

Message from the Chief Executive, Sir Moir Lockhead OBE



At the time of writing this report we are in the midst of a recession that has created unprecedented challenges for the world economy. Like most businesses, FirstGroup has to make some difficult decisions. We have, for example, implemented a programme to reduce costs by more than £200 million across the business, ensuring that the Group remains robust in this tougher economic climate.

In times of economic downturn, some people question whether we can continue to focus on sustainability. Although we are facing particularly demanding (and, I trust, short-term) challenges, I believe we must maintain long-term thinking if we are to address the key issues facing society today. We therefore intend to continue our focus on our CSR strategy. This will include implementation of further measures to reduce our carbon emissions and actions to influence the future transport agenda.

This year, the UK Government has used the Climate Change Act to establish the world's first legally binding greenhouse gas emission reduction targets. In the US we are also witnessing a policy shift with the appointment of a Special Envoy for Climate Change. There are indications that the new US Administration may develop long-term carbon reduction targets equivalent to those in the UK.

Clearly the delivery of these targets on both sides of the Atlantic will have major implications for us all in our daily lives and business. To maintain economic competitiveness and growth we must develop transport systems that can meet these targets. I believe that to achieve this we have to both transform the way we travel and fundamentally change our attitudes to transport. With the right support, public transport will play an important role in this transformation. We are actively seeking to develop the necessary partnerships to achieve this.

Our CSR programme determines how we deliver public transport services that meet society's current and future needs. It underpins everything we do. Our core values are safety and customer service. We are working to ensure that CSR is an essential part of the business across all activities of FirstGroup and that we share and benefit from good practice.

Our focus on Injury Prevention has this year reduced our Lost Time Injury rate by 26% and our passenger injury rate by 15%. We continue to achieve long-term improvements in reliability and punctuality across our bus services and rail franchises.

We continue to strengthen our employee management framework. We have undertaken extensive consultation with our employees this year through employee surveys and focus groups. This work is informing the future development of our employee programmes.

Our environmental programme continues to deliver benefits. We have strengthened our environmental management structure in North America and for the first time we are collating utilities consumption data from this part of the business. We continue to maintain a focus on reducing the carbon emissions from our vehicles, a drive which includes identifying the necessary characteristics for innovative new vehicles able to meet the carbon challenge.

During the year we established a CSR External Advisory Group comprising a number of respected individuals from the field of CSR and transport. The role of this Group is to support us in developing our status as leaders in CSR and sustainability issues by providing an external perspective on our activities.

The need to develop more sustainable transport systems over the coming years offers major opportunities for the public transport sector. Delivery of effective solutions will involve co-operation between the major market players and central and local government. We intend to lead in delivering these changes.



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