

FirstGroup plc Modern Slavery Statement 2020

FirstGroup is a leading provider of transport services in the UK and North America. Our services are a vital part of society – transporting customers for business, education, health, social or recreational purposes. We create solutions that reduce complexity, making travel smoother and life easier.

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.

Our commitment to preventing modern slavery

At FirstGroup we are committed to conducting our relationships to the highest ethical and moral standards and acting with integrity and professionalism in all our activities. This is in line with our values and the expectations of our customers and other stakeholders. It 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. Our commitment to preventing modern slavery is part of our wider responsibility to ensure that FirstGroup operates in a way that respects, protects and champions the human rights of all those who come into contact with our operations.

Scope and coverage of this statement

This statement has been published in accordance with the Modern Slavery Act 2015 (the “Act”). It sets out the steps taken by FirstGroup plc and our subsidiaries during the year ending 31 March 2020 to prevent modern slavery and human trafficking in our business and supply chains.

Under 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 Appendix).

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, our statement also applies to all our businesses which are not legally required to make a statement under the Act, regardless of their location, size or turnover.

Overview of our structure, operations and supply chain in 2019/20

Our North American divisions

Each of our three North America-based divisions operate throughout the US and in parts of Canada, and together generated 56% of our revenue in 2020.



First Student

The largest provider of student transportation in North America – almost twice the size of the next largest competitor.

Student journeys last year

900m

Yellow school buses

43,000



First Transit

First Transit is one of the largest private sector providers of public transit management and contracting services in North America.

Passenger journeys last year

318m

Vehicles owned or operated

14,200



Greyhound

Greyhound is the only national operator of scheduled intercity coaches in the US and Canada, with an iconic brand and a unique network of 2,300 destinations.

Passenger journeys last year

14m

In-year vehicle fleet

1,400

Our UK divisions

First Rail operations and First Bus services throughout the UK generated 44% of our revenue in 2020.



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.

Passenger journeys last year

500m

In-year vehicle fleet

5,200



First Rail

One of the UK's largest and most experienced rail operators, carrying 340m passengers almost ten billion miles last year across our four franchises (Avanti, GWR, SWR, TPE) and open access operation (Hull Trains). We are also 'shadow operator' on the HS2 programme.

Passenger journeys last year

340m

Passenger miles last year

9.8bn

Our suppliers

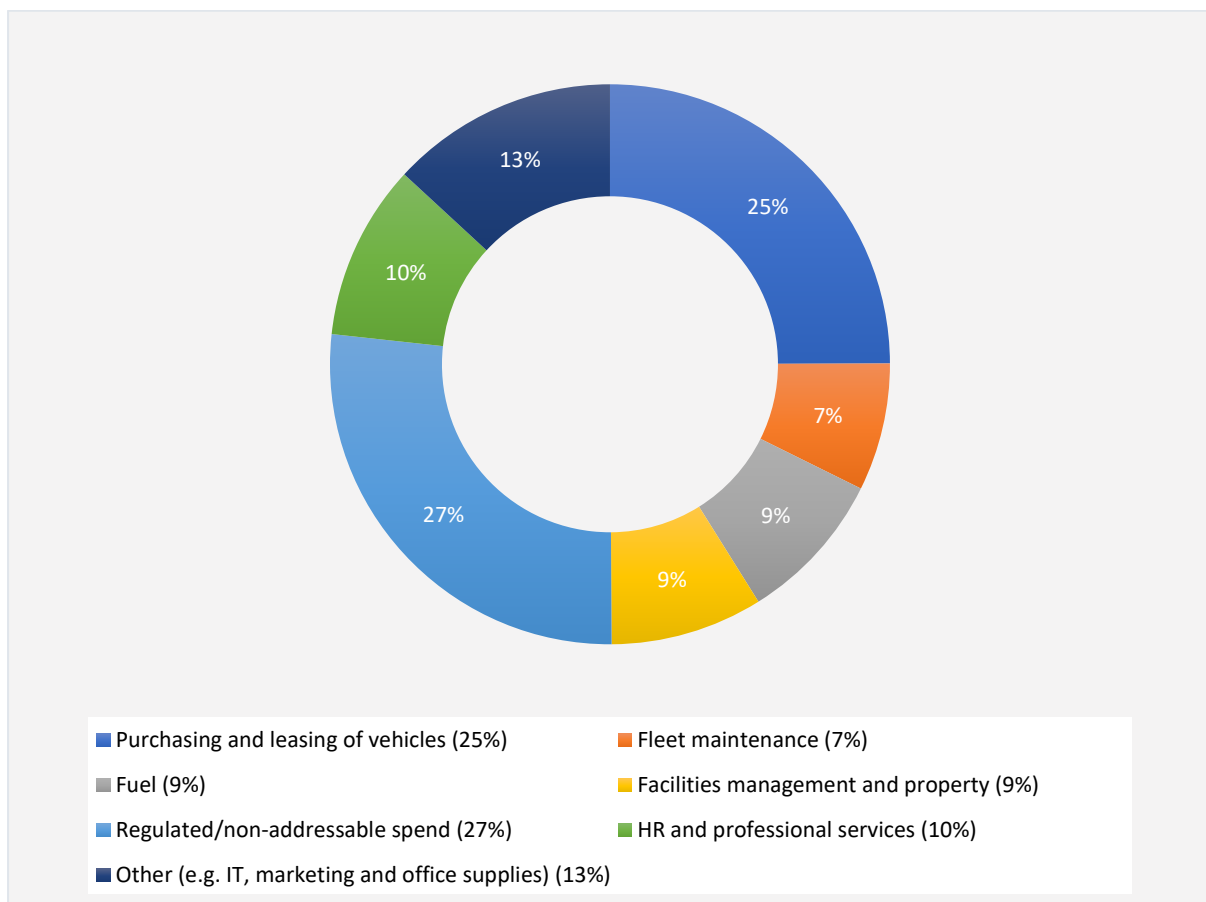
We work with more than 30,000 suppliers globally across our business, spending around £4.4bn each year on goods and services that help us deliver value to our customers and stakeholders.

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 a higher risk of modern slavery or human trafficking include manufacture of rail and bus vehicle parts, manufacture of uniforms, and services such as cleaning, security, catering and vehicle maintenance.

Graph 1:

Our supply chain spend in 2019/20



Due diligence and good governance

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

- Our **Modern Slavery Working Group** meets regularly 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 Group Legal Director and consists of a high-level panel with representation from our legal, procurement, HR, audit 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 that our customers and stakeholders expect of us, and that 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.
- We also have a Group-wide **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.
- 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 designed to counter bribery and corruption, and to ensure that we comply with competition and trade laws.
- 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. The Supplier Code of Conduct applies to all suppliers and partners who supply products or services to FirstGroup and its subsidiaries. Any issues that are identified will be discussed with the supplier to seek resolutions collaboratively. We also have provisions 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 2019/20 – we will continue to promote the hotline internally during the current year, to help ensure that any concerns are raised and addressed promptly.

- 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.

Valuing our people

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. 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 labour union of their choice and the right not to join a union at all.

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.

We pay a fair wage reflecting local market demands and conditions. Within First Rail, TPE and Tram Operations are both accredited Living Wage Employers, and pay the Real Living Wage to employees and to third-party contractors working directly for them in accordance with the Living Wage Foundation rates of pay. GWR, SWR and Avanti also pay the Real Living Wage to directly employed staff in line with the Living Wage Foundation rates of pay.

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 an overarching 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.

We undertook a review of modern slavery risks across our business towards the end of 2019/20. Each of our divisions completed a detailed risk assessment, and the resulting actions are being implemented during the current year. We will include a more detailed summary of the outcomes of this exercise in next year's statement. Please see "Progress in the year" section on page 9 for further details.

We acknowledge that modern slavery may be found in all economies, countries, industries and areas of operation. However, we consider that the areas most vulnerable to the risk of modern slavery within our Group are our supply chain and the potential to use our transport services, particularly our Greyhound buses, to transport individuals across state and international borders for human trafficking or illegal purposes.

Our supply chain

The long-term partnerships we build with our suppliers are based on mutual trust. We have dedicated teams of procurement specialists within our divisions who 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.

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

In the UK we have regular engagement 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. In the US, we also 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 are addressed through this process. No concerns in relation to modern slavery were identified in the 2019/20 review, which looked at suppliers representing approximately 75% of our total spend in North America.

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 also provide our suppliers with clear governance and compliance standards and conduct regular feedback meetings to share knowledge and address challenges.

It is 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, including in relation to modern slavery, are set out in our Group-wide Supplier Code of Conduct and incorporated into our standard contracting terms and conditions. In addition, we screen strategic suppliers to assess the level of associated social risk, conduct audits and follow up issues identified where necessary.

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. No breaches of our Supplier Code were identified in 2019/20.

Misappropriation of our transport networks

Our services are at risk of being misappropriated to transport individuals across state and international border lines for human trafficking or illegal purposes. In particular, Greyhound, as an intercity and cross-border bus transportation provider across North America, is at risk of being misused in this way, albeit at a much lower level than in the past, as cross-border traffic has been significantly restricted as a result of US government actions during the year. The rail network in the UK is also at risk of being misused in this way. Our actions in response to this risk are outlined below.

Partnership working:

We have active partnerships with law enforcement throughout the US and UK 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 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, Greyhound has provided transportation to more than 20,000 youths and family members.
- We work closely with the British Transport Police (BTP) and the Rail Delivery Group (RDG) to help eradicate 'county lines' drug dealing from the railway. County lines drug dealing is the movement of illegal drugs by gangs from cities into smaller towns, often using the railway. The gangs frequently exploit children or vulnerable adults to use them in transporting the drugs.
- Our Group Security Director chairs the Policing and Security Implementation Group of the RDG which includes cross-industry action on eliminating drug trafficking on the rail network. This Group also includes the security leads for each of our train operating companies (TOCs).

Employee training:

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 has 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.

- Information and awareness raising materials produced as part of the UK Home Office and BTP County Lines campaign have been distributed to our on-board and station-based employees across a number of our TOCs.

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 2020 designed to prevent modern slavery in our business and our supply chains:

Risk management and governance:

- Towards the end of the 2019/20 financial year, we completed a review of the risk of modern slavery incidents across all our businesses. The review was undertaken at a 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. Actions arising from this review are being implemented during the current year and the review is informing the actions of our Modern Slavery Working Group for 2020/21. We will include a detailed summary of the outcomes of this exercise in next year's statement.

Training and sharing best practice:

- Within our Greyhound business a total of 502 employees took part in a Human Trafficking Awareness course.
- Customer-facing colleagues across our First Rail division were provided with information or training on the UK Home Office County Lines prevention initiative, to help identify those using our network for trafficking purposes, which included briefing sessions and workshops in partnership with the BTP, and a poster campaign aimed at rail employees.
- Our Group procurement team attended a modern slavery best practice workshop, drawing on analysis of modern slavery risk from within our First Rail division.

Other:

- In 2019/20 Greyhound helped 365 vulnerable young people to get home safely through our Home Free Program – a material increase on 2018/19, when Greyhound helped 253 young people. This increase was primarily due to national media coverage of the scheme during the coronavirus pandemic, leading to a surge in enquiries.

The coronavirus pandemic and our supply chain

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.

In some instances, it was necessary to develop new sources of supply to augment our existing supply chains. Despite the additional challenge of establishing new supplier relationships during a pandemic, and having to screen and on-board new suppliers in very short timescales, our commitment to maintaining our high supplier standards and management of the risk of modern slavery in our supply chain remained firm, with our procurement teams working diligently to minimise and mitigate risk during this rapidly-evolving period.

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 further strengthened the relationships with many of our core suppliers through a focus on a common goal of ensuring that our employees and customers can continue to work and use our services safely and securely. We anticipate that working together in this way will also benefit other areas of joint social responsibility, including modern slavery, and that these strengthened relationships will endure after the pandemic to create a foundation on which to work together to continue to tackle these issues.

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 other stakeholders 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 15 September 2020, this statement was approved by the Board of Directors of FirstGroup plc for the financial year ended 31 March 2020. 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.



Matthew Gregory
Chief Executive
FirstGroup plc
15 September 2020

FirstGroup plc
395 King Street
Aberdeen AB24 5RP

Registered in Scotland number SC157176

Appendix

CentreWest Limited
First Beeline Buses Limited
First Cymru Buses Limited
First Eastern Counties Buses Limited
First Essex Buses Limited
First Glasgow (No 1) Limited
First Glasgow (No 2) Limited
First Greater Western Limited
First Hampshire & Dorset Limited
First Manchester Limited
First MTR South Western Trains Limited (70%)
First North West Limited
First Rail Holdings Limited
First South West Limited
First South Yorkshire Limited
First TransPennine Express Limited
First Trenitalia West Coast Rail Limited (70%)
First West of England Limited
First West Yorkshire Limited
FirstBus (North) Limited
FirstBus (South) Limited
FirstGroup Holdings Limited
Mainline Partnership Limited
Southampton CityBus Limited