

ASSURANCE

INDEPENDENT LIMITED ASSURANCE REPORT TO BALFOUR BEATTY PLC

KPMG LLP ('KPMG' or 'we') were engaged by Balfour Beatty plc ('Balfour Beatty') to provide limited assurance over the Selected Information described below for the year ended 31 December 2014.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

Selected Information

The scope of our work includes only the information included within the Environmental Performance section of the Balfour Beatty Annual Report and Accounts for the year ended 31 December 2014 ('the Report') marked with the symbol Δ ('the Selected Information').

We have not performed any work, and do not express any conclusion, over any other information that may be displayed in the Report or on Balfour Beatty's website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria we used to form our judgements are Balfour Beatty's [Global Health, Safety & Sustainability Reporting Guidance](#) – Guidance for Enablon ('the Reporting Criteria'). The Selected Information needs to be read together with the Reporting Criteria.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

Directors' responsibilities

The Directors of Balfour Beatty are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria and to report to Balfour Beatty in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ (‘ISAE3000’) and International Standard on Assurance Engagements 3410 - ‘Assurance Engagements on Greenhouse Gas Statements’ (‘ISAE 3410’), issued by the International Auditing and Assurance Standards Board.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply the International Standard on Quality Control (UK and Ireland) 1, ‘Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements’. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with Balfour Beatty management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- examining the key processes, systems, controls and related documentation in place over the preparation of the Selected Information;
- carrying out six site visits to operating companies in the UK and USA;
- agreeing a selection of the Selected Information to the corresponding source documentation;
- examining the summations and conversions conducted at Balfour Beatty Group level over the Selected Information;
- performing analytical review procedures over the aggregated Selected Information, including a comparison to the prior year amounts having due regard to changes in business volume and the business portfolio; and
- reading the Report and narrative accompanying the Selected Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

This report’s intended use

This assurance report is made solely to Balfour Beatty in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of Balfour Beatty showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than Balfour Beatty for our work, for this assurance report or for the conclusions we have reached.

KPMG LLP

Chartered Accountants

London

25 March 2015