

# Our stakeholders

We interact with a huge range of stakeholders every single day. Building strong relationships with them involves listening and working in partnership.

## Engaging with our stakeholders

➔ See page 101 for our Section 172 statement and decisions taken by the Board during the year.

### Customers



Delivering for our customers is at the heart of what we do. Their needs are unique to each journey and requirements constantly evolve. Listening, identifying future needs and being able to respond quickly is critical. Our teams use a variety of channels and approaches to engage with customers and passengers, assessing satisfaction and gathering feedback.

#### Why we engage with them

We engage them in order to respond to feedback and improve customer experience and satisfaction. Longer term, this enables us to continuously be aware of, and adapt to, changing customer needs and build long-lasting and trusted relationships.

#### How we engage with them

- 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
- Regular customer updates by the CEO to the Board

#### Our response to matters raised and key activities

- Introduced new strategic pillar: Deliver day in, day out. See page 18 for more information
- Introduced new customer loyalty schemes, discounts and live train tracking initiatives at our rail operators
- Introduction of new environmentally friendly trains and refurbishment of mid-life fleets at our rail operators
- Implemented various initiatives to increase accessibility of bus and train travel on our networks
- Mental and physical wellbeing initiatives are being introduced for customers, for example defibrillators being installed at some of our rail stations

### Investors



We welcome open, meaningful discussion with shareholders on all matters. Being fully aware of the range of views of our shareholders is a key aspect of good corporate governance and supports our commitment to ensuring that we promote the success of the Company for the long-term benefit of our members as a whole. We proactively engage throughout the year with institutional, private and employee shareholders on a range of matters.

#### Why we engage with them

We keep investors informed of key business activities and decisions and we listen and respond to concerns and questions in order to build the long-term success of the Group.

#### How we engage with them

- Presentations from Executive Directors
- Annual Report, Environmental Performance Report, Group website and regulatory statements
- Ongoing dialogue and individual engagement with shareholders by the Directors, including the Chairman
- Engagement via the Investor Relations function with current and potential investors and other market participants
- Annual General Meeting

#### Our response to matters raised and key activities

- Declaration and payment of FY 2023 full year and FY 2024 half year dividends
- Approved and launched additional share buyback programme
- First Bus special investor session on electrification held at Leicester depot
- First Rail investor teach-in on the First Rail operating model

## Our stakeholders continued

### Government

Strong engagement with governments at all levels is essential to our business model, advocating for policy solutions which ensure optimal operation of public transport by private operators. At both Group and operational level, we have long-established relationships with local and national government officials.

→ [Read more on page 63](#)

#### Why we engage with them

We are focused on achieving policy solutions that support sustainable economic growth, social mobility, modal shift and environmental performance.

Engaging with governments ensures clear communication and understanding of the consequences of policy decisions at different levels, and aids effective delivery of public transport at the operational level.

#### How we engage with them

- Direct engagement with policymakers
- Links with national, devolved, regional and local governments
- Regular surveys of political stakeholders
- Membership of UK and international sector trade bodies who, in turn, engage with governments and regulators to promote a positive policy environment for private sector public transport

#### Our response to matters raised and key activities

- Engaged with business advocacy organisations, lobby groups and public transport campaigns, particularly to raise awareness of sustainability issues
- Contributed to various collaborative industry initiatives including the RSSB's new Sustainable Rail Blueprint
- Secured ZEBRA funding to electrify local bus services in several areas including Norwich, Leicester, York, Bramley in Leeds and Hoeford in Hampshire
- Continued progress on environmental and GHG commitments



### Employees

Many thousands of FirstGroup employees work in depots, stations and offices. They are the face of FirstGroup, delivering great service to our millions of passengers. We have a broad range of mechanisms through which our employees have the opportunity to make their voices heard and inform the direction and governance of our business.

→ [Read more about our people on page 65](#)

#### Why we engage with them

We will achieve success by maximising the benefits of the expertise and experience of our employees in delivering services and improving customer experience and satisfaction.

We engage to ensure our people have the skills and knowledge needed to deliver our services now and in the future; to create a safe and inclusive working environment for all of our employees; and to increase participation and equal opportunities.

#### How we engage with them

- 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 and Executive Committee visits to operational sites, and opportunities for direct discussions with employees



#### Our response to matters raised and key activities

- Introduced new strategic pillar: Lead in environmental and social sustainability See page 24 for more information
- Began paying all First Bus directly employed staff at or above the Real Living Wage, the largest bus operator to do so
- Launched 'First Connections', a Group-wide personal development programme aimed at women and minority ethnic colleagues
- Launched new careers website which collates all live job opportunities across FirstGroup and facilitates contact with current employees to share career opportunities
- Introduced new diversity and inclusion targets
- Increased collection of diversity data from colleagues: ethnicity and disability status
- Launched SmartHealth, a confidential health service for colleagues
- Updated Group safety policy and launched bespoke H&S training programme certified by IOSH at First Bus

## Our stakeholders continued

### Communities

We are at the heart of our communities and we need to understand community needs in order to improve our services. 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.

→ [Read more about our communities on page 69](#)

#### Why we engage with them

We engage with our communities to support social inclusion and respond to local needs for the long-term success of our business.

#### How we engage with them

- We conduct regular surveys to help us understand a range of views and enhance our activities
- We also commit our time, skills and resources to help charitable causes that are important to our communities, both locally and nationally

#### Our response to matters raised and key activities

- Introduction of new strategic pillar: Lead in environmental and social sustainability See page 24 for more information
- FirstGroup and our employees donated £1.4m during FY 2024 as measured by the London Benchmarking Group model for community impact. See page 32 for a more detailed breakdown of our contribution
- Invested £2.4m in 99 local community projects with CCIF Funding
- In FY 2024, our TOCs also supported over 60 CRPs around the UK and allocated over £1.3m in DfT funding. Our TOCs are actively involved with each CRP, working in partnership with them to deliver outcomes that benefit as many people locally as possible
- Electric charging partnership with Openreach enabling Openreach EVs to be charged at First Bus depots
- Launched corporate volunteering trial for employees of First Bus and Lumo
- FY 2024 First Rail charity partnership with Samaritans and Railway Children and First Bus with Macmillan



### Strategic partners and suppliers

We work with more than 4,500 suppliers driving innovation, expertise and value for money from our supply chain to provide the goods and services required to meet and exceed the expectations of our customers and shareholders. Our suppliers range from small, independent companies to global corporations, and we have dedicated teams of procurement specialists centrally, and within our divisions, who develop and maintain strong relationships with our supply chain to drive value and reduce risk.

#### Why we engage with them

Engaging with suppliers and strategic partners builds long-term relationships and enables us to identify, manage and mitigate risks and ensure environmental and ethical standards in our supply chain.

#### How we engage with them

- Key suppliers are engaged through collaborative relationship management systems to provide us with clear, consistently applied processes to track performance and generate additional value
- Regular supplier relationship meetings and business reviews are held to strengthen relationships and identify and manage risks
- Our core principles are shared across the entire supply chain via the FirstGroup Supplier Code of Conduct

#### Our response to matters raised and key activities

- Zero breaches of the Supplier Code of Conduct identified in FY 2024
- Supply chain risk processes continue to be strengthened and developed. Highest-risk suppliers registered onto supplementary risk toolkit that provides deeper assessment and assurance into supply chain risks. This includes enhanced reporting and capturing, monitoring and mitigating risk increasing supply chain maturity
- Drive sustainable procurement principles



# Section 172 statement

The Directors are obliged under Section 172 to promote the success of the Company over the long term for the benefit of shareholders as a whole and having due regard to a range of other key stakeholders.

The Directors take their duties under Section 172 of the Companies Act very seriously, not only because it is a legal requirement to do so but because the obligations make very good business sense and are consistent with the Group's Values. If decisions do not adequately take account of the views of our different stakeholder groups, the Company is unlikely to be sustainable in the medium to long term.

➔ **Details of engagement with key stakeholders are set out on pages 98 to 100**

The Board is mindful of the matters set out in Section 172 of the Companies Act in all of its discussions and decision-making processes. The table to the right and on page 102 sets out how the Company complies with the Act and provides some additional detail, together with the Board's oversight and monitoring of these areas and where there would be intervention or decisions taken if required. Additionally we provide examples of some key decisions taken where the Board was particularly mindful of one element of Section 172, although in reality many of the decisions are nuanced and require the Board to balance outcomes across a number of stakeholders.

Section 172 principles	General comments/oversight and monitoring	Key decisions
<p><b>a) The likely consequence of any decision in the long term</b></p>	<p>The Board realises that strategic decisions will impact the long-term future, direction and success of the Company and is mindful of the long-term implications of decisions.</p>	<p>The Board was mindful of the long-term impact when approving the four strategic pillars (read more about Company strategy on page 17). Moreover, the strategy was approved in consideration of all stakeholders (covering principles b and c), the environment (principles d and e) and to deliver long-term, sustainable results for all shareholders (principle f).</p>
<p><b>b) Foster business relationships with suppliers, customers and others</b></p>	<p>At the Board meeting held in June 2023, the Board received a presentation from the Public Affairs teams throughout the Group summarising engagement with government and customers to help the Board understand their differing views and to provide additional context for all deliberations and decisions.</p> <p>In January 2024 the Responsible Business Committee received a presentation on the engagement programmes with communities, employees and suppliers.</p> <p>At each meeting the Board reviews, at a high level, operational performance throughout the Group which is aligned to the first strategic pillar and the service provided to customers.</p>	<p>The Board's consideration of the bids in respect of Manchester franchising opportunities were carefully balanced, considering a number of stakeholders and the desire to win the work at an acceptable commercial fee.</p>
<p><b>c) Interest of the Company's employees</b></p>	<p>Janette Bell and Steve Montgomery have kept the Board apprised of the various initiatives to support employee engagement throughout the year, together with employee engagement scores for the bus division. Ant Green, the Group Employee Director, helps the Board to understand views from the front-line of our workforce. Ant spends much of his time visiting different parts of the business to understand the views of the workforce and presents a report on his activities at each Board meeting.</p>	<p>The Board endorsed the recommendations from the Bus Executive team around the Real Living Wage and additional healthcare provisions (read more on page 68). The associated cost and the benefits have been well received by employees, which increases staff availability and facilitates a better service for customers and long-term benefits to shareholders.</p>

## Section 172 statement continued

Section 172 principles	General comments/oversight and monitoring	Key decisions
<p><b>d) Impact of the Company's operations on the community and the environment</b></p>	<p>The Company provides key services to its communities, providing public transport and employment in the communities in which we operate.</p> <p>The environmental impact of the Company's operations is at the forefront of the Board's mind.</p>	<p>The Board considered and approved applications for ZEBRA funding and the Group's associated capital expenditure to increase the number of zero emission buses operated by the Group.</p>
<p><b>e) The desirability of the Company maintaining a reputation for high standards of business conduct</b></p>	<p>The Board recognises the importance of maintaining high standards of conduct. The Board has oversight of the Company's Values, Code of Ethics, and the training programmes led by the legal team covering business ethics, anti-bribery policies, gifts and entertainment.</p> <p>At least twice a year, the Board reviews matters reported to the confidential whistleblowing hotline together with any investigation findings and actions taken.</p>	<p>In addition to the regular review of matters during the year, with support from the Responsible Business Committee the Board approved significant updates to the Group Safety Policy.</p>
<p><b>f) The need to act fairly between members of the Company</b></p>	<p>The Executive Directors lead the Company's engagement with shareholders with support from the Investor Relations team. These meetings give investors the opportunity to share their views on the Company's operations, capital allocation policies and strategies. These views are reported to the Board so that they understand the context for their decision-making. Additionally, the Chairman has met with a number of investors during the year. The AGM provides an opportunity for some of the Company's smaller shareholders to meet the Directors and put questions to the Board.</p>	<p>The Board carefully reviewed the Group's dividend policy and concluded no changes were required. Early in the year the Board decided to launch an additional share buyback programme of £115m in addition to the £75m programme completed in August 2023. The Board was mindful of shareholder views as to whether to pay a special dividend or buy back shares. Taking shareholders' views into account and on advice from corporate advisors the Board considered a buyback to be most appropriate in the circumstances for all shareholders.</p>

The Strategic report was approved on behalf of the Board on 11 June 2023.

**Graham Sutherland**  
Chief Executive Officer  
11 June 2023

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