

Independent Limited Assurance Report to FirstGroup plc

KPMG LLP ('KPMG' or 'we') were engaged by FirstGroup plc ('FirstGroup') to undertake a limited assurance engagement over selected aspects of the FirstGroup Corporate Responsibility Report (FirstGroup's report as a whole is referred to below as 'the Report') for the reporting year ended 31 March 2014.

Assurance scope, level of assurance and reporting criteria

Assurance scope	Level of assurance	Reporting criteria
Selected Corporate Responsibility ('CR') performance data for the year ended 31 March 2014 marked with the symbol Δ in the Report.	Limited assurance	FirstGroup's reporting guidelines for the selected CR data as set out within the FirstGroup Corporate Responsibility Reporting Guidelines www.firstgroupplc.com/crguidelines .

We have not performed any procedures with respect to other information included in the Report and, therefore, no conclusion on the Report as a whole is expressed.

Respective responsibilities of FirstGroup and KPMG and use of our assurance report

The Directors of FirstGroup are responsible for the proper preparation and presentation of a Report that is fairly stated in accordance with the applicable criteria and for the content and statements contained therein. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of a Report that is free from material misstatement, whether due to fraud or error. It also includes selecting and/or developing the reporting guidelines to be used as the criteria against which to evaluate the elements of the Report that are within scope and maintaining appropriate records from which the reported information is derived.

Our responsibility is to examine the Report prepared by FirstGroup and to report in the form of an independent limited assurance conclusion in relation to the above scope based on the procedures performed and the evidence obtained.

This assurance report is made solely to FirstGroup in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to FirstGroup those matters we have been engaged to state in this assurance report, and to facilitate the presentation by FirstGroup of matters relating to the FirstGroup Corporate Responsibility Report and for no other purpose. Our assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than FirstGroup for any purpose or in any context. Any party other than FirstGroup who obtains access to our assurance report or a copy thereof and chooses to rely on our assurance report (or any part of thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than FirstGroup for our work, for this independent limited assurance report, or for the conclusions we have reached.

Applicable professional standards and independence

Our assurance engagement has been conducted in accordance with two International Standards issued by the International Auditing and Assurance Standards Board. The component of our engagement relating to Greenhouse Gas data has been conducted in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410): Assurance Engagements on *Greenhouse Gas Statements*. Our assurance engagement on all other elements of the scope has been conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. Both these Standards require that we comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which sets out ethical requirements, including independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and plan and perform our procedures to enable us to express a limited assurance conclusion in relation to the above scope.

A limited assurance engagement in accordance with ISAE 3410 or ISAE 3000 involves assessing the risks of material misstatement of the elements of the Report that are within scope, whether due to fraud or error,

responding to the assessed risks as necessary in the circumstances of the engagement and evaluating the overall presentation of those elements. The nature, timing and extent of procedures selected depend on our understanding of the Report and other engagement circumstances, and our consideration of areas where material misstatements of the elements of the Report that are in scope are likely to arise.

In developing our understanding of the Report, we developed an understanding of internal control over the preparation and presentation of the Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of FirstGroup's internal control over the preparation and presentation of the Report.

Limited assurance is less than absolute assurance and reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the evidence-gathering procedures performed in response to the assessed risks, which vary in nature from and are substantially less in scope than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

We conducted our engagement with a multidisciplinary qualified and experienced team in financial and non-financial assurance. The team included Chartered Accountants and specialist professionals in providing assurance over financial and non-financial information and with many years' experience in similar engagements.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact accuracy and comparability. Greenhouse gas quantification is unavoidably subject to inherent uncertainty as a result of both scientific and estimation uncertainty and for other non-financial performance information the precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the selected corporate responsibility information contained within the Report as set out in the assurance scope in the context of the reporting criteria, set out in the FirstGroup Corporate Responsibility Reporting Guidelines.

What we did to reach our conclusions

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary to obtain a meaningful level of assurance in relation to the above scope. The procedures we performed, which are set out in more detail below, were based on our professional judgment and included, as appropriate, inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies and agreement or reconciliation with underlying records. We believe that the procedures we have performed and the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

With regard to the selected CR performance data marked with the symbol Δ in the Report, we:

- Performed site visits and interviewed specialists in FirstGroup's Group functions in the UK and North America, and operating divisional teams in the UK (based in Leeds and Aberdeen) and North America (in Cincinnati) to obtain an understanding of the CR management procedures, performance data collection, aggregation and internal and external reporting processes and controls;
- Evaluated the work performed by Carbon Credentials Energy Services Limited who has undertaken a third party verification of FirstGroup's direct and indirect carbon dioxide equivalent emissions (CO_{2e}) as provided in the FirstGroup Annual Report and Accounts 2014. The verification statement can be seen here www.firstgroupplc.com/carbonverification. Our evaluation covered assessing the work performed by Carbon Credentials over the CO_{2e} related data, including interviewing the individuals who performed their work, assessing the scope of work they undertook, examining their results and reviewing their final verification statement, including limited re-performance work;
- Read and assessed key documentation pertaining to FirstGroup's reporting process, including:

- The Corporate Responsibility Reporting Guidelines and other guidance issued to UK Operating Companies and FirstGroup North America;
- Assessed the data collation and validation processes at the Head Office level, including:
 - Formulae used and manual calculations performed;
 - Analytical review procedures over the aggregated selected CR performance data, including a comparison to the prior year amounts;
- Checked a selection of the supporting documentation at a divisional and Head Office level which supports the CR performance data for the year ended 31 March 2014; and
- Read the Report and narrative accompanying the selected CR performance data for consistency with our findings.

Our conclusion

The following conclusion is based on the work performed and evidence obtained and the scope of our assurance engagement described above.

Nothing has come to our attention that causes us to believe that the selected CR performance data for the year ended 31 March 2014 marked with the symbol Δ in the Report, is not, in all material respects, fairly stated in accordance with the FirstGroup Corporate Responsibility Reporting Guidelines www.firstgroupplc.com/crguidelines.

Paul Holland

For and on behalf of KPMG LLP

Chartered Accountants

London

16 June 2014