

FirstGroup Modern Slavery Statement 2018

In line with our core values and the expectations of our customers, we are committed to conducting our business with integrity, high ethical and moral standards, and professionalism in all our activities. Furthermore, we recognise that our position in the marketplace provides us with a platform to require commitment from our suppliers to eradicate modern slavery, human trafficking and abuses of human rights in all forms.

FirstGroup plc is committed to the prevention of modern slavery and human trafficking in all its forms, and will not tolerate or condone the abuse of human rights within any part of our business or supply chains. FirstGroup has a zero-tolerance approach to slavery and human trafficking, which extends to all business dealings and transactions in which we are involved.

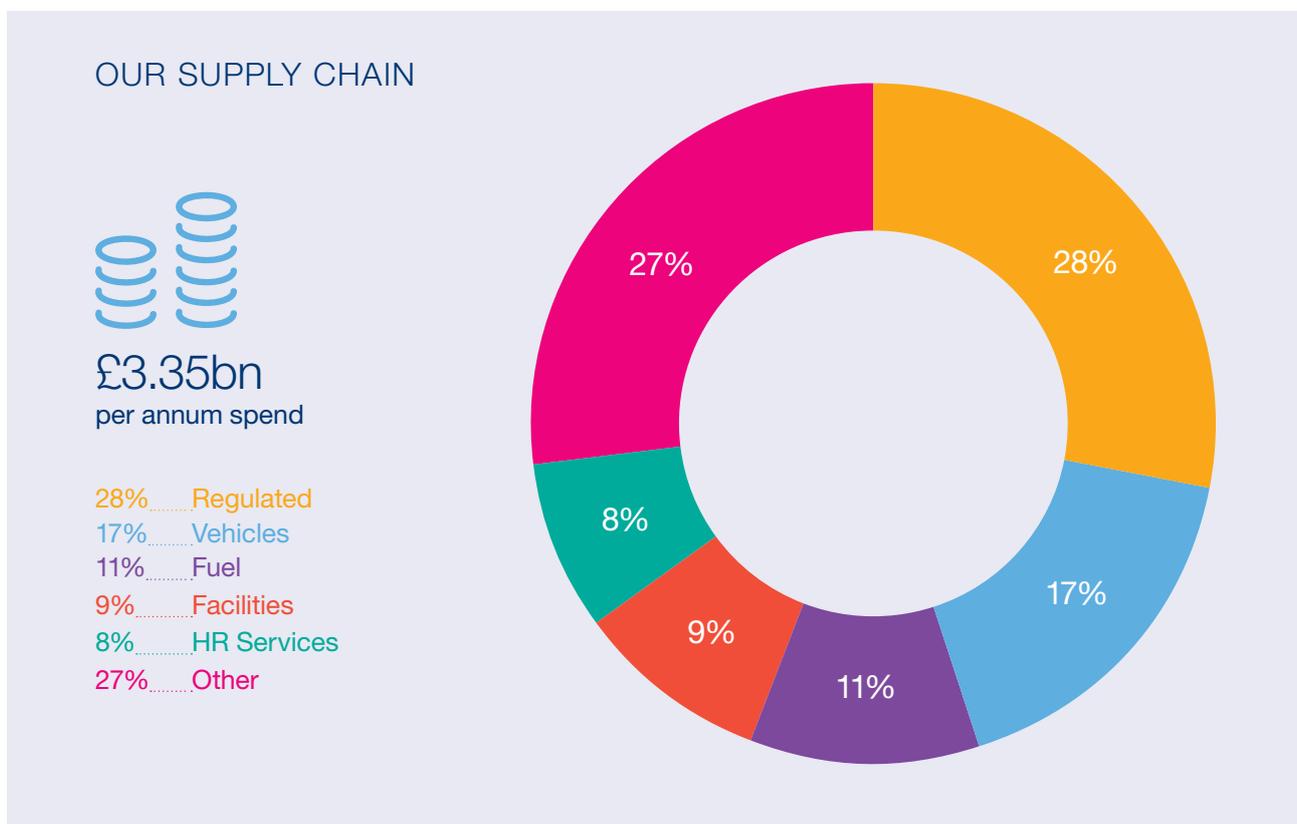
This statement sets out our policies in relation to modern slavery and human trafficking and the steps we have taken in the financial year ending 31 March 2018 to address these risks in our business and our supply chains.

About us

FirstGroup plc is a leading transport operator, with operations during 2017/18 in the UK, Ireland, the United States, Canada, Mexico, Panama and India. The Group's turnover in 2017/18 was £6.4 billion in revenue. During the same financial year, the Group had around 100,000 employees, and transported around 2.1 billion passengers. The Group has five operating divisions:

- **First Student** – The largest provider of student transportation in North America.
- **First Transit** – One of the largest private sector providers of public transit management and contracting in North America.
- **Greyhound** – The only national operator of scheduled intercity coach transportation with services in the US, Canada and Mexico.
- **First Bus** – One of the largest bus operators in the UK, transporting 1.6m passengers a day, with a fifth of the market outside London.
- **First Rail** – One of the UK's largest and most experienced rail operators, carrying more than 260m passengers across our three franchises and open access operation.

Our supply chain spend is £3.35bn per annum and comprises 22,200 tier one suppliers, primarily from Europe and North America.



Policies and processes

Our **vision and values** are at the heart of everything we do at FirstGroup. Knowing we are behaving in an appropriate and ethical manner underpins our values and everything we do to deliver our vision of keeping people moving and communities prospering in an increasingly congested world.

To ensure we perform to the highest ethical standards we introduced a Group-wide **Code of Ethics** in late 2017/18. The Code applies to everybody working for or on behalf of FirstGroup including full and part-time employees at all levels, directors, agency workers, seconded workers, volunteers, agents, contractors, external consultants, third-party representatives and business partners. The Code which will be formally rolled out across the business in 2018/19, beginning with senior managers.

During 2015/16, we developed and implemented our **Code of Conduct on Anti-slavery and Human Trafficking Prevention** across the Group's businesses in the UK and Ireland. In 2016/17 we extended the Code's implementation to the rest of our business globally. This code applies to all persons working for us, or on our behalf, in any capacity and sets out our commitment to the prevention of modern slavery.

Our procurement processes and policies, and relationships with our suppliers, are key to ensuring our awareness of impacts through our supply chain. 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 consistent with our own. **Our Supplier Code of Conduct** clearly sets out these expectations and is incorporated into our standard contracting terms and conditions with suppliers. The supplier code incorporates prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children. During 2017/18 we undertook a review of the supplier code to ensure alignment with the FirstGroup Code of Ethics. The updated code is planned to be published and rolled out in 2018/19.

FirstGroup's **online policy compliance system**, which was introduced in 2016/17 for senior managers across the Group, enables us to monitor awareness and request confirmation of adherence to policies, and to drive leadership commitment on key ethical and compliance issues, including modern slavery.

We have in place formal reporting mechanisms which are available to all those who work for or on behalf of us. Our **global ethics and compliance hotline** is run independently of FirstGroup and is completely confidential via telephone or online. All reported issues or concerns to the hotline are investigated by the relevant owner within the business. There were no reports under the modern slavery and human trafficking categories of the hotline during 2017/18.

Due diligence

A **Modern Slavery Working Group** was established in 2015/16, and continues to meet on a regular basis. Chaired by our UK Legal Director it is a high-level panel with representation from our legal, procurement, and corporate responsibility functions, from both the UK and North America. During 2017/18, the working group has continued to review the steps being taken by the Group to detect and remedy modern slavery within our own organisation, our business partners and our supply chain.

In 2017/18, at the instigation of the working group, we undertook an **assessment of our top 20% of high risk suppliers** for the UK business – covering £109 million and 9% of our total supplier spend in the UK.

The categorisation of high risk was based on several factors i.e. location of operation, type of supply / service, and covered vehicle and facilities, vehicle part manufacture, HR services, IT services, cleaning and catering, office suppliers, PPE and uniform supply, security and cash handling. No significant risks were identified during this assessment.

We continue to develop and improve our procurement processes to incorporate a life cycle analysis (LCA) approach to social, environmental and economic considerations. As a result, parts of our UK rail business are seeking independent assurance that our procurement processes meet the newly introduced ISO 20400 standard for Sustainable Procurement.

Our Employees - In keeping with our values, we are supportive of each other, and committed to a working environment where everyone is treated with dignity and respect. Bullying and harassment, victimisation and discrimination are not acceptable and will not be tolerated.

Throughout the Group, **regular dialogue** with employee representatives, such as trade unions, is maintained. We believe that our success depends on trust and respect for each other. This includes respecting both the right of our employees to join a trade / labour union of their choice and the right not to join a union at all. A significant proportion of the workforce belongs to trade unions. This year we calculated it to be 67%.

Since the founding of the company, the Board has been committed to promoting employee involvement at local level. As such, in the UK, each of our principal operating companies has an elected employee director to provide an employee viewpoint on all matters affecting the direction and governance of the Group. Our Group Employee Director brings his experience as a frontline employee and helps ensure that the Board takes the views of the workforce into account in its discussions.

Each division has its own information, and consultation arrangements and levels of employee involvement across the business differs. As well as gathering feedback throughout the year through formal and informal channels, all employees are also given the opportunity to make their voice heard through regular employee surveys. These surveys at Group, divisional and local level provide a useful insight into what employees think about the company. The priorities identified by employees during these surveys and consultations help the business to shape the future employee strategy.

Within our rail business, a number of the train operating companies have achieved Living Wage Accreditation for employees with others committing to gain accreditation. In addition, commitments have been made to ensure that third-party contractors working on TPE franchise services, and third-party contractors working directly for GWR are paid the living wage in accordance with living wage foundation rates of pay.

In 2018/19, the Modern Slavery working group will continue to review, develop and implement effective programmes to identify and address potential issues.

Modern slavery risk

As an intercity and cross-border bus transportation provider across North America, we have identified that our Greyhound services are at risk of being used to transport individuals across state and international border lines for human trafficking / illegal purposes. This presents a specific challenge to Greyhound, due to the lack of identifying documents necessary to travel or purchase tickets for travel within the US. Our actions in response to this risk are discussed below.

Case study: Greyhound

We recognise that raising awareness of trafficking and modern slavery amongst our staff is key to identifying and helping to prevent this crime on our services. Greyhound have worked with the United States Department of Homeland Security to develop training aimed at spotting potential incidents. Greyhound employees in relevant roles, and our security personnel, receive training on identifying and helping to prevent human trafficking.

Recognising that the purchase of large numbers of tickets by an individual is a potential means for transporting victims of human trafficking, this practice is prohibited without further investigation. In addition, identification documents are required for all international travel. Following the increased awareness of our employees and the rules in place regarding ticket purchase, two reports were made during 2017/18 by our staff which were subsequently reported to authorities' for investigation. One has resulted in the arrest of an individual and the other remains under investigation at this time.

Greyhound partners with a number of organisations to ensure a continued level of focus and attention in this area. For example, Greyhound are working with the FBI in Washington DC on domestic terrorism with a focus on child trafficking in the district. We continue to work with DART (Dallas Area Rapid Transit), taking part in quarterly meetings on human trafficking prevention and also participated in an online panel with the City of Dallas – Mayors office to discuss Greyhound's efforts to help prevent human trafficking.

Greyhounds **Home Free program**, which allows runaway youths to reunite with their families by providing free transportation on Greyhound services, has now been extended to victims of human trafficking. Over the 30 years this programme has run, the company has provided transportation to more than 20,000 youths and family members, for which we were honoured in 2017 by National Runaway Safe line. In 2017/18 Greyhound helped 268 vulnerable young people to get home safely.

First Travel Solutions (FTS), which forms a part of the UK's First Bus division and supplies transport solutions within the UK, identified both the risk of their vehicles being used to transport people for illegal purposes, and the potential for people subject to modern slavery being employed within our subcontractor / supplier workforces. Their response to this risk is summarised below;

Case study: First Travel Solutions

During 2017/18 managers working for FTS completed face to face modern slavery training, focussing on the potential risks of trafficking persons on vehicles, and the employment of people subject to modern slavery within subcontractor/supplier workforces. Following the training a risk session was completed with a number of mitigations identified and since implemented. These action include; the amendment of a supplier self-assessment, improving supplier awareness (operators/auditors) through the issue of a supplier guidance document, amendment of our external audits to include a review of operations actions to prevent modern slavery and human trafficking, the creation of an escalation process for operators and external auditor to enable any potential risks to be raised with ourselves and the relevant parties, and inclusion of modern slavery training for all new starters.

Training and capacity building

To ensure that all senior employees are aware of our Code of Conduct on Anti-Slavery and Human Trafficking Prevention, communications have been issued to all the Group's senior managers worldwide.

The Code is distributed via our online policy management platform, requiring our senior managers to read and confirm their understanding, as well as committing that they and their reports will comply in the coming year.

The Code is also available to employees via our internal employee intranet, alongside resources and materials on modern slavery and human trafficking.

In 2017/18 we invested in an e-learning module on modern slavery and human trafficking which will be rolled out to high-risk groups across the organisation during 2018/19. In addition, training and roll out of the new Code of Ethics, which incorporates human rights and modern slavery will commence in 2018/19.

Board approval

The FirstGroup plc Board recognises the importance of the provisions of the Modern Slavery Act 2015 and the Directors aim to ensure that slavery and human trafficking have no part in the Group's operations and supply chain.

The Group has always been vigilant about employee welfare and aims to be transparent in its practices. The Board welcomes the opportunity to state its firm commitment to a zero-tolerance approach to modern slavery and human trafficking.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes FirstGroup plc's slavery and human trafficking statement for the financial year ended 31 March 2018. This statement has been approved by FirstGroup plc's board of directors.



Wolfhart Hauser
Executive Chairman
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