

**We believe that strong engagement, collaboration and dialogue are critical to the success of our long-term relationships with key stakeholders, including customers, investors, government and political stakeholders, our people, our suppliers and partners, and the communities we serve.**

### Engaging ethically

In line with our values and the expectations of our customers and partners, we are committed to conducting our relationships with our stakeholders with integrity, high ethical and moral standards, and professionalism in all our interactions. Who we are shapes not only what we do, but also how we do it.

We invest time and effort to put in place the right processes, policies and governance structures to ensure we meet these high standards of integrity and professionalism.

### Sustainable Development Goals

The global Sustainable Development Goals (SDGs) were adopted by UN member states in September 2015, covering 17 key areas aimed at creating a world that is comprehensively sustainable, socially fair, environmentally secure, economically prosperous, inclusive and predictable by 2030. Although we can have a positive impact in some way on all the SDGs, we have identified the key areas where our contribution to the delivery of the goals can be greatest. The icons for each of these goals are shown against each of our key stakeholder groups.



- Our Code of Ethics applies to everybody working for or on behalf of FirstGroup and is supported by detailed policies and procedures which apply across the Group, including our Code of Conduct on Anti-Slavery and Human Trafficking Prevention and our Anti-Bribery Policy. Our Code sets out the standards which our customers and stakeholders expect of us, and which we expect of each other.
- We are committed to recognising human rights on a global basis. We have a zero-tolerance approach to any violations within our company or by business partners.
- We are committed to the prevention of modern slavery and human trafficking in all its forms, which extends to all business dealings and transactions in which we are involved, regardless of location or sector. Our Modern Slavery and Human Trafficking Statement sets out our policies and the steps we take to address risks in our business and our supply chains and can be found at [www.firstgroupplc.com](http://www.firstgroupplc.com)
- We base our business relationships on transparency, trust and accountability. We have a zero-tolerance approach to bribery, and never offer or accept any form of payment or incentive intended to improperly influence a business decision. The anti-bribery steering committee has the primary and day-to-day responsibility to ensure that our internal control systems and procedures are effective in countering bribery and corruption.
- We have an externally managed whistleblowing service available across the Group for colleagues with a helpline (online and phone-based) for the anonymous reporting of suspected wrongdoing or dangers at work. All reported issues or concerns to the hotline are taken seriously and investigated as appropriate, ensuring that confidentiality is respected at all times.

For further information on our governance arrangements, see pages 51 to 102.



## Customers

We are committed to our customers and passionate about improving customer experience and satisfaction. We keep our customers at the heart of everything we do, and our teams work hard to meet and exceed their expectations.

### How we engage

- Regular customer and passenger satisfaction surveys to identify what we do well and where we can improve
- Robust customer feedback processes through online and traditional channels
- Customer panels and events
- Ongoing dialogue with customer representative groups

Our five divisions have a varied mixture of customer types and revenue models. Some serve clients or partners such as local government, school boards or transportation authorities, while others deliver directly to passengers. Across all our divisions, the focus of our businesses is on delivering our vision, making travel smoother and life easier for the people using our services.

Our customers' requirements are complex and constantly evolving, so listening and identifying future needs and being able to respond quickly is critical. Our teams use a variety of methods to engage with customers, assessing satisfaction and gathering feedback.

The Board receives regular updates on matters relating to customers, including the results of customer surveys, and information and trends relating to customer satisfaction and feedback.

### Enhancing customer experience

In all of our divisions, we are striving to improve customer experience, delivering more convenient services, smarter, easier and more flexible ticketing, better real-time information, improved onboard amenities, and lower emission vehicles.

We are using technology and innovation to help to reduce complexity and deliver the best experience for our customers – from our new e-tickets in Greyhound and First Rail, to contactless payment in First Bus, convenient

online tools for tracking student conduct in First Student, and the latest SAV technology in First Transit. More information on reducing complexity for our customers can be found in the Business review on pages 14 to 24.

Within each of our divisions we are bringing low carbon transport services to market for our customers, using our expertise and experience with low emission technologies, and encouraging customers to make the modal shift from private vehicles to more efficient public transport modes. Across First Rail, we offer our customers web-based carbon comparison tools to help potential car drivers and air passengers to see the carbon benefits of their rail journey alternatives. More information on our carbon performance can be found on page 41.

### Accessible journeys

We are committed to supporting customers with disabilities or restricted mobility and recognise that access to public transport services is often fundamental to such customers' independence. Working with both national and local disability groups, we continue to invest in making our services more accessible and to improving the service we offer those with disabilities, for example, through better employee training or more accessible vehicles.

### Investing in customer service excellence

This year we continued to deliver high-quality customer service training for employees around the Group. In 2019 our SWR customer experience training programmes received national accreditation from the Institute of Customer Service, while colleagues from First Student and First Transit benefited from online customer service modules through our First America University portal. More information about customer service training across our divisions can be found on page 33.

### Delivering customer satisfaction

We use the results of regular surveys, and dialogue with our customers and our people to help shape our services.

We ask our customers for their views on the topics that matter to them, including service performance, safety and value for money. Our customer and passenger satisfaction surveys allow us to measure this, identifying what we do well and where we can improve.

First Student and First Transit conduct annual customer satisfaction surveys, offering our contract customers the opportunity to give their opinion about all aspects of our service.

In Greyhound, more than 70,000 passengers completed a post-trip survey on their travel experience this year, helping us to understand their journey better, and use this to improve our services.

In First Bus and First Rail, we use the insights gathered through surveys conducted by the independent passenger watchdog, Transport Focus. They consult a representative sample of passengers to produce the annual Bus Passenger Survey and twice-yearly National Rail Passenger Survey.

More information on our customer satisfaction KPIs can be found on page 40.

### Responding to customer feedback

We are working hard across our businesses to make our customer feedback processes more convenient and easier to use for our customers. For example, TPE became the first rail company in the UK to offer support via WhatsApp to customers this year.

In First Rail, we are taking steps to ensure that claiming compensation is as easy as possible for customers, which includes the introduction or enhancement of 'delay repay' systems. We hold regular customer panels and events throughout our networks so that passengers can hear the latest developments in their area, and ask questions of our management teams.

In First Bus, around 36,000 customers completed an online Tell First Bus survey this year, answering two simple questions about their experience to help us to identify areas for improvement to our services. Our contact centre also handles enquiries from customers about any aspect of their journey, helping over 220,000 First Bus customers last year.

In First Student this year we will be launching our new First Feedback platform, allowing customers, students and their families to tell us about their experience of using our services through an easy and convenient online platform.

### Improving on time performance and punctuality

We know that our customers want punctual, reliable transport services that get them where they want to be, when they want to be there. Good service performance has a major influence on customer satisfaction, so we constantly strive to improve our on time performance, punctuality and reliability.

More information on our punctuality KPIs can be found on page 39.



## Investors

FirstGroup is committed to ensuring that it promotes the success of the Company for the long term benefit of our members as a whole.

### How we engage

- Regular reports to the Board on investor relations activities
- Ongoing dialogue and individual engagement with shareholders
- Presentations from Executive Directors
- Annual report, website and statements

Engaging with shareholders and being fully aware of their range of views is one of the key aspects of corporate governance. The Group welcomes open, meaningful discussion with shareholders, particularly with regard to strategy, governance and remuneration. The Board receives regular reports on investor relations activities and, in particular, on shareholder sentiment and feedback, and senior management and Board members have engaged throughout the year on a range of matters with institutional shareholders, private or employee shareholders.

The Executive Directors are available, through the Group Corporate Services Director, to discuss the concerns of major shareholders at any time during the year and the Chairman is available to discuss governance and strategy with major shareholders. The Senior Independent Director is available to discuss matters of concern that would not be appropriate through normal channels of communication, including issues relating to the Chairman's performance. Non-Executive Directors make themselves available to attend meetings with shareholders in order to develop an understanding of their views, and any shareholders may meet informally with Directors at the AGM.

There is regular dialogue with key institutional shareholders, fund managers and sell-side analysts to discuss strategy, financial and operating performance throughout the Group. In the last year, Board members met with shareholders representing more than 50% of the issued share capital. General presentations to shareholders and the wider financial community are made by the Executive

Directors following the announcement of trading updates and half and full year results. The Company responds as necessary to requests from individual shareholders on a wide range of issues.

All investors are kept informed of key business activities, decisions, appointments and other key announcements on an ongoing basis via the regulatory news service and press releases. The Group's website ([www.firstgroupplc.com](http://www.firstgroupplc.com)) contains all of this information, together with financial reports, presentations and other information on the Group's operations.

The Remuneration Committee recognises that appropriate arrangements with respect to executive pay are of significant interest to shareholders. The Committee takes significant account of guidelines issued by the Investment Association, ISS and other shareholder bodies when setting the remuneration framework and seeks to maintain an active and constructive dialogue with investors in this area.

The Board continues to believe that ongoing engagement with shareholders and other stakeholders is vital to ensuring their views and perspectives are fully understood and taken into consideration. This will remain a key focus for the Board going forward.

For further information on our governance arrangements including remuneration, see pages 51 to 102.

### Performing sustainably

We participate in evaluations, ratings and rankings of our environmental, social and governance (ESG) performance. These provide insights to investors on our non-financial performance and demonstrate how we manage ESG risks and opportunities in a way that positions us well for the future.

We have been recognised for our ESG leadership, having being named in the FTSE4Good Index Series for the 17th consecutive year. Our above industry average results in the CDP global disclosure rating also demonstrate our commitment to climate change mitigation, adaptation and transparency.



### Government

Strong engagement with government at all levels is essential to all of our businesses in both the UK and North America.

#### How we engage

- Active participation in industry forums
- Direct engagement with policy makers
- Strong links with devolved national, regional, state and provincial governments
- Regular surveys of political stakeholders

We seek to engage with policymakers and influence the development of policy both directly, and through our trade organisations.

We are active members of RDG, the Confederation of Passenger Transport (CPT) and the American Public Transportation Association, which advocate with national/ federal government and regulators on behalf of the industries in which we operate.

At Group level, we maintain good relationships with both Government and Opposition policy teams and advisers, as well as significant parliamentarians, including select committee members and all-party parliamentary group officers. We conduct regular surveys of our political stakeholders to better understand and respond to their interests and needs.

Of equal importance is our relationship on the ground with local government. The elected representatives and officials who serve them are closest to our customers, their constituents. They use our services on a regular basis and have a keen understanding and stake in ensuring our services improve quality of life locally, by connecting people and communities.

Our North American businesses foster strong links with partners in all levels of government. First Student has a focus on local school districts, with whom it contracts to deliver student transportation services whilst First Transit has contracts at city/ municipal and state/ provincial levels. Greyhound engages at this level in relation to its locations and terminals, whilst maintaining strong links with federal Government with respect to national legislation and regulation, particularly around safety.

Devolution has created some key relationships for our UK businesses. In some areas, devolution has created overlapping responsibilities and interests in local and regional government on transport issues, which requires transparency and clarity on our engagement.

In the UK, the emerging cadre of elected mayors for city regions or combined authorities, together with MPs in the areas in which we operate are a key stakeholder group for our businesses. We also work closely with national governments in Scotland, principally through Transport Scotland and Wales, principally through Transport for Wales.

First Bus also works closely with a number of local authorities to pursue formal and informal partnerships which help us deliver better services through measures which cut road congestion and give priority to buses.

In First Rail, our TOCs engage regularly with the DfT, which, as the procuring authority letting franchise contracts, actively monitors our progress towards franchise targets and general performance.

Our franchised TOCs also deploy Regional Development Managers who liaise with local and regional government and other stakeholders, from user groups to significant employers and Local Enterprise Partnerships (business-led partnerships which steer local economic priorities and promote projects to drive economic growth and improve infrastructure in an area). Our South London-based company, Tram Operations Limited, contracts directly to the Mayor of London's transport agency and has a close working relationship. As a consequence, there is regular contact with London Assembly members and the Deputy Mayor for Transport.

We comply with the Lobbying (Scotland) Act 2016 regulations and key personnel are registered with the UK Lobbying Register. FirstGroup's gifts and hospitality policy is strictly adhered to when engaging with stakeholders at all levels.

Political donations are not a focus of our engagement with government. In the UK, we do not make political donations, following resolutions at the AGM. In the US, on limited occasions the businesses participate directly in the political process; all political donations are approved by our US General Counsel and must be legal, fully disclosed and comply with company policy. Greyhound has a political action committee, which pools campaign contributions from members and donates those funds to campaign on ballot initiatives or legislation, but it is not heavily used.



## Our people

We employ more than 100,000 people in depots, stations and offices across North America, the UK and beyond. Attracting, developing and retaining customer-orientated and skilled people is essential to delivering our Vision, getting our customers where they want to go with ease and convenience.

### How we engage

- 'Your Voice' employee engagement surveys
- Through our Employee Directors at Group and subsidiary level, and trade unions
- Site visits by senior managers
- Individual performance reviews and mentoring schemes

### Employee engagement and representation

All employees have the opportunity to make their voice heard through our employee engagement survey, 'Your Voice'. The survey measures employees' satisfaction with the way they are managed, the pride they feel in working for the business and how likely they are to recommend us to others as a great place to work.

This year our engagement scores ranged from 48% to 82%, with our largest division, First Student, recording a 12% increase in employee engagement since the previous survey. Action plans based on these survey results will drive progress on the issues that matter most to our employees in 2019/20.

In addition, regular dialogue is maintained with employee representatives throughout the Group, including more than 30 trade unions.

Since the founding of our business, we have been committed to promoting employee involvement at a local level. As a result, we are one of the few publicly listed companies that has an Employee Director appointed to our plc Board and also to the Boards of most of our UK operating companies.

This gives our Boards an employee viewpoint on matters affecting the direction and governance of our business. It also provides another route for employees' ideas and suggestions on a wide variety of topics, from new commercial

opportunities and efficiency to safety and employee wellbeing, to reach the Boardroom.

Employee Directors are elected by an independently supervised ballot of employees in their respective companies. The Group Employee Director is nominated by the Employee Directors' Forum. The appointment is then recommended to the Board by the Nomination Committee, prior to being confirmed by shareholders at the Company's AGM.

The Employee Directors' Forum meets in person twice a year and monthly by other means, to discuss issues of common interest. The Company provides formal training for all newly-elected Employee Directors, and also arranges two training sessions each year for the Employee Directors' Forum, backed by formal performance and development reviews. This ensures that our Employee Directors are supported to develop the skills and knowledge they need to be effective in their role.

For further information on our approach to corporate governance, and on our Group Employee Director, see pages 51 to 102.

### Investing in our employees

Each of our divisions continually considers the skills they will need to meet the future needs of the business. For all our divisions this has included an increased focus on customer service training and the development of strategies to address shortages in key roles.

### Customer service training

- During the course of the year, almost 14,000 employees have been trained in customer service skills through a variety of different programmes. These include 'Customer Service Excellence' in our First Student division, 'Great Experience Makers' and

'Momentum' in First Rail and 'Journey Makers' in First Bus.

### Addressing recruitment challenges

Like many employers, we are affected by the shortage of skilled engineers and mechanics on both sides of the Atlantic.

- In North America, we launched the 'First Transportation Training Center' in partnership with Baltimore City Community College to train young people in a range of relevant technical courses leading to nationally recognised qualifications. During the course, the students can also gain practical experience of working in our North American divisions and will be well placed to join us when they graduate in 2020.

With a tight labour market in both North America and the UK, all our Road divisions face similar challenges on driver recruitment and have taken steps to address it.

- First Student and First Transit created a 'Driver Shortage Task Force', which has already provided intensive recruitment support to more than 100 'critical locations' across the US and Canada.
- Greyhound refreshed its driver recruitment approach with targeted retention and referral bonuses and the introduction of fast track training for experienced drivers.
- In support of our commitment to increase the number of female applicants for all roles, First Bus has been piloting female-only recruitment events aimed at encouraging more women to apply for jobs as bus drivers.

### Future talent

- To build the talent we will need for future leadership positions, we have continued to expand our graduate recruitment programme. During the year we increased

## Graduate programme



'While I was at university, I started thinking about all the changes happening in the transport industry, and the work and collaboration which would be needed, and I wanted to be involved. FirstGroup is a great company and it provides me with a tremendous amount of support and development opportunities. The company has a well-established graduate programme and many of the graduates who joined before me now hold senior management roles across the Group.'

**Karel Manouan,**  
2018 Rail Operations Graduate



Find out more  
[www.firstgroupcareers.com](http://www.firstgroupcareers.com)



## Our stakeholders continued

the number of places offered from 22 to 27. In addition to opportunities in Engineering, Finance and Operational Management, we also launched a new graduate scheme in Property.

- In the UK, our apprenticeship schemes continue to be an important source of engineering and operational talent. 72 new apprentices joined our First Bus and First Rail divisions in 2018, bringing the total number of apprentices in training across the UK to 233.

### Diversity and inclusion

The more varied our workforce, the broader our expertise and the greater our opportunities for innovation and success. We are committed to equality of opportunity, diversity and inclusion at every level, both in our Boardroom and in our wider business.

### Gender diversity

As at 31 March 2019

● Female ● Male

#### Total employees<sup>1</sup>

2019	40.0%	60.0%
108,722	43,438	65,284
2018	38.9%	61.1%
107,116	41,648	65,414
2017	40.0%	59.9%
104,205	41,704	62,454

#### Senior managers<sup>2</sup>

2019	23.2%	76.8%
370	86	284
2018	22.3%	77.7%
350	78	272
2017	20.6%	79.4%
248	51	197

#### Board directors<sup>3</sup>

2019	20.0%	80.0%
10	2	8
2018	20.0%	80.0%
10	2	8
2017	11.1%	88.9%
9	1	8

1 In 2018, the gender of 54 of our employees was unknown (2017: 47).

2 Using the Companies' Act definition of 'any employee who has responsibility for planning, directing or controlling the activities of the Company or a strategically significant part of the Company'.

3 After the year end we appointed another female Board member, bringing the percentage of female Board directors to 27.2%. See page 55.

The overall proportion of female employees increased during the year to 40.0%, up from 38.9% in 2018, and the number of women in senior management has increased for the third consecutive year to 23.2% up from 18.0% in 2016.

FirstGroup is committed to improving the gender diversity of our workforce. We have four gender diversity commitments:

- Increase the numbers of female applicants for all roles
- Encourage more women to stay and progress
- Support and develop more women into higher paying roles
- Ensure men are more aware and can play their part in creating an inclusive workplace which is welcoming to women.

Details on the actions we are taking to deliver these commitments are contained in our UK Gender Pay Gap Report which can be found on our website at [www.firstgroupplc.com](http://www.firstgroupplc.com).

To support our commitment to encourage women to stay and progress, we have launched two new development programmes in the UK – 'Step Up' and the 'Women's Career Development Programme', aimed at women in non-management and management roles respectively. 75 women participated in these programmes during 2018 and further events are planned for 2019/20.



### Step up programme

"I left the 'Step Up' course amazed by the possibilities available to women like me within FirstGroup and impressed by the enthusiasm of everyone involved to reach new levels of success in the industry. The Programme has empowered me and my peers to push forward with our careers."

Gemma Byrne, Train Driver,  
Great Western Railway

Across the Group, we have policies and initiatives in place to promote diversity and inclusion, which this year have included:

- In 2018, GWR established an LGBTQ+ network called ASPECT, to promote workplace equality and inclusion. The network has already taken part in the Stonewall Workplace Index to benchmark performance, supported Pride events internally and externally, including the launch of a special rainbow designed Intercity Express Train, and joined Network Rail's group 'Archway' to share best practice.
- TPE has been ranked 26th in the Inclusive Top 50 UK Employers List – a definitive list of UK based organisations that promote inclusion across all protected characteristics, throughout each level of employment within an organisation.

### Health and wellbeing

A wide range of initiatives are in place across our divisions to help our people to stay healthy and active.

- During the year, both Greyhound and First Bus have provided wellbeing advice to drivers with a focus on healthy eating.
- Greyhound has also taken steps to prevent employees from suffering back injuries by providing training on lifting, stretching, and posture.
- GWR and SWR have continued their rollout of mobile health kiosks, with more than 7,000 employees using the kiosks during the year to obtain a personal health assessment, supported by information about how to maintain a healthy lifestyle.
- Our businesses are also providing support for employees' mental health and all offer access to free and confidential counselling.

- Full and fair consideration is given to applications for employment by people with disabilities. We are committed to supporting disabled employees, including employees who become disabled during their employment, with regards to training, career development and promotion. In 2018, we supported Victoria Snell, one of our TPE employees when she had her right leg amputated following a stress fracture that failed to heal. She is now back at work and using her experience to help promote disability awareness within First Rail.

See page 37 for information on our approach to safety, and page 47 for information on health and safety within our holistic approach to risk management.



## Communities

Strong community engagement helps us to sustain and improve the long term partnerships we have with our customers and wider stakeholders. We have well developed mechanisms in place to help us listen to and understand the needs of our communities, and we incorporate their feedback into our decision making processes.

### How we engage

- Comprehensive, well developed engagement plans and activities
- Regular dialogue, local events, stakeholder reports and surveys
- Community investment including charitable engagement and employee volunteering

### Our community engagement strategies

This year we have continued our focus on embedding community engagement practices at the local level across the Group, ensuring that our teams are going beyond their daily contact with our direct customers, and are listening, understanding and responding to the needs of our communities and wider stakeholders.

We continue to offer tools such as structured, standardised community engagement plans, and training on engagement techniques to employees at the local level across the Group.

We conduct regular surveys to seek the views of our communities, such as our annual stakeholder satisfaction surveys in First Rail. We use the results of these surveys to enhance our community engagement activities, and deepen the partnerships we have with our stakeholders and the customers and communities we serve.

### Working with charities

We also commit our time, skills and resources to help those charitable causes important to our communities, both locally and nationally. This year we supported hundreds of charitable organisations through corporate donations and gifts in kind, including donating advertising space and vehicle hires, event sponsorships and travel tickets.

In total, FirstGroup and our employees donated £3.6m during 2018/19, as measured by the London Benchmarking Group model for community impact. See page 41 for a more detailed breakdown of our contribution.

Our charitable programmes focus on those areas where we believe we can achieve the greatest impact:

- Through the promotion of education, employability and skills, our aim is to empower people to reach their full potential and change individual lives to help the communities we serve.
- By providing support to environmental projects aiming to reduce the impact of congestion on our communities by cutting carbon emissions, improving air quality and encouraging sustainable transport.

We use our unique resources as a transport provider, volunteering drivers and vehicles to support projects for our community partners. In the UK, we donate advertising space across our network to help our employee-chosen charity partner, Action for Children, to share their messages with millions of people (see case study on the right hand side of this page). Our employees provide further support, giving their time and effort to fundraise and support the causes they are passionate about.

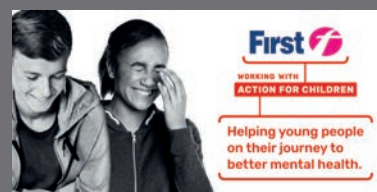
We collaborate with experts from the charity sector on issues that are important to our business, customers and communities. In the UK, we have worked with Guide Dogs for the Blind, Age UK and Railway Children, amongst others. Greyhound supports the Home Free programme in partnership with National Runaway Safeline, reuniting runaway children with their families.

Our programmes continue to be recognised as good practice, for example with GWR winning Best Promotional Partnership prize for a medium-sized company at the National Payroll Giving Excellence Awards this year. The award recognised the innovation and engagement methods used by GWR to make it as easy as possible for employees to sign up to our payroll giving scheme.

### Our Community Rail Partnerships and local community investment

First Rail works in partnership with local councils, the Association of Community Rail Partnerships and the DfT to provide funding, advice and support for Community Rail Partnerships (CRPs). Our CRPs work with their local communities to encourage rail travel. They develop volunteer support networks and help deliver station and service improvements.

In First Rail, we also provide support through our Customer and Communities Improvement Funds (CCIFs), investing in schemes along our lines of route that demonstrate real benefit to the community, meet a social need, and are not for commercial gain, in areas including education, social inclusion, transport integration, and the provision of better travel information. More information about the impact of our CCIF funding can be found on our First Rail websites.



### UK Charity of Choice partnership 2018 – 2021

FirstGroup is working with Action for Children, helping young people on their journey to better mental health.

Our three-year employee-chosen UK charity partnership aimed to achieve a partnership value of at least £1m – a target that has been exceeded after just 13 months thanks to the generous fundraising and volunteering of employees (who have run or cycled almost 2,700 miles so far), corporate donations, and the commercial value of digital and physical advertising space that we have gifted to the charity across our UK network.

Our support has allowed Action for Children to deliver over 240 hours of interventions, and to upskill 139 of the charity's employees to better help those children and families they see struggling with mental health problems.

Action for Children helps disadvantaged children across the UK through intervening early to stop neglect and abuse, fostering and adoption, supporting disabled children, and by campaigning tirelessly to make life better for children and families. With more than 550 services the charity improves the lives of more than 300,000 children, teenagers, parents and carers every year.



Find out more  
[www.firstgroupplc.com](http://www.firstgroupplc.com)



### Strategic partners and suppliers

Our key partners help us to understand and respond to the needs of our customers and stakeholders, through collaboration and sharing best practice. We work with more than 22,000 suppliers globally across our business, spending around £3.7bn each year on goods and services that help us deliver value to our customers and stakeholders.

#### How we engage

- Regular dialogue with key partners
- Collaboration in cross-industry forums
- Certified systems for collaborative supplier relationships
- Clear ethical and sustainability standards

#### Strategic partners

We work closely with our strategic partners across all our businesses. Our experience and strong operational track record allow us to maximise the potential from all our key relationships, irrespective of scale. For instance, our TOCs work closely with small local user groups and Community Rail Partnerships to provide enhanced services to specific communities; whilst also developing long term strategic alliances with Network Rail, a national infrastructure supplier.

Our local management teams are adept at mapping and understanding the needs of their local stakeholders; and developing partnerships which deliver enhanced services and value to both the business and the communities it serves. More information on our community engagement strategies can be found on page 35.

We also engage in strategic high-level partnerships through trade bodies, to ensure a coordinated response to industry-wide challenges, such as Brexit, or climate change. In First Rail, for example, we chair the Sustainable Development Steering Group for our industry representative body, the Rail Safety and Standards Board (RSSB), to help set sustainability goals for the rail industry and develop tools and guidance to support the industry transition to a lower carbon future.

#### Partnering with our supply chain

The suppliers we work with range from global companies to small, independent businesses. We aim to be a demanding customer but also a good one – approachable, and promoting both competition and collaboration within our supplier base.

We use a collaborative relationship management system, to provide us with clear, consistently applied processes to track performance. This approach provides a highly governed and structured process to select, segment and categorise our suppliers for relationship and performance management.

We share best practice internally through procurement, engineering and business forums and reports. This includes results from our supplier and customer collaboration surveys, highlighting things that are going well and others that require improvement.

In 2018, First Rail became certified to ISO44001 standard (formerly BS 11000) for collaborative working. We are now expanding these standards across other areas of our business. This will streamline our processes further and continue strengthening our working relationships with our supply chain.

#### Sustainable procurement

We work with suppliers in a fair, consistent and transparent manner and the Group has controls in place to ensure that all payments are made within the appropriate credit timeframe. The average credit period taken for trade purchases across our business is 31 days (2018: 29 days).

We also work with our suppliers to develop and deliver against environmental, social, and broader sustainability standards and objectives. We aim to ensure that goods and services are from sources that do not jeopardise human rights, safety, or the environment, and expect our suppliers to observe business principles and ethics consistent with our own. Our Group-wide Supplier Code of Conduct clearly sets out these expectations and is incorporated into our standard contracting terms and conditions with suppliers. We screen suppliers to assess the level of associated environmental and social risk and conduct audits and follow up issues identified where necessary.

We are working towards embedding the principles of BS 8903 for sustainable procurement into our UK procurement practices, which includes agents, contractors, external consultants, third-party representatives and business partners.



### Reducing the impacts of waste in First Rail

First Rail handled 6,927 tonnes of waste in 2018/19. Reducing our waste impacts means incorporating a 'low waste' ethos from the outset. Much of our waste consists of food and packaging left behind by our customers and we continue to cut the volume of packaging used in our catering service to reduce this source of waste. Initiatives such as delivering food directly to our customers at their seats can remove the need for unnecessary packaging. We have also implemented measures to reduce single-use plastics, and across parts of our networks, new water fountains and discounts for hot drinks in reusable cups have offered the opportunity to remove packaging completely.

We are also ensuring more of our waste is recycled by providing convenient recycling facilities at our stations and even sorting through our customers' waste for items which can be recycled.

This year SWR was recognised internally and externally for achieving excellence in waste management through innovation, engagement and partnership working. As part of this, we have engaged an innovative waste management company with access to a wide range of local suppliers and disposal options, which has helped us to meet stretching recycling targets and achieve our goal to send zero waste to landfill.

Across First Rail as a whole, we recycled 75% of our waste over the last year.



**Find out more**  
[www.firstgroupplc.com](http://www.firstgroupplc.com)



## Safety

Providing mobility for millions of customers every day is full of inherent challenges, but we are determined to achieve our goal of zero harm. It is our duty of care to ensure our customers and stakeholders can use our services, and our people can carry out their work, in total safety.

Always front of mind – safety is our way of life. Our commitment to the safety of our passengers, our employees and all stakeholders interacting with our businesses is unwavering, and is articulated through our Dedicated to safety value which applies in everything we do.

Every year our road and rail fleets carry more than 2.2bn people more than nine billion miles, and we are responsible for more than 100,000 employees. To do this safely, we maintain robust safety management systems throughout the Group, and a clear focus on ensuring compliance with policies, processes and procedures. Be Safe, our safety behavioural change programme builds on this, making safety a personal core value for every employee.

Notwithstanding our continued dedication to safety, sadly there were four employee fatalities across our operations this year. Three of those employee fatalities were due to collisions, one in each of First Student, First Bus and Greyhound. A fourth employee, from First Transit, was fatally injured in a workshop incident.

Sadly there were fourteen passenger fatalities across our divisions from a total of seven incidents. One of these incidents, a Greyhound collision, resulted in eight passenger fatalities, and the first employee fatality in over seven years of operation for the division, when a tractor trailer crossed the highway into our bus's lane of traffic.

These tragic events strengthen our resolve to achieve zero harm to our employees, passengers and anyone else we come into contact with in the course of our business.

### Safety leadership and governance

Our Executive Safety Committee (ESC) is chaired by the Chief Executive, and alongside our Board Safety Committee, is responsible for promoting a positive safety culture throughout the Group. Detailed information on our approach to safety governance and leadership can be found on page 55 to 56, and in our Board Safety Committee report on page 75. Information on employee health and wellbeing can be found on page 34.

### Progress towards zero harm

This year we have continued in our efforts to accelerate our progress towards achieving zero harm across the Group.

#### 2018/19 in focus

- Reduction of 3% in Employee Lost Time Injuries, and an 11% reduction in Passenger Injuries this year. More information on progress against our safety KPIs can be found on page 39.
- Launched three new Group-wide Global safety standards. These global standards drive a consistent approach in the three key safety areas of; safety validation of change, safety audit, and driver monitoring.
- Increased the number of our Be Safe coaches by 20. Our coaches support our people to deliver daily touchpoints (planned, positive safety coaching interactions) and weekly debriefs (collective feedback meetings to discuss touchpoints, share best practice and provide peer coaching at each location) as part of our Be Safe behaviour change programme (see case study, right).
- Used onboard technology more widely to aid driver performance and monitoring, drawing on expertise from our cross-divisional High Severity Collision Technology working group.
- Enhanced our near miss reporting process to give greater consistency and improve ease of reporting by giving access through our 'Employee Connect' app.
- Improved our use of data analytics to give greater insight into the causes of incidents and shape our actions to prevent them in future.
- Rewarded outstanding dedication to safety through our employee recognition Be First Awards. Employees from across the Group were nominated by their peers for our Dedicated to Safety award, showcasing the very best in safety performance.
- Continued to collaborate and share safety best practice with peers and stakeholders through industry groups, including RSSB, CPT (in the UK), the Campbell Institute (in the US), and the American Bus Association's Bus Industry Safety Council.



## Be Safe

To support our robust safety management processes, policies and procedures, we continue to invest time, effort and resource into our Be Safe behaviour change programme across the Group.

It focuses on our objective of zero harm and making safety a personal core value for our employees. The programme centres on positive reinforcements of correct safety behaviours and group discussions for knowledge sharing and strengthened understanding around best practice.

We have held 73,000 safety debriefs since the programme began in 2016 (of which 31,000 were held this year), which has included everyone from senior leaders through to front line employees. This helps us to grow a deeper culture of safety and ensure our behaviours complement and drive the actions needed to continually improve our safety performance.

Although behavioural change takes time, we have seen an improvement in Employee Lost Time Injuries, and Passenger Injuries, in each of the three years to March 2019.

As the programme continues to be embedded across the business, we are working on the quality of our interactions – doing things well, coaching others, having more engaging conversations and building safety critical behaviours into our annual planning so that we continue to achieve sustainable improvement.



Find out more  
[www.firstgroupplc.com](http://www.firstgroupplc.com)