

Our stakeholders

We believe that strong engagement, collaboration and dialogue are critical to the effectiveness of our long-term relationships with key stakeholders.

This includes our 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 high ethical and moral standards in all our interactions. Our values and ethical commitment shape 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.

Our Code of Ethics applies to everybody working for, or on behalf of, FirstGroup. The code sets out the standards that our customers and stakeholders expect of us, and which we expect of each other. It is supported by detailed policies and procedures which apply across the Group and are implemented and managed by the senior management team in each of our divisions, including our Code of Conduct on Anti-Slavery and Human Trafficking Prevention and our Anti-Bribery Policy.

We are committed to recognising human rights on a global basis. 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. We have a zero-tolerance approach to any violations within our Company or by business partners. Our Modern Slavery and Human

Trafficking Statement, which is updated annually, 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.

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. Equally, we support free and open competition, gaining our competitive advantage by providing the highest level of service, not through unethical or illegal business practices. We have internal control systems and procedures in place to counter bribery and corruption, and to ensure that we comply with competition and trade laws.

Similarly, we respect and protect the privacy of our customers, employees and stakeholders, and are committed to conducting our business in accordance with all applicable data protection legislation, including the General Data Protection Regulation, UK Data Protection Act and the California Consumer Privacy Act.

We have an externally managed whistleblowing service for colleagues available across the Group 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 75 to 134.



Customers

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

How we engage with customers

- 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

Board engagement on customers this year

- Monitoring the embedding of the Group's customer-centric vision
- Monthly customer updates by the Chief Executive
- Specific customer updates from the Group Corporate Services Director and Chief Information Officer as required
- Updates from divisional leadership teams as required

Our five divisions have a varied mixture of customer types and revenue models. While some deliver directly to passengers, others serve clients or partners such as states, local government, school boards or transportation authorities and private organisations, like airports and universities. Across all our divisions, however, the focus of our businesses is on delivering our Vision; providing easy and convenient mobility, improving quality of life by connecting people and communities (see page 16 for more on our Vision and Values).

Our customers' requirements are complex and constantly evolving, so listening, identifying future needs and being able to respond quickly is critical. In some cases, like our rail franchises, collecting and responding to customer feedback forms is stipulated in our contracts. Our teams use a variety of channels and approaches to engage with customers, assessing satisfaction and gathering feedback.

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.



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.

Supporting customers during the coronavirus pandemic

Our primary concern since the start of the coronavirus pandemic has been to protect our customers and colleagues as we continue to run vital services.

We have continued to follow the latest guidelines from local and national governments, the World Health Organization and relevant advisory bodies, such as Public Health England. We have implemented enhanced cleaning of vehicles and have introduced social distancing measures to help our customers adhere to government guidelines.

Our customers have responded positively to the action taken by our companies to deploy our people, vehicles and logistics to good effect, going above and beyond typical transport operations by providing direct support for families and communities.

At East Bay Paratransit in San Francisco for example, our First Transit drivers delivered food to 2,400 housebound seniors through SOS Meals on Wheels, a local non-profit organisation, whilst the First Student team helped to deliver curriculum packets to approximately 7,000 elementary students across Buffalo, New York. Greyhound has worked with partners in moving vital cargo, including food and medical supplies, across its network.

In the UK, we supported our partners at York City Council who were facing a shortage of drivers for refuse vehicles the city, with First York bus drivers working on a loan basis from First Bus rather than being furloughed. These, and the many other examples besides, make us immensely proud of our colleagues across the Group for their commitment to our customers and communities during such unprecedented times.

More information on our response to the coronavirus pandemic can be found in the Chief Executive's statement on pages 9 and 10, and our Safety section on pages 42 and 43.

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 on-board amenities, and lower emission vehicles.



“
This is a chance to use our skills to support our local partners during lockdown and help other essential services continue to run as normally as possible.
”

First Bus driver, Robert Dande, supporting York City Council

We are using technology and innovation to help to reduce complexity and deliver the best experience for our customers – from e-tickets in Greyhound and First Rail, to convenient online tools for student conduct in First Student, and the latest SAV technology in First Transit.

For example, this year we completed the transition to paperless boarding in Greyhound; now every driver can board customers quickly and efficiently with their driver device.

We have also made it much easier for First Bus customers to pay through mobile and contactless ticketing, with more than half the division's revenue now coming through digital channels. We were the first major bus operator to offer contactless payment for all customers on every bus.

Our First Bus passenger app reached 1m monthly active users during the year, and in May 2020 we became the first major bus operator to offer our customers live tracking of not only the location of their next bus, but also its available capacity, via our mobile app. This innovative functionality supports our customers in social distancing and allows them to make informed decisions about their essential journeys.

In First Rail, we continue to deliver on our commitment to modernise ticketing and increase convenience for our customers. In SWR this year we launched Tap2Go, a new account-based ticketing system on services outside London. Once registered with Tap2Go, customers no longer need to buy a ticket before their journey. Instead our system works out the best daily fare when a customer touches in and out with their Tap2Go enabled smartcard. More than half of SWR journeys are made with smart tickets now.

Our businesses that provide long-distance journeys for customers are ensuring that time spent travelling can be productive and entertaining. Our TOCs offer free Wi-Fi and we are trialling 5G technology on board our trains. In Greyhound, we have deployed a world class on-board entertainment programme across our fleet, including revenue generating Wi-Fi offerings and content and channel programming which has led to double digit improvements in customer satisfaction, as measured through our Net Promoter Score.

Technology and innovation is also helping to bring our low- and zero-carbon transport services to market for our customers across the Group. We're taking action to combat climate change and improve local air quality by delivering low- and zero-emission mobility solutions, and encouraging customers to make the modal shift from private vehicles to more efficient public transport modes. More information on our ambition for zero-carbon, improving air quality and making the shift to our bus and rail services can be found on page 39 and 40.

More information on enhancing customer experience can be found in the Business review on pages 18 to 27.

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 their 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 more effective employee training or more accessible vehicles.

First Bus was a launch partner with the DfT on the UK Government's 'It's Everyone's Journey' campaign which is designed to get passengers to be more considerate of their fellow travellers, in particular those with disabilities, with the bus minister attending a launch event at First West of England in Bristol in February 2020.

Two of our TOCs, Hull Trains and TPE, have adopted the 'Sunflower Lanyard', which provides a simple means for customers to indicate that they have a non-visible disability, and may need assistance or additional consideration when travelling. Our newest franchise, Avanti West Coast has a programme of accessibility and wayfinding audits at stations and, along with other TOCs, has plans to install Changing Places toilets at some stations for customers with more complex needs who require adult changing facilities.

Our stakeholders continued

Investing in customer service excellence

This year we continued to deliver high-quality customer service training. In TPE and SWR, our customer experience training programmes received national accreditation from the Institute of Customer Service, holding Creating Great Customer Experiences events for nearly 2,000 colleagues and employees from partner organisations like Network Rail over the past year.

Colleagues from First Student and First Transit benefited from online customer service training modules through our First America University portal, and in First Bus our Journey Makers training has continued to be rolled out across the business. More information about customer service training across our divisions can be found on page 50.

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. We also link remuneration to customer satisfaction scores for our senior divisional and Group leadership teams.

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, and First Transit undertakes mystery shopper exercises for a number of shuttle clients.

In Greyhound, more than 108,000 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 (NRPS). Taken with mystery shopping feedback and social media sentiment, this creates overarching measures of customer sentiment that informs the way we shape and develop our services.

More information on our customer satisfaction KPIs can be found on pages 56 and 57.



Responding to customer feedback

We are working across our businesses to make our customer feedback processes more convenient and easier to use for our customers. For example, TPE was the first rail company in the UK to offer support via WhatsApp to customers; SWR now uses this channel to proactively to support its 'Assisted boarding' scheme for customers with mobility issues.

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. Avanti West Coast has begun to establish the five independently chaired panels it has committed to run as part of its contract, to help engage with customers along its routes.

In First Bus, around 31,000 customers completed an online Tell First Bus survey this year, which is promoted via websites, social media and posters on our vehicles. Our contact centre also handles enquiries from customers about any aspect of their journey, with more than 410,000 customer interactions last year across a range of channels, including phone, web, email and Twitter.

In First Student this year we launched our 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 55.



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 with investors

- Presentations from Executive Directors
- Annual report, website and statements
- Ongoing dialogue and individual engagement with shareholders
- Engagement via Investor Relations function with potential investors and other market participants

Board engagement on investors this year

- Monthly updates by the Chief Executive
- Regular reports to the Board on investor relations activities and periodic updates by the Group Corporate Services Director and corporate brokers
- Regular meetings and calls held with large investors by the Chairman and the Senior Independent Director
- Engagement on remuneration matters via the Remuneration Committee Chair
- Meetings and calls with investor representatives – ISS, Glass Lewis, IA
- General Meeting requisitioned by major shareholder Coast Capital – June 2019
- AGM – July 2019

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 on all matters, but particularly with regard to strategy, governance and remuneration.

The Board receives regular reports on investor relations activities from the Company and, in particular, on shareholder sentiment and feedback from our corporate brokers. 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 Investor Relations team, to discuss the Group's progress, strategy and plans with major shareholders at any time during the year and since his appointment in August 2019 Chairman David Martin has regularly engaged with large shareholders to fully understand their views on governance, corporate strategy and other matters.

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 (in a normal year) 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 approximately half of the issued share capital prior to the notice requisitioning a General Meeting by Coast Capital (described further on page 91), and engaged with shareholders representing more than three quarters of the issued share capital immediately prior to that General Meeting and thereafter to explore their views.

An active dialogue with investor groups such as the Investment Association, and Investor Forum, as well as proxy advisory firms, has also been maintained this year.

General presentations to shareholders and the wider financial community are made by the Executive Directors following trading updates and half and full year results and these are attended from time to time by the Chairman. 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 tempo of updates was increased to keep investors informed as the impact of the coronavirus pandemic on the Group's operations evolved. The Group's website (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 high 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 believes that ongoing engagement with shareholders and other stakeholders is vital to ensuring their views and perspectives are fully understood and taken into consideration, and sustaining a high level of dialogue with investors remains a key focus of the Board going forward.

Further information on our governance arrangements including remuneration, can be found in the Governance section which starts on page 76.

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 strongly for the future.

We have been recognised for our ESG leadership, having been named in the FTSE4Good Index Series for the 18th consecutive year.

Our above-average results (compared to our industry peers) 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 our businesses in both the UK and North America.

How we engage with government

- Engagement with industry forums
- Direct engagement with policymakers
- Strong links with devolved national, regional, state and provincial governments
- Regular surveys of political stakeholders

Board engagement on governmental issues this year

- Meetings, calls and correspondence with the regulator (FRC) by the Audit Committee Chair
- Monthly updates by the Chief Executive
- Updates by the Group Corporate Services Director and Group Head of Policy and Public Affairs as required
- Updates from divisional leadership teams as required on specific initiatives

At Group level, we have long-established strong relationships with government officials as well as positive interactions with ministers and both government and opposition policy teams and advisers, as well as significant political influencers, including Parliamentary and Congressional committee members. We use our market leading positions to inform our contributions to policy development and engage meaningfully with decision-makers and promote the most effective form of private sector transport provision in our respective markets.

We also engage with policymakers and seek to influence the development of policy both directly, and through our trade organisations, including RDG, CPT, NSTA and APTA, which advocate with national or federal government and regulators on behalf of our sector.

This has been particularly true in response to the coronavirus pandemic, where we have shown leadership in these forums and helped shape and deliver policy and funding responses from governments. This has allowed us to continue providing services to key workers

Our stakeholders continued

and maintain essential transport networks across all our sectors, as well as planning for a smooth and sustainable recovery of services as lockdown eases and demand for transport increases in our markets.

Of equal importance is our relationship on the ground with state administrations and local government. 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, as well as school transport associations at state level. First Transit engages in the main with cities, counties and municipalities. Greyhound engages at state and provincial level in relation to its locations and terminals, whilst maintaining strong links with federal government with respect to national legislation and regulation, particularly around road safety issues.

For all our North American businesses, the importance of securing federal coronavirus funding, distributed by state and provincial administrations, has meant a greater than normal focus on engagement at those levels.

We have engaged positively and proactively with the devolutionary framework which has developed in the UK to create strong relationships with regional leaders. Elected mayors for city regions or combined authorities, together with MPs in the areas in which we operate, are a key stakeholder group. We also work closely with regional bodies like Transport for the North, which provides an important focal point for leaders across the North, as well as national governments in Scotland and Wales, principally through Transport Scotland and Transport for Wales. Our businesses conduct regular surveys of our political stakeholders to better understand and respond to their interests and needs.

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. For those councils identified by national governments as needing to take urgent action on air quality, we are a key partner in helping develop Clean Air Zones. In both cases, our expertise and experience helps local authorities identify and successfully bid into national funding streams.

This commitment to, and experience of, effective local and regional partnerships, underpins our advocacy for policy solutions which ensure that the experience and expertise of private operators remain central to the delivery of customer-focused bus services.

In First Rail, our TOCs engage regularly with the DfT, which, as the procuring authority letting franchise contracts, actively monitors our performance and progress towards franchise targets. Our franchised TOCs also deploy Regional Development Managers who liaise with local and regional government, local businesses, user groups and others.

Our newer franchises, like Avanti, have committed franchise obligations to ensure regular engagement with stakeholders, including through the establishment of forums and groups along the route.

Tram Operations Limited (which operates in South London) contracts directly with 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 – in 2019/20 this included giving evidence to an inquiry by the London Assembly's Transport Committee.

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.

In line with Company policy, we do not make political donations in the UK, and the US businesses only participate directly in the political process on limited occasions. In the US, all political donations are approved by our US General Counsel to ensure that they comply with all relevant laws and are properly disclosed.

Greyhound has a political action committee, which pools campaign contributions from members or employees and donates those funds to campaign on ballot initiatives or legislation, but it is not heavily used.

Please see page 91 for how we responded to shareholder feedback on political donations and page 132 for our approach to political donations in general and how we intend to cover it at this year's AGM.



Our people

More than 100,000 FirstGroup employees work in depots, stations and offices across North America, the UK and beyond, to deliver great service to our millions of passengers.

How we engage with our people

- Regular 'Your Voice' employee engagement surveys
- Dialogue with employee representatives, including Employee Directors and trade unions
- Inductions, onboarding sessions and employee handbooks
- Multiple internal communications channels, including our intranet, briefings, newsletters and our employee mobile apps
- Individual performance reviews and development discussions

Board engagement on people issues this year

- The Group Employee Director attends all Board and Committee meetings
- The Chief Executive attends every Employee Directors' Forum, and the Chairman (and his predecessor) attended the Forum in 2019
- The Group Employee Director visits our UK sites to understand employees' views and local perspectives. He is assisted by the network of Employee Directors
- Site visits by members of the Board, in particular as part of their induction programme, provide direct interaction with employees
- Specific updates from the Chief Executive, Group Corporate Services Director and Group HR Director on people issues, for example on talent and succession planning

Supporting our employees during the coronavirus pandemic

Since the start of the coronavirus pandemic, our primary concern has been to protect our customers and colleagues as we continue

to run vital services. Comprehensive safety measures designed to limit the spread of coronavirus were implemented as soon as the pandemic began, and are detailed in the safety section on pages 42 and 43.

We recognise that this has been an extremely difficult and uncertain time. Accordingly, we have taken a number of additional steps to support our employees with all aspects of their welfare, including:

- **Vulnerable employees:** we took steps to protect those who were most at risk, and we reminded all employees about the provisions in place in each of our divisions to support mental health and wellbeing.
- **Homeworking:** technology and associated systems support were provided to enable employees to work effectively at home wherever the nature of their role made this possible.
- **Communications:** we used multiple channels to keep in touch with our employees to convey important information, maintain engagement and prevent social isolation. The Chief Executive, and divisional leaders, recorded regular video updates which supported business-specific communications issued via the intranet, email, newsletters, management briefings and our employee apps. Our mobile apps have seen particularly large increases in the numbers of users during this time.

Employee engagement and representation

Our regular 'Your Voice' engagement surveys give employees the opportunity to express their satisfaction with the way they are managed, the pride they feel in working for the business and how likely they are to recommend FirstGroup to others as a great place to work.

During 2019, surveys were carried out in First Bus and First Rail. Engagement scores in every participating business were up on the previous year's score and ranged from 59% to 83%.

Throughout the Group, regular dialogue is maintained with employee representatives, including more than 30 trade unions and our employee-elected Employee Directors.

Employee Directors

We are committed to promoting employee involvement at every level of the business and we are proud to be one of the few publicly listed companies with Employee Directors to engage with its workforce in the UK. This gives the Boards of our bus and rail operating companies an employee viewpoint on matters affecting the direction and governance of our business as well as providing an additional route for

employee feedback on a wide variety of topics, from share ownership and innovation to new commercial opportunities and efficiencies.

Employee Directors are elected by an independently supervised ballot of employees in their respective companies, whilst the Group Employee Director is elected by the Employee Directors' Forum.

The Employee Directors' Forum meets in person twice a year and monthly by other means. They also collaborate and share experience on a regional basis. FirstGroup provides a formal induction for all newly elected Employee Directors, and two training sessions each year for the Employee Directors' Forum as a team.

These sessions are designed to develop their leadership, communication and influencing skills. In addition, each Employee Director undergoes a formal performance and development review with their Managing Director. This ensures they are supported to develop the skills and knowledge they need to be effective in their role.

We were delighted to welcome three female Employee Directors this year. Sally Bennett was elected as the Employee Director at GWR, Natalie Rees was elected as the Employee Director at First Cymru in First Bus, and Elizabeth Power was elected as the Employee Director at Avanti.



Left to right: Sally Bennett and Natalie Rees

Further information on our corporate governance framework, including our Group Employee Directors, can be found on page 82.

Diversity and inclusion

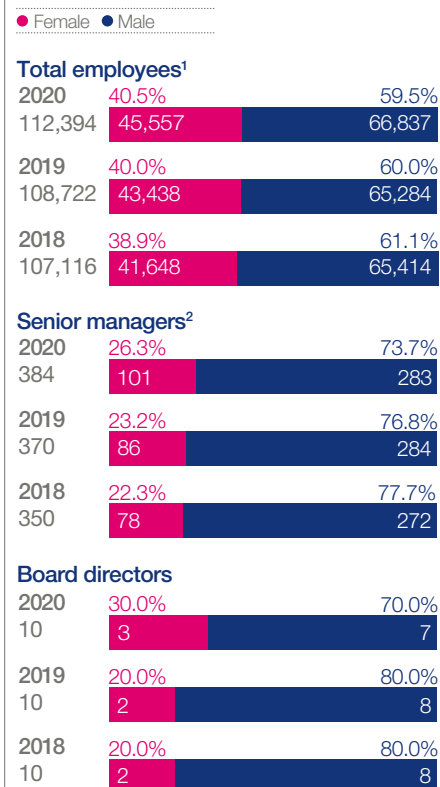
To understand the needs of our customers, our workforce must reflect the diversity of the communities we serve. To support this, we are committed to making our workplaces inclusive for all our employees.

The overall proportion of female employees in the Group remained steady this year at 40.5% (2019: 40.0%). The proportion of women in senior management positions has continued to increase, up from 23.2% in 2019 to 26.3% this year.

At Board level, 30% of our Non-Executive Directors are women. Our full gender diversity snapshot, as at 31 March 2020, is shown in the table below. For more information on our approach to Board diversity, and for details of our submission to the 2019 Hampton-Alexander Review, please see page 97.

Gender diversity

As at 31 March 2020



1 In 2020, the gender of 54 of our employees was unknown (2019: 0; 2018: 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'.

Improving diversity

During the year we have continued to make progress on our four commitments to improve gender diversity, which are to:

- Increase the number 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 that is welcoming to women.

Our stakeholders continued

Information on the actions we are taking in support of each commitment is contained in our 2019 Gender Pay Gap Report which can be found at www.firstgroupplc.com.

More than 100 women have already participated in our dedicated development programmes, with further courses planned in 2020. 'Step Up' supports women to prepare for and attain their first management or supervisory role, while our 'Women's Career Development Programme' aims to help women in middle management roles progress to senior leadership positions.



“The 'Step Up' course helped me prepare for job applications and interviews and gave me an insight into the leadership and management qualities I would need to progress. I've since been promoted into a team leader role and will use the skills I learned to develop further in future.”

Shannon Fox, Maintenance Team Leader, South Western Railway

We recognise that even more needs to be done to build a pipeline of talented women to fill positions at all levels of management. As a result, we have introduced a third development programme, 'Step Forward', to support women in junior managerial roles to prepare for middle management jobs. Twenty women from across our UK businesses are already participating in a pilot programme, with plans to run further events in 2020.

We also recognise that more needs to be done to support the attraction, retention and career progression of people from a black, Asian and minority ethnic (BAME) background across the passenger transport sector. In the US, of those employees who disclosed their ethnic origin this year, 51.3% were from an ethnic minority background. In the UK, data on ethnicity has only been collected at recruitment for the last few years, so our overall workforce data is less comprehensive than in the US. Ensuring our job adverts show diverse employees and are visible to a broader pool of candidates, and implementing

unconscious bias training for hiring managers, have all helped to increase BAME hires in the UK from 12% to 15% in 2019/20; 36% of our 2019 graduate intake were from a BAME background. Our key area of focus in the coming year is to increase the proportion of BAME managers across the Group.

During the year, all of our businesses have taken action to make our workplaces more inclusive. Greyhound, First Bus, and our larger rail franchises have all implemented unconscious bias training to make managers more aware of, and therefore better able to, overcome any discrimination within the workplace.

Other actions taken this year to promote diversity and inclusion include:

- First Bus and First Rail both supported PRIDE events across their networks; for example, SWR was an official partner of Southampton PRIDE 2019.
- The partnership between First Rail and The Prince's Trust continues to provide work placements and mentoring for disadvantaged young people.

Across the Group, 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 the course of their employment with the Group, with regards to training, career development and promotion.

Training and development

Each of our divisions provides training to enable employees to deliver great service for our customers, including new programmes like 'Leading with a service mindset' in First Transit alongside established programmes such as Journey Makers in First Bus.

The needs of some of our customers mean that additional training is required for the employees who transport them. First Student, in partnership with Cincinnati Children's Hospital, has developed the 'First Serves' programme for drivers whose role it is to transport children with special needs. The course was piloted in several First Student locations during 2019 and will be extended further during 2020.

In order to address the shortage of engineering and maintenance skills affecting many employers, several schemes are underway in different locations across North America to provide technician apprentice training before or at the beginning of maintenance careers in First Student and First Transit. This allows maintenance staff to earn while they learn, by driving for us alongside their maintenance training.

Building future capability

In North America, our new college recruitment scheme, 'Aspiring Managers', is bringing new talent into the business. Ten graduates have joined in a variety of operational and corporate roles across First Student and First Transit, and a further 20 will join in 2021. In Greyhound, we continue to run the 'Top Dog' talent development programme for high-potential employees.

In the UK, our graduate and apprenticeship programmes remain important sources of engineering and leadership talent. We currently have 186 apprentices in training across the UK, and 18 graduates joined us in a variety of engineering and operational management roles in 2019. We have continued to promote our opportunities to female undergraduates, and are pleased that as a result, women made up 39% of our 2019 UK graduate intake, up from 25% in 2017.



“I used to work in childcare, but as my daughter got older, I decided it was time for something different and went back to university as a mature student in mechanical engineering.”

The First Bus engineering graduate scheme really appealed to me as I wanted to be able to get hands-on with the buses. Everyone has been really supportive and I know that there are a huge number of career opportunities open to me.

Laura Dixon, Engineering Management Graduate, First Bus Operations Graduate

Health and wellbeing

We actively encourage our employees to take care of their physical and mental health and have a range of initiatives in place across our operating companies to support them.

For example, in First Bus this year our wellbeing campaign for drivers focused on the importance of sleep and nutrition in maintaining physical wellbeing. Avanti provides health and wellbeing events across its network to educate employees about the importance of maintaining a healthy lifestyle.

In North America, we continue to offer the Greyhound 'Healthy Hound' programme, and this year more than 560 Greyhound employees have received training on safe lifting techniques to prevent back injuries and reduce time lost through employee absence.

In First Student and First Transit our new employee wellbeing strategy is supported by regional wellbeing champions, and incorporates both physical and mental wellbeing initiatives.

We recognise that good mental health enables our employees to work safely and provide great service to our customers. In the UK, we have introduced mental health first aiders, who have been trained to recognise the signs that someone may be experiencing an issue, to offer initial support and direct them to appropriate help if required. We now have mental health first aiders across First Bus and the majority of our rail franchises. In addition, all of our businesses offer employees access to free, confidential counselling.

Mental health at work

Chris Gunns, a Sheffield train guard, has spoken publicly about his own battles with mental health issues in a bid to encourage other men to talk – particularly those in the rail industry. Since being diagnosed with clinical depression in 2006, Chris has launched his own blog and now campaigns to raise awareness of mental health issues.



“It’s important to take that first step and talk to people about mental health – once you’ve done it you’ll feel a weight off your shoulders.”

Chris Gunns, TransPennine Express



Communities

We aim to be the partner of choice for the communities we serve. We listen and use feedback from our communities to better understand their needs, and bring this insight into everything we do.

How we engage with our communities

- Targeted engagement plans and activities
- Regular dialogue, events and direct engagement activities
- Stakeholder reports and surveys
- Community investment, charitable engagement and employee volunteering

Board engagement on communities this year

- Monthly updates by the Chief Executive
- Specific updates from the Group Corporate Services Director and the Group Director of Corporate Responsibility on community issues as required
- Updates from divisional leadership teams as required

Supporting our communities during the coronavirus pandemic

We are proud of the community support our teams have provided during the coronavirus pandemic, going above and beyond to help our communities in the most difficult of times.

This has included the distribution of food supplies to vulnerable families; the movement of medical supplies and safety kits around our networks; the delivery of schoolwork for students; donations of food and supplies; and enabling employees to take time away from duties to volunteer for charities, community groups and other organisations.

In Greyhound, we launched 'Rides for Responders', a programme that provides free travel for medical personnel and first responders who need to travel during the coronavirus pandemic. We have also supported the National Guard with transportation to cities that are building temporary hospital facilities.

Through our long-standing Greyhound programme, 'Home Free', in partnership with the National Runaway Safeline, we have continued to provide free tickets home to runaway and homeless youth. The programme has seen an influx of calls related to the coronavirus pandemic due to stay-at-home orders across the US.

Greyhound has also continued to work with partners to move vital cargo across our network, including medical supplies and essential foodstuffs.

First Bus has responded to community requests for service modifications to cater for shifts of key NHS staff, including some bespoke NHS services in South Yorkshire, Scotland and Hampshire.

Avanti, GWR and TPE have released employees with vital skills in order to support partner organisations during the pandemic, including NHS volunteers, pharmacists, police drone pilots, armed services reservists, paramedics and special constables to help the response efforts, providing hundreds of hours of support for the communities we serve.

After a pioneering trial that included GWR, the Rail to Refuge scheme, designed in partnership with Women's Aid to provide free assistance to those fleeing abuse in their own home during lockdown, went nationwide and was adopted by all rail companies for the duration of the coronavirus lockdown period.

Our TOCs are also donating food and other supplies that can no longer be served on board. Donations so far have gone to organisations including South Western Ambulance Service, North Bristol Food Bank, Fareshare South West, Torbay General Hospital, Derriford Hospital Plymouth, Cheltenham Hospital and Quwwat-ul-Islam Mosque in London.

More information on our community response to the pandemic can be found on pages 2 and 3.

Community engagement strategies

Throughout the year across the Group our teams have continued to establish community engagement plans at a local level, ensuring that they 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.

Our stakeholders continued

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 that are 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 North America, we have continued to 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.

Our employees provide further support, giving their time and effort to fundraise and support the causes they are passionate about. In the UK, colleagues have donated to charity through their pay, with over £160,000 given through our Payroll Giving scheme this year.

In total, FirstGroup and our employees donated £3.7m during 2019/20, as measured by the London Benchmarking Group model for community impact. See page 57 for a more detailed breakdown of our contribution.

Our Community Rail Partnerships and local community investment

In First Rail, we work in partnership with local councils, the Community Rail Network (previously known as 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.

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.

Our UK Charity of Choice partnership 2018-2021: Action for Children

Now two years into our three-year employee-chosen charity partnership with Action for Children, the partnership is valued at over £2.1m in corporate donations, employee fundraising and the commercial value of gifts in kind.

In 2020, the success of our partnership was recognised at the ThirdSector Business Charity Awards, winning in the Automotive and Transport category.

This award reflects the community spirit of FirstGroup colleagues across the UK who continue to find innovative ways to raise funds and awareness for the charity, including setting a Guinness World Record for skipping, sky dives, auctions, bake sales and Three Peaks Challenges.

Through our partnership, Action for Children benefits from gifted advertising space and travel support across our bus and rail network, as well as the support of employee volunteers, fundraisers and over 30 charity champions in our workplaces around the UK.

Our fourth annual Graduate Charity Challenge achieved a fundraising total of over £13,000 for Action for Children this year, raising vital funds and awareness to help young people on their journey to better mental health.

Thanks to our support, Action for Children has been able to deliver more than 500 hours of mental health interventions in our communities and upskill more than 230 of their employees around mental health.

In the year ahead, thanks to FirstGroup funding, 3,500 primary school children will benefit through the delivery of FRIENDS, an early intervention and prevention programme that builds mental health resilience in children aged 4 to 11.

Action for Children protects and supports vulnerable children and young people by providing practical and emotional care and support, ensuring their voices are heard and campaigning to bring lasting improvements to their lives.

With 476 services in communities across the country, the charity helps more than 387,000 children, teenagers, parents and carers a year. Find out more by visiting www.actionforchildren.org.uk.



Strategic partners and suppliers

Our key partners help us to understand and respond to the needs of our customers and stakeholders, through collaboration and the sharing of best practice. We work with more than 30,000 suppliers globally across our business, spending around £4.4bn each year on goods and services that help us deliver value to our customers and stakeholders.

How we engage with strategic partners and suppliers

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

Board engagement on suppliers and partners this year

- Monthly updates by the Chief Executive
- Updates as required by the Group Tax & Treasury Director who leads on procurement and supplier matters
- Updates from divisional leadership teams as required

Working with our strategic partners and suppliers during the coronavirus pandemic

Like many organisations, we have responded rapidly and comprehensively to mitigate potential disruption to our supply chain during the coronavirus pandemic.

Public transport has played a vital role in keeping essential workers moving during the crisis, and our swift and thorough procurement efforts have supported the safe and effective delivery of our services throughout this time.

Our efforts have been led by a dedicated procurement taskforce, which was set up to review and manage coronavirus risks to our supply chains across our divisions and the Group.

This has included workstreams in the following areas:

- Key supplier engagement – including assessments conducted with all of our key suppliers to identify the operational risks and impacts of the coronavirus pandemic on our supply chain. This has been kept under constant review throughout the pandemic.
- Regular dialogue with these key suppliers – including planning for the transition back to a ‘new normal’ operation as our bus and rail services increase.
- Procurement activity to support the robust safety measures that were implemented by the Group to help limit, as far as we possibly can, the spread of coronavirus – including the sourcing and supply of PPE and specialist equipment, with rigorous processes in place to ensure full validation of the authenticity and certification of these critical products. Securing the timely supply of antiviral products, disinfectants and other new products developed to address the coronavirus pandemic has been vital in delivering enhancements to our already stringent cleaning protocols for our vehicles and buildings across all divisions. For example, ozonation, which is a highly effective deep cleaning method for vehicles, has been deployed, as well as a number of innovative products that give extended protection from recontamination after cleaning.

More information on risk in relation to the coronavirus pandemic can be found on page 59, and safety can be found on pages 42 and 43.

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 of 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, as well as developing partnerships which deliver enhanced services and value to both the business and the communities it serves. For instance, in our newest rail operation, West Coast Partnership, we will transform engagement with local, regional and national partners through an independently chaired Economic Development Forum and an Integrated Transport Forum, giving stakeholders a voice to shape future

high speed and conventional rail services. Specifically, our partnerships team within West Coast Development will work with HS2 Ltd to ensure smooth design and development, mobilisation and delivery of services on the new HS2 line. More information on our community engagement strategies can be found on page 51.

We also engage in strategic high-level partnerships through trade bodies to ensure a coordinated response to industry-wide challenges. Most recently, we have worked effectively through the RDG, CPT, NSTA and APTA, to secure essential government support for our operations as a consequence of travel restrictions imposed to tackle the coronavirus pandemic.

We also engage in these forums to gain and share knowledge and expertise, as well as develop common industry positions in a range of policy areas including Brexit or climate change.

In the US, First Transit President Brad Thomas was appointed to the National Safety Council's (NSC) Board of Directors in November 2019, to inform and promote the NSC's work on workplace safety.

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.

Similarly, First Bus has led industry engagement with accessibility groups and disability NGOs on the UK Government's 'It's Everyone's Journey' campaign, which launched in February 2020.

Procurement

We work with more than 30,000 suppliers globally across our business, spending around £4.4bn each year on goods and services that help us deliver value to our customers and stakeholders.

We have dedicated teams of procurement specialists within our divisions that build and maintain our relationships with our suppliers, making sure they understand our needs and can deliver the highest quality at the best price whilst promoting innovation and managing supply chain risks.

Building long-term relationships

The long-term partnerships we build with our suppliers are based on mutual trust. We have regular forums to share knowledge and best practice with our suppliers and work to continually build on our existing relationships with clear systems and controls in place to

make sure we work together in a fair, consistent and transparent manner.

Within First Rail we use the international standard ISO 44001 for managing our supplier relationships and this year we were recognised as an ‘advanced leader’ by external benchmarking organisation State of Flux for the best practice we demonstrate in this area.

We make sure that all payments to our suppliers are made within the appropriate credit timeframe. The average credit period taken for trade purchases across our business in 2020 was 28 days (2019: 31 days). We also provide our suppliers with clear governance and compliance standards and conduct regular feedback meetings to share knowledge and address challenges.

Sustainability in our supply chain

It's important to us that we work with our suppliers to improve the environmental, social and broader sustainability impacts of the services they provide us. We expect our suppliers to observe business principles and ethics consistent with our own and will not procure goods and services from sources that jeopardise human rights, safety or the environment. Our minimum expectations on anti-bribery, safety, environment, data protection and modern slavery are outlined in our Group-wide Supplier Code of Conduct and Code of Ethics and incorporated into our standard contracting terms and conditions. In addition, we screen suppliers to assess the level of associated environmental and social risk, conduct audits and follow up issues identified where necessary.

Where possible we work with partners and suppliers to find more innovative ways of providing the highest standard of service with an improved environmental impact.

We continue to partner with a range of organisations across our divisions to drive innovation and the adoption of low- and zero-carbon vehicles in our fleets. More information on our Group-wide strategic framework for sustainability, Mobility Beyond Today, can be found on page 38.

Working with local businesses

Our support of small and medium-sized enterprises (SMEs) in the local communities we serve is also a focus and of importance to us at FirstGroup. This year we introduced a new analytical tool that provides us with a quicker way to understand our supply base across our UK divisions. This tool enables us to easily identify areas for supplier consolidation and increased value, as well as identify where and how we support SMEs and enable us to do so more quickly and effectively.