

## CORPORATE SOCIAL RESPONSIBILITY



## Scope

Welcome to FirstGroup plc's 2004/05 Corporate Social Responsibility report. This report covers all the Group's activities in the United Kingdom and North America. It includes our most recent rail franchise First ScotRail, which joined the Group in October 2004 part way through the reporting period. The reporting period is for April 2004 to March 2005, unless otherwise indicated.

This is a Summary report. The full version of the report can be found on the FirstGroup UK website:  
[www.firstgroup.com/corpfirst/responsibility/commenvreport.php](http://www.firstgroup.com/corpfirst/responsibility/commenvreport.php)

The introductory sections to the report provide background on First's Corporate Social Responsibility strategy in relation to the Group's overall business strategy and society's transport needs. Performance data is then presented in relation to four key themes:

Safety

Customer and Community

Team

Environment

There are three distinct operating divisions within the Group: UK Bus, UK Rail and North America. In the majority of cases data is presented separately for each of these operating divisions. In certain parts of the business, in particular safety and environment, we are looking to develop Group-wide indicators which will allow us to monitor performance on a Group basis in the future.

Within the report we present our CSR objectives and targets for the coming year. These are presented on a Group-wide basis rather than in relation to each operating division as in previous years. We also report progress in relation to last year's objectives and targets within the individual performance chapters.



FirstGroup is a FTSE4 Good constituent company. The FTSE4Good Index Series measures the performance of companies that meet globally recognised corporate responsibility standards.



During the year we have also taken part in a number of rating and benchmarking exercises including EIRIS the leading European provider of independent research into the social, environmental and ethical performance of companies and the Business in the Community Corporate Social Responsibility Index.

## Contents

- 2 **Assurance Statement**  
csrnetwork, our auditors, present their verification statement.
  - 4 **Executive Statement**  
Moir Lockhead, First's Chief Executive, introduces the report by providing an overview of the role of CSR within First, some of this year's achievements, and our future direction.
  - 5 **Transforming Travel - Our Vision and Values**  
We set out our vision to transform the way people travel and our Company values.
  - 6 **Company Profile**  
We outline our operations and key economic data showing our contribution to the economy.
  - 8 **Transport - The Sustainability Challenge**  
We present some of the key challenges facing society and transport operators in delivering more sustainable travel.
  - 10 **Our CSR Management Framework**  
We set out our management framework for CSR issues and our risk management and governance structures.
  - 12 **Working with Our Stakeholders**  
We provide an overview of our stakeholder relations and how we engage with our key stakeholder groups.
  - 14 **Our Group CSR Strategy**  
We describe our overall strategy in relation to strengthening our performance and management of CSR issues in relation to the four key themes of Safety, Customer and Community, Team and Environment. We also present our 2005/06 CSR objectives and targets.
- Our CSR Performance**  
We present our CSR performance for 2004/05 in relation to the four key themes:
- 16 **Safety**
  - 20 **Customer and Community**
  - 24 **Team**
  - 28 **Environment**

2

## **Opinion**

On the basis of the method and scope of work described below and information provided to us by First, nothing has come to our attention to suggest that overall the description of the company's performance and management provided in the Report is not accurate. We highlight below our additional comments in relation to the CSR performance management and reporting processes.

Since our assurance work last year, First has made much progress in the co-ordination and management of CSR performance and reporting. Significant developmental effort has been put into aligning, and integrating, where relevant, North American and UK performance reporting processes and the North American division is now starting to report more extensively on its non-financial performance. From a CSR management perspective there has been a structural change over the last 12 months with CSR issues now managed from a more functional perspective. A Group CSR champion has been appointed for each of the four focus areas [environment, safety, team (internal stakeholders) and customer & community (external stakeholders)] and cross business initiatives are starting to emerge from pro-active local actions that can be replicated.

The following developments are particularly noteworthy:

- >> the increasing involvement of the Internal Audit function in supporting CSR performance management;
- >> the evolving stakeholder co-ordination mechanisms that will allow a Group overview to be taken of the extensive local interactions; and also
- >> the evolving Group level human resources framework and people data reporting mechanisms which can in future only improve consistency of approach across the business and provide a framework for establishing a 'First Culture' which will also support First's CSR objectives.

Unless otherwise stated, we have seen evidence to support the majority of claims made in the Report. We found that underlying systems and processes are generally robust and most developed for environmental compliance and health & safety data. However, we did identify weaknesses in the process of calculation of waste data for the UK. The process of calculating the source activity in relation to air emissions for UK Bus lacks transparency. Changes in First's franchise portfolio have affected year on year comparability of UK Rail data.

During the course of our work, we identified a number of opportunities where strengthening of CSR performance management systems and reporting processes could increase robustness; these opportunities have been reported back to First.

Our observations against the AA1000 Assurance Standard principles are as follows:

## **Materiality**

Developments such as:

- >> improved co-ordination of stakeholder engagement,
- >> the further development of First's CSR strategy since last year,
- >> a more Group-wide approach across both UK and North American Divisions, and
- >> alignment with the overall business risk identification process

are helping First to ensure that its material issues are being addressed across the Group.

The Report's introduction addresses the wider issues facing the transport sector, for example, social inclusion and sustainable transport, providing context for detail described elsewhere in the Report which is a positive development. We consider that the report contains performance information and commentary on all the current relevant issues for the sector, although during our interviews it became apparent that there are variations in perception of the importance of different sustainability issues in Europe and North America, for example, differences in public transport culture and the issue of "sleeping children" (children left asleep on school buses at the end of an employee's shift) in the US where student transport is a large element of First's business. Consideration should be given to including discussion on some of these variations in future reports.

## **Completeness**

We consider that the Report is complete in all material aspects and where there are gaps these have been identified within the Report or our commentary. The reporting of some issues is limited by the availability of data and further work is underway to develop relevant reporting processes, for example resource consumption and community involvement data for North America and some employee related data in the UK.

First liaises extensively with its stakeholders as part of day to day business, using a variety of proactive and reactive methods. We have seen considerable evidence that key issues highlighted by this dialogue are addressed by First, especially feedback from customer satisfaction surveys, regulators and service improvements, although we have not been able to check every claim in the Report relating to the results. There is an evolving mechanism for tracking and co-ordinating engagement across the UK operating companies which will facilitate the identification of common issues and co-ordination of appropriate responses across the Group, as well as the sharing of good practice, although there is no Group-wide dialogue process planned. These developments, will allow First to improve its systems for sensing and responding to stakeholder expectations. We note that there are differences between the UK and North America regarding the definition of "stakeholder", given the differing nature of the business and contracting models, and consideration should be given to these differences being reflected in future reports.

#### Responsiveness

There is evidence that information obtained from CSR management and stakeholder co-ordination processes is used to establish targets for performance management. The linkage between the Group's overall business strategy and the setting of CSR objectives and targets is not fully transparent but efforts are underway to improve this.

Benefit would be derived from

- >> a more formalised approach to target setting based on past performance and operational practicalities as well as the outputs from engagement;
- >> a more transparent linkage to the Group's overall business strategy, and
- >> quantified and measurable targets across all key areas of CSR focus.

Basis of the opinion:

#### Scope

For the third year, FirstGroup plc has commissioned csrnetwork to provide independent assurance over the information within the FirstGroup 2005 Corporate Social Responsibility Report (the Report). The objective of assurance was to check claims made and review data and non-financial systems and controls in place to monitor performance at Group, Divisional and Local level. As a result of the increased breadth and depth of work undertaken this year, the level of assurance provided has risen. We used the AA1000 Assurance Standard in designing the assurance process, which covered the claims made in the internet based (.pdf) Report and the Summary Report. Any financial information contained within the Report is excluded from the assurance process.

This is a shortform statement for the printed Summary report. The full statement including details of the responsibilities of the Directors of FirstGroup plc and the assurance providers, and the method and full scope of work can be found in the internet version of the report on the FirstGroup UK website [www.firstgroup.com/corfirst/responsibility/commenvreport.php](http://www.firstgroup.com/corfirst/responsibility/commenvreport.php)

**csrnetwork**  
making csr a reality

UK. June 2005



**Mark Line** Director



**Lucy Candlin** Project Manager



**Vicky McAllister** Assurer

csrnetwork is a business focused, corporate social responsibility advisory organisation bringing together specialists from the fields of environmental management, social accounting and sustainable development. [www.csrnetwork.com](http://www.csrnetwork.com)

# Executive Statement



4

IT IS WITH GREAT PLEASURE THAT I PRESENT OUR THIRD CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT. ALTHOUGH WE ARE STILL AT THE STAGE OF DEVELOPING OUR STRATEGY AND PROCESSES, THIS YEAR WE HAVE MADE SIGNIFICANT PROGRESS IN IMPROVING THE MANAGEMENT OF THESE ISSUES. WE HAVE ESTABLISHED A CORPORATE SOCIAL RESPONSIBILITY STRATEGY GROUP TO PROVIDE A FOCAL POINT, WITH RESPONSIBILITY FOR ADVISING THE EXECUTIVE MANAGEMENT BOARD AND THE PLC BOARD. WE HAVE ALSO FURTHER DEVELOPED OUR INTERNAL AUDIT AND RISK MANAGEMENT PROCESSES TO INCORPORATE CSR MORE FULLY.

CSR is core to our business, reflected in our values and our vision to transform the way people travel and the way they feel about public transport. Our success in achieving this vision is reliant on effective management of issues such as safety, our customers, our employees and the environment. It is also dependent on us maintaining effective dialogue with our many stakeholders.

As a public transport operator, we have a vital role to play in supporting the needs of society to achieve more sustainable travel. This is necessary to reduce the growing negative social and environmental impacts associated with society's continuing reliance on the use of the private car. One key way we can contribute to reducing these impacts is through improving the safety and quality of our services thus encouraging more people to use public transport. We make an important contribution to the economy by providing a necessary public service, being a major employer and relying on a significant number of suppliers and contractors.

We recognise that developing more sustainable travel is not without its challenges. These include, at the most fundamental level, attracting more people to use public transport. Other challenges include reducing our vehicle emissions and developing services to meet the needs of all sectors of the community.

Therefore to achieve business growth and improve the sustainability of our operations we continue to focus on:

- » Ensuring the safety of our employees, passengers and services
- » Valuing and developing our employees
- » Improving the service to our customers and the community
- » Recognising and reducing our environmental impacts

Corporate Social Responsibility is integral to our overall business strategy. Our key achievements this year include the development of our people management framework through the creation of structured development pathways. We continue to increase the proportion of our employees with vocational qualifications and access to Learning Centres. This year saw the introduction of the "f t r" - a new concept in public transport developed through close consultation with our customers, staff and local authority partners. We continue to make progress in improving our performance in relation to aspects of safety and environmental management and have now integrated the rail franchises into our environmental management framework. There is still work to do in fully integrating the new rail franchises into our safety management framework which will continue to be a focus for us next year.

Over the coming year we will continue to evolve our corporate social responsibility strategy building on progress to date. In particular, we will be working to embed our understanding of these issues and the associated values further into the organisation, and to strengthen our measurement and management framework around CSR matters.

**Moir Lockhead**  
Chief Executive

# Transforming Travel - Our Vision and Values

OUR VISION -  
**TRANSFORMING TRAVEL**  
FIRST WANTS TO LEAD THE  
WAY IN TRANSFORMING  
THE WAY PEOPLE TRAVEL  
AND THE WAY THEY FEEL  
ABOUT PUBLIC TRANSPORT.

By aiming for the top in everything we do - and helping each other - we can deliver the highest levels of safety and service and give greater customer and employee satisfaction. We will share all the success of our company, and reach our destination as the number one transport provider.

## FIRST VALUES

The values we share unite our organisation. In everything we do we should ensure that we bring our First values to life.

### Safety

Safety is our number one priority. Every First employee has a responsibility for safety. The right attitude towards safety and putting in place the right policies, procedures, equipment, training and support will help us live the safety culture.

### Customer-focus

We want to deliver the perfect journey to all of our customers. No one should try harder for our customers than our employees. Our people must be dedicated and passionate about customer service, they must receive training and support and their efforts must be valued.

### Professional and Trustworthy

We should deal with each other and our customers in a professional and trustworthy manner. By treating each other as equals and dealing with situations in an honest and professional manner we will gain respect from our customers and colleagues.

### Progressive

Forward thinking, innovative and enthusiastic and possessing a "can do" attitude are qualities we really value in our employees.

### Continuous Improvement

We will never stand still - we will always get better. Getting the simple things right day in day out really matter. Continually improving the way we work makes a huge difference to our customers, staff and the success of our company.

### Environment

As a public transport operator we have a unique opportunity to improve the environment in which we live by helping to reduce traffic congestion and air pollution and conserve scarce resources by offering a real alternative to the car. We also aim to reduce the environmental impacts of our operations through reducing resource usage and minimising risk, leading to greater efficiency in the business.

### Community

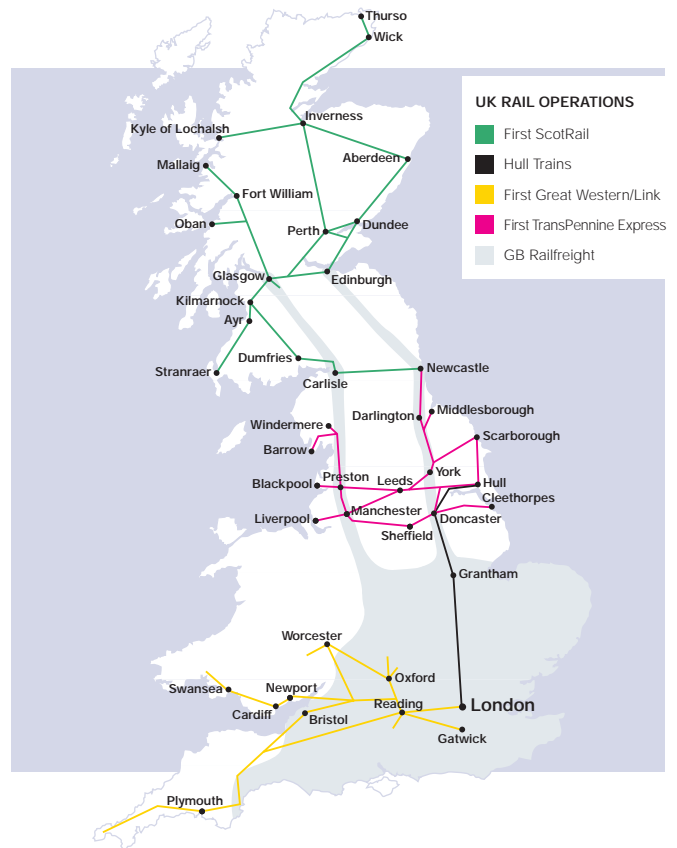
We take our role in the community seriously. We want to play our part in promoting socially inclusive policies, encouraging the young and disadvantaged, and helping older members of the community and the disabled.

# Company Profile

6

FIRSTGROUP PLC IS A UK BASED INTERNATIONAL TRANSPORT COMPANY WITH A TURNOVER OF £2.7 BILLION A YEAR, AND 67,000 EMPLOYEES THROUGHOUT THE UK AND NORTH AMERICA.

We operate rail passenger and rail freight services in the UK and bus services, including school bus services, in the UK and North America. We also have a vehicle maintenance business in North America.

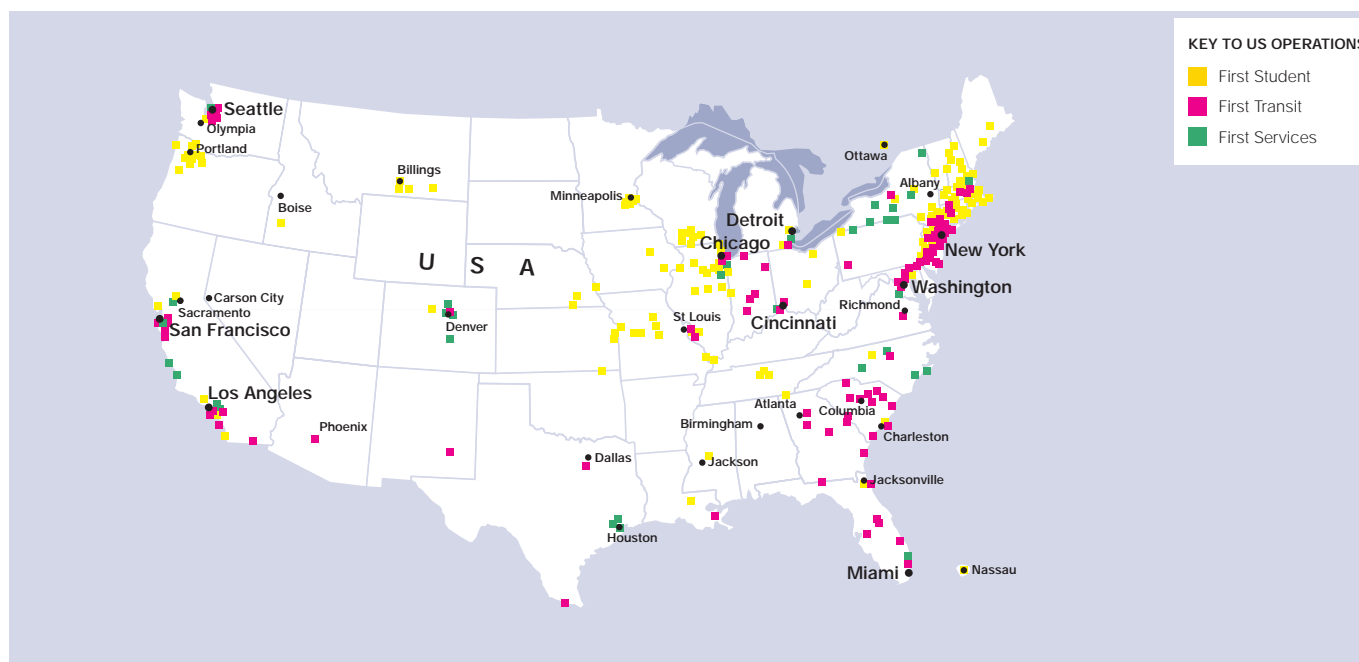


## UK BUS

We are the UK's largest bus operator, running more than one in five of all local bus services and carrying over 2.8 million passengers every day. 80% of our operations are in urban areas.

## UK RAIL

Our rail passenger operations include intercity (First Great Western, First TransPennine Express and Hull Trains) and London commuter services (First Great Western Link). In October 2004 we also took over operation of the First ScotRail franchise which runs all the rail services in Scotland. In addition, we operate mail, freight and infrastructure services through GB Railfreight.



## NORTH AMERICAN OPERATIONS

In North America the Group has three operating divisions: Yellow School Buses (First Student), Transit Contracting and Management Services (First Transit) and Vehicle Fleet Maintenance and Support Services (First Services). Headquartered in Cincinnati, the businesses operate across the US and Canada.

**First Student** is the second largest provider of student transportation in North America with a fleet of over 20,000 yellow school buses, carrying nearly 2 million students every day across the USA and Canada.

**First Transit** is one of the largest private sector providers of transit management and contracting, managing public transport systems on behalf of transit authorities in cities such as Atlanta, Los Angeles, Houston and Seattle. We are one of the largest providers of airport shuttle bus services in the USA, serving airports in cities such as Cincinnati, Miami and Philadelphia.

We also manage call centres, paratransit operations and other light transit activities.

**First Services** is the largest private sector provider of vehicle maintenance and support services in the US. We provide fleet maintenance for public sector customers such as the Federal Government, cities and fire and police departments. We also provide a range of support services including vehicle maintenance, logistics support and facilities management to public and private sector clients including the US Navy and US Air Force.

### Key Statistics<sup>1</sup> for the Year ending 31st March 2005

Turnover  
**£2,693.4 million**

Number of employees  
**67,367**

Distributions to shareholders<sup>2</sup>  
**£77.7 million**

Spending on goods materials and services  
**£1,154.7 million**

Employee costs (wages, benefits and pensions)  
**£1,231.4 million**

1. Further details are available in our Annual Report.

2. Distribution to shareholders comprise dividends paid of £48.0 million plus share repurchases of £29.7 million.

# Transport - The Sustainability Challenge

8 TRANSPORT HAS BECOME ONE OF SOCIETY'S KEY SUSTAINABILITY CHALLENGES. PEOPLE WANT THE FREEDOM TO TRAVEL AS AND WHEN THEY PLEASE, BUT THE SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF OUR INCREASING RELIANCE ON ROAD TRANSPORT IS NOW WELL RECOGNISED.

Car ownership continues to rise and the car remains the predominant form of transport used by people for the majority of their transport needs. The distances people travel are also increasing. This is giving rise to congestion problems, delays and deterioration in local and global air quality. The transport sector is also responsible for approximately 25% of global carbon dioxide emissions - the gas associated with being the major contributor to global warming.

Part of the development of a sustainable transport strategy is to encourage greater use of public transport. To achieve this presents a challenge, as the use of the private car is still deeply engrained in our culture and requires effective partnerships between Governments, Local Authorities and public transport operators.

Reducing the negative social and environmental impacts of travel lies at the heart of the UK Government's sustainable transport strategy. This recognises the need to balance society's growing mobility needs with the need to improve quality of life. Progress towards achieving these aims is monitored through their quality of life indicators which include carbon dioxide and air quality emissions, congestion and the ability of people to access amenities.

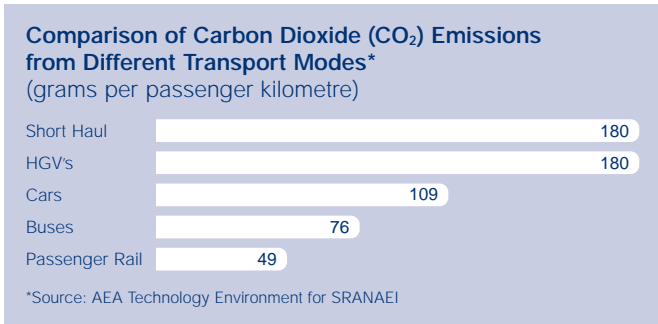
RAIL AND BUS TRAVEL HAVE THE LOWEST EMISSION PROFILE WHEN COMPARING EMISSIONS BETWEEN DIFFERENT TRANSPORT MODES ON A PER PASSENGER KILOMETRE BASIS.



### Transport and Atmospheric Emissions

Although public transport operations have the potential to support the reduction of atmospheric emissions from road transport, at the same time the operation of a significant vehicle fleet contributes to atmospheric pollution through exhaust emissions. As with all forms of road transport, virtually all our vehicles use internal combustion engines fuelled by diesel. These produce emissions of pollutants such as particulates, nitric oxides, sulphur dioxide and volatile organic compounds.

When compared directly to cars, the emissions from a bus or train are higher due to the increased size and weight of the vehicles, but our load factors are correspondingly higher. However, the huge benefit of these modes of transport over the car is the number of passengers they can carry and the number of passenger journeys they can replace. Rail and bus travel have the lowest emission profile when comparing emissions between different transport modes on a per passenger kilometre basis.



Significant developments in engine technology are driving down the emission profile of our vehicle fleet. As are the introduction of increasingly stringent emission limits, driven by the development of European Union and US Environment Protection Agency standards will continue to drive down the emission profile of our bus fleet. Similar drivers are now also reducing these emissions from our trains.

There remains the challenge to achieve significant reductions in carbon dioxide emissions which arise directly from burning fossil fuels. The development of more sophisticated abatement technology on newer engine fleets has generally increased the fuel consumption of these vehicles. We are working closely with the vehicle manufacturers to improve fuel efficiency in both the rail and bus fleet.

However, public transport operators still have a significant contribution to make in reducing overall carbon dioxide emissions. By increasing passenger numbers and attracting more people away from cars, emissions per passenger kilometre travelled, and thereby the overall emissions from road travel will decrease. This factor is recognised in the UK Government's Climate Change Programme. Development of the public transport network is seen as an important contributor to reducing carbon dioxide emissions.

A move from reliance on fossil fuels could radically change our emissions profile. We therefore take every opportunity to support trials in relation to alternative fuels, such as gas buses, hybrid and fuel cell technology. However, as yet the reliability of the technology itself and the supporting infrastructure is insufficient to allow the delivery of a reliable and sustainable public transport network.

### Transport and Social Inclusion

Sustainable transport is also about providing a safe, quality service aimed at attracting as wide a range of passengers as possible. Recent work on the relationship between transport and social inclusion has shown that it is predominantly low income groups that rely on public transport for their mobility needs. This includes accessing employment and essential services. The UK Government's quality of life indicators show that those without a car are experiencing increasing difficulties in accessing health services, shops and post offices.

In parts of the business we have trialled demographic mapping techniques to better understand the communities we serve. This allows us to improve route design where appropriate and target information and promotions more effectively.

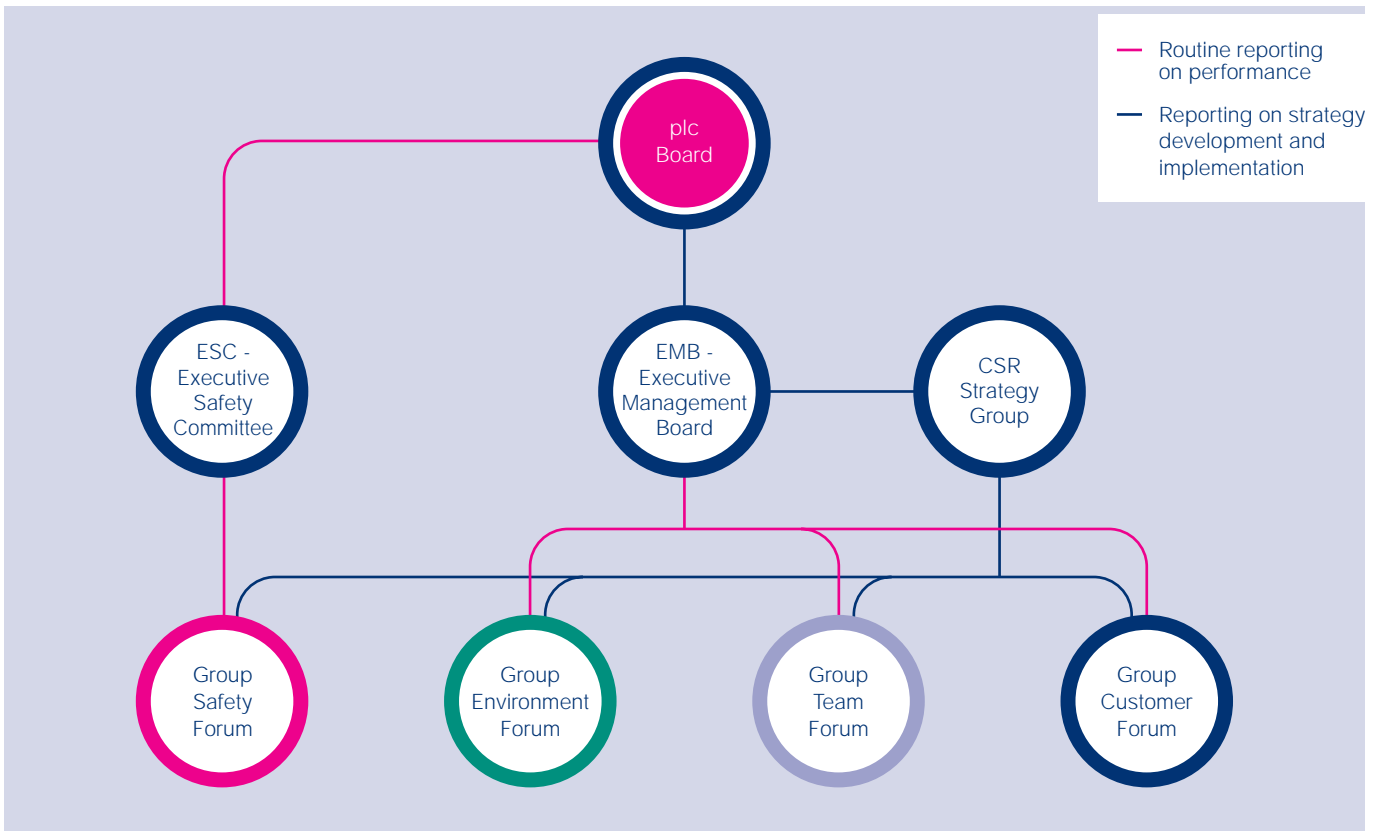
As a mass transport operator, we continually balance the needs of the general population against the needs of the individual. Our role is to provide an effective public transport network to serve as wide and representative a sector of the community as possible. As a result of this there are times when we have to make decisions that may not necessarily benefit all community members. As a public limited company we also have to look carefully at the commercial viability of some routes we operate and can only support non-commercial routes with public sector support.

We strive to manage these balances as effectively as possible, to build a more effective transport network which will bring greatest benefit to as wide a cross section of the community as possible.

# Our CSR Management Framework

10 OVER THE PAST YEAR WE HAVE EVOLVED OUR FRAMEWORK FOR MANAGING AND REPORTING ON CORPORATE SOCIAL RESPONSIBILITY ISSUES WITHIN THE COMPANY. THE CORPORATE SOCIAL RESPONSIBILITY STEERING GROUP, NOW THE CORPORATE SOCIAL RESPONSIBILITY STRATEGY GROUP, IS CHAIRED BY THE CORPORATE FINANCE DIRECTOR AND ATTENDED BY THE GROUP CHIEF EXECUTIVE. MEMBERSHIP INCLUDES THE MANAGING DIRECTORS OF THE UK RAIL AND BUS DIVISIONS AND THE CHIEF EXECUTIVE OFFICER OF OUR NORTH AMERICAN BUSINESS. IN ADDITION, INDIVIDUALS REPRESENTING THE KEY THEMES OF SAFETY, TEAM, CUSTOMER AND ENVIRONMENT ARE INVOLVED. THE ROLE OF THE STRATEGY GROUP IS TO MAINTAIN AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY ISSUES LIKELY TO AFFECT THE COMPANY, AND TO ADVISE THE EXECUTIVE MANAGEMENT BOARD ON HOW WE CAN DEVELOP OUR CORPORATE SOCIAL RESPONSIBILITY STRATEGY IN A WAY THAT IS CONSISTENT WITH THE GROUP'S OVERALL BUSINESS OBJECTIVES.

Mirroring the role of the Executive Safety Committee, the forum for driving safety strategy, we have now established similar forums representing our other key CSR themes of Environment, Team and Customer. Representatives from Operating Divisions sit on these forums to ensure the development of the CSR strategy is co-ordinated across the Group.



## GOVERNANCE AND RISK MANAGEMENT

The Executive Management Board conducts a bi-annual risk assessment which incorporates CSR issues. This year we also undertook a separate review of all our CSR risks to ensure they were being effectively considered as part of this process.

Our key CSR risks have been identified as:

- >> The safety of our employees, passengers and the general public
- >> Recruiting and retaining employees
- >> Delivering customer service levels
- >> Responding to regulatory change

Addressing these issues is a central part of our CSR strategy and supporting management framework. We are continually working to improve our safety performance and in the Safety section of this report we report on our safety statistics and the actions we are taking to improve these. Recruiting and retaining customer-focused staff is a key issue for us in common with other service providers. We have implemented a range of steps to improve our recruitment practices and we discuss these alongside our retention strategies in the Team section of this report. We continue to work to improve customer service and describe some examples of the investments we are making in this area in the Customer section of this report.

An important part of our risk management processes is to maintain an on-going review of likely regulatory changes to consider how these might affect the business. During the last 12 months examples of regulatory issues which have been under consideration as part of the risk assessment process include the European Working Time Directive, Pension Protection Fund Regulations and the End of Life Vehicles Directive.

### CSR Management Systems

The management frameworks for supporting each of the key CSR themes are at different stages of maturity. However, all core CSR data is reported to the Executive Management Board who maintain an overview of Group performance in relation to these issues. This performance data includes safety statistics, environmental performance, service delivery, customer satisfaction, employee turnover and staff satisfaction.

### Safety

The safety management structure is now well developed and reporting and communication in relation to safety issues has been fully integrated across all three Operating Divisions. The Executive Safety Committee, chaired by the Group Chief Executive, drives safety strategy through monitoring performance and setting targets for improvement.

### Environment

Overall responsibility for driving the Group's environmental strategy lies with the Group Environment Forum chaired by the Environmental and Property Projects Director. There is a supporting management structure covering all three Operating Divisions. This defines responsibilities from Managing Director to site representative across the business.

### Team

A framework for people management continues to grow and evolve. Through the Group Team Forum a structure is being developed for effective reporting of human resources management information, and significant energy is being directed at ensuring that managers and supervisors have the skills to lead, develop and motivate their respective teams. The role of the Team Forum is to raise overall standards and to build greater consistency in the management of human resources across the Group.

### Customer

Management of customer initiatives is driven at different levels within the organisation. In some cases this is done through divisional initiatives and in others at local company level. The Group Customer Forum has been established to improve understanding of the initiatives which are taking place across the Group. In this way we can build on experience at company level and ensure effective communication and co-ordination of stakeholder activities. Key customer data relating to all our services is reported to the Executive Management Board.

Further details on our corporate governance structures are provided in our Annual Report.



UNDERSTANDING AND LISTENING TO OUR STAKEHOLDERS IS KEY TO THE SUCCESS OF OUR BUSINESS. WE MAINTAIN OPEN AND REGULAR DIALOGUE WITH ALL OUR STAKEHOLDER GROUPS WHICH INCLUDE CUSTOMERS, STAFF, SHAREHOLDERS, GOVERNMENT, LOCAL COMMUNITIES AND SUPPLIERS. THE VIEWS OF OUR STAKEHOLDERS INFLUENCE WHAT WE DO AND HOW WE THINK.



## **Our Customers**

Our customers include the individuals who use our train and bus services, customer interest groups and public sector purchasers such as Local Authorities and the SRA. The views of our customers are important to us in developing and improving our services and we engage with them in many different ways, both formally and informally. We undertake regular customer surveys and research across the business, hold focus groups and engage regularly in face to face meetings. We also provide our customers with the opportunity to hold dialogue with us more formally through, for example, stakeholder forums and stakeholder advisory boards. We seek input from our customers through focus groups on the development of new products and services such as the development of our latest road vehicle the "f t r".

The issues concerning our customers are wide ranging but relate mainly to local issues. Punctuality, reliability and frequency of service are key issues, as are the quality of the vehicles and the driver. In the case of our school bus services - safety and quality of driver are of prime concern. In the maintenance business, key issues are turnaround time and reliability.

## **Government and Local Authorities**

To deliver our vision to Transform Travel we need to work closely with Government at both national and local level. In the UK we maintain constructive dialogue with key Government departments and respond to Government and Parliamentary consultations that affect us, both independently and through industry bodies such as ATOC and the CPT. Recent examples include dialogue with the Department for Transport on the Railways Bill and the Department for Education and Skills on the School Transport Bill. Through quality partnerships with local authorities we work to deliver faster, more reliable services for bus passengers through traffic management and restraint measures. In North America our role is to operate services on behalf of our customers and we address broader policy issues through our service contracts as required.

Working on ways to deliver more sustainable transport lies at the heart of this on-going dialogue. This includes improving the quality of transport services, increasing passenger numbers and developing socially inclusive transport networks.

### Employees

Our employees are our most valuable asset. We maintain regular dialogue with them in a number of ways. This includes meetings between employees and their line managers, formal staff briefings and the issue of regular newsletters. We also conduct regular employee satisfaction surveys and use staff focus groups to obtain employee feedback on specific issues. In the UK an Employee Director sits on the majority of our subsidiary company boards, with an elected member serving as Employee Director on the plc Board. First Transit has established a General Manager Advisory Group reporting to the Board.

We take the concerns of our employees seriously and are currently addressing key issues arising from recent staff surveys and focus groups through the on-going development of our Human Resources strategy.

All our employees have access to a confidential hotline through which they can report concerns in relation to issues such as fraudulent activity. All calls are followed up by the company and appropriate action taken. Where the caller requires feedback then this is facilitated by the confidential hotline provider and anonymity is guaranteed.

### Community

The nature of our business is such that we are in close contact with the communities we serve on a day to day basis. We want to work with these communities to improve the quality of transport services available but also to support the community more broadly. Examples include supporting local community initiatives, charitable donations and supporting our staff to participate in community projects. We sometimes provide transport services free of charge for charitable and community events.

Consultation with the community takes place on major route and service changes and our stakeholder forums are open to all members of the public. We consult with local businesses on developing green travel plans and with local authorities on development of services including the provision of school bus services. We hold focus groups with key sectors of the community to better understand their travel needs. This is supported by the use of demographic mapping packages which allow us, where possible, to improve access to our services.

### Shareholders

FirstGroup plc is a public limited company, listed on the London Stock Exchange, with responsibility to all our shareholders. In addition, we are a FTSE4 Good constituent company. We have on-going dialogue with our investors throughout the year. This includes face-to-face meetings, telephone conferences and contact made through the Group's Investor Relations Department.

All investors are kept informed of key business activities via regular news and press releases and the Group's website. There is also regular dialogue with institutional shareholders throughout the year and general presentations are made by the Chief Executive and Finance Director following the announcement of the full and half-year results. Other Directors, including Non-Executive Directors, attend meetings with shareholders if requested. All shareholders are invited to attend the Group's Annual General Meeting.

Information relating to the Group's Corporate Responsibility policies and procedures is provided to support key Ethical Investment analysts and fund managers and relevant ratings agencies and organisations such as BITC, EIRIS and Sam Dow Jones.

### Suppliers

We rely on a number of key suppliers and contractors for the effective delivery of our services. These include, for example, vehicle manufacturers, engine manufacturers, fuel suppliers and waste management companies. We meet with our key suppliers on a regular basis to discuss contracts and ways in which we can improve our supplier relationship to the benefit of both parties.

This year in the UK we have formalised these relationships through our Supplier Relationship Programme. This provides a framework for engaging with all our main suppliers. It is designed to foster two-way dialogue allowing concerns in relation to a contract to be raised by both parties and providing a framework to set targets for continuous improvement. Similar arrangements exist in North America where we aim to build partnerships with key suppliers to improve understanding of our respective business needs.

# Our Group CSR Strategy

ADDRESSING CSR ISSUES IS FUNDAMENTAL TO OUR BUSINESS SUPPORTING OUR OVERALL BUSINESS OBJECTIVES. THIS YEAR WE WILL BE WORKING IN PARTICULAR TO EMBED OUR UNDERSTANDING OF THESE ISSUES AND THE ASSOCIATED VALUES FURTHER INTO THE ORGANISATION.

OBJECTIVES/TARGETS 2005/06	
<p><b>Safety</b></p> <ul style="list-style-type: none"> <li>&gt;&gt; To reduce all staff accident rate.</li> <li>&gt;&gt; To reduce all lost time accident rates.</li> <li>&gt;&gt; To reduce all passenger accident rates.</li> <li>&gt;&gt; To reduce all vehicle collision rates.</li> <li>&gt;&gt; To reduce all SPADs rate.</li> </ul> <p><b>Customer and Community</b></p> <ul style="list-style-type: none"> <li>&gt;&gt; To continue to improve the performance of our services.</li> <li>&gt;&gt; To continue to reduce customer complaints.</li> <li>&gt;&gt; To improve stakeholder management and information processes.</li> <li>&gt;&gt; To increase community volunteering through our management training programmes.</li> </ul>	<p><b>Team</b></p> <ul style="list-style-type: none"> <li>&gt;&gt; To improve our driver retention across the business.</li> <li>&gt;&gt; To increase access to workplace learning opportunities.</li> <li>&gt;&gt; To further standardise and improve recruitment processes.</li> <li>&gt;&gt; To introduce people management operating procedures within UK Bus.</li> <li>&gt;&gt; To develop the skills of our managers and leaders.</li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>&gt;&gt; To reduce energy use for the UK operations by 5% on 2004/05 figures.</li> <li>&gt;&gt; To start to record energy usage for all North American operations owned by FirstGroup.</li> <li>&gt;&gt; To increase recycling levels for the UK operations by 5% on 2004/05 figures.</li> <li>&gt;&gt; To establish baseline data for liquid waste arising in North America.</li> <li>&gt;&gt; To achieve ISO14001 accreditation for one further company.</li> <li>&gt;&gt; To increase the number of staff receiving environmental awareness training in North America by 5%.</li> </ul>

**Safety**

We consider the safety of our staff, passengers and the general public to be paramount in operating our services and strive towards the elimination of accidents and injuries.

Our long-term safety goals are:

- >> To continue to improve our safety performance reflected in reductions in staff injury/accident rates year on year.
- >> To continue to improve the safety of our passengers by reducing the risk of injury.
- >> To reduce the risk to our staff of suffering physical and verbal assault.
- >> To reduce motor accidents.
- >> To reduce precursors to catastrophic accidents in our Rail Division.

The Group Chief Executive leads safety development within the Company through the Executive Safety Committee. We actively promote third party input to the development of our safety programme. An external adviser attends our Executive Safety Committee meetings and in the UK annual independent health and safety audits are carried out.

**Customer and Community**

Meeting customer expectations is an essential part of retaining and growing our customer base.

In the UK our overall goal is to achieve year on year growth in passenger numbers by continuing to improve the quality, reliability and frequency of our services both through independent action and through partnerships with, for example, Local Authorities, the SRA and Network Rail. In North America our overall goal is to retain our existing customers and grow our customer base through improving our performance in relation to individual customer contracts.

We aim to exceed our performance targets and continuously improve our customer service to improve the overall customer experience.

Our long-term customer goals are:

- >> To achieve year on year growth in passenger numbers in the UK and to continue to grow our North American business.
- >> To exceed the performance targets set for us by industry bodies, regulators and our clients.
- >> To deliver a high quality customer service throughout our operations measured through customer surveys.

## Team

Our overall goal is to become the employer of choice in our industry in each local labour market. We believe that investment in our people is key to our success.

Our human resources strategy is based around building the capability of our workforce through:

- >> improved communication and employee relations,
- >> developing our recruitment and retention processes; and
- >> providing clear learning and development pathways and opportunities for both vocational and non-vocational learning.

Our long-term goals are:

- >> To continue to build employee satisfaction measured through improvements in our employee attitude surveys.
- >> To reduce the turnover of our bus driving staff to service sector average.
- >> To support our employees to reach their full potential by developing our leaders management skills and ensuring that we continue to broaden employee access to workplace learning.
- >> To improve the diversity of our workforce ensuring opportunity for all.

## Environment

We aim to minimise the ecological footprint of our operations and the environmental footprint of each passenger journey. To this end, we continue to improve the internal management of our environmental impacts through reducing resource usage and minimising waste. On-going investment in new vehicles is reducing our emissions profile and we continue to support research into alternative fuels.

Our long-term goals are:

- >> To continue to achieve reductions in resource use to optimum levels.
- >> To reduce overall waste arisings and to increase the proportion of waste reused/recycled.
- >> To improve the environmental management standards across the Group measured through performance improvement and achievement of ISO 14001 accreditation.
- >> To improve our emissions profile per passenger journey or per passenger kilometre year on year.
- >> To achieve modal shift away from car use in key areas of our business.
- >> To continue to support initiatives to research and trial the use of alternative fuels to assess commercial viability and future opportunity.



## Working with Our Suppliers

A key part of our approach to CSR is to build mutually beneficial relationships with our suppliers on whom we depend heavily for the delivery of our services. We have established a Supplier Relationship Programme in the UK, supported by similar processes in North America, to achieve this. Through these relationships we are looking at ways to consider sustainable purchasing more formally in the supply chain.

Our long-term goals are:

- >> To build assessment of sustainability issues into the procurement process.
- >> To continue to develop our relationships with our key suppliers to identify ways to improve our environmental performance and reduce our environmental and social risks.

# Safety First



## Progress Against Safety Improvement Objectives 2004/05

### UK ANNUAL TARGETS 2004/05

### PROGRESS

#### UK BUS DIVISION

**Reduce staff accidents by 15% averaged across all the bus depots.**

All staff injuries reduced by 7% and lost time injuries reduced by 10%.

**Reduce passenger accident rates caused by vehicle incidents from 2003/04 figures.**

Passenger accident rates remained stable. The injuries caused by vehicle incidents went down.

#### UK RAIL DIVISION

**No accidental passenger or employee fatalities.**

The accident at Ufton Nervet in November, in which one of our First Great Western trains collided with a vehicle obstructing the line at a level crossing resulted in the tragic loss of seven lives, including our train driver.

**Reduce assaults to staff by 10% of April 2002 rate.**

The level of assaults on staff rose by 7% during the last 12 months.

#### \*Long-Term Targets to be achieved by 2009

**Major injury rates of no more than 1 in 7.5 million passenger journeys.**

Major injury rates were 1 in 5.7 million passenger journeys, further work is required to reach the 2009 target.

**Major injury of employees no more than 1 in 750 employees per year.**

There were 9 employee major injuries which equates to a rate of 1 per 814 employees. This is 43% better than the 2003/04 rate and in line to meet the 2009 target.

### US ANNUAL TARGETS 2004/05

### PROGRESS

#### FIRST STUDENT

**Reduce employee injuries by 15%.**

The rate of injuries went down by 3.5%.

**Reduce vehicle collisions by 25%.**

The collision rate went down by 8.3%.

#### FIRST TRANSIT

**Reduce vehicle collisions by 15%.**

The rate went down by 2.9%.

**Reduce lost time injury rate by 15%.**

The rate went down by 27.1%.

**Reduce passenger injury rate by 15%.**

The rate went down by 7.8%.

#### FIRST VEHICLE SERVICES

**Improve the overall Company safety performance.**

The overall performance in safety management improved through actions on training, communication and regular briefings.

**Reduce work related illness and injury rate.**

With new acquisitions, the overall rate of personal injuries showed an increase.

**Improve employee awareness and involvement in the safety programme.**

Achieved through innovative communication tools and briefings.

\*These targets are those set for the industry by the Railway Safety and Standards Board to be met by March 2009.

**SAFETY IS OUR NUMBER ONE PRIORITY.  
THE SAFETY OF OUR STAFF AND PASSENGERS  
IS OF FUNDAMENTAL IMPORTANCE TO US  
AND UNDERPINS EVERYTHING WE DO.**

- UK Bus Division
- UK Rail Division
- North America



**Staff Safety**

Our goal is to eliminate accidents and injuries in the workplace. Everyone in the organisation has responsibility for safety. Behavioural safety tours conducted by our senior directors, including the Chief Executive, are a key element of our safety programme. We continue to work to further standardised safety processes and training across the Group to build a more consistent safety culture.

**UK Bus**

In the UK we have made particular progress this year in the introduction of new safety policies and the development of a Core Safety Brief for all employees. This culminated in a UK Bus Safety conference for key safety personnel, managers and employee representatives to communicate progress and change throughout the Bus Division.

**UK Rail**

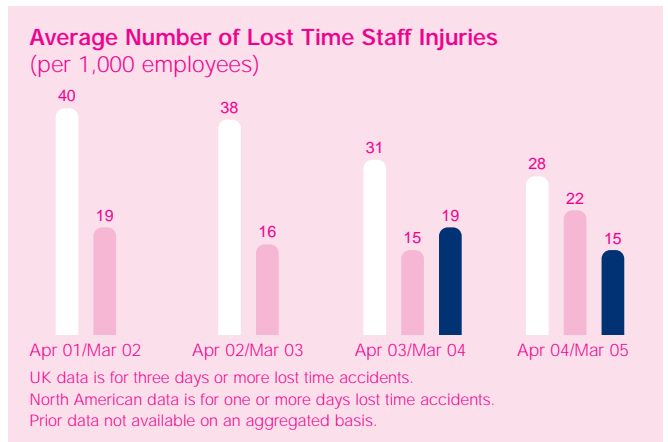
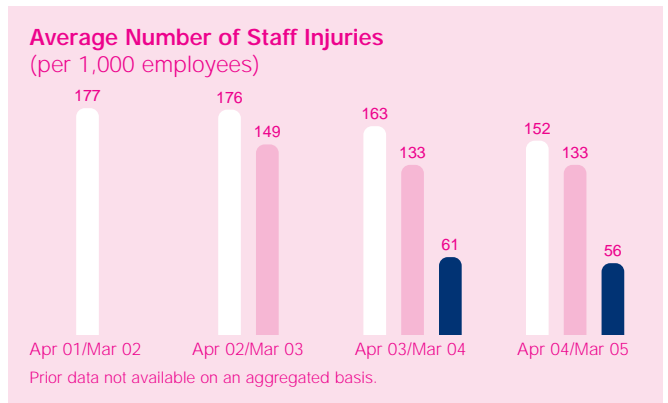
Within the UK Rail Division we have established a Rail Safety Improvement Group. The Group has responsibility for developing new safety initiatives to improve safety performance and for promoting consistency of approach across the new rail franchises. A Rail Division internal audit process has been developed which includes cross company auditing to introduce a greater level of independence into the audit process.

**North America**

The North American Operations continue to develop a range of initiatives to improve safety performance. First Transit and First Vehicle Services have introduced safety action plans which have been communicated through their annual safety conferences. First Vehicle Services and First Student are focussing on improving performance at locations with the poorest safety records. All companies continue to develop their safety awareness campaigns through increased training and communication.

**Safety Performance Data - Staff**

This year we have achieved reductions in the total number of accidents across the Company, most notably in First Transit where a 27% decrease in lost time injury rate was achieved and in UK Bus where we have achieved a 10% reduction in lost time injuries.



In response to the accident trends in the Rail Division we have undertaken a detailed analysis of the lost time injuries data for all Train Operating Companies. This involved assessing the causes of accidents, the groups of employees affected and where accidents typically occur. The findings of this review are helping inform our safety programme for the coming year.

Throughout the Group we are looking at ways to establish greater consistency in safety culture and encourage our employees to further embrace this culture. We are currently developing personal safety passports for staff and have agreed key safety principles for all employees. These will form part of a broader programme of communication to be implemented over the coming year to ensure everyone is clear about safety expectations.



**Physical Assaults on Staff**

The rate of physical assaults on staff continues to increase in the Rail Division (7% over the last 12 months). This is in line with national trends reported by the Rail Safety and Standards Board which report a rise across UK rail of 10% over a similar time frame. Within the Bus Division, the number of assaults leading to lost time reduced by 11% compared with last year. Within the North American operations the number of assaults leading to lost time remain very low.

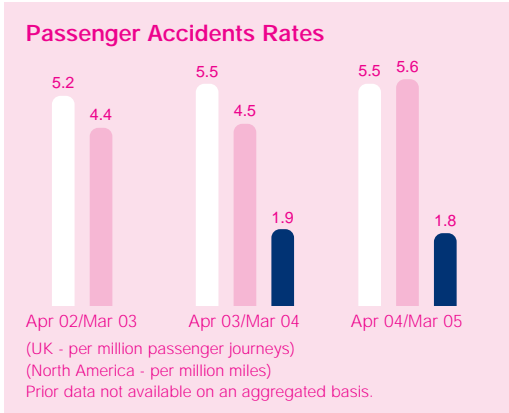
We are seeking every way we can to reduce the likelihood of assaults and improve the prosecution rate of offenders. We work closely with the British Transport Police on improving security through targeting problem trains or stations for additional security. All relevant staff receive conflict avoidance training.

This year we have introduced DNA swab kits to all First Great Western and First Great Western Link on-board and station staff following the experience of First ScotRail who have used them since 2000.

**Passenger Safety**

We transport several million passengers a day across our services and their safety is of paramount importance to us.

Passenger safety is receiving ongoing attention through staff training, route safety assessments and increased communication with drivers. There is an increase in the passenger accident rates across all divisions which we believe is primarily due to staff being encouraged to log all incidents. These are all investigated to ensure that facts are properly established prior to taking appropriate action.



**UK Bus**

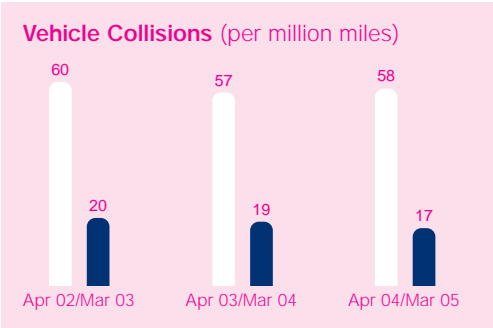
This year in the UK Bus Division there has been particular focus on operating companies who have shown a higher than average passenger accident rate. Initiatives to improve performance in these companies have included: introduction of defensive driver training; targeting Route Hazard Analysis on routes identified as above average risk; and the appointment of additional driver training managers.

We have also been working with staff and the Unions to maximise the effectiveness of our drugs and alcohol policy. A common position has been agreed with the Unions on drugs policy, which covers training and awareness, testing for drugs and rehabilitation and counselling. A plan is being put together to consult widely on the policy with the aim of implementing it in the next financial year.

**UK Rail**

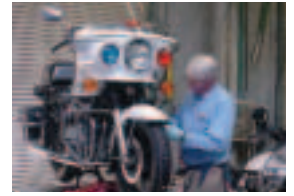
The control of risk of a catastrophic train accident continues to be a key priority. First Great Western trains are all fitted with Automatic Train Protection systems (ATP) and our policy is not to operate a service if the system is faulty and to terminate a train en route if a fault develops.

Reduction in the number of Signals Passed at Danger (SPADs) is an important focus for the Safety Improvement Group. An Operational Standards Group is focussing heavily on ways to improve both SPAD and operational performance.



### IMPROVING SAFETY ON OUR SITES

This year in the UK Bus Division we issued high visibility jackets for all employees for use when walking about our sites. This initiative led to a 37% reduction in incidents involving people being hit by moving vehicles.



We recently established a SPAD strategy which looks at the issues which need to be carefully balanced to manage the SPAD risk. This includes people, equipment and infrastructure. In particular, we are looking at ways that technology can assist us to improve driver competence and experience, for example through the use of train data recorded information and driving simulators.

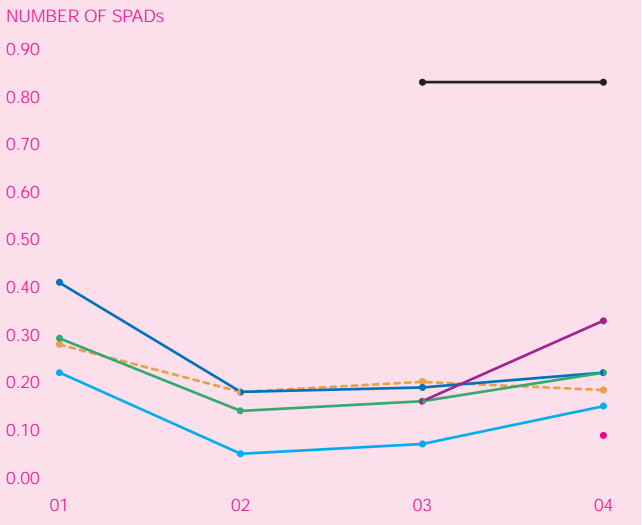
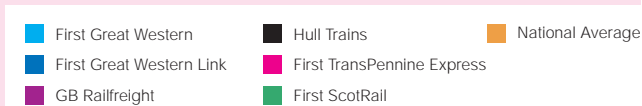
Other initiatives to improve passenger safety have included specific training and information for drivers on problems associated with leaf fall during the autumn period. We have also created Safety and Security Teams to influence and manage passenger behaviour at stations to minimise the risk of accidents occurring.

### North America

In North America we continue to introduce initiatives to improve passenger safety.

- >> In First Student we have introduced ZONAR, an automated vehicle inspection record keeping system. This improves on the previous paper based system by increasing the level of inspection whilst reducing the amount of time needed to carry out the process. The results feed directly to the maintenance system, which prioritises work orders. First Transit are also considering the introduction of this system
- >> The Smith System for defensive driving has proved highly successful to date and continues to be an important element of driver training by preparing drivers to manage a wide range of situations.
- >> First Transit is currently trialling the use of Drivecam cameras. These forward and rear-facing lens cameras are triggered to record by incidents such as hard braking or utilisation of the panic button. These cameras are proving useful for security purposes but also in modifying driver behaviour. If these trials are successful, cameras will be installed at all First Transit locations.

**Number of SPADs**  
(per 100 drivers per month)



# Customer and Community



## Progress Against Improvement Objectives 2004/05

### UK ANNUAL TARGETS 2004/05

#### UK BUS DIVISION

**Achieve punctuality of bus services of 95%.**

**Achieve reliability of bus services of 99.5%.**

### PROGRESS

We continue to develop initiatives to improve the punctuality of our services.

The overall reliability of our services lies at 98.4%.

#### UK RAIL DIVISION

**Achieve continuous improvement in our rail performance against the Strategic Rail Authority Public Performance Measures (PPM).**

We continue to improve the overall performance of our services.

### US ANNUAL TARGETS 2004/05

#### FIRST STUDENT

**Improve client satisfaction by delivering on-time, safe performance.**

**Maintain contract retention.**

### PROGRESS

The levels of client satisfaction have increased as measured through our customer surveys.

We maintain a contract retention rate of around 90%.

#### FIRST TRANSIT

**Achieve 95% of our "Trips on Time".**

**Continue to reduce customer complaints.**

**Complete 100% of our preventative maintenance on time.**

We achieved trips on time of 96.56%.

Customer complaints reduced by 18%.

We completed 99.8% of our preventative maintenance on time.

#### FIRST VEHICLE SERVICES

**Achieve ISO 9000:2000 Certification.**

**Roll out of a Six Sigma Green Belt Training & Certification Programme.**

ISO9000:2000 certification has been achieved.

All managers hold at least one level of Six Sigma along with over 100 technicians.

DEVELOPING OUR SERVICES TO BETTER MEET OUR CUSTOMER AND THE COMMUNITY'S NEEDS IS ESSENTIAL TO THE SUCCESS OF OUR BUSINESS. WE CONTINUE TO INVEST HEAVILY IN IMPROVING CUSTOMER SERVICES IN THE UK AND BUILD OUR CUSTOMER RELATIONSHIPS IN NORTH AMERICA.

**UK BUS**

We maintain an on-going programme of customer satisfaction surveys and dialogue with our customers which indicates that reliability and punctuality are their top priority.

**Punctuality**

To improve the punctuality of our bus services we continue to make significant investment in TRACKER real time data systems which allow us to monitor the punctuality of service and identify where buses do not comply with the timetable. By using this information as the basis for further analysis we work with Local Authorities to introduce measures that will help the smooth passage of buses and improve service punctuality.

We are also rolling out a start time adherence programme which controls punctuality in relation to start time. This has been trialled in Glasgow achieving improvements in reliability from 90% to 94% over a twelve-month period.

**Reliability**

We continue to achieve reliability improvements. To improve further we are investing in new depot infrastructure, state of the art vehicles and employee training. We also work closely with our engine manufacturers on improving engine reliability. Last year we invested £66.2 million in new vehicles.

**Improving Our Services**

We have a growing number of examples which show that by delivering a more punctual, reliable service backed up by innovative marketing, we can drive passenger growth:

**Leicester Overground** - A number of routes in the Leicester overground are amongst our fastest growing routes achieving passenger growth rates of between 16 and 59%. This is attributed to a combination of improved frequency and reliability of service, promotional campaigns and discounted fare offers.

**Bristol Showcase** - This route incorporates state of the art developments to improve the comfort and punctuality of services. These include modern low floor buses, improved journey information, designated bus routes, increased bus lanes and state of the art traffic flow systems giving the bus priority in congested areas. There are now 94,000 journeys a week on this route, an increase of 13.5% during the first year of opening.

CASE STUDY



**THE "F T R" - VEHICLE OF THE FUTURE**

This year we launched a brand new concept in public transport - the "f t r". This will look like a tram but run on dedicated road space in congested areas and have the route flexibility of a bus. It can be introduced quickly, without major upheaval on roads and at a fraction of the price of a light rail scheme.

The first "f t r" service will begin in York later this year and detailed plans are being developed for other schemes in cities around the UK. The objective is to take 10% of car journeys off the roads, on the corridors these vehicles serve, within five or six years.

The development of this vehicle involved a close working relationship between the vehicle producers and users through customer focus groups.

**Attracting New Passengers**

We continue to look at ways to attract new customers to use our services. We are in the process of recruiting a team of nine Sales Development Managers whose role it is to proactively seek opportunities to work with employers to develop their company travel plans. This has led to close working relationships with a number of large employers to encourage employees to use our buses to commute to work.

CASE STUDY

**INVESTING IN TECHNOLOGY IN GLASGOW**

Working in partnership with Glasgow City Council, we have invested over £4m in the BIAS system to improve passenger information and the punctuality of our buses. This provides passengers with real time information at stops and next stop information on the buses. It also uses state of the art fleet management systems that give priority to late running buses at traffic signals. The operation of the system has now been proven and it will be launched publicly in June 2005.

## FIRST GREAT WESTERN COMMITTED TO EXCELLENCE

First Great Western's Engineering Division has achieved the first stage of recognition under the European Foundation for Quality Management (EFQM) scheme which recognises progressive, forward-thinking companies committed to quality and continuous improvement.

This makes them the UK's only train operator to be accredited under the scheme.



### UK RAIL

All our Train Operating Companies conduct customer satisfaction surveys on a regular basis and have well-established arrangements for managing complaints. We use this information, supported by on-going stakeholder dialogue to assess trends and identify areas where we need to improve.

In addition to our own surveys, the Strategic Rail Authority (SRA) conduct National Passenger Surveys. Customer satisfaction levels across our Train Operating Companies lie at or above the national average which is currently at its highest since 2000.

### Train Company Performance

As with our bus operations, punctuality and reliability are important factors in determining how our customers perceive our services. Public Performance Measures (PPM) are used by the SRA to assess the reliability and punctuality of franchised services. Only First Great Western has been under our long-term management and has achieved overall performance improvements during this period.

### Initiatives to Improve Performance

First Great Western and First Great Western Link have established a joint control centre with Network Rail which has improved efficiency by strengthening communications allowing a quicker response to incidents. Teams work together to share expertise and best practice, generating improved service reliability across the network.

In December 2004 First Great Western/First Great Western Link introduced a radical restructuring of their services from Paddington Station. This resulted in substantial performance benefits including improved punctuality and less crowding. As a result of these changes journey times have improved on some routes and we are able to offer increased capacity during peak times. We continue to work with customers and local MPs to resolve some outstanding customer concerns and make further improvements to the service.

Investment in vehicle refurbishment and new vehicles is an important part of improving reliability of service as well as improving customer experience. We are currently making significant investments in our vehicles across the rail franchises.

Examples include:

- >> Replacement of Hull Trains Class 170 trains at an investment of £24 million which will improve journey times and reliability.
- >> Complete replacement of the First TransPennine Express fleet at a cost of £250 million.
- >> Introduction of five additional refurbished High Speed Trains in First Great Western to support timetable changes and provide thousands of additional seats at a cost of £10 million.

### Improving the Passenger Experience

Examples of ways in which we are working to improve the passenger experience include:

- >> Refurbishment of First Great Western Link's vehicle fleet with a £1.3 million package of interior enhancements to improve the travel experience for customers.
- >> Significant on-going investment in new and improved station facilities to improve aspects such as waiting areas, platforms, improved security and information.
- >> Introduction of JourneyCheck in First ScotRail and First TransPennine Express as a way of allowing customers to keep up to date with information relating to services such as disruptions or delays via the internet, a PDA or a WAP enabled phone.
- >> On-going development of our rail/bus integration programme including the establishment of a unique Area Integration Board. This comprises senior representatives of First's bus and rail companies whose responsibility it is to identify and implement new initiatives to develop integrated services.

CUSTOMER SATISFACTION LEVELS ACROSS OUR TRAIN OPERATING COMPANIES LIE AT OR ABOVE THE NATIONAL AVERAGE WHICH IS CURRENTLY AT ITS HIGHEST SINCE 2000.

## OPENING BASILDON LEARNING CENTRE TO THE COMMUNITY

The Basildon Learning Centre in Essex has received funding to support tutors from Basildon Adult Community College. As a result of the funding we have been able to move the Learning Centre from within the depot to the street extending access to the centre to the local community.



## NORTH AMERICA

### Ensuring Customer Satisfaction

In North America our customers are the operators on whose behalf we provide a service to the travelling public.

The nature of our business is such that regular dialogue with our customers is essential to maintaining a quality service. Within all our North American businesses, Senior Managers visit our main customers on a regular basis. These visits may be bimonthly or quarterly, or as often as weekly on an informal basis. These regular meetings are designed to ensure that any potential problems can be identified early and resolved before they are allowed to escalate.

The punctuality and reliability of service is of importance to our First Transit business which carries the travelling public. In First Student the issues of greatest concern to our customers are safety and driver behaviour.

### Punctuality and Reliability of Service

First Transit monitor performance based on trips on time, operator availability and preventative maintenance. Performance over the last year is summarised as follows:

- >> 96.6% of trips were on time against a target of 95%
- >> There was 8.9% operator availability against a target of 8%
- >> Preventative maintenance was completed on time 99.8% of the time against a target of 100%

### Meeting Customer Expectations

In First Vehicle Services performance is monitored against individual customer contracts against which we have set Company-wide targets.

Performance for the past year was as follows:

- >> Availability of fleet was 97.8% - target 97.4%
- >> 92% of preventative maintenance was completed on time - target of 91%
- >> Percentage of vehicles requiring rework was 0.2% - target 1%

## FIRST IN THE COMMUNITY

We have a multiple role within the local community: we are significant employers, we operate transport services and we connect communities to each other. The operation of our services touches on all members of the community with the potential to impact on quality of life. We also operate from a significant number of properties and have responsibility to those living and working nearby.

In addition to charitable community initiatives the development of our business plays a role in improving the communities in which we operate.

For example:

- >> We use demographic mapping as a tool to better understand the communities in which we operate. This information can be used in a number of ways such as ensuring the appropriate marketing of services, developing employer travel plans and developing services to ensure they are as inclusive as possible.
- >> We provide a school bus concept with a difference - where the safety of the passengers is paramount and we work with the schools we serve to address issues such as bullying and truancy.
- >> We are looking at cost effective ways to address the challenge of serving areas with low population densities.
- >> Through our relationship with Business in the Community we have integrated a community challenge into our managerial and supervisory training courses. In this way we raise the participants awareness of community issues and provide them with the opportunity to become involved in volunteering while at the same time developing their practical skill application.

# Team First



## Progress Against Team Improvement Objectives 2004/05

### UK ANNUAL TARGETS 2004/05

**To reduce bus driver turnover by 3%.**

**For 40% of our bus drivers to hold an NVQ qualification by year end 2004.**

**To increase the proportion of staff with access to Learning Centres.**

**To develop and implement a Group-wide programme for Executive Leadership Development and Senior Management training.**

**To develop and apply Group-wide people policies and procedures.**

**To review the human resources data and management information systems and implement common standards to achieve reliability and consistency.**

**Establish a recruitment contact centre for UK Bus.**

### PROGRESS

The annual average for bus driver turnover has remained stable although there has been a consistent downward trend during the last six months.

Currently 16% of our Bus Drivers hold an NVQ qualification, an increase of 3% on last year.

An additional 10% of our UK Bus employees gained access to Learning Centres this year.

A Group-wide learning and development programme has been introduced.

We are in the process of updating our Group policy and procedures.

A reporting framework has been established for implementation over the coming year.

A pilot centre has been trialled in Glasgow.

### US ANNUAL TARGETS 2004/05

#### FIRST STUDENT

**Continue to conduct employee satisfaction surveys on a targeted basis.**

**Target selected locations and regions to reduce employee turnover.**

Employees surveys have been conducted supported by other initiatives to improve employee communication.

Overall employee turnover has reduced by 2%.

#### FIRST TRANSIT

**Target selected locations to achieve a reduction in bus driver turnover.**

**Develop Company-wide policies and procedures for management of recruitment.**

Overall reduction in employee turnover of 6%.

Central shared services process established for recruitment.

#### FIRST VEHICLE SERVICES

**Undertake our first Company Employee Satisfaction survey.**

**Achieve Blue Seal certification for selected locations.**

Employee satisfaction surveys are being conducted through Town Hall meetings.

50% of locations have achieved Blue Seal certification.

INVESTMENT IN OUR PEOPLE IS KEY TO OUR SUCCESS. AS A COMPANY WE EMPLOY AROUND 67,000 PEOPLE ACROSS THE UK AND NORTH AMERICA. WE ARE A MAJOR EMPLOYER AND ASPIRE TO BECOME THE EMPLOYER OF CHOICE IN OUR INDUSTRY. WE BELIEVE THAT IN ORDER TO ACHIEVE THIS, WE NEED TO OFFER OUR PEOPLE OPPORTUNITIES TO GROW AND REACH THEIR FULL POTENTIAL.



### OUR TEAM VISION

Our vision is to offer our people opportunities to develop and grow to reach their full potential. We want our people to recognise and embrace the benefits of lifelong learning as an investment in their future. As such, we aspire to develop a workforce which is highly motivated and customer focussed, its profile reflecting the local labour market and our people working in a flexible environment capable of responding to individual, customer and business needs. A highly visible management team will lead our people. Through Think First surveys and focus groups we would like our people to be expressing total satisfaction in their relationship with First. They will therefore recommend us as a great company to work for.

### Developing Our People Management Framework

In 2004 we undertook a Human Resources Strategic Review. The issues identified in this review continue to provide the focus for our people strategy. A key enabler has been the strengthening of our human resource management framework. This has allowed us to focus in the areas that will add significant value to our business, namely:

- >> Employee Communication and Employee Relations
- >> Recruitment and Retention
- >> Learning and Development

### Developing the Skills of Our People

A significant step for us this year has been the creation of structured development pathways for different levels of employee within the Company. These learning and development ladders describe appropriate learning programmes for each group of employee.

Supervisory and management development programmes are already well under way in the UK and more individually tailored senior management programmes are in the process of being

developed for initial introduction in the UK in 2005. These have been developed drawing on the findings of a series of development centres attended by senior managers in the UK that provided an overview of the shape and capability of our management population. This information is enabling us to enhance our core leadership competencies based on current need.

We continue to improve our people management processes and systems within the organisation and have established an on-going programme for reviewing our policies and developing Standard Operating Procedures to achieve greater consistency across the Group.

### Employee Communication and Employee Relations

We engage with our employees on a continuous basis across the Group including staff meetings at depot level, senior management visits to depots and regular staff newsletters. To support this we undertake a range of more formal engagement processes. On a periodic basis we conduct staff surveys (Think First) across the UK business to assess staff satisfaction in relation to a range of issues such as commitment, management, communications, safety and welfare. Staff surveys are conducted on a targeted basis in North America.

Within the Rail Division communication associated with the franchise changes has been an important issue for us during the last year. In the case of First ScotRail, in particular, around 3,500 new employees joined the Group. Every effort was made to ensure that employees were kept informed during this process. Research and Focus Groups were conducted during and following the merger between First Great Western and First Great Western Link and after the introduction of the First ScotRail franchise, to assess the effectiveness of the communication processes during these periods.

In North America a number of new initiatives have been introduced to encourage effective communication within the Company. In First Transit a survey of all general managers was undertaken to gain their views on key issues affecting the business. This led to the establishment of a General Managers Advisory Group which provides feedback directly to the Board.

## TURNING ROUND RECRUITMENT AT BATH DEPOT

Last summer Bath had the worst vacancy problem in our UK bus operation. Following the successful introduction of a group of employees from Poland, they have continued to recruit from overseas.

The depot now has no vacancies and an international workforce represented by over ten countries.



In First Student Continuous Improvement Teams are being trialled in New Jersey where randomly selected groups of employees meet with the location manager on a monthly basis to discuss issues of local importance. Open forum meetings and employee committees have also been introduced.

### Recruitment and Retention

#### Staff Turnover

Improving bus driver retention has been a major challenge for us. We are now achieving progress and have developed a range of programmes that are beginning to take effect. In the UK although the twelve month average for bus driver turnover has remained stable there has been a consistent downward trend during the last six months.

In First Transit bus driver turnover has reduced by 6% over the last year and now stands at 25%. In First Student a reduction of 2% in total staff turnover has been achieved during the last year with a 6% reduction achieved over the last two years, now standing at 29%.

In other parts of the business, staff turnover is a less significant issue. In the Rail Division driver turnover lies at between 5 and 10%. In First Vehicle Services the staff turnover rate lies at around 2.3%.

#### Improving Recruitment and Retention Processes

To improve efficiency and consistency, in parts of the business, we are moving towards centralised recruitment processes. This year in the UK we piloted a centralised recruitment contact centre for our Glasgow operations. In First Transit the recruitment process is now centrally managed supported by a new, dedicated member of staff.

Other key initiatives in the development of our recruitment processes in the UK have been our partnership with Jobcentre Plus and overseas recruitment. These programmes have the dual aim of improving staff retention and building diversity within the business. To date they have both achieved these goals and have proved highly successful.

Our programmes to improve retention include improving our induction processes and the on-going development of our recognition and reward schemes. In the UK we have received recognition for our work in this area being selected as a finalist at the Employee Benefits Awards in the categories of: Most Effective All Employee Share Scheme and Most Effective Use of Financial Advice in The Workplace.

#### Partnership with Jobcentre Plus

We have now established a highly effective relationship with Jobcentre Plus. Through this relationship we are attracting people who might otherwise find it hard to gain employment or who might not have considered a career in public transport.

These have included:

- >> A project in Berkshire that placed 21 unemployed people following an intensive 2 week pre-employment training programme.
- >> A project in Glasgow working closely with the Child Care Partnership to assist in cases where childcare was needed to enable people to attend work.
- >> A project in Southampton with local minority communities to attract new employees from sources not traditionally associated with driving careers.

#### Overseas Recruitment

During the last year we have recruited over 360 staff from overseas. The retention rate of these staff is 99% to date and the project has been recognised as one of the most highly regarded overseas recruitment models in Europe. We work with a broad range of recruitment agencies, but a small dedicated team carefully manages the process.

The project sources recruits predominantly from Poland, but now engages drivers from six other countries. The majority of employees have been through a prescriptive training process and all enjoy the same benefits and terms and conditions as their UK counterparts. Every effort is made to ensure the transition from country to country is as easy as it can be; our management teams receive diversity training and new employees are assisted in sourcing accommodation and provided with welfare support, particularly in the early weeks.

## FIRST STUDENT-MAKING WAVES

First Student has introduced a three-day training programme for all site-based employees to develop core skills and competencies. Topics covered include diversity, effective communication, conflict resolution and effective interviewing. To date two regions have completed training at all locations, the aim is to complete training of all staff by Summer 2005.



### Learning and Development

#### Leadership Development

Our learning and development ladders form the structure for leadership development within the Company. We have now adopted two new leadership programmes for managers and supervisors leading to national vocational qualifications. Sixty managers and supervisors have gained these qualifications over the past twelve months and an on-going training programme is now in place in the UK. Programmes for senior managers are in the process of being developed and will be introduced in the coming year.

In North America First Student have introduced a training programme for new Contract Managers designed to improve management skills which covers amongst other things interviewing, employee selection and customer service skills. First Transit continues to train frontline supervisors in an intensive four day training course through First Transit University.

We continue to operate a Graduate Training scheme for fast tracking new graduates to management positions.

#### Vocational Training

This year in the UK we have introduced a new database for recording the number of employees on the NVQ and equivalent BTEC programme. This database is linked to the data systems used by the Learning Skills Council and will allow us to track the learner's progression through the programme. Currently 16% of our bus drivers hold a Level 2 NVQ in Road Passenger Transport an increase of 3% on last year.

We are also developing NVQs in other areas including, Cleaning Passenger Transport Vehicles, Retail for travel shop staff and an NVQ for First Student bus drivers (UK). The NVQ programme in rail has extended to include First Great Western Link and First TransPennine Express and is offered to on train, station and booking office staff.

In North America both First Transit and First Vehicle Services participate in the ASE programme for training and testing technicians and financially reward successful candidates. Within First Vehicle Services 70% of the eligible workforce hold ASE certificates, within First Transit the figure is 35%.

First Vehicle Services are also seeking Blue Seal certification for all locations which indicates that 75% of the technicians are ASE certified, and at least one technician is certified in each area of service offered. To date 50% of locations have achieved this status.

#### Work Place Learning

A core part of our people strategy is to encourage staff to reach their full potential through access to work-place learning. Within UK Bus approximately 40% of employees now have access to non-vocational learning an increase of 10% on last year. There are currently 32 learning centres across the UK, mainly located in bus depots but with access available to relatives of staff and, in some instances, the public. The life-long learning philosophy is now being extended to our Rail Division where we have trialled a learning centre at our Laira depot in Plymouth. We are now planning to extend the concept throughout First Great Western. First ScotRail will also be extending the opportunity to learn throughout Scotland.

#### Diversity

We recognise diversity as a business issue and address it through our business processes. Through our partnership with Jobcentre Plus and overseas recruitment programme we are encouraging greater diversity in the UK workforce. One area of particular success has been in relation to age, where we are recognised as an Age Positive employer in the UK by the Department of Work and Pensions. We recognise in particular the need to attract more female staff to the business in the UK and the representation of women in management positions. Currently 15% of our managers in the UK are women compared to 28% across the Group. During the coming year we will introduce a Diversity policy in addition to reviewing our existing Equal Opportunities policy.

# Environment First



## Progress Against Environment Improvement Objectives 2004/05

### UK ANNUAL TARGETS 2004/05

**Reduce our energy use by 5% on 2003/04 figures.**

**Increase our recycling levels by 5% on 2003/04 figures.**

**Reduce our water use by 5% on 2003/04 figures.**

**Achieve ISO14001 accreditation on one further company within the Group.**

**Continue to integrate our North American operations into our environmental management framework.**

**Integrate the new rail franchises into our environmental management framework.**

**Increase staff environmental training levels by 10% on 2003/04 figures.**

**Introduce a Green Procurement programme including training of our purchasing staff.**

### PROGRESS

We have achieved a 6% reduction in energy usage in our UK Bus Division.

Our recycling levels fell by 2% but the overall waste arising reduced by 5%.

We achieved a reduction in water usage of 4.9%.

First North Western received ISO14001 accreditation during the last twelve months.

The process of integrating our North American operations into the environmental management framework is on-going.

The new rail franchises are now integrated into our environmental management framework.

Staff training levels have increased by 6%.

A sustainable purchasing seminar was conducted with key members of purchasing staff with a follow up planned. A number of initiatives have followed this training.

### US ANNUAL TARGETS 2004/05

**Develop a Company-wide list of approved chemicals and vendors.**

**Maximise the amount of waste oil which is sent for recycling.**

**Eliminate the generation of hazardous waste where we can.**

**Monitor waste arising and final disposal point.**

**Investigate ways we could calculate the emissions from our buses.**

### PROGRESS

This initiative is in progress, a master list of chemicals has been generated and approved suppliers will be established over the coming year.

This has been achieved through the development of new waste management contracts.

Recycling technology for solvent washers has now been installed at all depots.

A new waste management contract has now been established, a requirement of which is the generation of data on waste arising and disposal.

A methodology for the calculation of emissions from vehicles has been agreed. This will be implemented over the coming year.

## WE ARE COMMITTED TO ACHIEVING CONTINUOUS IMPROVEMENT IN OUR ENVIRONMENTAL PERFORMANCE THROUGH THE APPLICATION AND DEVELOPMENT OF OUR ENVIRONMENTAL MANAGEMENT FRAMEWORK.

### Developing Our Environmental Management Framework

The Group Environment Forum sets the minimum environmental performance standards across the Group. This year we have strengthened the structure for environmental management and performance reporting in North America. We have also undertaken a process of integrating all our new rail franchises into the environmental management framework. Baseline environmental reviews were conducted on all new rail franchises on the basis of which objectives and targets were established for each company.

### Fuel Storage

In the UK we have replaced all underground fuel tanks apart from three, which are fitted with leak detection systems or are routinely tested and certified. In North America we have 106 above ground storage tanks and 103 underground storage tanks. The underground tanks meet stringent Federal and State standards, including performing line and tank tightness tests and installing leak detection, spill, and overfill prevention devices.

Training and awareness for our staff responsible for fuelling and fuel delivery supervision is provided and procedures are in place to reduce the risk of fuel loss during delivery to as low as reasonably practicable.

### Prosecutions and Incidents

We have not been prosecuted for any environmental incidents for the third successive year. However, we did receive a civil penalty (\$19,300) for an incident in North America as a result of a 170 gallon accidental release from our First Student location in Framingham.

This year we received 12 environmental complaints in the UK, all but one relating to noise and fumes. We have responded to all complaints proactively and none have led to further action. Complaints are not centrally recorded in North America at present.

### Fuel Use

We monitor fuel usage across the Group. In the UK all our buses - apart from those involved in alternative fuel trials - operate on ultra low sulphur diesel. In the US the main fuel is low sulphur diesel with ultra low sulphur diesel specified by some clients. First Student operate 17 CNG buses, while 11% of the First Transit fleet are CNG buses, 5% propane, 4% hybrid with 10 electric buses. The majority of our trains operate diesel engines apart from in First ScotRail where around half the services are electrically worked.

### Improving Fuel Efficiency

In the UK we have implemented a number of initiatives to reduce fuel consumption. This has been driven by the reduction in fuel efficiency of many of our vehicles due to the increased specification of emission control equipment. This has included work with Volvo on our buses looking at the influence of drivers on fuel consumption and route optimisation. Within the Rail Division we are currently conducting trials on engines for possible replacement in our First Great Western fleet which include assessment of fuel consumption.

We continue to support trials of alternative fuels. The first year of operation of our three fuel cell buses in London has been highly successful. They have been popular with our customers and the reliability of the technology, despite some anticipated teething problems, has exceeded expectations.

In Manchester we have been operating a hybrid bus which uses a battery to provide energy to power the bus. Initial results are encouraging. These buses achieve a fuel consumption of about 8.9 miles per gallon, compared with around 6 miles per gallon for conventional buses. The supplier is working to improve the reliability of the buses, particularly with respect to the ancillary systems and complex electrical equipment.

### PARTNERSHIP WITH FUTURE FOREST

This year we made two key bus routes in Bristol 'carbon neutral' for three months. We used the opportunity to raise awareness of the environmental benefits of public transport with local school children who were invited to enter a competition to design a poster to promote bus travel.



#### Fleet Management

We continue to invest in new vehicles. In the UK we are replacing older vehicles with new vehicles with Euro III engines which have a lower emission specification. The number of Euro III engines in our fleet has increased by 28% during the past twelve months.

In the US we only own the vehicles we operate in First Student. Over the past three years all buses purchased by First Student have included a "50 State" engine which meets the most stringent emissions standards in the USA. The number of First Student buses which have "50 State" engines has increased by 24% since last year.

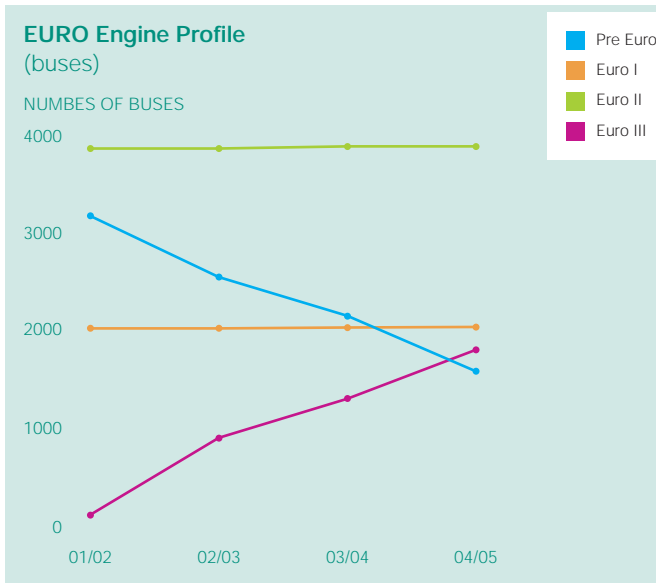
#### Vehicle Emissions

##### Bus Fleet

To calculate the emissions from our bus fleet in the UK we continue to use the National Atmospheric Emissions Inventory (NAEI) database ([www.naei.org.uk](http://www.naei.org.uk)).

These provide a range of emission factors which can be generically applied to our fleet. Calculated emissions can only represent broad estimates as the emissions from an engine are influenced by such a wide variety of factors including the nature of the journey, the size of the vehicle, the type and make of engine and the vehicle speed.

In North America we have now established a method for emissions reporting but data is not yet available from this process.



## UTILITIES SAVINGS IN FIRST GLASGOW

First Glasgow continues to lead the way in developing initiatives to save utilities. Careful monitoring of water usage has led to £8,000 in savings. They have also been working to reduce energy usage through the appointment of energy monitors, installation of time and light sensitive switches and conversion to energy efficient bulbs. This has led to savings of 24% in gas usage and 7% in electricity usage.



### Rail Fleet

In the Rail Division, franchise changes during the last year have meant that our fleet profile has changed considerably. We have been looking at ways to improve the calculation of our emissions from the rail fleet, which will reflect on-going investment in new vehicles. This year our rail fleet vehicle emissions are calculated using a combination of manufacturers' data and measurements taken by British Rail pre-privatisation for the older vehicle fleet. By applying an assumed duty cycle, based on European Rail Industry Standards, we have calculated emission factors. These will form the baseline for calculations in future years.

### Estimated Atmospheric Emissions from Our Diesel Powered Train Fleet (mg per passenger kilometre)

Year	PM <sub>10</sub>	CO	NO <sub>x</sub>	Hydrocarbons
04/05	0.019	0.190	0.724	0.067

### Utilities Usage\*

#### Water

Our main use of water is for vehicle washing. In the UK Bus Division we have achieved on going reductions in water usage - due mainly to the introduction of water recycling facilities in our bus washes. In the UK Rail Division our overall water usage has increased during the last 12 months due to the additional rail franchises joining the Group. Normalised data indicates that in the UK Bus Division water usage per bus has reduced by 4.94%.

#### Normalised Water Usage Data for UK Bus (m<sup>3</sup> per bus)



### Energy Usage

We use a considerable amount of energy for heating and lighting our depots and stations and have an on-going programme to identify energy savings. This year we have reduced energy consumption by 6% in our UK Bus Division and established baseline data for our new group of rail franchises.

Our longest running rail franchise First Great Western has achieved significant progress in reducing utilities usage. Our depot at Penzance achieved a reduction in water usage of 34% and electricity of 4%. This resulted in them being awarded our energy prize of £1,000 which is awarded quarterly to the biggest energy savers amongst our depots.

#### Normalised Energy Usage Data for UK Bus Division (kWh ppj)



#### Normalised Energy Usage Data for UK Rail Division (kWh per passenger km)



As part of a pilot study in North America we have begun to record utilities data at two First Transit and two First Student locations. This baseline will form the basis for establishing local targets for utilities reductions. The total water usage across the four properties was 33,175 meters cubed, which equates to 67 meters cubed per bus, a figure similar to that in the UK Bus Division, prior to the introduction of water saving measures. Total energy usage across these properties was 8,211,529 kWh, which equates to 0.25kWh per kilometre.

In the coming year utilities monitoring will be extended across all properties owned by the North American companies.

\* The utilities data does not include data for First TransPennine Express, GB Railfreight or Hull Trains where we do not operate depots and office accommodation is leased.

### SEGREGATING ON-BOARD WASTE

Segregation of on-board waste is a particular challenge. This year we have been working with Rail Gourmet to undertake a pilot scheme to segregate and recycle this waste. Early indications are that around 3 tonnes of printed matter can be collected for recycling every four weeks.



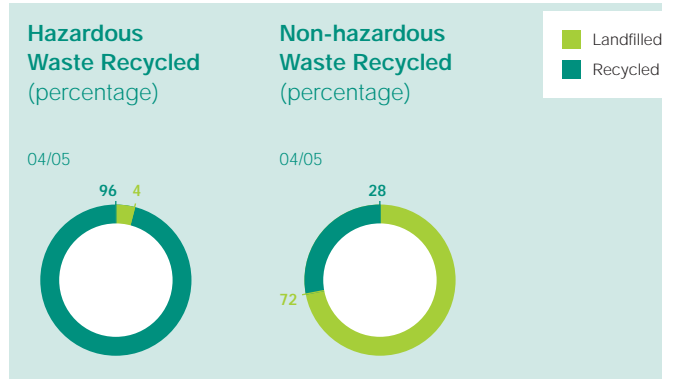
### Waste Management

Waste arising and the proportion of waste recycled in our UK Bus Division has been monitored for a number of years. In the UK Rail Division we only have data for First Great Western and First Great Western Link. Our other Train Operating Companies will generate waste arising data as part of their integration into the company environmental management framework.

The majority of our hazardous waste is recycled. Within the Bus Division the recycling rate lies at 96%. For First Great Western and First Great Western Link the hazardous waste recycling rates are 94% and 97% respectively.

For non-hazardous waste the recycling rates are currently in the region of 28% from our bus depots, and between 2% and 11% at our rail depots (where data is available). We have baseline data for waste arising at all our stations in First Great Western and First Great Western Link. We will use these data to set objectives for improving recycling rates at pilot sites across the Rail Division.

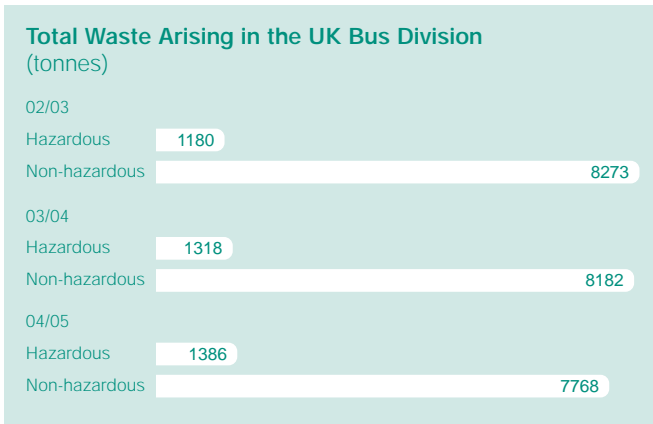
This year we achieved a 5% reduction in non-hazardous waste arising.



In North America we have reduced the production of hazardous waste at our facilities to a minimum by replacing our parts washers with ones where the solvent can be continually recycled. Data on waste arising in North America is not yet available but we recently awarded a central waste management contract for our North American operations which includes a requirement to monitor waste arising.

### Biodiversity

This year we have drafted a biodiversity policy for implementation over the coming year. The nature of our activities is such that most of our sites are covered in hard standing, which offers little or no opportunity for promoting biodiversity. However, we also operate from a small number of sites which include areas rich in biodiversity, some of which are designated sites. Our policy is to ensure the protection and enhancement of existing sites and to promote biodiversity on other sites - either as part of redevelopment or local initiatives.



## SUMMARY OF ENVIRONMENTAL ACHIEVEMENTS 2004/05



**Winner BP Award for Innovation**



**Transport and Freight Award**  
National Gold Winner



**Environmental Award Winner**  
Train Operator Category



**Rail Industry Innovation Awards**  
Highly commended for increasing staff participation in environmental schemes

## FIRST ANNUAL ENVIRONMENTAL AWARDS 2004



**Winner Rail Division** - First North Western

**Winner Bus Division** - South Yorkshire

**Commended Rail Division** - Hull Trains

**Commended Bus Division** - Glasgow

**Winner Individual Achievement** - Trevor Burrows

**Winner Individual Achievement** - Stewart Horsburgh

**Commended Individual Achievement** - Ann Swindell

### We want to hear from you

We always welcome feedback on our report. Feedback is part of our dialogue with our stakeholders and helps us to gain a better understanding of what our stakeholders want us to report on. Please therefore take the opportunity to provide us with your views by writing to:

#### Group Corporate Communications Department

FirstGroup plc, 3rd Floor, E Block, Macmillan House, Paddington Station, London W2 1FG, UK  
Telephone: 020 7291 0505 Facsimile: 020 7636 1338 Web site: [www.firstgroup.com](http://www.firstgroup.com)

#### Paper and Ink

The paper used for this document is made from 75% de-inked post-consumer waste and is totally chlorine free. The ink used to print this document has been developed with respect for the environment using materials of renewable origin.

#### Design and Production

Designed and produced by Shackleton Rollin  
[www.shackletonrollin.co.uk](http://www.shackletonrollin.co.uk)

Principal and Registered office  
FirstGroup plc  
395 King Street  
Aberdeen AB24 5RP  
Telephone: 01224 650100  
Facsimile: 01224 650140

Registered in Scotland  
number SC157176

London office  
FirstGroup plc  
3rd floor  
E Block  
Macmillan House  
Paddington Station  
London W2 1FG  
Telephone: 020 7291 0505  
Facsimile: 020 7636 1338

FirstGroup web site  
[www.firstgroup.com](http://www.firstgroup.com)