1 and 2 emissions contribute over 50% of our total emissions footprint. Whilst we acknowledge the importance of addressing Scope 3 emissions, our primary focus lies in achieving reduction in our Scope 1 and 2 footprint. We will achieve this by investing in low and zero emissions vehicles as well as implementing energy efficiency initiatives in our depots, stations and office buildings.

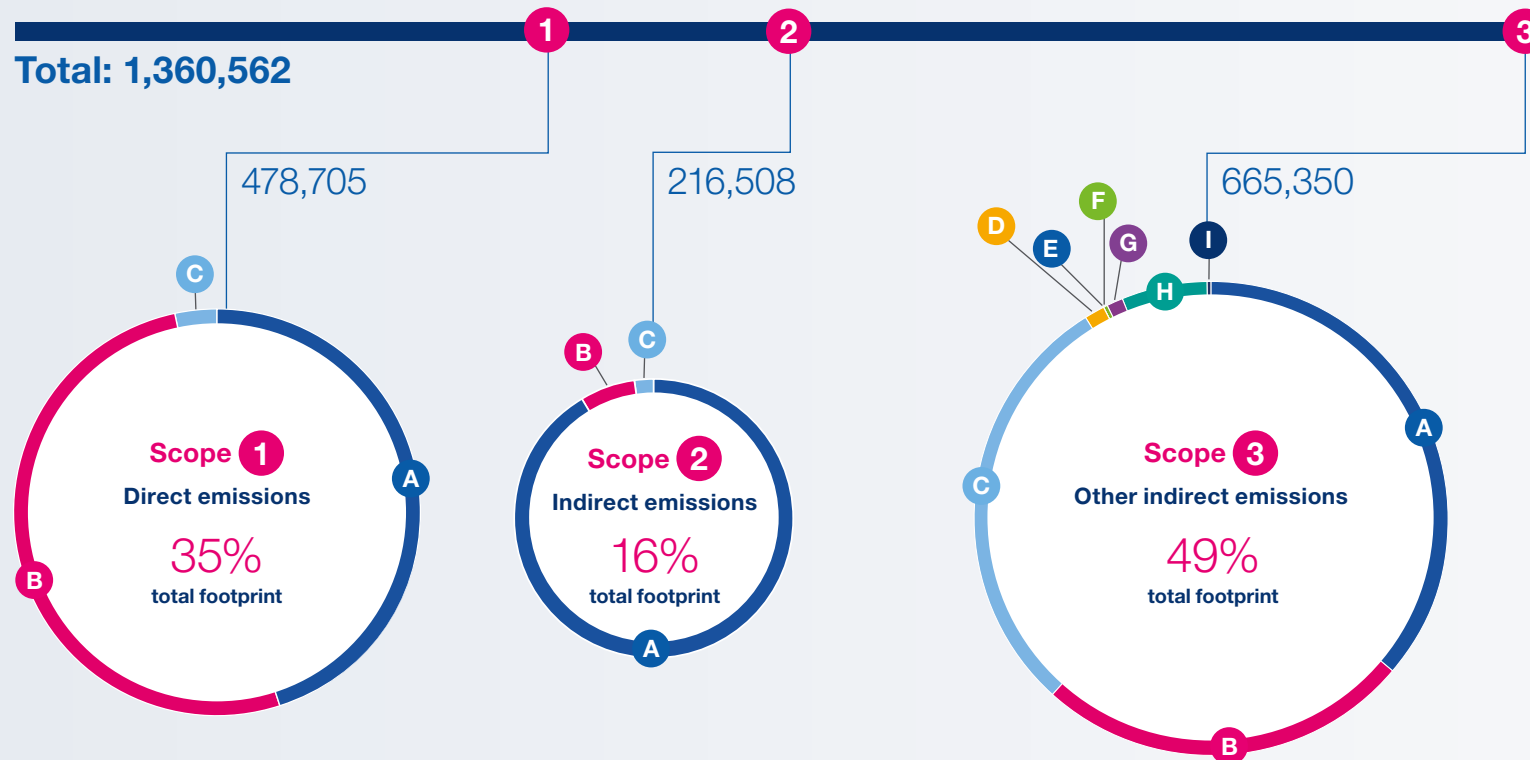
We have also worked with a specialist consultancy to complete a full Scope 3 emissions assessment and identify all material Scope 3 emissions. We reported all our material Scope 3 emissions for the first time this year. For some Scope 3 categories in this assessment, we have relied upon a spend-based method to calculate emissions and we will work towards gathering actual emissions data from external partners in our value chain over time. Our Sustainable Procurement Working Group is currently developing a more targeted approach to gathering emissions data from suppliers and implementing carbon reductions in our value chain.



Full details of our emissions profile can be found on pages 57-59 of our Annual Report and Accounts 2024 and pages 8-19 of our Environmental Performance Report 2024.

All emissions Scopes in FY 2024 (tCO₂e)

Total: 1,360,562



A	Road vehicle fuel	216,350
B	Rail vehicle fuel	247,259
C	Heating fuel and other	15,096

A	Rail vehicle electricity	197,999
B	Facilities electricity	14,251
C	Road vehicle electricity	4,257

A further breakdown of our location- and market-based scope 2 emissions can be found in our annual report.

A	Purchased goods and services	242,096
B	Capital goods	168,989
C	Fuel- and energy-related activities	196,753
D	Upstream transportation and distribution	8,086
E	Waste generated in operations	477
F	Business travel	1,084
G	Employee commuting	7,585
H	Use of sold products	39,145
I	End-of-life treatment of sold products	1,135

Definitions

Scope 1 emissions:

Direct emissions from owned or controlled sources.

Scope 2 emissions:

Indirect emissions from the generation of purchased energy.

Scope 3 emissions:

All other indirect emissions that occur in a company's value chain.

Changes to FirstGroup's operations

TPT 1.2 1.3 4.1

FirstGroup has clear targets that are set against the current business structure. These targets will need to be reviewed in the event of major changes to our portfolio which materially alter the existing business structure.

The Government recently passed legislation that brings the National Rail Contracts into public ownership as they expire. The first rail contract to be nationalised under this legislation is SWR in May 2025. The Government have announced that they intend to transfer all remaining contracts into public ownership in this parliamentary term, but the transfer dates for GWR and Avanti are yet to be announced. Once a contract has passed its core expiry date, the DfT need only give 12 weeks' notice to terminate them. Our estimated emissions trajectories are for illustrative purposes only and are based upon the contract core term expiry dates in all TOC contracts.

When a DfT TOC exits the business, then the Scope 1 and 2 carbon emissions associated with that TOC will be transferred from our business to the Government as well. This would represent an immediate and significant drop in our Scope 1 and 2 carbon emissions not due to decarbonisation initiatives but instead due to divestment.

In such scenarios, the SBTi has clear guidance about resetting existing targets and the thresholds that need to be met for this to be triggered. Any business change that results in 5% or greater change in emissions in a given year requires recalculation of emissions in the base year and all intervening years. A new reduction target will be set against this new baseline and submitted to the SBTi for validation.

Changes to SBTs

In our previous emissions trajectory scenario, our expected Scope 1 and 2 emissions closely tracked the required trend line for us to meet our SBT by the 2035 deadline.

The exit of SWR and GWR (illustrative) in FY 2026 would cause a 52% drop to our projected FY 2025 footprint, which would increase to a 67% drop in FY 2027 if Avanti (illustrative) were to also exit. The significance of these changes can be seen on the chart here and on page 13 where the impact on our overall Scope 1 and 2 carbon becomes clear.

Under this revised scenario, the divestments will far surpass the SBTi 5% threshold stated previously, so we will need to re-baseline and submit a new reduction target to the SBTi for validation.

New additions to our portfolio

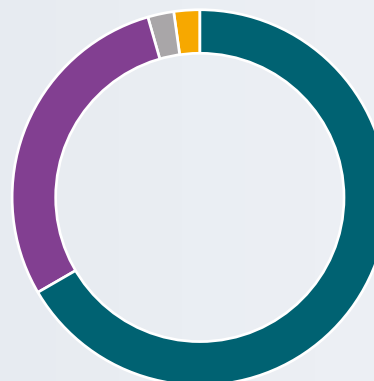
We have recently announced a number of additions to our portfolio, which will also be incorporated into our Scope 1-3 emissions from next year. Our FY 2026 disclosures will set out the rebaselining of our data and our adjusted targets.

In First Bus, we have acquired bus operator RATP London, which comprises ten depots and around 1,000 buses which operate across Central and West London. We have also acquired three smaller bus and coach companies - Anderson Travel, Lakeside Travel and Matthews Coach Hire Limited, which will add over 200 additional buses and coaches to our fleet.

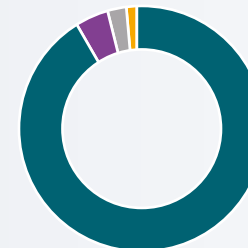
In First Rail, we have acquired track access rights to run new open access rail services from London Euston to Stirling and London Paddington to Carmarthen. As part of this, we have entered into a contract with Angel Trains and Hitachi Rail for the lease of 14 new five car electric, battery electric or bi-mode trains at a cost of around £500m over a ten year lease period.

Group vehicles and property emissions breakdown based on FY 2024 (tCO₂e)

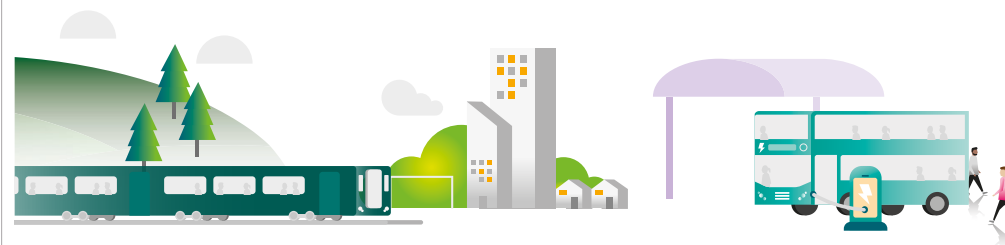
With DfT TOCs



Without DfT TOCs



Total	695,213	238,479
■ Vehicle fuel	463,609	218,969
■ Vehicle electricity	202,257	10,650
■ Property fuel (heating)	15,096	5,584
■ Property electricity (lighting etc)	14,251	3,276



Levers and dependencies

TPT 1.1 1.3 ✓

We have established Group and divisional level science-based targets (SBTs) to guide our journey towards achieving net zero emissions by 2050, outlined on page 8.

To achieve our targets, we have identified several levers that represent the capabilities we have available to embed and accelerate a transition to a low GHG emissions, climate-resilient economy.

Each lever is comprised of specific actions, which are divided into three distinct areas: i) Property; ii) Vehicles; and iii) Industry, that reflect their relative importance from our emissions breakdown over the short-, medium-, and long-term. These actions are either currently being implemented or planned within our business operations to achieve the strategic ambitions of our transition plan.

The impact of these actions can be seen in the implementation timelines throughout this report, that include Group and divisional trajectories on how we plan to achieve decarbonisation. Actions are numerically linked to their corresponding levers. To read more about emissions trajectories, actions and levers please see pages 13 for FirstGroup, 26 for First Bus, 37 for open access rail and 46 for DfT TOCs.

Additionally, our transition plan depends on various stakeholders outlined on page 14, including our workforce, suppliers, and customers.

Area		Levers	
Property	Our stations, depots and other buildings are our smallest impact.	1.	Electrify – Replace fleets with battery electric buses. Operate electric trains and reduce reliance on diesel.
		2.	Tech – Integrate smart technologies and data analytics to optimise route planning and reduce under-utilised mileage.
		3.	Install – Expand on-site renewable energy power sources and electric vehicle charging infrastructure in depots.
Vehicles	Our trains, buses and other vehicles are our largest direct impact.	4.	Improve – Train bus and train drivers and mechanics on eco-driving, maintenance of low-GHG emissions vehicles and advanced route planning techniques.
		5.	Invest – in renewable energy solutions for rail and road transportation.
Industry and value chain	Local, national and international partners and suppliers can have a large impact.	6.	Align – Pursue partnerships and collaborate with our wider value chain on our climate ambitions

Dependencies

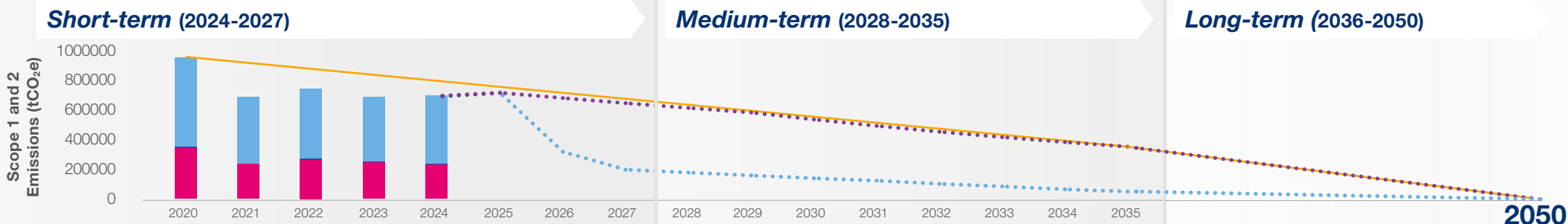
Technology and innovation:	Infrastructure:	Government policy:	Public funding:	Supplier relationships:	Data quality:
Advancements in battery technology and the wider enhancements in both electric vehicles and newly emerging battery trains. Continued development of charging systems and supporting infrastructure for low carbon vehicles.	New grid connections to supply our growing EV bus fleet. Development of systems to optimise the traction electricity required for bimode and battery trains.	Government policies for transport aimed at reducing emissions and driving modal shift. Key areas of focus include continued electrification of the track and policies that prioritise buses in urban areas.	Provision of funding to support higher capital costs of low carbon vehicles or infrastructure.	Ability of our critical suppliers to manufacture and deliver the low carbon vehicles and associated infrastructure on the scale and within the timescales we require for our transition.	Access to accurate and complete operational and suppliers' emissions data and the ability to analyse this to inform emissions reductions and reports progress on our targets.

Implementation timeline

TPT 2.1 2.2 4.1 4.3 ✓

Key ■ First Bus ■ Open access rail ■ DfT TOCs
 — SBT pathway ●●● Previous emissions trajectory
 ●●● Estimated emissions trajectory without DfT TOCs.
 Please see page 11 for more details.

FirstGroup Scope 1 and 2 emissions have reduced in line with our SBT. Our current trajectories are dependent upon the implementation of the actions listed below and will be affected by the Government's policy of bringing NRCs into public ownership. These trajectories are outlined with two possible scenarios: business as usual and the movement of TOCs to public ownership.



Actions

Levers 1 Electrify 2 Tech 3 Install 4 Improve 5 Invest 6 Align

1 3 Invest in bus depot power connections and electric vehicle charging infrastructure.

2 Invest in energy efficiency programmes, such as air compressor upgrades and building energy management systems.

1 3 Use renewable energy power supplies, buy certified renewable power and generate energy on-site where solar PV panels are feasible.

1 Expand the use of EV Charging Points (EVCPs) across our stations and depots for customers and staff.

1 Invest in zero emission heating systems to replace existing gas/gas-oil systems.

5 Replace diesel vehicles with zero emission alternatives, including diesel vehicle repowers.

5 Run a 100% zero emission fleet.

5 Maximise the serviceable life of vehicles with improved maintenance, use of software and minimise emissions from legacy diesel fleets with fuel efficiency initiatives.

3 4 Continue to train drivers in more efficient driving methods and install technology (e.g. DAS and c-DAS) to enhance driver efficiencies.

5 Explore opportunities for battery reuse and life extension.

6 Engage suppliers to ensure they have science-based targets in place.

6 Set and deliver against an absolute reduction target for Scope 3 emissions.

6 Work with Network Rail to ensure trains' energy is from renewable sources; expand track electrification; and to introduce Intelligent Energy Management to improve electrical capability allowing us to run more electric trains and charge future battery-electric trains.

6 Work with wider industry on the introduction of Traffic Management Systems (TMS), as well as the ETCS. TMS will enable us to reduce energy consumption when connected to DAS and c-DAS technologies. The ETCS will improve digital signalling.

6 Explore the use of alternative low-carbon fuels with wider rail industry.

6 Work with Network Rail on network changes to enhance the efficiency of the rail networks through reduced line losses, improved timetabling and increased regenerative braking capabilities.

Sector ● Property ● Vehicles ● Industry and value chain

Impact on our transition/emissions ●●● Highest ●●● Lowest

Engagement strategy

TPT 3.1 3.2 3.3

Our engagement strategy is designed to foster meaningful relationships with all our stakeholders, ensuring their active participation and support in our Transition Plan.

Suppliers

Reducing our Scope 3 emissions requires us to work closely with our suppliers. By fostering strong partnerships, we engage them through regular communication and collaborative initiatives, ensuring alignment with our sustainability objectives.

➔ Please read more about our Scope 3 approach on pages 15 and 16.

Customers

To achieve our goal of driving modal shift, encouraging more people to use our bus and rail services instead of cars or planes, we prioritise proactively engaging with our customers and providing reliable, convenient services that are centred around sustainability.

➔ Please read more about our actions to drive modal shift by attracting and retaining customers on pages 31, 42 and 48.

Investors

Engaging our investors is crucial to the success of our Transition Plan. Our climate solutions, such as our bus decarbonisation programme, present strong opportunities for sustainability and growth. Transitioning to a sustainable economy is intrinsically connected to our growth and commercial success with modal shift to public transport presenting strong synergies for growth and decarbonisation. We maintain transparent and regular communication with our investors, actively seeking their input and feedback, to ensure our strategies align with their expectations and to foster a collaborative approach to achieving our collective climate goals.

➔ Please read more about financial planning on page 18.

Employees

Our employees are delivering our transition plan. We can only meet our goals with the direct involvement of our employees at all levels. We encourage participation in training programmes, share regular updates on progress and provide opportunities for staff to contribute ideas and initiatives.

➔ Please read more about our culture on pages 22 and 23.



Collaboration

We also believe that addressing the systemic issue of climate change requires economy- and sector-wide collaboration. We recognise that there are some challenges we cannot address on our own and by collaboration and adding our voice to others in the transport sector, we can exert greater pressure to accelerate the actions needed as part of an economy-wide transition. We will advocate for policies and regulations that drive the climate transition for the UK bus and rail sector and accelerate the impact of our own actions set out in this plan.

Key issues

We have set out in this report several fundamental issues with clear asks of Government that have direct relevance to our climate transition, which would drive modal shift or support decarbonisation, including:

First Bus

1. Freeing the bus and increasing reliability by tackling congestion.
2. Attract new customers with affordable, fair fares for all.
3. Make bus the leading visible indicator of our green transition.

➔ Please read more on page 33.

First Rail

1. Expand the availability of routes and services for open access operators.
2. Expand track electrification and renewable energy usage, and introduce Intelligent Energy Management.
3. Introduce TMS and ETCS to enable us to reduce energy consumption and emissions.
4. Increase network efficiency by reduced line losses, improved timetabling, and regenerative braking.

➔ Please read more on pages 42 and 48.

With government

Transportation plays a prominent role in public discourse and political discussions owing to its public-facing nature. It involves extensive interactions with government entities at local, regional and national levels. We continue to work closely with government at various levels, industry bodies and other stakeholder groups to monitor regulatory developments, affect and foresee policy changes, and proactively respond to evolving conditions.

➔ Please read more about how we work with government and the public sector on pages 33, 42 and 48.

With our industry

Nationally, we actively collaborate with a diverse array of business advocacy organisations, sustainability lobby groups and public transport campaigns throughout the UK. Our strategic alliances serve as powerful conduits, amplifying our influence on policy decisions. We actively engage and partner with our rail and bus industry peers to drive collective progress on climate action.

➔ Please read more on pages 33, 42 and 48.



Scope 3 approach

We work with more than 4,500 suppliers across our business, spending around £3.2bn each year on goods and services. Collaboration and sharing best practice with our suppliers helps us to minimise our climate impact in our value chain and to support the achievement of our Scope 3 targets.

Scope 3 science-based targets

Year	Target
by FY 2028	 20% reduction in absolute Scope 3 GHG emissions from fuel- and energy-related activities by FY 2028 (from a FY 2020 base year)
by FY 2028	 We commit that 75% of our suppliers by emissions covering purchased goods and services and capital goods will have targets aligned to the science-based approach by FY 2028.

Scope 3 emissions

Our Scope 3 emissions make up 49% of our total footprint. Within our Scope 3 emissions, the most significant categories are purchased goods and services, capital goods and fuel- and energy-related activities (see table below), where most of our reduction efforts are focused. We have set a science-based target of a 20% reduction in absolute Scope 3 emissions from fuel and energy related activities by FY 2028 from a FY 2020 base year. We were able to set this target due to our commitments to transition to a zero emission bus fleet and to switch from diesel to electric or bimode trains.

Total Scope 3 – Other indirect emissions (tCO₂e)	665,350 (49% total footprint)
Purchased goods and services	242,096
Capital goods	168,989
Fuel- and energy-related activities	196,753
Upstream transportation and distribution	8,086
Waste generated in operations	477
Business travel	1,084
Employee commuting	7,585
Use of sold products	39,145
End-of-life treatment of sold products	1,135

Supplier engagement

Setting SBTs

As a part of our science-based targets we committed that 75% of our suppliers by emissions covering purchased goods and services and capital goods will have targets aligned to the science-based approach by FY 2028.

We will continue to actively engage with our critical suppliers not only to understand their emissions targets and strategy but also to improve our own Scope 3 emissions reporting and investigate any collaboration opportunities. By the end of FY 2024, 45% of our suppliers by emissions had science-based targets. We will continue to engage and collaborate with our critical suppliers to support those yet to set a target.

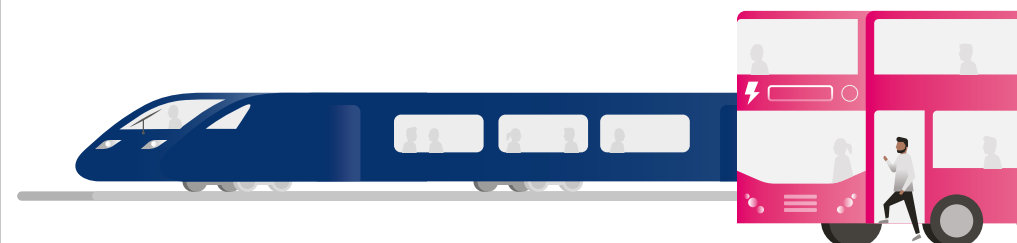
Supplier toolset

In FY 2024, we embedded a new supplier toolset requiring critical suppliers to provide evidence and assurance on a variety of environmental and social risk factors. This new 'Link-Up' platform includes a dedicated module with a section of customised questions about carbon emissions reporting and mitigation. We aim to gather actual emissions data from our suppliers that will be needed to set an absolute Scope 3 emissions reduction target in future.

At the end of FY 2024, 217 of our critical incumbent suppliers have been fully registered on this system, with a further 84 currently in progress.

We will continue to grow the number of suppliers using this toolset as the implementation programme progresses, and the toolset will be fully embedded into the supplier onboarding process from FY 2025. We will continue to gather, consolidate and monitor supplier carbon data on this system as the number of suppliers registered on it grows over time.

£3.2bn
Annual spend on goods and services



Scope 3 approach continued

Supplier management TPT 2.3

Supplier screening

During the contracting phase, we screen suppliers to assess environmental, social and governance (ESG) risks and impacts. We work with suppliers to find more innovative ways of providing the highest standard of service with an improved environmental impact as we strive for the adoption of low and zero carbon vehicles and property.

External certification

We have established long-term supplier collaboration programmes, which are certified to ISO 44001. They encompass improvement projects, innovation, and performance tracking against joint objectives. In certain business areas, we have completed supplier heat maps and benchmarked against ISO 20400 to identify high-risk products and countries. We will continue to explore opportunities to pursue collaboration programmes with additional suppliers.

Supplier risk register

Our supplier due diligence processes, supported by our Group Procurement Policy, help identify and address potential environmental risks. We maintain a centrally held supplier risk register, reviewed periodically and reported to the Executive Committee.

➔ Sustainable Supply Chain – FirstGroup plc

Setting minimum standards

Our tendering and supplier onboarding processes mitigate supply chain risks, considering various ESG aspects. Suppliers that do not meet our ESG standards are at risk of having their contracts terminated. At a minimum, we expect all of our suppliers, and their supply chain, to observe our own Supplier Code of Conduct and Code of Ethics.

➔ Supplier Code of Conduct

➔ Code of Ethics



Short-term actions TPT 2.1 (2023-2027)



Procurement

We will focus on increasing the number of suppliers on the 'Link-Up' platform, categorising them as gold, silver, or bronze based on cost and importance. We will also further incorporate sustainability into tendering processes.

We will continue to engage critical suppliers to set targets aligned with a science-based approach, as well as requesting and investigating actual emissions data from them. We will advocate for enhanced supplier data sharing among our industry peers to share our learnings and foster a collaborative approach.



Travel

We encourage our employees to consider whether business travel is necessary or whether teleconferencing can instead be used. We also recommend undertaking any business travel via public transport over driving or flying.

Our travel booking portal for employees shows the carbon emissions associated with each transport mode. We also recently introduced an EV company car scheme in our bus division.



Waste

We aim to reduce packaging and food waste, improve on-site recycling, and work with waste management suppliers to enhance off-site recycling performance.

Medium-long term actions (2028-2050)

We will investigate the trade-off between buying and leasing to understand the potential carbon benefits of leasing models. Leasing could promote a longer life span of purchased goods, and simplify maintenance in future operations. We will further enhance the reporting accuracy of our Scope 3 footprint and maintain short-term interventions.

We will continue our short term actions and engage employees with lower-carbon methods of commuting, business, and other travel.

We will continue many of the short-term interventions whilst focusing on implementing circular systems to further reduce our waste and improve recycling and reuse.

Driving modal shift TPT 4.1

Modal shift

Modal shift refers to the transition from one mode of transportation to another, for example from private car or airlines to more sustainable options like public transport, cycling, or walking.

The transport sector represents 28% of the UK's annual carbon emissions and is the single largest contributor to it. Private car usage alone accounts for 52% of these transport emissions. In contrast, buses, coaches, and trains collectively contribute only 4%. By encouraging a shift from car travel to public transport, we can significantly reduce these emissions.¹

The benefits of modal shift extend beyond environmental impact. Economically, modal shift can alleviate congestion, which is estimated to have a value of £29.4bn.² Reducing car usage can lead to a decrease in air pollution, which is closely linked to respiratory issues and other health problems. The health benefits associated with reduced air pollution and increased physical activity from walking or cycling to public transport are estimated at £14.9bn.³

Enabling the Shift – FirstGroup plc

28%

of the UK's emissions are from transport

£29.4bn

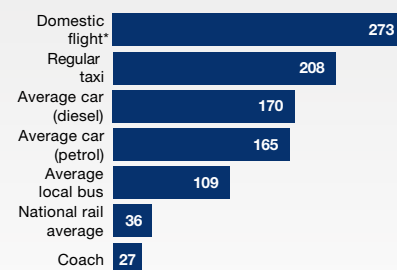
The estimated value of alleviating congestion through modal shift

£14.9bn

The estimated value of health benefits associated with reduced air pollution and increased physical activity.

Emissions per km by different UK transport modes (gCO₂e/km)

Travelling by public transport, including by coach, rail or bus, has a lower impact than by flight or car per km. Although not included in the graph below electric trains and buses are anticipated to have a substantially lower impact than their average counterpart and will form a key part of the economy-wide transition.



Source: www.statista.com/statistics/1233337/carbon-footprint-of-travel-per-kilometer-by-mode-of-transport-uk/

* Includes secondary effects from high-altitude, non-CO₂ emissions

Driving modal shift forms part of our business strategy

For FirstGroup, the most important thing we can do to contribute to an economy-wide transition is drive modal shift. We are committed to driving modal shift across our divisions and it is a pillar within our business strategy. Our Transition Plan outlines specific actions we are taking to drive modal shift in each division.

First Bus

First Bus is focused on driving modal shift by repositioning its core customer proposition away from car usage. It is undertaking various actions to promote the bus as an affordable, digitised, accessible and reliable transport option. First Bus is also increasing its share of the market for business-to-business bus services.

Open access rail

Our open access rail operators, Hull Trains and Lumo, are adding new rail routes or journey types that may not have existed previously. Both operators have seen significant growth in passenger numbers in FY 2024, demonstrating the potential for rail to replace car and air journeys.

DfT TOCs

Our DfT TOCs, Avanti and GWR, are focused on offering affordable and flexible ticketing, accessibility improvements and integrated onward travel plans to make services more attractive and sustainable to customers.

Case study

First Bus – Specialist Passenger Solutions

➔ Read more on page 32



Case study

Open access rail – Avoided emissions with Lumo

➔ Read more on page 40



Case study

DfT TOCs – Club Avanti loyalty scheme

➔ Read more on page 48



1 www.gov.uk/government/statistics/transport-and-environment-statistics-2023/transport-and-environment-statistics-2023
 2 <https://www.cpt-uk.org/media/fc0bzccy/decarbonisation-dividend-report.pdf> – Page 34
 3 <https://www.cpt-uk.org/media/fc0bzccy/decarbonisation-dividend-report.pdf> – Page 32

Financial planning

TPT 2.4 4.2

Financial planning is crucial in ensuring the successful delivery of FirstGroup's Transition Plan. It provides a roadmap for allocating resources efficiently, managing risks, and achieving the strategic goals set out in the plan. Effective financial planning helps in aligning the Company's financial resources with its operational and strategic objectives, ensuring sustainability and growth.

How are we funding our climate transition?

FirstGroup

Financial planning for the Group involves developing capital expenditure (CapEx) and operational expenditure (OpEx) plans for the transition period. The Group maintains a well capitalised and strong balance sheet, combined with a cash generative business model. The capital available and generated by the business provides the resources for the transition plan. We carefully consider the Group's capital allocation policy to ensure that any borrowings remain within the constraints of the Group's leverage policy and meet the covenants for banking facilities. Scenario planning is conducted using a range of variables to identify risks and opportunities, including emerging risks. This includes reverse stress tests to determine the maximum downside the Group can withstand, whether from a single event or recurring annual impacts.

First Bus

The UK Government previously made public funding available so that bus manufacturers, operators, local authorities and other stakeholders in the industry were able to transition to electric buses cost-effectively. We will continue to apply for any future funding that may become available. Please read more about our Total Cost of Ownership (TCO) model and the historic funding we secured on page 28.

To continue the transition, our operational teams, vehicle manufacturers and infrastructure partners are working collaboratively to reduce the TCO for electric buses as compared with diesel alternatives, particularly in high-capacity city operations. Investment will be strategically focused on depots and routes that are most suitable for deployment of electric buses and associated infrastructure, facilitating further emission reductions through cascades across our wider depots of newer EURO VI diesel buses to replace older models. Financing the bus transition will involve generating cash from operations, requiring higher operating margins to support the necessary capital expenditure. We expect this to be achieved through passenger revenue growth, efficiencies from transitioning to an electric fleet, route and fare optimisation, and maximising the use of decarbonisation infrastructure.

FirstGroup is also drawing upon joint ventures and debt financing alongside its existing capex approach. For instance, the joint venture with Hitachi Zero Carbon involves an innovative leasing arrangement for batteries, reducing capital exposure and maximising battery life and residual value. Additionally, vehicle frames are financed through a £150m Green Hire Purchase Finance Facility.

 **Investors – FirstGroup plc**

First Rail – Open access rail and affiliate businesses

There are opportunities to grow our rail businesses in the future, through adding capacity to our existing open access rail routes, through submitting new open access applications and expanding our additional services. In the open access rail market, we carefully prepare business cases and associated financial models in these applications which are thoroughly researched and assessed before submission to the Office of Rail and Road (ORR) for consultation and approval. Rolling stock is financed through Rolling Stock Leasing Company (ROSCO) leases aligned with Track Access Agreements. The current approach is that off-lease rolling stock is refurbished and made available within a year to allow for training and mobilisation, while new rolling stock is available after three years. We also working to expand our network of additional services including Mistral Data, London Cable Car and more. These businesses help to diversify our portfolio and offer new opportunities for growth. Please read more about our new open access applications on page 42.

First Rail – DfT TOCs

Rolling stock is owned by ROSCOs and leased to each TOC, with lease payments funded by the DfT under National Rail Contracts (NRCs). These lease contracts are back-to-back with NRCs, ensuring that FirstGroup is not responsible for ongoing lease payments once NRCs expire or are terminated. Similarly, all property managed by TOCs is owned by Network Rail and is operated under leasehold arrangements. This underlying structure for vehicles and property means our own capex and opex spending is very low in our DfT TOCs. Any funding required for decarbonisation needs to be submitted to and approved by the DfT as part of the annual business planning process under NRCs.

Over 80%

(or £108.3m) of our overall CapEx spending in FY 2024 was allocated to decarbonisation

How will our climate transition impact our financial performance?

The implementation of the transition plan is expected to have a positive impact on the Group's financial performance, with this impact expected to grow over time.

Short-term Impact

The plan requires significant capital investment, primarily funded through joint ventures, debt financing, and operational cash flow. Higher operating margins will be necessary to support this level of capex investment. The transition to an electric fleet is expected to yield efficiencies in fuel costs and engineering parts, and public charging at bus depots present new revenue opportunities.

Medium-term Impact

The focus will be to optimise routes and fares, maximising the use of decarbonisation infrastructure, and generating additional revenues. This will help to maintain a healthy cash flow and support ongoing investments.

Long-term Impact

The reduced cost of operations from low-emission vehicles, combined with increased passenger revenue due to an expected modal shift from cars, will enhance the Group's financial stability and growth prospects. The open access rail market, with its lower operational costs compared with traditional rail, will provide better value for money for customers. This will also contribute positively to the Group's financial performance.

Dependencies

The successful execution of the plan depends on several financial planning factors, including government policy, grant funding, investor sentiment, capital markets, and macroeconomic conditions such as GDP, inflation, and interest rates.

 Further details of our Group approach to risk and financial planning can be viewed in our 2024 Annual Report and Accounts.

Responding to our *climate-related risks* and *opportunities* – Our **TCFD disclosures** TPT 4.1

We were the first UK public transport operator to support the Taskforce for Climate-related Financial Disclosures (TCFD), and FY 2024 marked our fourth year of reporting against the framework in our Annual Report.

Climate change is managed as one of our principal risks and is a core consideration in business strategy and decision making. Physical risks include more intense precipitation and extreme temperatures, whilst transition risks include changes in policy, technology, customer and investor expectations. Alongside potential risks, we view a shift in customer preferences towards lower-carbon alternatives and we are seeing strong governmental and regulatory support for transport decarbonisation and modal shift as key business, environmental and social opportunities.

In FY 2022, we worked with a specialist consultancy to model potential physical and transition risks and opportunities to our business over the short, medium and long term, and to estimate cumulative Enterprise Value at Risk over a five-year period (2022-2027). With no significant change to key business parameters and underlying assumptions since our 2022 assessment, our TCFD update for FY 2024 provides a summary of impact areas already reported in 2022, and an overview of what we are doing to continue building climate resilience across our operations.

We modelled impacts across five different climate scenarios, from a world where there is little to no climate policy in place and global temperatures increase by a catastrophic 4°C, to a world where there is rapid transition to a low-carbon economy and global temperature increase is limited to 1.5°C above pre-industrial levels.

See Table 1 and refer to our Annual Report and Accounts 2022 (at pages 61-63) for more details on individual scenarios. Whilst in some of our modelling we considered five individual scenarios, our TCFD update focuses on the two most extreme ones and the 'Stated Policy' scenario, to consolidate some of the findings, but still illustrate the full range of estimated impacts. Across these scenarios, we looked at potential transition and physical impacts to our business from 2022 until 2027 (short-term), 2035 (medium-term) and 2050 (long-term). The medium- to long-term scenarios align with First Bus's target of a zero emissions fleet by 2035 and the UK's net-zero goal by 2050.

Transition risks and opportunities

Our analysis of transition risks considered potential impacts on our business from changes in policy (such as carbon pricing), technology (additional capital expenditure required to meet more stringent environmental standards), brand reputation (customer expectations and FirstGroup's environmental credentials and ability to meet carbon reduction goals), and capital markets (investor expectations and impact on funding access/costs).

Given our industry, we also expect growing opportunities over the coming years to counteract some of these risks, mainly linked to a more rapid modal shift supported by customers' increasing climate consciousness and more stringent climate policy and market incentives. We are working to understand how the pace at which we electrify our fleet and progress towards our net-zero goals could affect our ability to capture these opportunities.

Our modelling work identified impacts from policy, technology, investor and customer behaviour as the most material to our business over the next five years, as outlined in Table 2. It is important to note that these potential impacts focus on direct risks to FirstGroup, recognising that under the current National Rail contracts some of the wider risks and opportunities for our Rail operations would be shared with or transferred to third parties.

➔ [See Table 2 on the following page](#)

Table 1: Climate scenarios considered in risk modelling

Policy Pathway	No Policy	Current Policy	Stated Policy	Paris Agreement	Paris Aspiration
Global temperature increase	>4°C	3°C	2.5°C	2°C	1.5°C
Global emissions reduction target	0% by 2100	-50% by 2100	-75% by 2100	Net zero by 2070	Net zero by 2050



 [Please read our most recent TCFD update in our 2024 Annual Report here](#)

Responding to our climate-related risks and opportunities – Our TCFD disclosures continued

TPT 4.1 

Table 2: Transition risks – potential Enterprise Value at Risk, cumulative over five-year period, assessed against different emissions pathways scenarios

Transition risks/opportunities		No Policy	Stated Policy	Paris Aspiration	How we are responding
Policy	Action by central government/regulators, including carbon pricing	Low impact  - Expected carbon price of ~£2 per tonne by 2025 in some regions - Low emission zones leading to some route constraints	Medium impact  - Expected carbon price of ~£30 per tonne by 2025 across the UK - Zero emission zones leading to further route constraints and potential loss of licence to operate	Medium impact  - Expected carbon price of ~£65 per tonne by 2025 across the UK - Zero emission zones leading to significant route constraints and potential loss of licence to operate	Please see our sections on government engagement: - FirstGroup page 14 - First Bus page 33 - Open access rail page 42 - DfT TOCs page 48
Technology	Cost and availability of new technology to support a lower-carbon economy	Low impact  - Potential impairment of carbon-intensive vehicles - Ongoing investment in zero emission fleet to meet current commitments	Medium impact  - Increasing impairment of carbon-intensive vehicles - Some investment in zero emission fleet ahead of current schedule - Some increase in cost of zero-carbon vehicles and green electricity	High impact  - Significant investment in zero emission fleet ahead of schedule - Substantial increase in cost of zero-carbon vehicles and green electricity, due to demand outstripping supply	Please see our sections on actions: - FirstGroup pages 16 - First Bus pages 27-30 - Open access rail pages 38 and 39 - DfT TOCs pages 47
Investors	Financing influenced by environmental credentials	Low impact  Low focus by investors on green credentials	Medium impact  - Moderate focus by investors - More favourable interest rates for green companies	High impact  - Significant focus by investors - Expected green covenants in financing	Please see our section on financial planning: FirstGroup page 18
Customers	Demand driven by sustainability of products and services, leading to increased modal shift towards public transport	Low opportunity  - Small shift to public transport, due to increasing environmental impacts and customers' climate awareness - No transport policy to encourage modal shift to public transport	Medium opportunity  - Increasing shift to public transport due to customers' growing climate consciousness - Some transport policy to encourage modal shift to public transport	High opportunity  - Substantial shift to public transport due to customers' high climate consciousness - Substantial transport policy to encourage modal shift	Please see our sections on modal shift: - FirstGroup page 17 - First Bus pages 31 and 32 - Open access rail pages 40 and 41 - DfT TOCs pages 48

Key to impact levels

-  **Low impact** <£20m
-  **Medium impact** £20m – £50m
-  **High impact** >£50m
-  **Limited opportunity** <£20m
-  **Medium opportunity** £20m – £50m
-  **High opportunity** >£50m

Physical risks

When looking at physical risks, we considered the potential impacts of acute climate events, such as more frequent and more severe floods, storms, rainfall, heatwaves and droughts, as well as the impacts of more chronic and long-term changes such as rising sea levels and a global increase in temperatures.

Our analysis identified flooding as our most immediate, and material risk and we therefore carried out a separate, in-depth flood modelling exercise covering riverine, surface water and coastal flooding in FY 2022. The model showed that the majority of FirstGroup-owned assets have limited/low exposure to flood risks in the short term.

We have engaged with our Bus and Rail divisions since this analysis was first carried out in FY 2022, and we remain ready to respond by drawing upon our pre-existing flood response plans and procedures should an incident occur.

Governance

TPT 5.1 5.2 ✓

For more information on our governance structure, refer to our 2024 Annual Report.

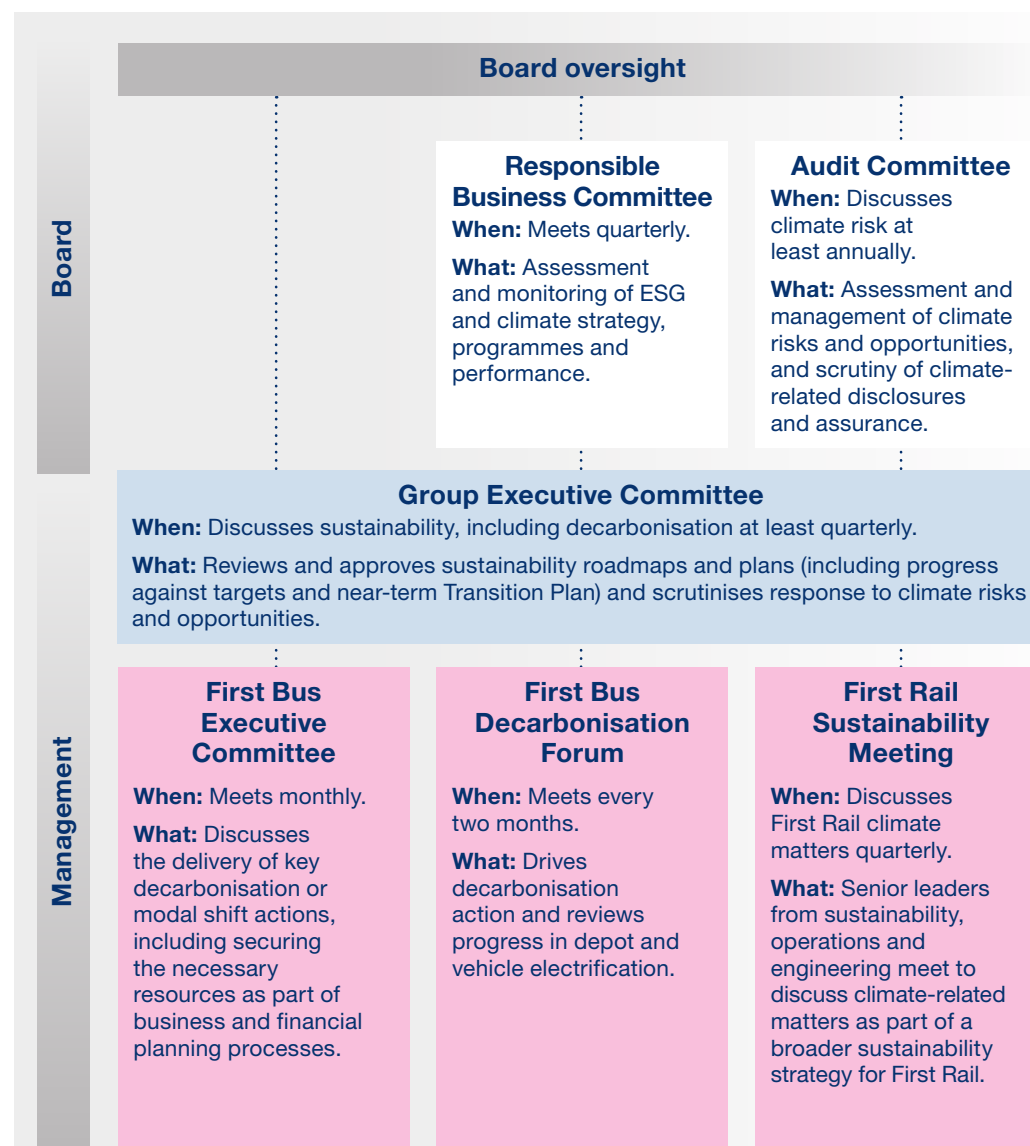
The Board is responsible for promoting the Company's long-term sustainable success for the benefit of its shareholders. The Board's composition ensures a mix of knowledge, skills, experience, and diversity to support good decision making and the delivery of the Group's strategic objectives. Key decisions reserved for the Board include strategy, capital structure, financial reporting, risk management, stakeholder engagement, and corporate governance. This extends to the setting of our approach to climate-related risks and opportunities and our decarbonisation ambitions, which now form a key part of our broader business strategy. Driving modal shift and leading in environmental and social sustainability were both placed at the heart of this new strategy, forming two of the four pillars.

Our Responsible Business Committee of the Board meets four times a year to review the practices and performance of FirstGroup and its subsidiaries, with respect to health and safety, our people and communities, the environment and our decarbonisation transition. At each meeting, the Committee receives a detailed performance update from First Bus and First Rail against specific commitments and targets and discusses strategic priorities going forward. To further support Board-level oversight of climate-related matters, during FY 2025 we ran an in-depth briefing session for the Board covering the development of this Climate Transition Plan and how it aligns with the reporting requirements of the UK's new TPT framework. In addition, the Audit Committee supports the Board in the management of risk, including climate-related risks, and is responsible for reviewing the effectiveness of risk management and internal control processes.

The Audit Committee reviews climate-related risks as relevant in relation to going concern, Viability statement and the assessment of impairment.

The Executive Committee provides leadership and direction for the Group on sustainability matters, including climate change, with material issues presented by the Group Corporate Responsibility and Finance teams for discussion and decision making as they arise throughout the year. This includes assessing progress, identifying challenges, and making necessary adjustments to stay on track. The Executive Committee also integrates decarbonisation commitments into strategic decisions, major transactions, and risk management, carefully considering any trade-offs. Executive responsibility for sustainability matters is held by the CEO. Executive responsibility for climate-related financial risks and opportunities is held by the CFO, who represents these matters at Board level.

First Bus and First Rail have executive management individuals responsible for driving environmental sustainability across the divisions, leading on the development and implementation of decarbonisation strategies and risk mitigation actions. In First Bus, their Chief Sustainability and Compliance Officer sits on their Executive Committee to oversee this agenda and participates in a cross-functional decarbonisation forum that meets monthly to drive action and review progress. Similarly, First Rail has a sustainability working group, including senior leaders from sustainability, operations and engineering, who meet quarterly to discuss climate-related matters as part of a broader sustainability strategy for Rail. The Group Executive Committee receives regular divisional updates from Bus and Rail leadership teams.



Culture

TPT 5.3 5.5 ✓

Embedding our decarbonisation commitments into the culture at FirstGroup is essential for achieving our sustainability goals. We aim to foster an environment where every employee feels empowered to contribute to our roadmap. This culture of sustainability stems from senior leadership and extends throughout the business, with different roles all playing their part. For example, engineers are involved in designing and implementing energy-efficient systems and technologies. Drivers are trained to adopt fuel-efficient driving practices and are supported in transitioning over to driving low or zero emission vehicles such as bi-mode trains or electric buses.

Communication and engagement

Training and engagement with our supply chain, customers, and employees are crucial for creating a low-carbon culture. We will continue to communicate with our stakeholders through existing channels. This includes educating our customers on the environmental impact of their choices, such as waste brought onto trains and emissions from travel.

Sharing best practice

Our business divisions will continue to share best practice and learnings on carbon reduction strategies. Regular updates, training, and campaigns like GWR's 'Turn it Off if you can' foster a culture of energy efficiency and low-carbon behaviours.

Training

Online environmental training for key staff further supports our sustainability efforts. We will continue to provide staff with regular training and updates outlining key targets and current performance through newsletters, intranet posts, and team meetings. This transparency ensures that everyone is aware of our progress and understands their role in achieving our goals.

Transition alignment

By integrating sustainability into our daily operations and decision-making processes, we ensure that our workforce is aligned with our climate transition efforts. This comprehensive approach helps us create a culture where sustainability is not just a goal but a fundamental part of who we are as a company.

- [Environmental Performance Report](#)
- [Environmental management – FirstGroup plc](#)
- [Zero Carbon – FirstGroup plc](#)

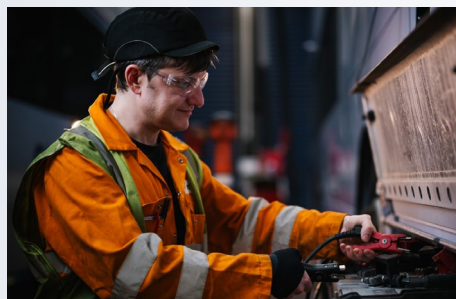
Case study

First Bus Energy Efficiency League Tables

First Bus encourages colleagues at its sites to reduce energy use and publishes monthly league tables to show how each depot is performing. This helps motivate colleagues to continuously save energy and cost. Top performers in the league table receive funds to share with their depot colleagues, for example to upgrade welfare facilities or to host a social event.

Case study

First Bus apprenticeships in green skills



In partnership with Reaseheath College Cheshire, First Bus currently has 75 apprentices learning at the UK's first engineering academy for the next generation of zero emission coaches and buses, specialising in mechanical and electrical engineering, coachbuilding and stores.

Case study

GWR 'Turn it Off if you can' Campaign

This initiative encourages employees to switch off unnecessary lights and equipment, significantly reducing energy consumption. The campaign includes regular reminders and competitions to engage staff, resulting in a noticeable decrease in energy use and heightened awareness of energy efficiency.

Case study

Avanti Green Champions Network

The Green Champions lead local environmental initiatives, engaging colleagues and communities to promote sustainability. Their efforts have reduced energy consumption and increased recycling rates across the network.

Case study

Avanti Sustainability Week

The annual Sustainability Week, held in March, engages employees and customers with workshops, interactive displays, and eco-friendly challenges. Activities include litter picks, seed swaps, school visits and food bank collections. It promotes actions and awareness of environmental responsibility within the Company.

Culture continued

TPT 5.4 ✓

Remuneration

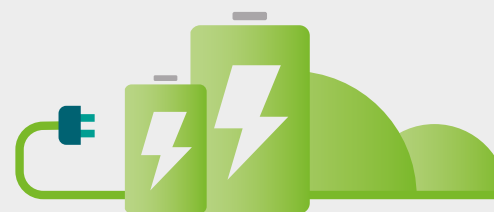
To strengthen ownership and accountability, climate-related KPIs are embedded into our variable remuneration practices. Our Long-Term Incentive Plan (LTIP) awards, made to the CEO, CFO and other senior leaders, include non-financial and ESG-related targets with a total weighting of 15% to environmental-related matters and 20% for all ESG-related matters. The committee determined in 2022 that LTIP awards should include a sustainability scorecard, comprising two environmental measures, over a three-year period. One related to the number of zero emission vehicles in our bus fleet, and the other is linked to a reduction in our absolute Scope 1 and 2 emissions. Both measures are weighted at 7.5%.

The LTIP measure aligns to the reductions in Scope 1 and 2 emissions for us to stay on track to meet our science-based target. We consider that using a percentage 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.

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 environmental measures are tracked, measured and reported to our banking partners as part of our sustainability-linked revolving credit facility. The following table indicates the weightings and threshold targets.

➔ Annual Report 2024 – FirstGroup plc



2024 Long-Term Incentive Awards

	Adjusted EPS	Relative TSR vs FTSE250 ²	Additional ZE ³ buses in service/ on order by 31 March 2027	Scope 1&2 emissions (tCO ₂ e) ⁴ reduction ⁵	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 Total Shareholder Return (TSR) will be assessed against the FTSE 250 Index (excluding Investment Trusts).
3. Zero emission.
4. Tonnes of carbon dioxide equivalent (tCO₂e).
5. From SBT base year 2020.



TPT 4.4 ✓

Position on carbon offsets

We are focused on achieving our near-term SBTs as the first step on our path to net-zero carbon by 2050. Our strategy prioritises our decarbonisation actions (outlined throughout this report) over offsets, which will only be used by exception and as a last resort where no other decarbonisation options are available.

In instances where we have no option but to use offsets we will adhere to the highest standards, such as the Verified Carbon Standard (VCS) and the Gold Standard, to support projects with clear environmental and social benefits that deliver carbon removal. We will review options in the fast-evolving voluntary carbon market and monitor the development of best practice guidance to ensure our approach is underpinned by credibility and integrity.



**First Bus**

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- 26 Implementation timeline
- 27 Decarbonisation transformation: Programme delivery
- 30 Wider decarbonisation actions across First Bus
- 31 Driving modal shift
- 33 Overview of engagement with government/public sector

First Bus at a *glance*

First Bus is one of the UK's largest regional bus and coach operators, with a fleet of more than 4,500 buses carrying over a million passengers a day. We serve more than 20% of the population in the UK with our local bus services. We are a leading operator in the majority of our local areas, including major urban centres such as Glasgow, Bristol and Leeds.

As well as commercial networks, we also run buses on behalf of organisations ranging from schools to distribution centres and major construction sites. We also have a fleet of coaches available for charter and operate some tendered services such as Park & Ride contracts. We also operate the Aircoach network in Ireland.

We are leading the way in terms of digital transformation of the bus industry. Using real-time granular data, we can continuously improve our networks and timetables and introduce new ticketing options that better match demand and customer preferences. We are developing the technology to provide real time, hyper personalised disruption and journey information directly to customers, along with loyalty programmes.

Our most recent investments are in new zero-emission buses across our key networks. We work proactively with our local authority partners, making a positive impact on air quality, tackling congestion and improving customer experience.

 **First Bus – FirstGroup plc**

First Bus employs

>14,000

people across the UK and Ireland

>4,500

buses in our fleet

>1 million

customers a day

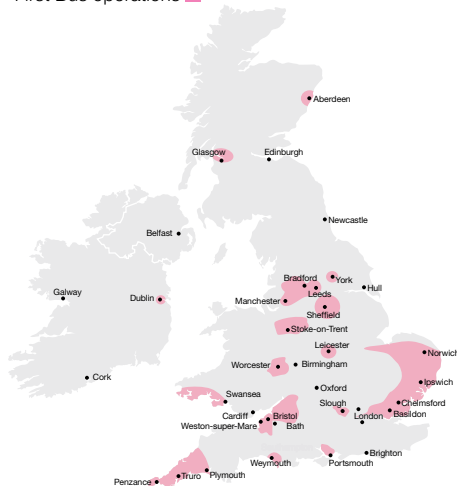
Serve

Two thirds

of the UK's 15 largest conurbations

First Bus operations

First Bus operations



High-level goals and targets TPT 4.3

First Bus is committed to leading the transition to a zero emission future, aiming to achieve net-zero emissions by 2050 and meeting the FirstGroup science-based targets. First Bus is also committed to operating a 100% zero emission commercial bus fleet by 2035, replacing existing diesel buses with zero emission buses.

This ambitious target, established in response to the growing urgency of climate change, aligns with the UK Government's net-zero commitment and the SBTi's 1.5°C climate ambition.

Medium-term
(2028-2035)

Target

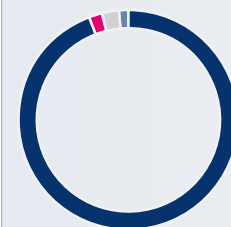
100%
zero emission
commercial bus fleet by 2035

Long-term
(2036-2050)

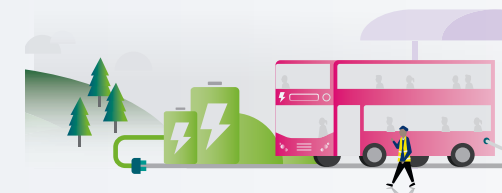
Target

Net-zero
emissions
by 2050, in line with
FirstGroup ambition

First Bus 2024 emissions split by property and vehicles (tCO₂e)



Vehicle fuel	216,350
Vehicle electricity	4,257
Property fuel (heating)	5,561
Property electricity (lighting etc)	3,071



Implementation timeline

TPT 2.1 2.2 4.1 4.3 ✓

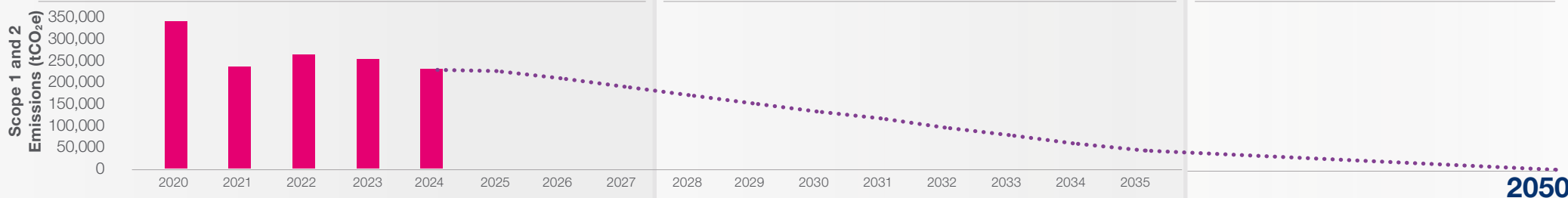
Key

■ First Bus

.... Current emissions trajectory

This chart below outlines First Bus Scope 1 and 2 emissions from our baseline year FY 2020 to FY 2024, with the planned emissions trajectory required for FirstGroup to meet its 2035 SBT and achieve net-zero by 2050. First Bus emissions constitute 33% of FirstGroup emissions. The majority of emissions arise from diesel fuel use. First Bus emissions decreased in 2021 due to the Covid-19 pandemic and increased as services resumed in 2022. Emissions have subsequently steadily reduced and will continue to in line with our trajectory, following implementation of the actions described below.

Short-term (2024-2027)



Medium-term (2028-2035)

Long-term (2036-2050)

Actions

Lever 1 Electrify 2 Tech 3 Install 4 Improve 5 Invest 6 Align

1 3 Invest in bus depot power connections and electric vehicle charging infrastructure.

2 Invest in energy efficiency programmes, such as air compressor upgrades and building energy management systems.

1 3 Use renewable energy power supplies, buy certified renewable power and generate energy on-site where solar PV panels are feasible.

1 Invest in zero emission heating systems to replace existing gas/gas-oil systems.

5 Replace diesel vehicles with zero emission alternatives, including diesel vehicle repowers.

5 Run a 100% zero emission fleet.

5 Maintain diesel, biogas, hydrogen and electric fleet to optimise efficiency and minimise tailpipe emissions.

5 Explore opportunities for battery reuse and life extension.

4 3 Train bus drivers and use software to optimise driver fuel/battery use.

6 Engage suppliers to ensure they have science-based targets in place.

6 Set and deliver against an absolute reduction target for Scope 3 emissions.

Sector ● Property ● Vehicles ● Industry and value chain

Impact on our transition/emissions ●●● Highest ●●● Lowest

Decarbonisation transformation: Programme delivery

TPT 2.1 

To meet our 2035 zero emission bus fleet commitment, we deliver a structured and sequential transformation programme at each depot. This programme draws upon cross-functional in-house experts who work closely with local depot teams.

Key stats on progress:

>50

depots across the UK

>650

zero emission vehicles in service. Around 250 more vehicles planned to arrive in 2025

10 electric depots

Electrification underway at a further 5 depots

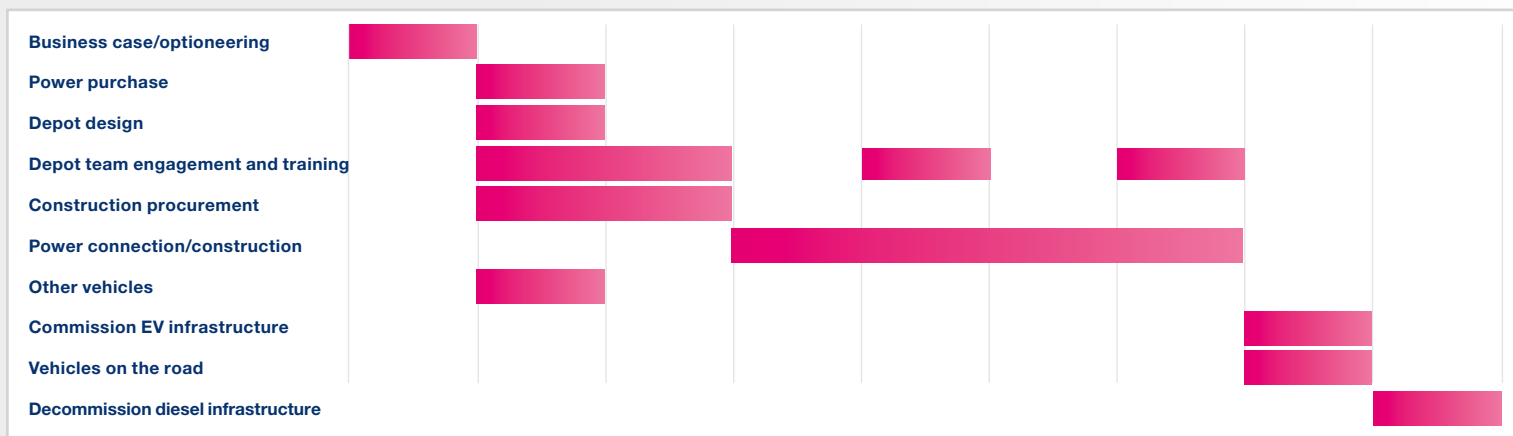
3 net-zero depots

with verified net-zero status and fully electric commercial bus fleets in York, Leicester and Norwich

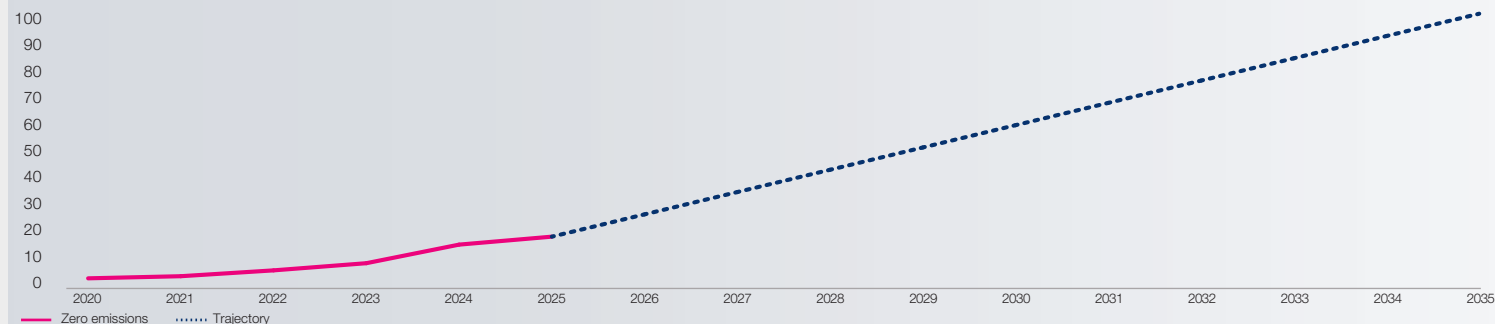
Programme team



Programme phases



Zero emission buses as a proportion of our bus fleet (%)



Decarbonisation transformation: Programme delivery continued

TPT 2.1 3.2 ✓

Key actions and dependencies are described below



Financing the transformation

We are focused on bringing the total cost ownership of an electric bus as close as possible to parity with a diesel bus.

The UK Government previously made public funding available so that bus manufacturers, operators, local authorities and other stakeholders in the industry were able to transition to electric buses cost-effectively (see table below). We will continue to apply for any future funding that may become available.

Historic funding and First Bus investment FY 2021 – FY 2025

We worked alongside local authorities to bid for and secure public funding for our transition in various schemes, which is supported by our own investment until the end of our current financial year, FY 2025.

Funding scheme	ScotZEB, SULEB, ZEBRA 1 and ZEBRA 2
Funding	£128.8m
First Bus investment	£238.5m
Totals	£367.3m

Total Cost of Ownership (TCO) model

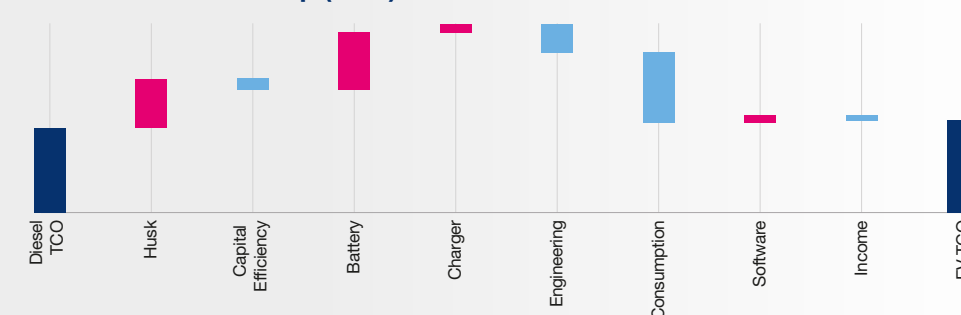
To help guide our investment decisions, we have constructed a total cost of ownership model that compares an electric bus and infrastructure with the diesel equivalent over its full lifecycle.

Our TCO model (below) sets out the higher capital costs and lower operating costs as well as new income streams for electric vehicles and infrastructure. The total cost of ownership over the life of the electric vehicle, for now, is a little more expensive than diesel.

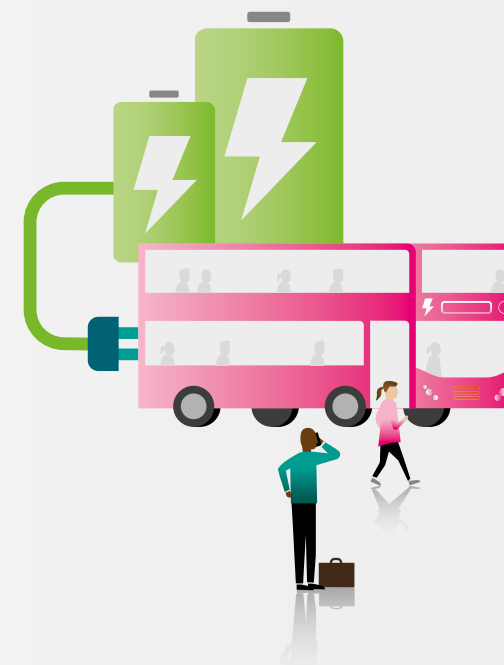
We are aiming to bring this TCO down for our electric buses through several initiatives:

- **A new joint venture with Hitachi** to support the purchase of up to 1,000 electric bus batteries and to provide battery charging and management services for 1,500 buses. The batteries will be leased from the joint venture to First Bus. FirstGroup will retain 75% of the residual value of the batteries when removed from each bus at the end of their useful lives.
- **Smart charging software** which can schedule charging of buses to take place when electricity prices are cheaper, rather than earlier in the evening when the buses return to depot.
- **Optimisation of 'in day operated' mileage** through Optibus software which is used to plan services more effectively to optimise our use of electric buses and the performance of batteries within them.
- **Making our chargers available for use by other businesses and the general public** to contribute to an economy-wide transition and generate potential new income streams. Sharing our charging infrastructure can help other businesses and the general public to reduce their carbon emissions further. We are the first bus operator in the UK to do this, through agreements with partners like DPD. We are also trialling offering access to our chargers to the general public in Cornwall.
- **Standardising our fleet to drive efficiency in our core engineering processes** by keeping parts to a minimum and reducing the amount of servicing and repair requirements.

Total cost of ownership (TCO) model



Source: First Bus whitepaper: Let's inspire the nation to love and use the bus
[www.firstbus.co.uk/sites/default/files/public/node_images/First%20Bus%20White%20Paper%20\(002\).pdf](https://www.firstbus.co.uk/sites/default/files/public/node_images/First%20Bus%20White%20Paper%20(002).pdf)



Decarbonisation transformation: Programme delivery continued

TPT 1.3 2.1 3.1 ✓



Power supply purchases

Electric bus fleets require substantially more power than diesel bus operations.

We invest early in agreements with local Distribution Network Operators (DNOs) to ensure that sufficient power can be supplied to our depots as we need it. In addition to existing power connections in place at 10 depots, we have advance power purchase (APP) agreements in place for a further 40% of our depots, guaranteeing future power availability.

Dependencies

We work closely with DNOs to review the technical and commercial viability of new sources of high-voltage electricity and prioritise depots for advance power purchasing agreements on this basis.



Depot power connection

We work with external partners to undertake the construction work needed to build any new connections between our depots and the grid.

Dependencies

The time taken to design, install and activate new power connections at each depot depends upon the project complexity, operational circumstances and approvals from local authorities, DNOs and others. Our programme delivery team work proactively with external partners to address these dependencies.



Zero emission fleet investment

We work closely with vehicle manufacturers to understand range, performance capability, available product support and aftercare for zero emission vehicles.

Dependencies

International vehicle suppliers are typically more established than their UK counterparts who have only recently begun to build zero emission vehicles at scale. UK production facilities can be subject to delay and/or new vehicles subject to on-road performance variance. We work closely with our supplier partners and provide regular feedback to inform change and improve performance in our fleet.

Map of First Bus depots, including those with power purchase agreements and EVs

Project Type

- APP
- EV
- Depot



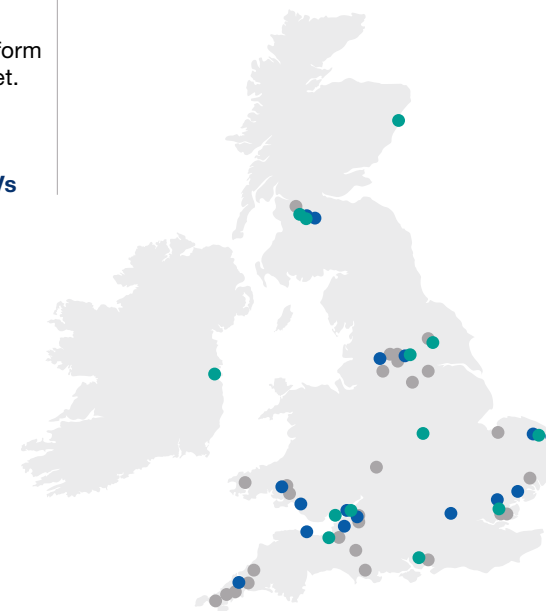
Case study

First Bus repower technology

We recently placed an order with a new enterprise that converts diesel buses into electric buses and extends their lifespan by six to nine years. This process means we can retain and upgrade our existing buses more cost-effectively. 32 buses will be introduced across the UK early in 2025.

32

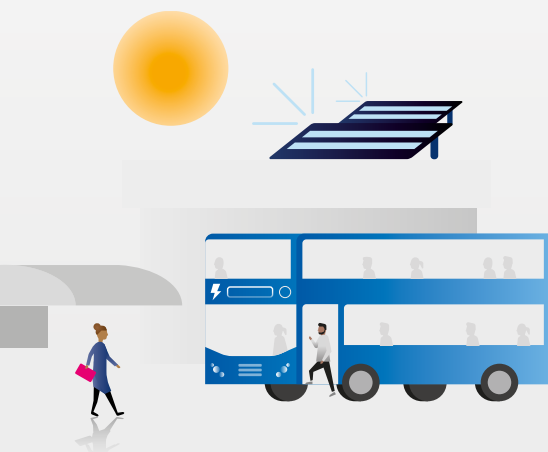
repowered diesel buses



Wider decarbonisation actions across First Bus

TPT 2.1 ✓

In addition to depot transformation and fleet electrification, additional carbon and energy saving actions are outlined below.



Depots

Renewable electricity

Over 90% of the electricity used is backed by green tariffs and we will continue to commit to buy renewable electricity in future agreements with our energy providers.

Installation of solar PV panels

We have installed solar panels on a selection of our buildings to power the depot load, such as lighting. This represented 1.2% of our electricity use in FY 2024. We will continue to explore opportunities to install solar panels across our remaining depots.

Energy efficiency investments

We will implement targeted energy efficiency investments including upgrading depots with lighting, building energy management and air compressors.

Removal of gas heating

We will invest in zero emission heating to replace gas or gas-oil systems where feasible. We are currently piloting a new zero emission heating system at our York depot and subject to operational success, we will invest in similar elsewhere.

Fleet

Vehicle efficiency

All First Bus drivers are supported by GreenRoad driver behaviour telematics software. This tracks driver behaviours and notifies drivers on how to improve their driving skills to ensure that they drive buses as efficiently as possible to reduce diesel tailpipe emissions.

GreenRoad is also used by electric vehicle drivers. While there are no direct tailpipe emissions to control, the software optimises vehicle energy consumption by informing driver behaviour and identifying improvements such as acceleration rates and braking.

Driving modal shift TPT 2.1 2.2 ✓

The transport sector represents 28%¹ of the UK's annual carbon emissions and is the single largest contributor to it.

Journeys taken by bus or coach have a low carbon footprint and play a key role in reducing carbon emissions and improving air quality.

First Bus is focused on driving modal shift by repositioning its core customer proposition and aligning with changing travel patterns. Our commercial strategy is all about getting people out of their cars and onto the bus. More young people and non-commuters are travelling on our buses, which has compensated for declines in traditional five-day commuting. Passenger volumes increased by 7% in FY 2024 as we introduced new routes, improved connections and increased the span of the day for some services. We're promoting the bus as reliable, affordable, digitised and accessible, such that people choose it over cars to make journeys.

We have undertaken a new analysis of customer segmentation based on their relationship with the car, to help us identify those with the highest propensity to try the bus and ensure we tailor our proposition and communications to attract them to our services.

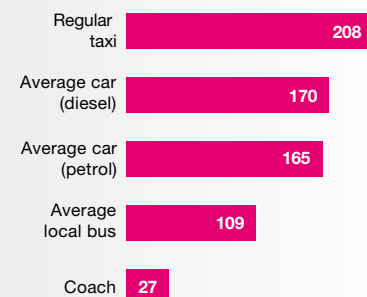
7%

increase in First Bus passenger volumes in FY 2024

¹ www.gov.uk/government/statistics/transport-and-environment-statistics-2022/transport-and-environment-statistics-2022

Emissions per km by UK transport modes in 2024 (gCO₂e/km)

Travelling by coach or bus, has a lower impact than by taxi or car per km. Although not included in the graph below electric buses are anticipated to have a substantially lower impact than their average counterpart and will form a key part of the economy-wide transition.



Source: [www.statista.com/statistics/1233337/carbon-footprint-of-travel-per-kilometer-by-mode-of-transport-uk/\(2024\); Department for Energy Security and Net-Zero \(UK\) \(2024\); Gov.uk \(2024\).](https://www.statista.com/statistics/1233337/carbon-footprint-of-travel-per-kilometer-by-mode-of-transport-uk/(2024); Department for Energy Security and Net-Zero (UK) (2024); Gov.uk (2024).)

Key actions

Reliability

We are introducing technology to improve journeys, reliability and convenience. We will continue to roll out and utilise Prospective, an Artificial Intelligence platform. The platform enables automated, data-led timetables, allowing us to accurately predict congestion and journey times and plan reliable timetables. We will continue to prioritise routes where improvements have the greatest effects, and where we have the platform, customers are seeing an immediate increase in punctuality and reliability.

A new programme focusing on operational delivery aspects that impact the customers most has been launched. Consistent measurement and action planning of front line teams performance will deliver improved reliability and punctuality.



Digitisation

We will continue to update our First Bus app, to grow usage among our customers. Ticket sales using digital payment methods account for 80% of our ticket transactions. Customer usage on our First Bus app and platform has grown to 35% of ticket revenue and through the app we interact with our customers to provide information on service disruption, timetable and fares changes along with special offers.

Improvements have been made to journey planning and real-time information with customers now able to see their bus live on a map.

The app also enables us to generate personalised and targeted information for customers that is segmented by geography, demographic, service and ticket usage. This includes developing the technology to provide personalised loyalty programmes directly to customers.

Driving modal shift continued

TPT 2.1 2.2 ✓

Key actions

Branding

Late in 2024, we launched new branding for First Bus. We aim to transform the perception of First Bus to passengers, government and the business sector, as the champion for the future of bus travel. We will 'sell the Bus not Us.'

People care about buses. Therefore the primary message celebrates bus travel and its role in society. It is a message directly aimed at passengers, business and the public sector.

In parallel, we will reintroduce ourselves as the partner of choice in franchising nationwide. We will communicate our leadership in social value, customer focus, sustainability and quality.

Our aim is to increase both the number of unique customers and increasing the number of trips a customer makes. We will measure our success through improved brand awareness, brand recognition, intent to purchase and new contract wins.

Affordability

We will continue to operate the free travel for Under 22s scheme in Scotland and the fare cap in England which has grown patronage. The £2 fare cap in England was raised to a £3 fare cap and extended until 31 December 2025 to encourage more people to travel by bus. With a £3 cap this will allow us to continue to increase the use of consumption based fares, this will help particularly for those making the shortest journeys where a flat fare could end up being prohibitive. Having more granular fares allows us to better match our fares to the cost of providing the journey.

We've introduced simpler ticketing options such as Tap On, Tap Off capping. Fares are capped at the price of a daily or weekly ticket. This makes life easier for the customer and our driver colleagues and helps to speed up boarding times and keep the bus moving.

We will continue to implement a new customer-focused fares strategy that delivers great value across our range of tickets, designed around customers' travel patterns.

Accessibility

We will continue to provide each First Bus driver and customer-facing teams with specialist customer needs training to understand customers with disabilities and specific needs to help them use the bus. We work with Alzheimer's Society, Disability Action Alliance and Age UK for training and offer 'Extra Help to Travel' cards, which discreetly allows customers to let drivers know if they need extra assistance. These cards have since been adopted by the wider bus industry. We have signed up to the RNIB Charter to assist passengers with vision impairment and we also allow passengers to travel with assistance animals.

All our buses can accommodate at least one wheelchair and have a dedicated wheelchair space. Buses are equipped with ramps to help passengers with reduced mobility to board and we have adopted the bus industry's standard mobility scooter code of conduct.



New routes

First Bus aims to drive modal shift for B2B and B2C bus services, often where car usage 'won't work'. We provide workplace shuttles for large infrastructure projects, manufacturers and distribution companies, airport and airline contracts and rail replacement services. We will continue to grow in both markets through extending key contracts and winning new contracts.

Case study

Specialist Passenger Solutions

Specialist Passenger Solutions (SPS) serves the largest construction project in Europe – Hinkley Point C. SPS employs around 450 people running a 156 vehicle-strong operation, delivering shuttle services seven days a week to and from Hinkley Point C. They transport thousands of people to and from the construction site every day, working 24/7 to ensure that construction remains on schedule. Their service takes the place of car journeys and links staff living across the region to their place of work and delivering them safely, securely and promptly.

156

vehicles delivering
shuttle services
seven days a week.

450

employees

Overview of engagement with *government and the public sector*

TPT 3.3

In summer 2024, First Bus launched a new white paper 'Let's inspire the nation to love and use the bus'. Its key headline was that buses are key to unlocking economic, social and environmental benefits – as they can deliver quickly and effectively across many different challenges, including congestion, carbon and air quality. The white paper was shared with stakeholders from national, regional and local governments. It set out several fundamental issues with clear asks of government on a policy and regulatory framework and describes how bus operators can play their part.



Key issues

with direct relevance to our climate transition which drive modal shift or support decarbonisation include:

1 Free the bus and increase reliability by tackling congestion

Our ask: Local Transport Authorities (LTAs) should be supported with government funding to implement the right measures to keep buses moving over car priority measures. These could include busways, bus lanes and kerbside parking removal.

New developments: £1bn funding announced in the October 2024 Budget to support buses. Among this, local authority BSIP funding was continued and an additional £200m was allocated to mayoral combined authorities. This funding, subject to local authority decision making, can be used to support capital spend to facilitate bus travel.

2 Attract new customers with affordable, fair fares for all

Our ask: In the short term, continue with the fare capping scheme, then replace with a young person's scheme to build the next generation of bus lovers.

New developments: Government has funded a £3 fare scheme for 2025. We will continue to engage with Government on a potential successor to the scheme in 2026.

3 Make bus the leading visible indicator of our green transition

Our ask: Government could introduce a new approach to funding the higher upfront capital cost of decarbonised depots and fleet compared with maintaining diesel operations. Recent capital funding competitions have been useful to kick-start the zero emission bus transition, but they have been timed irregularly, and bidding processes have been resource-intensive for LTAs and operators alike. We recommend instead Bus Service Operator Grant (BSOG) revenue funding through the life of the vehicle. This would also offer suppliers a more consistent pipeline and could potentially improve vehicle pricing.

New developments: We continue to engage the new Government on funding and the evolution of the total cost of operations. We are also sharing best practice in practical implementation with Local Authority colleagues from across the country through the government funded Bus Centre of Excellence. In the next two years 20% of our bus fleet will be zero emission – we have invested £2 for every £1 of public funding received.

Case study

Eclipse busway

First Bus and Hampshire County Council launched the Eclipse busway programme, which included dedicated bus-only routes, high-quality stops and shelters, bus priority at junctions, and enhanced customer experience (e.g. next-stop information, air-conditioning). This generated up to 25% journey time savings and 60%+ customer growth in the first year alone. The busway was delivered and is run under an innovative governance model. A share of First Bus profits is reinvested in customer facilities.



Up to 25%
journey time savings

60%+
customer growth in the first year



First Rail – Open access rail and additional services

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Open access rail at a *glance*

First Rail operates two successful open access rail services, Lumo and Hull Trains.

Launched in October 2021, Lumo is a service between London and Edinburgh, with ten services per day, five in each direction. It offers a comfortable, convenient and affordable alternative to flying. Our Lumo service has now carried almost 4m passengers to date.

Our Hull Trains service has been connecting Hull and the Humber with London for more than 20 years, with the number of services increased from six a day at launch to 14 currently, seven in each direction.

What is open access rail?

Open access rail operators are awarded Track Access Agreements by the Office of Rail and Road ('ORR') –typically awarded for ten years with scope for renewal.

New rail routes are awarded where there is a clear business case they will promote competition for the benefit of passengers, generate sufficient new revenue, and not abstract revenue from current operators.

In the graphic to the right, the ORR's 'non-primarily abstractive test' looks at whether new services would generate sufficient new revenue due to untapped passenger demand and not just take it from existing operators. This growth in demand effectively adds new passenger volumes onto the rail network and is derived from people choosing to undertake journeys by rail whereas previously they may have travelled by car, air or another mode. Open access rail operators can improve rail services for markets that are currently under-served and provide more choice and greater convenience for customers.

Our two open access rail operators outperformed expectations in FY 2024 due to strong leisure travel demand,

Open access rail identification and mobilisation

Identify new routes and timetable gaps

Develop business case including timetable, journey times, fleet and resources strategy

Submit application to ORR for review

ORR consultation with other operators and Network Rail

Detailed performance and revenue modelling

ORR approves and awards Track Access Agreement

Mobilisation

- 6-12 months for existing contract with rolling stock already in place
- Off-lease rolling stock c.1 year
- New rolling stock c.3 years

2-5 years

22%

Revenue growth between FY 2023 and FY 2024 in Open access rail and additional services



Growth in our open access rail operations

In First Rail, we have acquired track access rights to run new open access services from London Euston to Stirling and London Paddington to Carmarthen. As part of this, we have entered into a contract with Angel Trains and Hitachi Rail for the lease of 14 new five car electric, battery electric or bi-mode trains at a cost of around £500m over a ten year lease period. Please read page 42 for more details.



High-level goals and targets

FirstGroup's two open access rail operators, Lumo and Hull Trains, operate fleets with a carbon footprint that is much lower than most UK rail companies. Lumo's fleet is 100% electric, while Hull Trains operates a fleet of bi-mode trains.

The high-level goals and targets of Lumo and Hull Trains are crucial for several reasons. Transitioning to net-zero operations by 2050 will significantly reduce GHG emissions, making public transport a more sustainable option for commuters. The investment in new technologies and infrastructure will create green jobs and stimulate economic growth, contributing to a more sustainable and resilient future for all. Both operators will continue to work with industry partners to find innovative ways to reduce their operational impact and enhance the overall sustainability of the transport network.

[First Rail Carbon Reduction Plan](#)

Our additional services

First Rail also operates a number of smaller additional services. We are the 'shadow operator' on the HS2 programme. We operate London Trams on behalf of Transport for London (TfL), the Heathrow Express on behalf of Heathrow Airport, and in June 2024 we took over operation of the London Cable Car.

First Rail also has several additional services businesses including First Rail Consultancy, Mistral Data, evo-rail and First Customer Contact. The relative size of these businesses and their accordingly minimal carbon footprint means they are not included within scope of this Transition Plan, but we work to measure and reduce their GHG emissions like any other part of operations.



1.3%

of the Group's FY 2024 Scope 1 and 2 emissions come from Open access rail and additional services but 4.8% of Group's FY 2024 revenue

Long-term
(2036-2050)

Target

TPT 4.3 ✓

Net-zero emissions

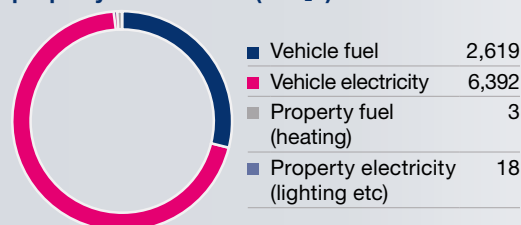
in line with the group ambition by 2050

Target

Zero diesel-only trains

in operation in line with the UK Government's ambition by 2040

Open access rail 2024 emissions split by property and vehicles (tCO₂e)



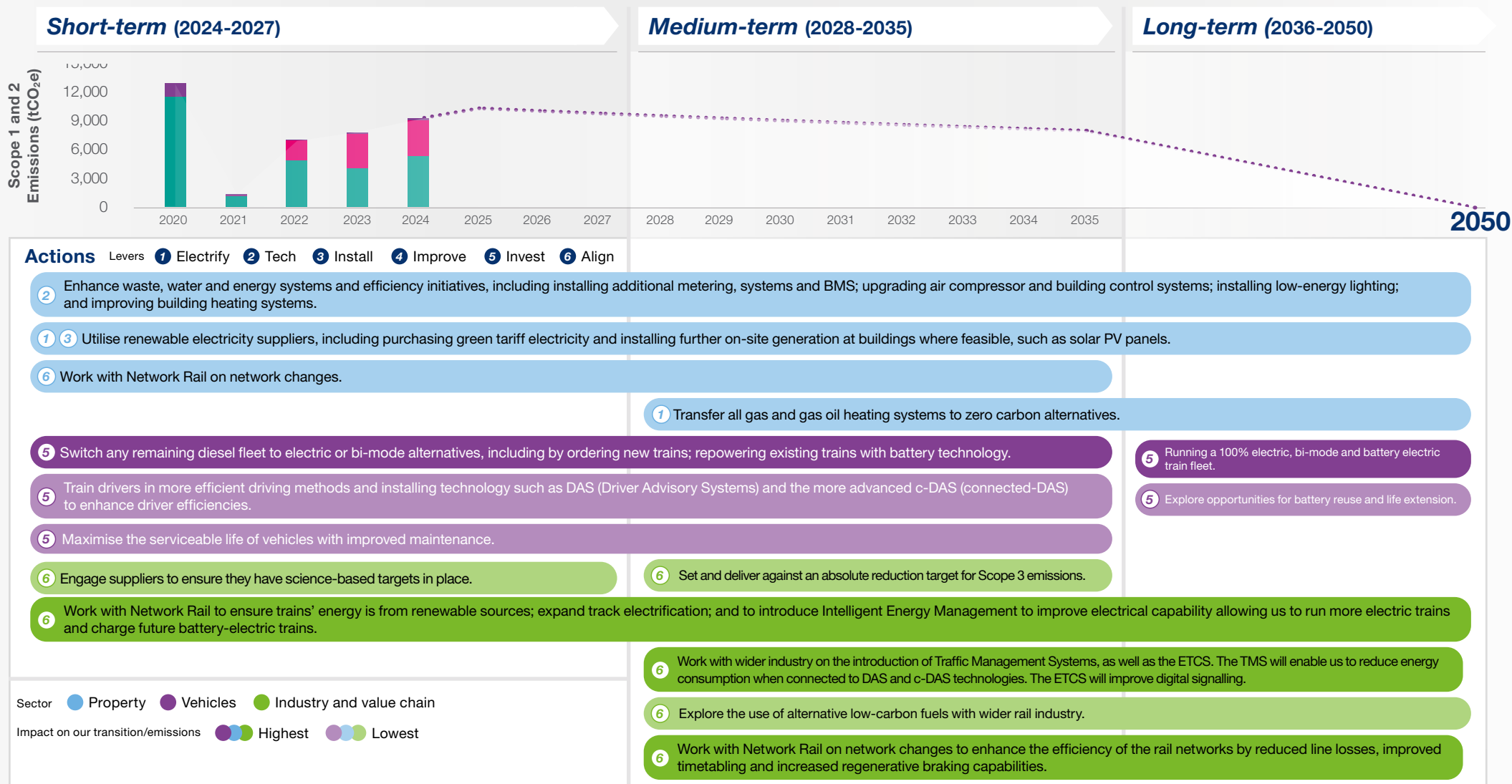
Implementation timeline

TPT 2.1 2.2 4.1 4.3 ✓

Key

■ Hull ■ Lumo ■ Other ■ Open access rail
... Current emissions trajectory

This chart below outlines the current open access rail Scope 1 and 2 emissions from our baseline year, FY 2020, to FY 2024, with the current emissions trajectory in line with our SBT. Our open access rail operators Lumo and Hull Trains have a significantly smaller emissions footprint than the rest of First Rail and contributed only 1.3% of FirstGroup's overall footprint in FY 2024. This is due to the limited lines of operation and the extensive use of electrification across these lines. Hull Trains operations reduced significantly in 2021 due to the Covid-19 pandemic and have since rebounded with increasing passenger demand and new services. Despite this growth their services have been made more efficient due to the replacement of the fleet with bi-mode trains that can switch between electricity and diesel. Lumo have a very low impact overall, but have added to this emissions growth since 2021 when their services began, something that is expected to continue into 2025 due to increased demand and services. The addition of further new open access rail services will give a small uplift in emissions but remain a minor element of the wider Group footprint. Overall emissions are anticipated to reduce from 2026 onwards due to the various actions and levers listed below.



Implementation timeline continued

Short-term actions (2024-2027) TPT 2.1 3.1**Property**

Collaborating with third parties: For our open access rail operators, most stations and other buildings are managed by Network Rail or other partners with any improvements regarding energy, lighting, waste or water managed by third parties. We will explore opportunities to work with third parties to reduce our property impact. As our business and networks expand, we will ensure that decarbonisation considerations are integrated into new routes.

**Vehicles**

Fleet replacement: Electric or bi-mode trains make up our open access fleet. They have a substantially lower carbon footprint than diesel trains. For any future routes that cannot be 100% electric due to the lack of supporting infrastructure along the route, opportunities to use battery electric or bi-mode trains will be fully explored.

In 2019, Hull Trains invested £60m in a new fleet of bi-mode high-speed trains built by Hitachi at Newton Aycliffe in the North of England. The trains run on electric power where we have overhead electric wires available, and on diesel power where the railway is not electrified. This investment improved performance, increased capacity and provided a quieter ride. The new bi-mode trains have reduced carbon emissions by 65% compared with the previous fleet. Affordable fares are also enabling more people to choose rail over car, demonstrated by a 28%¹ increase in passenger volumes vs pre-pandemic levels.

Lumo operates a fleet of all-electric trains, also built by Hitachi. Lumo significantly reduces carbon emissions compared with other modes of transport and emits 95% less carbon than flying.¹

Maintenance: Carbon emissions are reduced by maintaining train components for as long as possible before replacing them. Wheels are regularly replaced, while other components like axles, traction motors and gearboxes are maintained over longer periods to maximise service life.

Driver efficiencies: We are installing technology to such as Driver Advisory Systems (DAS) and the connected-DAS (c-DAS), to assist our train drivers with more efficient driving methods. In both Lumo and Hull Trains we have installed c-DAS. This is a system that is programmed with knowledge on particular routes, network traffic and train capabilities – all of which recommends an appropriate speed for a train to travel at. As a result, our trains coast more often and consume less energy during operations. FirstGroup will continue installing this technology for new fleets and routes where possible.

Track electrification: Many improvements to the energy efficiency of trains can only be achieved in collaboration with Network Rail, who own the tracks and signalling infrastructure. There are currently energy losses from the transmission of electricity to our trains. We are currently supporting Network Rail to introduce an Intelligent Energy Management to enable better use of the electrification system and to charge battery-electric trains. This initiative can be combined with on-site and off-site renewable energy generation and expanded track electrification to reduce overall emissions.



1. www.lumo.co.uk/-/media/Arup/Lumo-Avoided-Emissions-Study.pdf

Implementation timeline continued

Medium- to long-term actions (2028-2050) TPT 2.1 3.1 ✓**Property****Continuing long-term partnerships:**

FirstGroup will continue with the short-term actions set out above in existing and new stations for lighting, heating, waste, water and energy. Where possible new technologies will be leveraged to minimise impact and maximise efficiency. Many of these actions depend on partnerships with Network Rail, the owner of station and depot assets, and the awarding of further routes by the ORR. A key initiative is to work with Network Rail to access renewable energy through Power Purchase Agreements (PPAs).

**Vehicles**

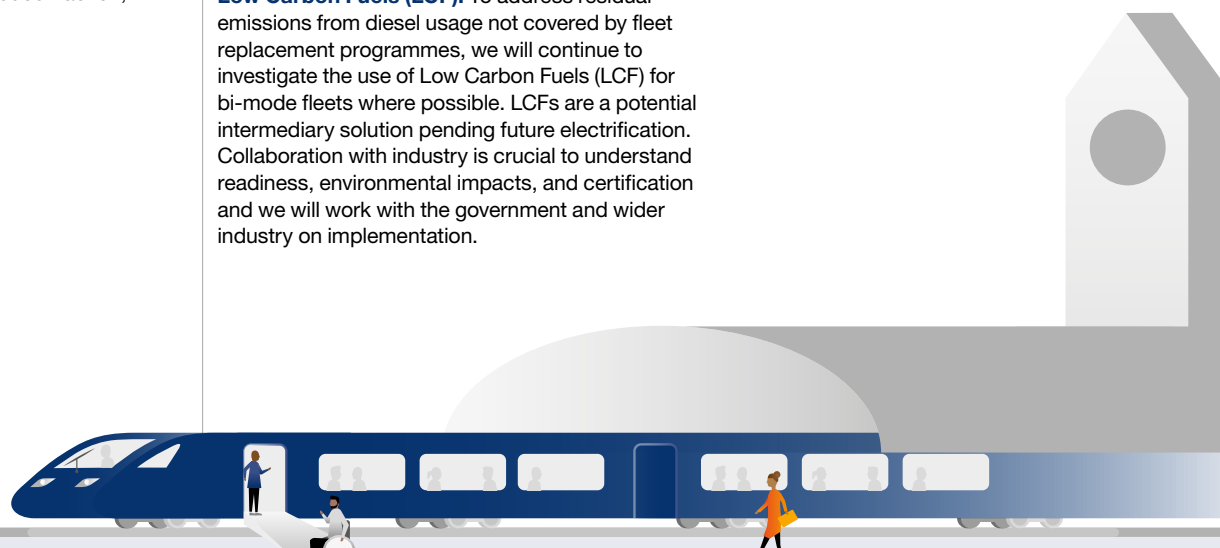
Battery technologies: As the open access rail fleet expands, battery trains could be the most likely replacement for diesel due to their improving performance and economic viability. However, infrastructure challenges exist, such as battery limits for journey distances (60-80km) and the need for charging infrastructure. FirstGroup is already exploring rapid chargers from lineside energy storage for quick charging. We will monitor closely the developments in battery train technologies over the medium to long term.

Power network changes: We will continue to collaborate with Network Rail to improve efficiencies in delivering electric traction. Large power losses in the direct current (DC) network and line losses from alternate current (AC) networks can be partially mitigated by leveraging the fleet's capability to regenerate electricity, putting more energy back into the network. This will help reduce traction, fuel, and energy emissions.

Traffic Management Systems (TMS): Further improvements in energy efficiency can come from working with wider industry on the introduction of TMS and the installation of the European Train Control System (ETCS). TMS will enable us to reduce energy consumption when connected to driver efficiency systems such as DAS and c-DAS. ETCS is a signalling and control system that sets and maintains a safe maximum speed for each train. Its deployment is expected to bring significant energy and carbon savings. We will support Network Rail and other industry partners to introduce this technology as it becomes available.

Track electrification: We will continue to collaborate with Network Rail for the introduction of Intelligent Energy Management. We will explore opportunities for on-site and off-site renewable energy procurement and generation.

Low Carbon Fuels (LCF): To address residual emissions from diesel usage not covered by fleet replacement programmes, we will continue to investigate the use of Low Carbon Fuels (LCF) for bi-mode fleets where possible. LCFs are a potential intermediary solution pending future electrification. Collaboration with industry is crucial to understand readiness, environmental impacts, and certification and we will work with the government and wider industry on implementation.



Driving modal shift

TPT 2.1 ✓

Journeys taken by rail play a key role in helping the UK to reduce its emissions from transport. Travelling with Lumo and Hull Trains can save up to 96% of emissions compared to by car or by plane.¹

FirstGroup plays a critical role in contributing to an economy-wide transition by encouraging people to make more journeys by rail rather than by car or plane. For our DfT TOCs, we are repositioning our customer proposition to stimulate demand on existing rail networks, and we describe various actions we are undertaking in the next section. However, our open access rail operations are adding new rail routes or journey types that have not existed previously.

1. www.lumo.co.uk/-/media/Help/Policy-PDFs/Lumo-ARUP-Sustainability-Report-2023.pdf

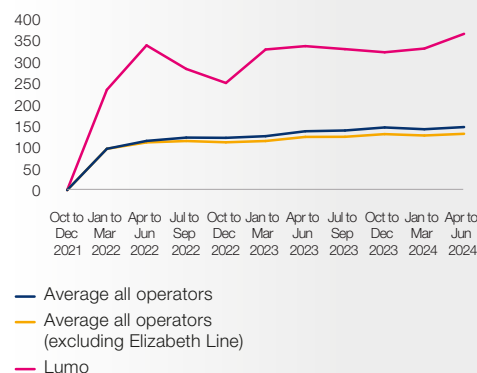


Lumo

Lumo has a track access agreement in place until May 2033. Lumo has added five direct train services per day in each direction, ten services in total, between London King's Cross and Edinburgh. It has now carried more than 4 million passengers since its launch in October 2021 and has continued to see strong demand for its services during FY 2024. After one year of Lumo services, for the first time over half (57%) of journeys between Edinburgh and London were by rail (vs 35% pre-Covid). Seat capacity utilisation grew from 71% in FY 2023 to 75% in FY 2024.

Enabling the Shift – FirstGroup plc

Passenger journeys growth as a percentage of the equivalent quarter since Lumo's start date



Source: www.dataportal.orr.gov.uk/statistics/usage/passenger-rail-usage/table-1223-passenger-journeys-by-operator/

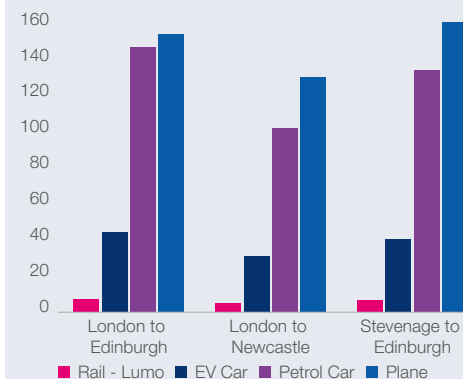
Case study

Avoided emissions with Lumo

Travel by rail proved to be the lowest emitting mode for journeys on all Lumo routes. On average across all routes travelling by rail emits 17 times less than flying, 15 times less than travelling by petrol car and 4.5 times less than travelling by EV. On routes exclusively on the Lumo network this drops to 25 times less than flying, 21 times less than petrol car and 6 times less than EV.

A one-way Lumo trip between Edinburgh and London emits 6.8 kgCO₂e while the equivalent journey flying emits 149 kgCO₂e.

Combined Scope 1, 2 & 3 emissions (kgCO₂e per passenger journey)



* RF: Radiative Forcing

Full results available at: <https://www.lumo.co.uk/-/media/Arup/Lumo-Avoided-Emissions-Study.pdf>

Case study

Economic impact of Lumo

An economic impact study published in 2024 found that the quantified benefits of Lumo are estimated to amount to £470m-740m during the period from its launch up until 2033, in line with its current track access agreement.

Benefit	Estimated
Time savings	£9m-19m
Agglomeration	£1m-6m
Direct employment	£21m-43m
Mode shift benefits – environmental (carbon, air quality and noise)	£130m-365m
Mode shift benefits – other (highway congestion, accidents etc)	£125m+
Fare savings to Lumo	c.£185m
Total	£470m-740m

Full results of this study are available at: www.lumo.co.uk/-/media/Arup/Lumo-Economic-Impacts-Study.pdf

Driving modal shift continued

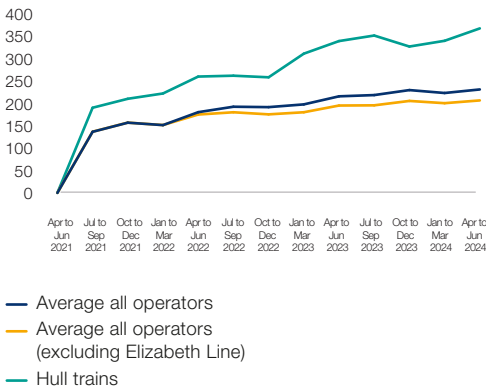


Hull Trains

Hull Trains has a track access agreement in place until December 2032. When Hull Trains launched in 2000, it provided an additional two daily return services between London and Hull on top of the one that was already running. Today there are eight trains per day of which seven are operated by Hull Trains.

The Covid-19 pandemic and its aftermath has been challenging for the rail industry, with passenger numbers struggling to recover to their pre-Covid level. However, Hull Trains has bucked this trend, with passenger demand now higher compared to the equivalent figures from 2019. It also saw an increase in business travellers during FY 2024 and has increased capacity (by 14% since December 2022) to match demand, running a ten-car operation at peak demand times (typically a five-car service). Seat capacity utilisation has also continued to grow to 69% in FY 2024.

Passenger journeys growth as a percentage of the equivalent quarter since Covid-19



Case study

Avoided emissions with Hull Trains

An emissions avoidance study conducted by Hull Trains found that passengers travelling can save over 90% in CO₂ compared to driving the same journey. Our Paragon fleet of trains operate on bi-mode technology meaning we can run on both electric and diesel where we have overhead electrical wires available on our route. Running on electricity allows us to decrease our emissions as shown below.

Saving	92% CO ₂ saving vs car	96% CO ₂ saving vs car	96% CO ₂ saving vs car
Route	Hull to London King's Cross	Doncaster to London King's Cross	Grantham to London King's Cross
By rail (kgCO ₂ e)	5.45	2.69	1.82
By petrol car (kgCO ₂ e)	67.2	59.54	38.78

Full results available at: www.hulltrains.co.uk/your-experience/sustainable-travel

Case study

Hull Trains fleet replacement

In 2019 Hull Trains invested £60million in a new fleet of bi-mode long-distance trains that are able to switch between diesel and electric fuel. This resulted in considerable reductions in fuel usage and a 65% reduction in emissions.



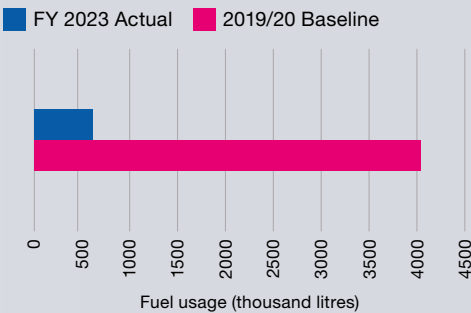
£60m

invested in a fleet of bi-mode high-speed trains

65%

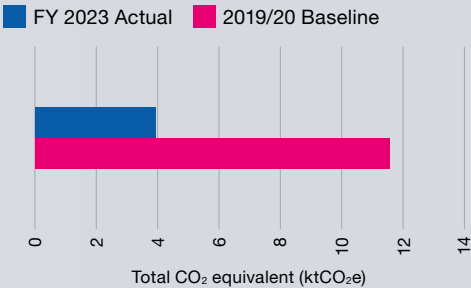
reduction in emissions

Fuel usage at Hull Trains, 2019/20 and 2022/23



Source: Hull Trains

Total CO₂ equivalent (ktCO₂e) usage at Hull Trains, 2019/20 and 2022/23



Source: Hull Trains

Driving modal shift continued

TPT 4.1



How are we planning to grow our open access rail operations?

We are growing our open access business by adding capacity, enhancing timetables and applying for new and complementary routes where there is proven demand. In so doing, we are also driving modal shift and contributing to an economy-wide climate transition.

Key actions

Adding capacity

Hull Trains

- We recently added an additional 4,500 seats to existing services and operate more double-length ten-car trains on the busiest journeys.

Enhancing timetables

Hull Trains

- We launched a new timetable in 2023, with enhanced Sunday services.
- We have submitted an application to the ORR for an additional eighth daily return service between London King's Cross and Hull.

Lumo

- We have submitted an application to the ORR for an additional sixth daily return service between London King's Cross and Newcastle.
- Following successful discussions with Network Rail Scotland and Transport Scotland, we have also now submitted a formal application to the ORR for the extension of a number of Lumo's daily services to and from Glasgow.

Applying for new and complementary routes

FirstGroup

- FirstGroup has acquired:
 - i) Grand Union Trains WCML Holdings Limited – which includes the track access rights to run services from London Euston to Stirling, and ii) Grand Union Trains GWML

Holdings Limited which includes track access rights for a new service from London Paddington to Carmarthen.

Hull Trains

- In January 2024, we submitted an application to the ORR for a new London-Sheffield twice daily return service, calling at Retford, Worksop and Woodhouse en route. This would be a competitively priced service which will stimulate modal shift from road to rail, as almost three quarters of trips between London and Sheffield are currently made by car. We estimate there are 350,000 people in the Worksop and Woodhouse catchment areas who would benefit from direct rail access to London – a large number of rail users in these areas currently drive to Doncaster to pick up faster services to London.

Lumo

- In May 2024 we submitted an application to the ORR for six new Lumo daily return services which would restore a direct link from Rochdale to London, via Manchester Victoria which last ran in 2000. It is estimated that this new service would provide 1.6 million people in the North West with a convenient and competitively priced direct rail service to London from stations that are more local to them.

Overview of engagement with government and the public sector

TPT 3.3



Our open access rail operators, Lumo and Hull Trains, actively engage with key governmental and public sector bodies to advocate for the expansion of open access rail services. Our ongoing discussions with the DfT, Network Rail, and the ORR focus on securing additional routes and services that enhance connectivity and accessibility.

We consistently promote the advantages of open access rail to a wide range of stakeholders, including government and opposition policy teams, advisers, parliamentary committee members, MPs, and local councillors in areas surrounding our current and proposed routes. Our engagements both address specific policy areas affecting our operations, such as power supply on the East Coast Main Line (ECML) and the broader benefits of open access rail. We also contribute to discussions on wider policy areas, including green growth and skills development, emphasising the role of transport and open access in these contexts.

In 2024, we published two comprehensive reports detailing the economic and social benefits generated by our operations. Arup analysis shows Hull Trains has been able to generate up to £380m in economic benefits over the 25 years since it has launched - with potentially £320m more by 2032. Together, the two operators are on track to deliver £1.4bn in economic benefits by the end of their track access agreements.

National-level Engagement

We engage with Westminster stakeholders, including politicians, ministers, and MPs, through one-on-one meetings, roundtables, and receptions. Our collaboration includes bilateral discussions with trade bodies such as Rail Partners and Campaign for Better Transport, as well as public bodies like the Purpose Coalition.

Regional-level Engagement

Our outreach extends to multiple regions across the UK. We work closely with local MPs, authorities, councillors, and Chambers of Commerce, including memberships in Sheffield, North East, Edinburgh, and Greater Manchester Chambers of Commerce.

Key issues

Key issues with direct relevance to our climate transition:

1. Service expansion – applications for new open access routes and services to promote modal shift and connectivity.
2. Electrification – Ensure that trains' energy is from renewable sources; expand track electrification; and introduce Intelligent Energy Management to improve the electrical capability, allowing us to run more electric trains and future-proof with the potential charging of future battery-electric trains.
3. Traffic Management Systems (TMS) – Introduce TMS to enable us to reduce energy consumption.
4. Network efficiency – Enhance the efficiency of rail networks by reduced line losses, improved timetabling and increased regenerative braking capabilities.



First Rail – DfT contracted TOCs

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DfT train operating companies at a *glance*

Passenger rail services are primarily provided by private train operating companies (TOCs) through contracts awarded by the DfT or other government bodies. We have many years of experience running all types of passenger rail: long-distance, commuter, regional and sleeper services. We operate two major UK train operating companies – Avanti West Coast (Avanti) and Great Western Railway (GWR). South Western Railway (SWR) transfers into public ownership in May 2025. The Government have announced that they intend to transfer all remaining contracts into public ownership in this parliamentary term, but the transfer dates for GWR and WCP are yet to be announced. Rail track and infrastructure (including signalling and major stations) are owned and managed by Network Rail with TOCs typically leasing rolling stock from leasing companies.

West Coast Partnership (Avanti)

Our joint venture with Trenitalia known as the West Coast Partnership runs intercity services with Avanti on the West Coast Main Line and includes West Coast Partnership Development, the “shadow operator” for HS2, preparing for a new era in high speed rail. Avanti links London to locations across England, North Wales and Scotland with 3,300 employees and 16 managed stations. Avanti is introducing a £350m fleet replacement project of ten seven-car electric trains and 13 five-car bi-mode trains across the network. The programme to refurbish Avanti’s electric Pendolino fleet through a £117m investment programme has also continued for better onboard customer experience.

Contract core term expiry date: October 2026.
DfT yet to confirm contract end date.

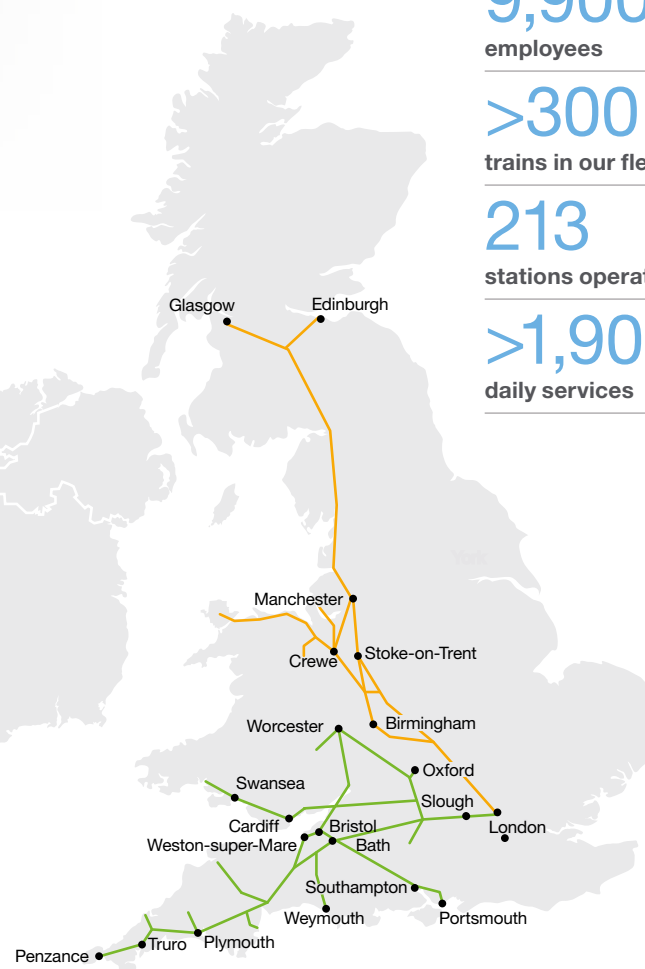
Great Western Railway (GWR)

GWR provides high-speed, commuter, regional and branch-line train services, to commuters, leisure and business customers across South Wales, the West Country, and large parts of Southern England. GWR employs over 6,300 people and manages 198 stations. Over time we have introduced new or refurbished GWR trains (some of which include bi-mode and electric) on every part of the network. GWR are also carrying out industry-first trials of a fast-charge battery train, which included setting a UK distance record for a battery train without charging in 2024.

Contract core term expiry date: June 2025.
DfT yet to confirm contract end date.

 **First Rail – FirstGroup plc**

— Avanti West Coast
— Great Western Railway (GWR)



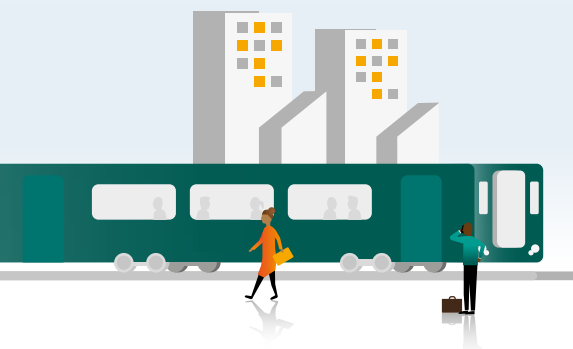
DfT TOCs employs

9,900
employees

>300
trains in our fleet

213
stations operated

>1,900
daily services



High-level goals and targets

FirstGroup's two DfT TOC's are committed to achieving high-level decarbonisation goals, including reaching net-zero emissions by 2050 and removing diesel traction by 2040, aligning with the UK Government's targets.

The two DfT TOCs align with the Group SBT. WCP have also had their own near-term science-based targets validated by the SBTi and these are set out on this page. GWR is in the process of finalising its decarbonisation roadmap, aiming to set its own target aligned with the science-based approach.

Short term (2023-2027)

TPT 4.3 ✓

Targets

West Coast Partnership (Avanti)



40% reduction

in absolute Scope 1 and 2 emissions
by FY 2026 (from a FY 2020 base year)



15% reduction

in Scope 3 emissions by FY 2026
(from a FY 2021 base year)



90%

of suppliers with SBTs
by spend covering purchased
goods and services and capital
goods by FY 2026

Medium-Long term (2028-2050)

Targets

FirstGroup

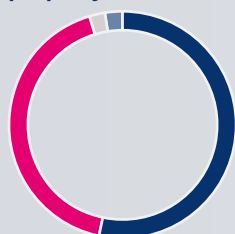
Net-zero emissions

in line with the Group ambition by 2050

Zero diesel-only trains

in operation in line with the UK
governments ambition by 2040

DfT TOCs 2024 emissions split by property and vehicles (tCO₂e)



■ Vehicle fuel	244,640
■ Vehicle electricity	191,607
■ Property fuel (heating)	9,512
■ Property electricity (lighting etc)	10,976



Implementation timeline

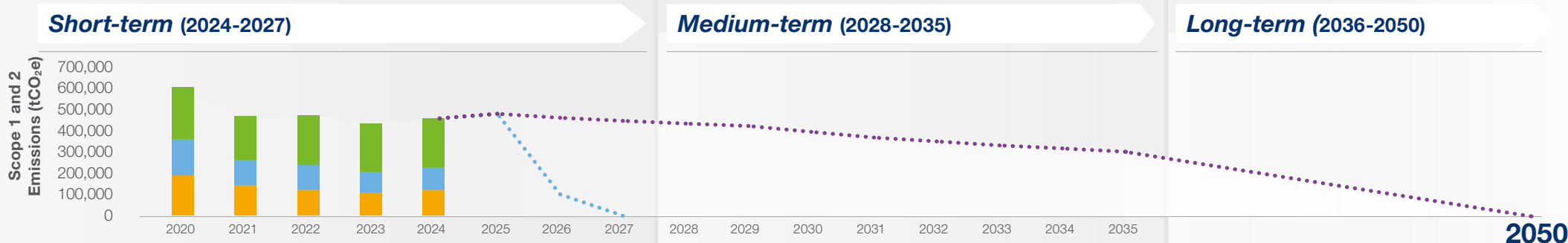
TPT 2.1 2.2 4.1 4.3 ✓

Key ■ Avanti ■ SWR ■ GWR

... Previous emissions trajectory

... Estimated emissions trajectory without DfT TOCs.
Please see page 11 for more details.

The chart below outlines the current DfT TOCs Scope 1 and 2 emissions from our baseline year, FY 2020, to FY 2024, with the planned emissions trajectory required for FirstGroup to meet its SBT by 2035 and its net-zero ambition by 2050. The DfT TOCs have the largest emissions footprint in the Group, contributing 65.7% of overall emissions in FY 2024. This is due to extensive lines of operation and the higher use of diesel vehicles due to limited electrified lines. The Government have announced that they intend to transfer all remaining contracts into public ownership in this parliamentary term, but the transfer dates for GWR and WCP are yet to be announced. The exit of SWR and GWR (illustrative) in FY 2026 will cause a 52% drop on our projected FY 2025 footprint, which will increase to a 67% drop in FY 2027 when WCP (illustrative) is expected to exit. The DfT TOCs implementation timeline and actions, throughout this section, would transfer to the Government.



Actions Levers ① Electrify ② Tech ③ Install ④ Improve ⑤ Invest ⑥ Align

② Enhance waste, water and energy systems and efficiency initiatives, including installing additional metering, systems and BMS; upgrading air compressor and building control systems; installing low-energy lighting; and improving building heating systems.

① ③ Utilise renewable electricity suppliers, including purchasing green tariff electricity and installing further on-site generation at buildings where feasible, such as solar PV panels.

① Expand use of Electric Vehicle Charging Points (EVCP's) across our buildings for customers and staff.

⑤ Switch any remaining diesel fleet to electric or bi-mode alternatives, including by ordering new trains; repowering existing trains with battery technology.

③ ④ Train drivers in more efficient driving methods and installing technology (e.g. DAS and c-DAS) to enhance driver efficiencies.

⑤ Maximise the serviceable life of vehicles with improved maintenance

⑥ Engage suppliers to ensure they have science-based targets in place.

⑥ Work with Network Rail to ensure trains' energy is from renewable sources; expand track electrification; and to introduce Intelligent Energy Management to improve electrical capability allowing us to run more electric trains and charge future battery-electric trains.

⑥ Work with wider industry on the introduction of Traffic Management System, as well as the ETCS. The TMS will enable us to reduce energy consumption when connected to DAS and c-DAS technologies. The ETCS will improve digital signalling.

⑥ Explore the use of alternative low-carbon fuels with wider rail industry.

⑥ Work with Network Rail on network changes to enhance the efficiency of the rail networks by reduced line losses, improved timetabling and increased regenerative braking capabilities.

Sector ● Property ● Vehicles ● Industry and value chain

Impact on our transition/emissions ●●● Highest ●●● Lowest

Implementation timeline continued

Short-term interventions (2024-2027) TPT 2.1

In the DfT TOCs, tracks, depots, stations, and other infrastructure is owned by Network Rail or other partners with the TOCs managing various stations and depots. Any actions and interventions are dependent on agreements with these owners, and funding and agreement from the DfT, for the execution of upgrades and works. Vehicles are typically leased with their efficiencies dependent on manufacturers and ROSCOs, and funding dependent on the DfT to approve and fund projects. The current operating model requires extensive collaboration with these organisations, other TOCs and across wider industry through the Rail Safety and Standards Board (RSSB), Rail Delivery Group (RDG) and other working groups.



Property

Measuring, monitoring, and reduction: Additional metering and BMS will be deployed to enhance visibility and identify wastage, leading to ongoing reductions in water and energy consumption. GWR already has BMS at all of its stations and plans to add metering at 25 stations, covering 85% of remaining energy loads, aiming to reduce annual consumption energy by 10-30%.

Improving heating, lighting, waste, and water systems: Upgrades across stations and depots will include building fabric improvements, heating system upgrades, LED and automated lighting installations, water-saving devices, enhanced waste systems, and better maintenance systems. GWR's deployment of IoT technology in heating systems is estimated to reduce over 83 tonnes of CO₂ and saving 327,000 kWh of energy each year. Further energy reductions can reduce station energy usage by up to 25% in the next three years.

Investment in renewables, new technology, and electrical vehicle charging points (EVCPs): FirstGroup is exploring investments in renewable energy and EVCPs. West Coast Partnership are working with HS2 and other partners to develop the Integrated Sustainable Development Strategy which includes specification for stations and depots to be as energy efficient as possible and minimise Scope 3 emissions.



Vehicles

Fleet replacement: GWR is replacing the diesel Class 255 fleet with bi-mode trains, significantly reducing carbon emissions. In 2024 we started to replace the Avanti diesel-only Class 221 fleet with Class 805 and 807 trains. Class 807s will operate solely on electricity, while Class 805s will switch between diesel and electric power. In the broader West Coast Partnership we are working with HS2 and other partners to develop the Integrated Sustainable Development Strategy which will include how we work with train manufacturers to specify the train design to make them as energy efficient as possible.

Driver efficiencies: We are installing technology to such as Driver Advisory Systems (DAS) and the connected-DAS (c-DAS), to assist our train drivers with more efficient driving methods. GWR has beta-tested the more advanced c-DAS on Class 387s and Class 802 fleet has been completed, with plans for wider rollout.

Battery electric trials: In 2024, GWR began trials of fast-charging technology on a new battery train that runs on the Greenford to West Ealing line with the aim of replacing the use of diesel in running trains on the line.

Track electrification: We will work with industry partners to push for further electrification of lines, crucial for achieving net zero. We are currently supporting Network Rail and the RSSB to introduce Intelligent Energy Management to enable better use of the electrification system, making it possible to run more electric trains.



Driving modal shift

For our DfT TOCs we are repositioning our customer proposition to stimulate demand. We're undertaking various actions to promote the train as an affordable, flexible, integrated, and accessible transport option.

Key actions TPT 2.2

Customer service excellence

- Our train operating companies are active partners in the Rail Delivery Group's Smarter Information Smarter Journeys programme which looks to improve the delivery of information to customers to promote greater ridership. Our operators provide transparent information on in-person and digital channels to keep passengers informed during their journey and allow for the easy purchase of tickets. In the event of disruption, Customer Action Teams have been trained to assist customers and are deployed to stations or trains. We also offer Delay Repay compensation for all delays over 15 minutes.
- Enhancing the travel experience with amenities like Wi-Fi, power outlets, and catering options will continue to improve passenger satisfaction and ridership. At Avanti, the customer service strategy includes free Wi-Fi and a dedicated team for real-time travel updates and assistance, resulting in higher customer satisfaction scores.

Digital technologies

- First Rail will continue to improve real-time train service information and offer live train maps for customers. In 2024, Avanti launched a partnership with Signalbox to create customised live train maps, which help customers track their train in real-time during their journey. GWR have a similar system with Whoosh that provides real time journey updates.

Affordability and flexible ticketing

- We will continue to offer discounts, railcards and lower fares to promote the train as an affordable option. We will target affordable fares at certain age groups, commuters, students, families, disabled persons, veterans, jobseekers and regional groups.
- Our flexible ticketing options make rail travel more appealing by simplifying the purchase and use of tickets. Implementing smartcards and mobile ticketing options, along with flexible fare structures like off-peak discounts and multi-journey passes, caters to diverse travel needs and encourages more frequent use of rail services. GWR, for example, has introduced the GWR Smartcard to streamline the ticketing process and introduced the joint rail-bus farecard system, offering passengers a convenient and flexible way to travel.

Innovating for our Customers – FirstGroup plc

Case study

Club Avanti loyalty scheme

Avanti has over 250,000 customers using the Club Avanti loyalty scheme, offering discounted and free travel. The scheme is designed to reward frequent travellers with a range of benefits, making rail travel more attractive and encouraging a shift from car to train journeys.

Integration with onward travel

- Coordinating with local bus and tram services to ensure timely connections and developing integrated ticketing solutions that cover multiple modes of transport can significantly enhance the convenience of rail travel. Avanti, for example, has partnered with local transport providers to offer integrated ticketing solutions, allowing passengers to purchase a single ticket for their entire journey, including onward travel by bus or tram.

Accessibility

- Upgrading stations with ramps, lifts, tactile paving, and clear signage, along with providing dedicated assistance services, can make a significant difference to passengers with disabilities and specific needs. All our networks have undertaken extensive station and service improvements to enhance accessibility and offer dedicated assistance services for passengers with disabilities, ensuring a more inclusive travel experience.

Case study

GWR's Autism Awareness Award 2024

GWR has been recognised by the National Autistic Society for its efforts in creating an autism-friendly environment via trainings, sensory adjustments and community engagement. This award highlights GWR's commitment to inclusivity and accessibility for all passengers, particularly those with autism.

Overview of engagement with government TPT 3.3

Our DfT TOC's work closely with governments, businesses, user groups, and other stakeholders to find common approaches to the climate transition.

First Rail are strongly represented on the Sustainable Rail Executive, convened by the RSSB, and chair their Sustainable Rail Leadership Group. This has enabled us to be heavily involved in the development of the industry-wide Sustainable Rail Blueprint, the first industry-wide sustainability plan, overseen by DfT and co-created with the RSSB and industry. The Blueprint provides a framework for aligning strategies and commitments to establish rail as pivotal in a cleaner future transport system. We are active members of the industry-wide Climate Change Adaptation Working Group which leads industry approaches to weather and climate change resilience, and the Decarbonisation Working Group that looks at ways that traction energy, infrastructure, and property can deliver net-zero.

Through these networks we collaborate and advocate for improvements that will support decarbonisation and drive modal shift.

- Overview
- FirstGroup
- First Bus
- First Rail – Open access rail
- First Rail – Dft TOCs

TPT Framework reference table continued

Accountability			
TPT Mapping	Location	TPT Mapping	Location
4.1 Governance, engagement, business and operational metrics and targets	A strategic and rounded approach	4.3 GHG metrics and targets	A strategic and rounded approach
	Climate ambitions and targets		Climate ambitions and targets
	Changes to FirstGroup's operations		Progress on our science-based targets
	Implementation timeline		Emissions footprint and data quality
	Driving modal shift		Implementation timeline
	Responding to our climate risks and opportunities - our TCFD disclosures		First Bus at a glance
	Driving modal shift continued		High goals and targets
4.2 Financial targets and metrics	Financial planning	4.4 Carbon credits	Culture continued
		5.1 Board oversight and reporting	Governance
		5.2 Roles, responsibility and accountability	Governance
		5.3 Culture	FirstGroup at a glance
			Culture
		5.4 Incentives and remuneration	Culture continued
		5.5 Skills, competencies and training	Culture

Key

- Overview
- First Rail – Open access rail
- FirstGroup
- First Rail – DfT TOCs
- First Bus

Glossary and frequently used terms

Avanti

Avanti West Coast, a train operating company

BEMU

Battery Electric Multiple Unit

BMS

Building Management System

BS/BSI

British Standards Institution (BSI) the UK's national standards body, responsible for developing and publishing standards for a wide range of industries and services e.g. BS11000

BSOG

Bus Service Operator Grant

CDP

An international non-profit organisation that helps companies and cities disclose their environmental impact

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CO₂

Carbon dioxide

tCO₂(e)

Tonnes of Carbon dioxide equivalent, allowing other volumes of greenhouse gas emissions to be expressed in terms of carbon dioxide based on their relative global warming potential; Usually expressed as per kilometre or per passenger kilometre

Company

FirstGroup plc, a company registered in Scotland with number SC157176 whose registered office is at 395 King Street, Aberdeen, AB24 5RP

CRP

Carbon Reduction Plan

c-DAS

Connected Driver Advisory System builds on DAS by adding real-time connectivity with the Traffic Management System, allowing trains to communicate and coordinate with each other for improved network efficiency, reduced delays, and enhanced energy savings.

DAS

Driver Advisory System provides real-time advice to train drivers to optimise their driving for fuel efficiency, punctuality, and reduced wear and tear on the train.

Defra

Department for Environment, Food and Rural Affairs (UK Government)

DfT

Department for Transport (UK Government)

DfT TOCs

Department for Transport (UK Government) contracted train operating companies, government franchised operators including Avanti, GWR and SWR

Dividend

Amount payable per ordinary share on an interim and final basis

DNO

Distribution Network Operator

EBITDA

Earnings before interest, tax, depreciation and amortisation, calculated as adjusted operating profit less capital grant amortisation plus depreciation

EBITDA adjusted for First Rail management fees

First Bus and First Rail EBITDA from open access rail and additional services, plus First Rail attributable net income from management fee-based operations, minus central costs

EMS

Environmental Management System

EMU

Electric Multiple Unit

EPS

Earnings per share

ESG

Environmental, social and governance

ETCS

European Train Control System

EURO VI

Stringent emissions standards set by the European Union significantly reducing pollutants like nitrogen oxides and particulate matter

EV

Electric vehicle

EVCP

Electric vehicle charging point

FY 20XX

Financial Year 20XX, e.g. FY 2024 is Financial Year 2024

GHG

Greenhouse gas emissions

GHG Protocol

Greenhouse Gas Protocol

Group

FirstGroup plc and its subsidiaries

GWR

Great Western Railway, a train operating company

HEX

Heathrow Express

ICP

Independent Connection Provider

IEM

Intelligent Energy Management

ISO

International Organisation for Standardization that provides guidelines, specification or requirements to ensure that materials, products, processes or services are fit for purpose e.g. IOS14001.

KPIs

Key performance indicators, financial and non-financial metrics used to define and measure progress towards our strategic objectives

LCF

Low Carbon Fuels

Local authority

Local government organisations in the UK, including unitary, metropolitan, district and county councils

Glossary and frequently used terms continued

LTA

Local Transport Authority

LTIP

Long-Term Incentive Plan

M&A

Mergers and acquisitions

NBS

National Bus Strategy, announced by UK Government in March 2021

NRC

National Rail Contract

Net zero

achieving a balance between the greenhouse gases emitted and those removed from the atmosphere

Network Rail

owner and operator of Britain's rail infrastructure, a UK public sector company that operates as a regulated monopoly

Ordinary shares

FirstGroup plc ordinary shares of 5p each

ORR

Office of Rail and Road

pkm

Distance travelled by passengers (p) in kilometres (km)

PLC

Public limited company

PPA

Power Purchase Agreements

RDG

Rail Delivery Group, the UK rail industry membership body that brings together passenger and freight rail companies, Network Rail and HS2

ROSCO

Rolling Stock Leasing Company

RSSB

Rail Safety and Standards Board

SBT

Science-based target for reducing greenhouse gas emissions

SBTi

Science Based Targets initiative, an organisation that helps companies set science-based targets

Scope 1 (direct emissions)

emissions from activities owned or controlled by our organisation. Examples of Scope 1 emissions include emissions from combustion in owned or controlled vehicles, boilers and furnaces

Scope 2 (energy indirect)

emissions associated with our consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of our energy use but occur at sources we do not own or control

Scope 3 (other indirect)

also known as value chain emissions, they represent the carbon associated with our supply chain. They are emissions we do not own or control but have been generated through our business needs

ScotZeb

Scottish Zero Emission Bus

SECR

Streamlined Energy and Carbon Reporting regulations, which took effect on 1 April 2019

Solar PV

Solar Photovoltaics

SPS

Somerset Passenger Solutions

SULEB

Scottish Ultra-Low Emission Bus Scheme

SWR

South Western Railway, a train operating company

TCFD

Task Force on Climate-Related Financial Disclosures

TCO

Total Cost of Ownership

TfL

Transport for London, the transport authority responsible for most aspects of London's transport system

The Board

The Board of Directors of the Company

TMS

Traffic Management Systems

TOC

Train Operating Company

TPT

Transition Plan Taskforce

TSR

Total shareholder return, the growth in value of a shareholding over a specified period assuming that dividends are reinvested to purchase additional shares

UK

United Kingdom, referring to locations or operations in England, Scotland, Wales and Northern Ireland.

WCP

West Coast Partnership, a railway franchise that includes Avanti

ZEBRA

Zero Emission Bus Regional Areas funding scheme

Zero emission

the state of not producing any greenhouse gas emissions from a specific source

Zero emission vehicles

vehicles that do not emit any exhaust emissions from the onboard source of power

Cautionary note on forward-looking statements

This report includes forward-looking statements with respect to the business, strategy and plans of FirstGroup, its emissions reductions targets, strategy and actions and other climate related matters and its current goals, assumptions and expectations relating to its future financial condition, performance and results. Generally, words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'aim', 'outlook', 'believe', 'plan', 'seek', 'continue', 'potential', 'reasonably possible' or similar expressions are intended to identify forward-looking statements.

By their nature, forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause actual results, performance or achievements of FirstGroup to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, ESG methodologies, metrics, targets, reporting standards and other principles are subject to rapid change and development and further development could impact the information included in this transition plan. Climate change risk also presents other uncertainties, due, amongst other things, to changing projections relating to technological development and global and regional laws, regulations and policies.

Forward-looking statements are not guarantees of future performance, and shareholders are cautioned not to place undue reliance on them. Forward-looking statements speak only as of the date they are made and except as required by the UK Listing Rules and applicable law, FirstGroup does not undertake any obligation to update or change any forward-looking statements to reflect events occurring after the date of this report. Nothing in this report is intended as a profit forecast or estimate for any period, nor does this report contain any investment, accounting, legal, regulatory or tax advice, nor is it a recommendation or invitation to enter into any transaction. You are advised to exercise your own independent judgement (with the advice of your professional advisers as necessary) with respect to the risks and consequences of any matter contained herein.





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