



The following Climate Change Strategy was prepared by FirstGroup in March 2007 at the financial year end 2006/07. It is a starting point to setting out our commitment to support the reduction of greenhouse gas emissions from the surface transport sector. It outlines our targets to reduce carbon dioxide emissions over the short and long term and the specific measures and plans, which will help us to achieve them.

This strategy focuses on our main carbon dioxide emissions and is part of a much broader environmental programme covering atmospheric emissions, energy, resource use, waste and biodiversity. Details of our environmental programme can be found in our annual Corporate Social Responsibility (CSR) report.

The performance data contained in this document represents our starting point and will be updated on an annual basis in the CSR report, which should be referred to for current progress. Our forthcoming CSR report 2007 will be available shortly on FirstGroup's web-site, where we are already able to show progress in the implementation of the strategy.

This Climate Change Strategy is also available in alternative formats. For larger print and Braille, please contact our Corporate Communications on: 020 7291 0507



INTRODUCTION

FirstGroup plc (FirstGroup) recognises that climate change has become a pressing social issue. Recent surveys have indicated it to be a high priority for the majority of our stakeholders, and institutional investors are giving the issue a progressively higher profile. Surface transport contributes 25% to the UK's carbon dioxide emissions and in the United States, transportation activities account for around 32% of carbon dioxide emissions from fossil fuel combustion (this figure includes aviation fuels). Emissions from the sector continue to grow.

As a public transport operator we can offer significant opportunities to reduce emissions by attracting more people to use public transport thus reducing reliance on the car. This is central to our vision to **Transform Travel**. As a company we wish to lead the way in transforming how people travel and how they feel about public transport by delivering the highest levels of service and customer satisfaction.

However, we also recognise that we are significant contributors to carbon dioxide emissions and that it is our responsibility to reduce these to as low a level as practicable. At the same time we must maintain the quality and reliability of our services to support continuing passenger growth. In turn, this will support the reduction in emissions from the sector as a whole.

Figure 2
Source of Carbon Dioxide Emissions
(tonnes)

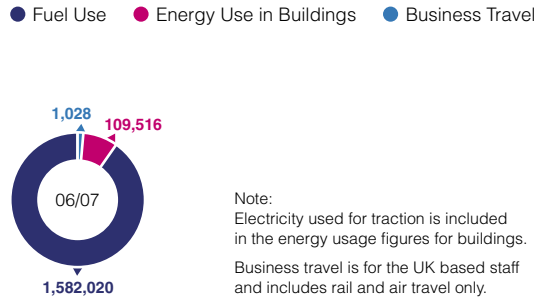
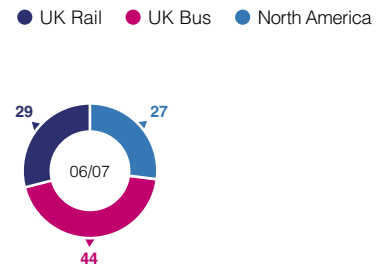


Figure 3
Fuel Consumption Broken Down By Business
(percentage)



RISKS AND OPPORTUNITIES

Climate change presents both risks and opportunities for our business. To deliver an effective and reliable public transport service we rely heavily on the supporting infrastructure. Infrastructure damage to the rail network through flooding, landslides, high winds etc. could have significant impact on the business as a result of line closure and our ability to provide services.

A number of risks are apparent.

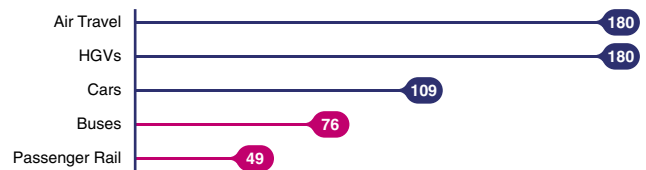
1. Transport infrastructure is vulnerable to extreme weather conditions: flooding and melting road surfaces can both cause severe disruption to services.
2. Actual and potential rail buckling necessitate speed restrictions that may cause widespread delays on the rail network.
3. Railways along the coast are vulnerable to storm surges, high tides and cliff instability and flooding of tunnels.
4. Land-slips may increase due to higher winter rainfall intensities.
5. Passenger comfort (particularly that of the elderly and vulnerable) can be significantly compromised during heatwave events, causing damage to our reputation.
6. Bus and rail depots located close to rivers or in coastal locations may be subject to flooding in the event of sea level rises or inclement weather.

To manage these risks we will:

- work and negotiate with Network Rail and local authorities to minimise the impact and risk of climate change on our business;
- communicate the risk and opportunities internally and externally to raise awareness; and
- consider the risks in future property and vehicle fleet acquisition.

Climate change also presents a business opportunity. Emissions per passenger kilometre are significantly lower for bus and rail travel than for car travel (see Figure 1). Supporting the growth of the public transport network is part of the UK Government's strategy to combat the increase in carbon dioxide emissions from the surface transport sector.

Figure 1
Comparison of Carbon Dioxide Emissions from Different Transport Modes
(grammes per passenger km)



Source: AEA Technology Environment for SRANAEI and Department for Transport.

The majority of our carbon dioxide emissions arise from the use of fuel in our vehicles. A much smaller proportion derives from energy use in buildings and business travel (see Figure 2). The relative contributions to emissions from our UK Bus division, UK Rail division and North American businesses can be seen in Figure 3. This shows that the UK Bus division is the highest consumer of fuel followed by the UK Rail division and then North America.

OUR ASPIRATIONS

We are seeking to lead the surface transport sector in tackling climate change through the development and implementation of our Climate Change Strategy. We believe that reducing our emissions is essential to retaining our competitiveness against other transport modes.



OUR CLIMATE CHANGE STRATEGY

In 2005 we approved a Climate Change Policy that committed us to:

“reducing the greenhouse gas emissions from our operations in a way which supports national government strategies and in line with our commitment to our passengers to provide safe, efficient and reliable services.”

The purpose of the following Climate Change Strategy is to explain how we intend to do this and to set associated carbon dioxide emission reduction targets.

Public transport systems have a role to play in reducing carbon dioxide emissions from the surface transport sector. This contribution is also reflected in the UK Government's strategies for climate change, sustainable development and transport. We can therefore contribute to climate change both by reducing the emissions from our operations and by providing cost-effective and reliable transport that will support growth in the use of public transport services.

There are times when there may be conflicts in achieving both of these goals. One example relates to the purchase of new vehicles. Many of our new vehicles have been built to higher specifications than their predecessors and designed to accommodate higher passenger numbers, with inevitable implications for fuel efficiency.

Emissions per passenger journey or passenger kilometre are therefore an important measure of the overall sustainability of our operations. We use the following criteria to measure our overall impact on climate change:

- total carbon dioxide emissions;
- fuel efficiency in terms of fuel use per kilometre; and
- carbon dioxide emissions per passenger kilometre in the case of the UK Rail division and per passenger journey in the case of the UK Bus division (we cannot currently normalise data in North America against passenger numbers, as this information is not recorded).

The key elements of our Climate Change Strategy require us to:

- improve the fuel efficiency of our existing vehicles;
- purchase vehicles with greater fuel efficiency;
- use alternative fuels;
- improve the energy efficiency of our properties;
- reduce our business travel and develop green travel plans; and
- promote the use of public transport to combat climate change.

This strategy reflects current UK Government policies on reducing emissions. In particular, these include the Renewable Transport Fuel Obligation which requires 5% of fuel sold on UK forecourts to come from renewable sources by 2010, and the Government's Powering Future Vehicles strategy which aims to promote the introduction and take-up of new vehicle technologies and fuels.

Figure 4

Average Fuel Consumption in the UK Bus Division

(litres per km)

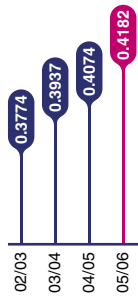


Figure 5

Number of EURO III Engines in the Vehicle Fleet

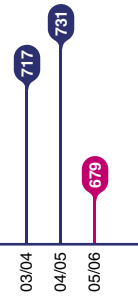
(UK Bus)



Figure 6

Carbon Dioxide Emissions from York Operations

(grammes ppj)



UK BUS DIVISION STRATEGY

Background

Factors that influence the fuel consumption of buses are wide-ranging and include age of vehicle, engine type, weight of vehicle, average speed, driving technique, nature of route and the number of passengers on the bus. Overall fuel consumption in the UK Bus fleet has risen in the past four years, reflecting a reduction in the fuel efficiency of our vehicles (See Figure 4). This is due to investment in new vehicles with the proportion of EURO III vehicles rising from 9% to 25% of the fleet during the same period (see Figure 5). The fuel efficiency of these vehicles has decreased, due to the need for additional abatement technology which reduces other pollutants such as nitrogen oxides and particulates.

With the introduction of new, more fuel-efficient EURO IV engines, the UK Bus division aims to optimise fuel consumption through the purchase of new vehicles.

In terms of the overall sustainability of our operations, the current growth in passenger numbers across the UK Bus division is low compared to the increases in fuel consumption and carbon dioxide emissions per passenger journey continue to rise. However, where there has been considerable passenger growth, for example in York, carbon dioxide emissions per passenger journey have reduced, in this case by 5% (Figure 6). Therefore, a key part of our Climate Change Strategy is to replicate this success and promote the use of public transport, as described in this document.

Fuel Efficiency Programme

Our Fuel Efficiency Programme aims to achieve reductions in fuel consumption throughout the business. In UK Bus, it seeks to improve the efficiency of existing vehicles and ensure purchase of more fuel efficient new vehicles.

EXISTING VEHICLE FLEET

Our current initiatives with regard to existing vehicles are summarised below.

1. Driver training programmes aim to improve driving techniques and minimise idling.

2. Trials using Dyna Fleet technology monitor driver performance and provide data to inform driver training.
3. Trials on two selected fuel additives at the Milbrook Test and Development Centre (based on London's Route 159 simulation programme) are showing improvements in fuel economy of around 6%. These findings will be evaluated further through 'in service' field trials in 2007.
4. Trials in London using Drivacam systems monitor driver performance and can be used in driver training.
5. Possilocks are being installed to reduce fuel loss during "topping up".

NEW VEHICLES

New vehicles purchased will comply with EURO IV emission standards which further reduce emissions of key pollutants such as particulates and nitrogen oxides but set no standards for carbon dioxide. We want to ensure that the introduction of EURO IV engines will not further decrease vehicle fuel efficiency. We are currently trialling three buses converted to EURO IV engines using urea injection technology to assess average fuel consumption. These trials suggest fuel efficiency improvements of around 10-15% compared to EURO III engines. Based on our recent work with Volvo, EURO IV engines will be combined with a move to 6-speed transmissions, which have improved fuel consumption by between 1% and 6% depending on the nature of the route.

We purchase in the region of 350 to 400 new vehicles every year. In the future our new vehicles will be amongst the most fuel-efficient available for their specification with the lowest emissions of pollutants. Initially they will replace our older vehicles which, although more polluting than the newer vehicles, are more fuel-efficient. Thus the overall impact on fuel consumption in the UK Bus division is likely to be greater over the longer term.

Use of Alternative Fuels

In the long term we have a strong desire to become less reliant on fossil fuels. However, alternative fuel technologies and the supporting infrastructure are insufficiently developed



In the immediate future we are committed to converting the entire UK Bus fleet to sulphur-free 5% biodiesel where supply is available while closely following the development of hybrid technology.

at present to allow the delivery of a reliable, cost-effective and sustainable public transport network. Our current policy is to stay abreast of developments in all technology and fuel issues relevant to the industry and to support trials where we can.

At present the most immediate opportunity to reduce carbon dioxide emissions from road transport is the introduction of fuel containing 5% biodiesel. Hybrid vehicle technology also shows great promise. In the longer term hydrogen produced from renewable resources may develop at a commercial level but it is generally accepted that the necessary infrastructure and fuel supply is unlikely to be in place for another 20 years.

On this basis our current fuel strategy is to support the use of biodiesel in the business while following closely the development of hybrid technology. We will also continue to maintain our involvement in hydrogen technology on an opportunistic basis. This position is consistent with the Government's Powering Future Vehicles Strategy and that of BP, our fuel suppliers.

BIODIESEL

In the immediate future we are committed to converting the entire UK Bus fleet to sulphur-free 5% biodiesel where supply is available, while closely following the development of hybrid technology.

The selection of biodiesel suppliers must be carefully considered to ensure that fuel is derived from a genuinely sustainable source. Auditing of biofuels suppliers is therefore an important element in the switch to biodiesel.

Biofuel is promoted by the Government as a carbon-neutral, clean-burning, renewable and environmentally friendly transportation fuel with many additional environmental benefits. These include reductions in the emissions of carbon monoxide, hydrocarbons, particulates and sulphur. In addition, biofuels help to reduce the dependence on imported crude oil, and reduce waste such as animal tallow and used cooking oil.

HYBRID VEHICLES

We will continue to monitor hybrid vehicle technology and support manufacturers in new development and testing, as we believe that this technology has good potential for the future. Results from trials in North America suggest that hybrid propulsion technology delivers significantly better fuel economy than traditional buses and produces up to 60% fewer oxides of nitrogen emissions and 90% fewer particulates, hydrocarbon and carbon monoxide emissions than current buses. Other benefits of the new buses include reduced maintenance costs resulting from extended brake, engine oil and transmission oil life; providing 50% faster acceleration compared with conventional diesel buses and operationally sound levels which approach those of cars.

We have already carried out tests with a Wright bodied hybrid diesel-electric bus in the UK. The Wright Group is currently developing a full-sized double decker bus for production in 2007/08. The present cost of these buses is significantly higher than conventional buses. In 2007 we will begin trialling 4-5 hybrids in London in partnership with Transport for London and we will seek other local authority partnerships to further these trials. We see conversion to hybrid vehicles as a key contributor to reaching our 2020 emissions reduction target and anticipate that hybrids will form a growing proportion of the vehicle fleet from around 2012 onwards.

HYDROGEN POWERED VEHICLES

We have been working closely with Transport for London on highly successful trials of hydrogen-powered vehicles. The reliability of the vehicles has exceeded all expectations and they are very popular with passengers. The Mayor of London has recently announced plans to bring a further 70 hydrogen-powered vehicles to the city and we will seek to play an active part in this process. A larger-scale move towards hydrogen is not currently possible due to the high costs of the vehicles and the likely absence of infrastructure before 2020. A move to hydrogen fuels will therefore remain in the short to medium term on a location-specific basis in partnership with the local authorities.



Within the UK Rail division the focus of the Fuel Efficiency Programme is the reduction of fuel consumption through a combination of actions at operational and engineering levels.

UK RAIL DIVISION STRATEGY

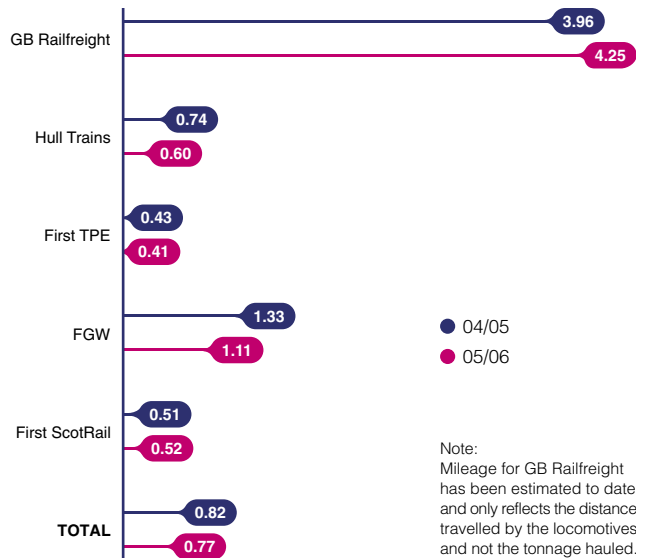
Background

In the UK Rail division the relationship between fuel use and engine type varies across the fleet because of the range of different vehicles being used. Due to the significant changes in franchises in the period 2003/04, the base year for monitoring carbon dioxide emissions has been taken as 2004/05. During the past two years the overall fuel usage and associated carbon dioxide emissions in the UK Rail division have increased by around 8%. However, this is largely due to the additional mileage which has increased by 13%. This includes route changes and additions but most significantly the incorporation of the First Great Western Link franchise in December 2004. The overall fuel efficiency of the vehicles during this period has improved slightly (see Figure 7).

Retaining this fuel efficiency reduction will be a challenge for the UK Rail division due to the introduction of larger, more powerful and reliable engines. In addition, the introduction of regulations controlling rail industry emissions should lead to fuel efficiency reductions as in the road vehicle fleet. Other technologies such as hybrid are still in the trial phases and not yet commercially available.

With growing passenger numbers in the UK Rail division, the carbon dioxide emissions expressed per passenger kilometre increased by just 2.5% between April 2005 and March 2006. This compares to an increase in total carbon dioxide emissions for the UK Rail division of 8% for the same period. This clearly illustrates the positive benefits of rail travel in reducing emissions. As passenger numbers continue to grow, we will see an ongoing reduction in journey carbon footprint expressed as emission per passenger kilometre.

Figure 7
Fuel Usage
(litres per km)





Fuel Efficiency Programme

Within the UK Rail division the focus of the Fuel Efficiency Programme is the reduction of fuel consumption through a combination of actions at operational and engineering levels. The main initiatives currently being undertaken are summarised below.

- Re-engineering of the First Great Western High Speed Train (HST) fleet. Tests have shown this will lead to an average reduction of 15% in fuel usage by the FGW HST fleet.
- Maximising the use of shore supply rather than using engines to provide hotel supplies on the train during stabling and cleaning. Calculations show that using shore supply instead of running engines leads to reductions in carbon dioxide emissions of between 70% and 80%. This is applicable to trains that have an electric train supply system (primarily the FGW HSTs, First TransPennine Express and Hull Trains fleets).
- Reducing idling. The time delay before an engine left idling automatically shuts down currently varies from 15 to 60 minutes for different fleets. This is being standardised to 15 minutes achieving a saving of 16-52 kg carbon dioxide for every hour's reduction in idling.
- Use of selected engine running for the FGW HST and First TransPennine Express Class 185 fleets.
- Optimising closing of doors and windows to preserve heat. This offers greatest benefit for the FGW HST fleet where external doors and drop-down windows are manually operated.
- Trialling a EURO III compliant engine by First ScotRail on one Class 170 vehicle that is reported to reduce fuel consumption and emissions.
- Introducing fuel efficiency training for drivers.

Use of Alternative Fuels

The fuel currently used by the UK rail industry is Duty Rebated A2 Gas Oil. At present biofuels are not part of the fuel duty rebate scheme.

Due to the complexity of depots providing fuel to trains run by a range of operators, the Department for Transport has asked the rail industry to develop a common strategy for fuel. This will be led by the Association of Train Operating Companies (ATOC) with active involvement from FirstGroup.

Test bed trials followed by in-service trials are currently being undertaken on three diesel engines. The trials examine the impacts of biodiesel on most diesel engines, allowing us to make a decision in 2008 on the feasibility of the roll out of biodiesel.





NORTH AMERICAN STRATEGY

Background

In North America the contractual environment in which we operate differs from our business in the UK. In First Student we own the majority of our vehicles but in First Transit our customers own the vehicle fleet that we operate on their behalf. The way in which fuel is issued and paid for varies from contract to contract. In some cases vehicles are fuelled by our customers, in other cases by ourselves.

Over the last two years we have put considerable effort into establishing systems for monitoring fuel consumption, taking into account fuel issued both by ourselves and our customers. We now have baseline data for both First Transit and First Student on total fuel usage and fuel usage per kilometre. We will continue to refine this data as part of our Climate Change Strategy and will seek to collate data at regional and site level. In North America we are unable to normalise this data to the number of passengers travelled as this information is currently not recorded.



Fuel Efficiency Programme

First Student

In First Student we own the buses which we operate in the business. Our Fuel Efficiency Programme will therefore be influenced by how we operate and replace our current fleet.

EXISTING VEHICLE FLEET

For the existing vehicle fleet our strategy is to operate the fleet as efficiently as possible through effective maintenance and driver training. We will continue to implement our no idling policy and tyre replacement policy to reduce fuel use. In addition, new electronic control modules are being introduced on our buses to record a wide range of vehicle characteristics such as braking, idling time, routes etc. The information derived from this technology will be used in future safety training but we will also look at how this can be used in driver training programmes to promote more fuel-efficient driving. As part of this initiative we will also look at the possibility of obtaining fuel efficiency data for individual vehicles on a pilot basis. As vehicles are generally driven by the same drivers, this would allow us to assess the performance of individual drivers and promote best practice.

NEW VEHICLES

Emissions from our new vehicles are controlled by rapidly changing emission standards relating to particulate matter, nitrogen oxides and non-methane hydrocarbons. The most recent standards to be introduced in 2007 require the conversion of the First Student vehicle fleet to ultra low sulphur diesel, as the abatement technology used is not tolerant of sulphur.

Carbon dioxide emissions from these vehicles are not regulated and at present we do not know if there will be any consequent impacts on fuel use. Through our Climate Change Strategy we will work with our vehicle suppliers to seek to minimise any impacts on fuel consumption.



In North America we will continue to implement our no idling policy and tyre replacement policy to reduce fuel use. We will also be looking at how new electronic control models can support driver training initiatives to further improve fuel efficiency.

First Transit

In First Transit, the vehicles we operate belong to our clients. Two years ago we began to monitor the fuel consumption of vehicles and now check the miles per gallon on every vehicle four times per year. In this way we can work closely with our customers to reduce emissions. We have in place a number of fuel efficiency initiatives that include:

- a company-wide no idling policy;
- a tyre replacement programme that ensures reduced rolling resistance and saves fuel;
- use of synthetic lubricants in transmission wherever possible to improve fuel savings; and
- procedures to identify air leaks and high electrical draws that put unnecessary loads on the engine.

In the same way as for First Student, we will also be looking at how new electronic control models can support driver training initiatives to further improve fuel efficiency.

Use of Alternative Fuels

As in the UK, alternative fuel technologies and supporting infrastructures are insufficiently developed at present to allow the delivery of a reliable and sustainable public transport network. Again, the most immediate option for alternative fuels is 5% biodiesel. This fuel is becoming increasingly available and is being used in a number of our contracts. As part of our Climate Change Strategy we will seek to establish those contracts where we can contractually and cost-effectively convert to biodiesel. We will advise our customers of the potential for conversion to biodiesel wherever viable.





BUILDINGS

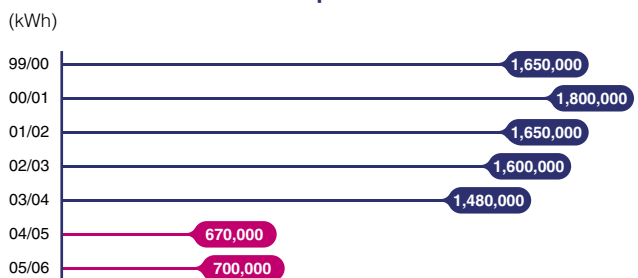
Emissions from our buildings are significantly lower than from our vehicles but nevertheless represent an important source of reducible emissions. We have monitored our energy usage in buildings for the last four years, achieving an 8% reduction in energy usage in the UK Bus division and an 18% reduction in the UK Rail division. Our policy is to continue to seek to reduce energy usage where this can be achieved at best value.

In the UK Rail division a number of our operating companies are working with Carbon Trust to identify areas offering energy reductions. In the UK Bus division a key initiative in achieving energy reductions in our buildings will be the installation of energy controls at our large maintenance depots, in partnership with Vickers Electronics. Following initial energy audits, this project guarantees significant cost savings and energy reductions.

Many of our depots are very old and have dated and inefficient lighting and heating systems. We have an ongoing programme of upgrading our property portfolio that results in improvements in energy performance (see Figure 8). Energy efficiency is a key consideration in the design of new buildings. As part of our Climate Change Strategy we also seek to incorporate renewable energy into building design.

Figure 8

Comparison of Energy Consumption at Bolton Depot before and after the new Depot





PROMOTING THE USE OF PUBLIC TRANSPORT

As well as being a significant emitter of carbon dioxide, we are also a key part of the solution in the overall reduction of carbon dioxide emissions from the surface transport sector. As part of our Climate Change Strategy we will seek to raise awareness of the significance of this contribution. We will develop case studies that illustrate this point and better educate our stakeholders about the benefits.

We are also introducing marketing campaigns to raise awareness of environmental benefits of public transport in the UK Bus division and UK Rail division, using advertising space on our vehicles and tickets.

We will also continue to play a wider role in supporting local authorities and other organisations in developing green travel plans and promoting the use of public transport.



GREENING OUR OWN BEHAVIOUR

As a major employer and a company with operations worldwide we also contribute to climate change through emissions associated with business travel and travel to work. Our Climate Change Strategy also seeks to address these effects which, although considerably smaller than other impacts from our business, are still significant.

Business Travel

Our Group Car Policy states that the Group prefers not to provide company cars to employees. However, it is recognised that for some employees a car is essential to allow them to perform their jobs effectively, and some form of car benefit is necessary to attract and retain the right staff for our business.

For business travel our Travel Policy states that each department and individual should consider whether it is necessary to travel. Likewise, the use of telephone and video conferencing is encouraged wherever possible and practicable. Employees are encouraged to use public transport and are all issued with a free bus and/or rail travel pass when they join FirstGroup. Through reciprocal arrangements our employees can also travel free on other operators' buses.

We monitor business travel undertaken by rail and air and will use this data to assess changes in patterns of behaviour and to seek ways of influencing them.

Travel to Work

A growing number of FirstGroup's operating companies are also developing their own green travel plans in order to influence staff travel behaviour to and from their place of work. These initiatives are in their early stages, but as part of the Climate Change Strategy we will seek to ensure that green travel plans are in place and staff travel patterns monitored by 2012 for all our UK companies, and by 2015 in all our North American companies.



Our overall target is to continue to improve the sustainability of our operations by reducing the carbon dioxide emissions per passenger journey or passenger kilometre.

MONITORING PROGRESS

The Group environmental function annually calculates carbon dioxide emissions in accordance with the above key performance indicators to track progress. The calculation methodology is described in a separate document “Greenhouse Gas Calculation Methodology”. This strategy and the associated objectives and targets will be reviewed and revised each year by the CSR Steering Committee.

ACCREDITATION

As part of our strategy we will work towards accreditation under the Carbon Trust’s Energy Efficiency Accreditation Scheme (EEAS). The EEAS is the UK’s only independent accreditation recognising achievements in energy conservation by leading organisations in industry, commerce and the public sector. We are likely to be the first transport business accredited under the scheme. We will therefore lead the way for the sector and set the energy efficiency benchmark for the transport industry as a whole.

SETTING TARGETS

Through our Climate Change Strategy we are committed to developing short-term annual carbon dioxide emission reduction targets as well as longer-term aspirational targets which we believe will be achievable through developments in technology and investment over the coming decade.

Overall target: To continue to improve the sustainability of our operations by reducing the carbon dioxide emissions per passenger journey or passenger kilometre.

TARGET REDUCTIONS IN TOTAL CARBON DIOXIDE EMISSIONS			
	April 2008	April 2012	April 2020
UK Bus Division	5% on 2006 levels	8% on 2006 levels	25% on 2006 levels
UK Rail Division	5% on 2006 levels	10% on 2006 levels	20% on 2006 levels
North America			
In North America we have established higher level goals as we continue to gain a better understanding of our emissions trends and how we can influence them.			
Goals			
<ul style="list-style-type: none"> • To further improve our monitoring of fuel usage and gain a better understanding of trends in carbon dioxide emissions. • To seek to introduce biodiesel in First Student where it is cost-effective and practical to do so. • To use new technology to develop and improve our driver training programmes. • To develop numerical reduction targets. 			



SUMMARY OF THE CLIMATE CHANGE STRATEGY

UK BUS DIVISION

Objectives and Targets

- To reduce carbon dioxide emissions from the UK Bus division by 5% on 2006 levels by April 2008.
- To reduce carbon dioxide emissions from the UK Bus division by 8% of 2006 levels by 2012.
- To have green travel plans in place in all operating companies by 2012.
- To monitor the impacts on fuel efficiency following the introduction of biodiesel.
- To stabilise fuel efficiency expressed as litres per kilometre.
- To promote the benefits of public transport in combating the impacts of climate change.
- To achieve ongoing reductions in energy usage from the operation of our buildings.

Strategy

- To introduce biodiesel across the business where available.
- To improve fuel efficiency through purchase of new vehicles e.g. ensure improved fuel efficiency in new EURO IV engines and specify 6-gear transmission.
- To undertake and report on trials using fuel additives.
- To determine the extent to which Dyna Fleet technology can support reduction in fuel usage.
- To introduce programmes of driver training focusing on fuel-efficient driving techniques.

UK RAIL DIVISION

Objectives and Targets

- To reduce carbon dioxide emissions from the UK Rail division by 5% on 2006 levels by April 2008 and 10% on 2006 levels by April 2012.
- To achieve associated fuel efficiency expressed as litres per kilometre.
- To secure reductions in emissions per passenger kilometre on 2006 levels by April 2008.
- To achieve a 5% reduction in gas usage from the operation of our buildings by April 2007.
- To have green travel plans in place in all operating companies by 2012.

Strategy

- To re-engineer the First Great Western HST Fleet.
- To maximise the use of shore supply.
- To optimise idling times across the rail business.
- To introduce selected engine running where appropriate.
- To optimise closing of doors and windows to preserve heat.
- To play an active role in the development of the industry fuel strategy.

NORTH AMERICA

Objectives and Targets

- To further improve our monitoring of fuel usage and gain a better understanding of trends in carbon dioxide emissions.
- To seek to introduce biodiesel in First Student where it is cost-effective and practical to do so.
- To use new technology to develop and improve our driver training programmes.
- To have green travel plans in all operating companies by 2015.

Strategy

- To continue to develop fuel monitoring systems.
- To look at the options of obtaining fuel usage data vehicle by vehicle.
- To investigate opportunities for introducing biodiesel to First Student.
- To explore the options for enhancing driver training programmes through new technologies.
- To continue to work with customers in First Transit to improve fuel efficiency.



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