
FirstGroup Modern Slavery Statement 2019

FirstGroup is a leading provider of transport services in the UK and North America. Whether for business, education, health, social or recreation – we get our customers where they want to be, when they want to be there. We create solutions that reduce complexity, making travel smoother and life easier.

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.

Our commitment to preventing modern slavery

In line with our values and the expectations of our customers, FirstGroup is committed to conducting our relationships with integrity, high ethical and moral standards, and professionalism in all our activities. This includes the prevention of modern slavery and human trafficking in all its forms and extends to all business dealings and transactions in which we are involved, regardless of location or sector. This is part of our overall commitment to respect, protect and champion the human rights of all those who come into contact with our operations.

We are supportive of each other, and believe that everyone should be treated with dignity and respect, whether they are colleagues, customers, suppliers or third parties. Bullying and harassment, victimisation and discrimination are not acceptable and will not be tolerated. These values are built into our [Code of Ethics](#) at Group, divisional and operating company level and are reflected in our policies.

Our Vision

We provide easy and convenient mobility, improving quality of life by connecting people and communities.

Our Values

Committed to our customers

We keep our customers at the heart of everything we do.

Dedicated to safety

Always front of mind, safety is our way of life.

Supportive of each other

We trust each other to deliver and work to help one another succeed.

Accountable for performance

Every decision matters, we do the right thing to achieve our goals.

Setting the highest standards

We want to be the best, continually seeking a better way to do things.

Scope and coverage of this statement

Under the UK Modern Slavery Act (the “Act”), a legal obligation to publish a statement applies to organisations that “carry on a business, or part of a business” in the UK and which have a total annual turnover in excess of £36m. This statement has therefore been approved and adopted by the Board of FirstGroup plc, as well as each of the Group’s subsidiaries that meet this requirement under the Act (as set out in the Appendix¹). As part of our commitment to improving our performance by sharing best practice across our businesses, we assess, monitor and mitigate risks relating to slavery and human trafficking on a Group-wide basis, with individual divisions and operating companies taking specific actions where appropriate to the level of risk. In line with this Group-wide approach, this statement also applies to all of our businesses which are not legally required to make a statement under the Act, regardless of their location, size or turnover.

¹ For a full list of all subsidiaries covered by the Act see the Appendix on page 11.

Overview of our structure, operations and supply chain in 2018/19

Our UK divisions

In 2018/19 we generated half of our revenues from our rail operations and First Bus services throughout the UK:

- **First Bus** – One of the largest bus operators in the UK with a fifth of the market outside London, serving two thirds of the UK's 15 largest conurbations. We carry 1.6m passengers per day, making 566m passenger journeys per year with a fleet of around 5,700 vehicles.
- **First Rail** – One of the UK's largest and most experienced rail operators, carrying 345m passengers almost nine billion miles last year across our three franchises - Great Western Railway (GWR), South Western Railway (SWR) and TransPennine Express (TPE) – and our open access operator Hull Trains. We also operate the London Trams network on behalf of Transport for London, which sees patronage of around 29m passengers per year.

Our North American divisions

Each of our three North America-based divisions operate throughout the continent and together generated half of our revenues in 2018/19:

- **First Student** – The largest provider of student transportation in North America – twice the size of the next largest competitor. We provide home-to-school transportation across 460 operating locations, making 900m student journeys per year on a fleet of 42,500 yellow school buses.
- **First Transit** – First Transit is one of the largest private sector providers of public transit management and contracting in North America. First Transit also provides services in Puerto Rico, the US Virgin Islands and Panama. We make 324m passenger journeys per year on 12,900 owned or operated vehicles.
- **Greyhound** – The only national operator of scheduled intercity coaches in the US and Canada, with an iconic brand and a unique network of 2,400 destinations. Greyhound also provides scheduled services in Mexico. We make 16m passenger journeys per year on a fleet of 1,500 vehicles.

Our suppliers

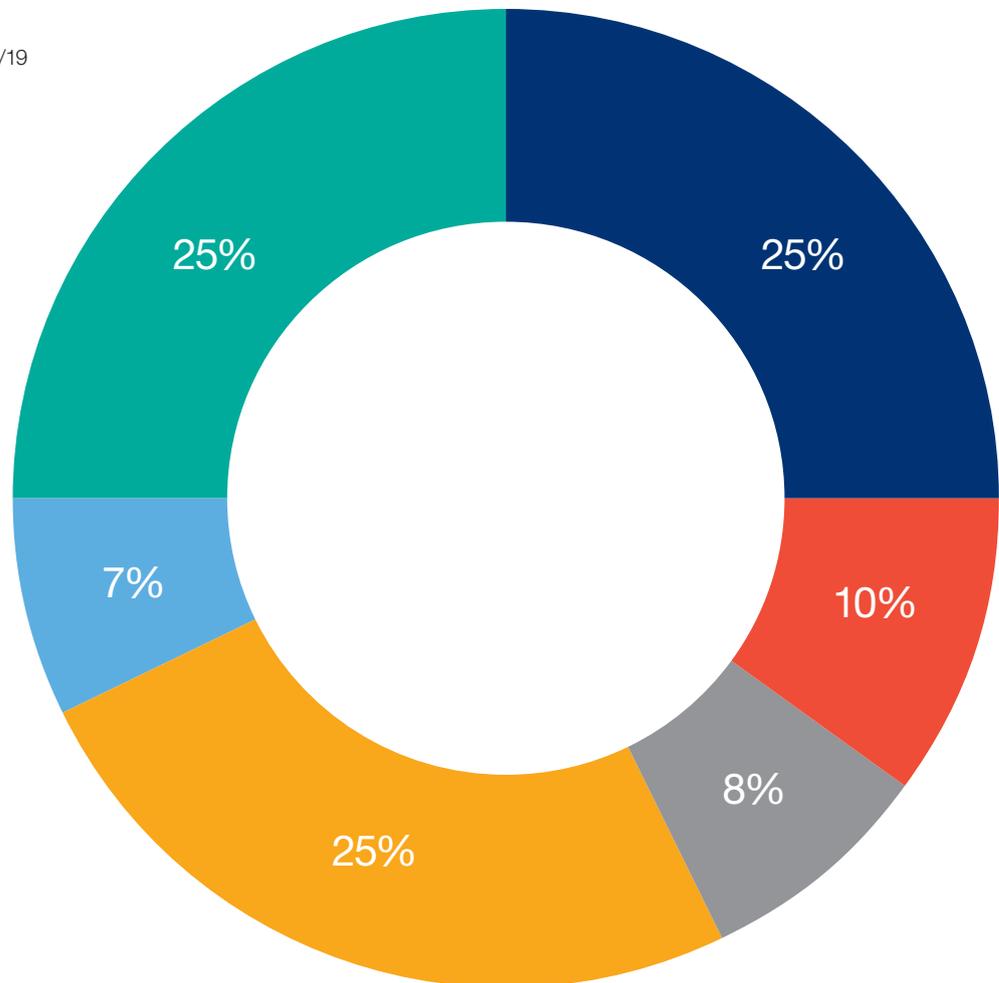
We work with more than 22,000 suppliers globally across our business, spending around £3.7bn each year on goods and services that help us deliver value to our customers and stakeholders.

Our tier one suppliers are primarily based in Europe and North America. A breakdown of our overall spend with our supply chain is shown in Graph 1.

Those categories of spend identified as being at higher risk of modern slavery include the manufacture of rail and bus vehicles, parts, and uniforms, and services such as cleaning, security, catering and vehicle maintenance.

Graph 1:

Our supply chain spend in 2018/19



25%..... Purchase and leasing of vehicles

10%..... Fuel

8%..... Facilities management and property

25%..... Regulatory expenses (e.g. licenses to operate)

7%..... HR Services

25%..... Other (e.g. IT, marketing and office supplies)

Further information about FirstGroup can be found on our website at: www.firstgroupplc.com/about

Due diligence and good governance

We invest time and effort to put in place the right processes, policies and governance structures that act to guide us in everything we do. This includes the following that relate to modern slavery:

- Our Modern Slavery Working Group meets quarterly 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. It is chaired by our UK Legal Director and consists of a high-level panel with representation from our legal, procurement, and corporate responsibility functions, from both the UK and North America.
- Our Group-wide [Code of Ethics](#) 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. Our Code sets out the standards which our customers and stakeholders expect of us, and which we expect of each other. This year the Code was rolled out across the Group, including training for Senior Managers within Greyhound and First Transit (see 'Progress in the year' for more information).
- We also have a Code of Conduct on Anti-Slavery and Human Trafficking Prevention which sets out our commitment to the prevention of modern slavery. The Code is available to employees via our internal employee intranet, alongside resources and materials on modern slavery and human trafficking.
- We are committed to recognising human rights on a global basis and we support the principles of the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We have a zero-tolerance approach to any violations within our company or by business partners. We will conduct all our business in an ethical manner and uphold human rights in our business and supply chains.
- Our [Supplier Code of Conduct](#) incorporates prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children. Any issues that are identified will be discussed with the supplier to seek resolutions collaboratively. We also have provision in our standard contracts to invoke supplier audits if required.
- We have in place formal reporting mechanisms which are available to all those who work for us, or on our behalf. 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 taken seriously and investigated as appropriate, ensuring that confidentiality is respected at all times. There were no reports relating to modern slavery and human trafficking to the hotline during 2018/19.
- We employ over 100,000 people across the UK and North America. We are supportive of each other and committed to a working environment where everyone is treated with dignity and respect, and where regular employee dialogue, engagement and representation is valued.

As well as gathering feedback throughout the year through formal and informal channels, 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.

Throughout the Group, regular dialogue with employee representatives is also maintained, including with more than 30 trade unions. 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 or labor union of their choice and the right not to join a union at all.

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. Employee Directors are elected by an independently supervised ballot of employees in their respective companies.

We pay a fair wage reflecting local market demands and conditions. Within First Rail, TPE has been an accredited Living Wage Employer since April 2016, and pays the Real Living Wage to employees and to third-party contractors working directly for TPE in accordance with the Living Wage Foundation rates of pay. GWR and SWR also pay the Real Living Wage to directly employed staff, and GWR pays this to third-party contractors as well.

Risk assessment and management

We take a holistic approach to risk management, first building a picture of the principal risks at divisional level, then consolidating those principal risks alongside Group risks into a Group view. All of our businesses are responsible for identifying, assessing and managing the risks they face with appropriate assistance, review and challenge from the Group functions as necessary. Risk registers are reviewed quarterly with each division. During 2018/19, work continued in the development of a revised risk management system, designed to capture risks and opportunities to the Group, including those associated with modern slavery, which is currently being rolled out.

In 2016 we undertook an extensive review and risk assessment of modern slavery in the business. The review was undertaken at divisional level, covering all countries of operation, to ensure a full picture of the potential risks to the business and individuals as well as the processes already in place across the business to identify and manage risks.

While we acknowledge that modern slavery can be found in all economies, countries, industries and areas of operation, our risk assessment identified **our supply chain** and **our Greyhound services** as the most vulnerable to risk of modern slavery within FirstGroup operations.

Our supply chain

We have identified manufacture of rail and bus vehicles, parts, and uniforms, and services such as cleaning, security, catering and vehicle maintenance as our high-risk suppliers for our US and UK businesses, based on several factors including location of operation, type of product or service.

As part of our contracting processes with suppliers, we include prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children.

Our [Supplier Code of Conduct](#) clearly sets out these expectations and is incorporated into our standard contracting terms and conditions with suppliers.

- In the UK, to manage and optimise our supplier relationships we operate a Collaborative Relationship Management System, certified to ISO 44001 Standard (formally BS 11000). This provides us with clear, consistently applied processes to track performance and value and involves regular meetings with key suppliers where issues and changes in business risks, including those that relate to modern slavery, are raised.
- In the US we conduct annual supply chain reviews of the majority of our key suppliers by spend. This review looks at several major risk factors including financial, environmental and reputational related considerations. Any concerns associated with modern slavery would be addressed through this process.

If any concern within our supply chain arises, we work collaboratively with the supplier to seek a resolution using techniques such as RCCA (Root Cause and Corrective Action). If we were to find that a supplier was breaching our [Supplier Code of Conduct](#) we would then take appropriate action to seek remedies and/or terminate the contract.

Our Greyhound services

As an intercity and cross-border bus transportation provider across North America, we have identified that our services are at risk of being misappropriated to transport individuals across state and international border lines for human trafficking or illegal purposes. Greyhound has no requirement for customers to provide identification when purchasing or using a ticket within the US and this provides opportunities to remain anonymous.

During 2018/19, the United States has seen an increase in the number of undocumented individuals coming into the US, particularly along the border with Mexico. This has resulted in an increase in vulnerable asylum seekers at Greyhound terminals near the Mexico and US border who risk becoming victims of human trafficking and modern slavery.

Our actions in response to this risk are outlined below:

- We recognise that **raising awareness of trafficking and modern slavery** amongst our employees 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. Greyhound employees in relevant roles, and our security personnel, receive training on identifying and helping to prevent human trafficking and are directed to contact law enforcement immediately if illegal activity is suspected.
- We have **prohibited the purchase of large numbers of tickets** by any individual as we recognise that this is a potential means for transporting victims of human trafficking.
- Identification documents are required for all international travel.
- Greyhound has **active partnerships with law enforcement** throughout the US to assist in human trafficking investigations and identify victims and return them to safety.
- Greyhound's **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 2018/19, Greyhound helped 253 vulnerable young people to get home safely.

Progress in the year

As well as continuing to implement our processes, policies and governance structures we implemented the following actions during the financial year to 31 March 2019 to prevent modern slavery in our business and our supply chains:

- This year we launched a new [Code of Ethics](#) which incorporates human rights and modern slavery. The launch has taken place across the Group and has included training for Senior Managers within Greyhound and First Transit.
- Delivered training to increase awareness of how to spot modern slavery or trafficking issues and how to report a concern across Greyhound and First Transit.

Within our supply chain:

- We incorporated our [Supplier Code of Conduct](#), which includes a statement on modern slavery, to our contractual terms and conditions with our US suppliers. This already applied to our UK suppliers.
- We delivered modern slavery training to all procurement teams in our US and UK divisions to raise awareness and understanding of the causes, risks and ways of identifying modern slavery and human trafficking.
- We commenced a review of all supplier due diligence processes for our UK divisions, which includes social and environmental risk analysis, improving best practice across the business.
- We restructured our UK procurement team to introduce 'supplier category specialists'. This promotes in-depth knowledge and understanding of risk and opportunities for the different types of products and services we procure. This includes knowledge on the sector specific risks associated with modern slavery and human trafficking.

Within Greyhound specifically:

- We have continued to work with partners to combat human trafficking and protect victims, for example with law enforcement acting to monitor and secure those Greyhound terminals that have been identified as high-risk locations for human trafficking.
- A Greyhound bus was donated to the City of Dallas to provide transport for those subject to human trafficking within the illegal sex trade as part of a programme to return victims to safety.
- We have been working with local aid agencies to minimise the risk of human trafficking of asylum seekers at the Mexico and US border, and now provide bilingual "Know Your Rights" information at affected terminals and online.

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 the welfare of our colleagues, customers, suppliers and third parties 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.

At the Board meeting of 16 September 2019, this statement was approved by the Board of Directors of FirstGroup plc for the financial year ended 31 March 2019. This statement has also been approved by the Boards of Directors of relevant UK subsidiaries of FirstGroup plc to which the Act also relates, as set out in the Appendix.

A handwritten signature in blue ink, appearing to be "Matthew Gregory".

Matthew Gregory

Chief Executive

FirstGroup plc

16 September 2019

FirstGroup plc

395 King Street

Aberdeen AB24 5RP

Registered in Scotland number SC157176

Appendix

CentreWest Ltd

First Beeline Bus Limited

First Cymru Buses Ltd

First Eastern Counties Buses Ltd

First Essex Buses Ltd

First Glasgow (No 1) Ltd

First Glasgow (No 2) Ltd

First Greater Western Ltd

First Hampshire & Dorset Ltd

First Manchester Ltd

First MTR South Western Trains Limited (70%)

First North West Ltd

First Rail Holdings Ltd

First South West Limited

First South Yorkshire Ltd

First TransPennine Express Ltd

First West of England Ltd

First West Yorkshire Ltd

FirstBus (North) Ltd

FirstBus (South) Ltd

FirstGroup Holdings Ltd

Mainline Partnership Ltd

Southampton CityBus Ltd