

**THE GO-AHEAD GROUP PLC (the “Company”)**

**AUDIT COMMITTEE TERMS OF REFERENCE**

**Latest update by the committee on 15 February 2018**

**1. Constitution**

The Board has resolved to establish a Committee of the Board to be known as the Audit Committee.

**2. Membership**

- 2.1 The Committee shall comprise at least three members and, where possible, include at least one member of the remuneration committee. Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee.
- 2.2 All members of the Committee shall be independent Non-Executive Directors at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to the sector in which the Company operates. The Chairman of the Board shall not be a member of the Committee.
- 2.3 Only members of the Committee have the right to attend and vote at Committee meetings. However, the Chairman, Group Chief Executive, Group Chief Financial Officer, external and internal auditor representatives will be invited to attend meetings of the Committee on a regular basis. Other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary. The Committee shall have discretion to decide who, other than the Committee members, shall attend and address Committee meetings.
- 2.4 Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as the members continue to be independent.
- 2.5 The Chair of the Committee shall be appointed by the Board. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 2.6 The Chair of the Committee shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

**3. Secretary**

The Group Company Secretary or his or her nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

**4. Quorum**

The quorum necessary for the transaction of business shall be two members present in person or by audio or video conference.

**5. Frequency of Meetings**

- 5.1 The Committee shall meet at least four times a year at appropriate times in the Company's financial reporting and audit cycle and otherwise as required.

- 5.2 Outside of the formal meeting programme, the Chair of the Committee, and to a lesser extent the other Committee members, shall maintain a dialogue with key individuals involved in the Company's governance, including the Company Chairman, the Group Chief Executive, the Group Chief Financial Officer, the external audit lead partner and the internal audit partner.

## **6. Notice of Meetings**

- 6.1 A meeting of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of the external or internal auditor if they consider it necessary.
- 6.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee or any other person invited to attend, approximately one week before the date of the meeting. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.
- 6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **7. Voting Arrangements**

- 7.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 7.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 7.3 Except where he has a personal interest, the Chair of the Committee shall have a casting vote.

## **8. Minutes of Meetings**

- 8.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, in addition to the existence of any conflicts of interest.
- 8.2 Draft minutes of Committee meetings shall be agreed with the Chair of the Committee and then circulated promptly to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Chair of the Committee.
- 8.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **9. Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting to answer shareholder questions on the Committee's activities.

## **10. Duties**

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the Group as a whole.

## 10.1 Financial Reporting

- The Committee shall monitor and discuss with management the integrity of the financial statements of the Company and the Group, including its annual and half-yearly reports, interim management statements, preliminary results announcements (where applicable) and any other formal announcements relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor.
- In particular, the Committee shall review and challenge where necessary:
  - (i) The application of significant accounting policies and any changes to them;
  - (ii) The methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
  - (iii) Significant adjustments resulting from the external audit;
  - (iv) The assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Company and the Group looking forward over an appropriate and justified period);
  - (v) Whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements; and
  - (vi) The clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Company and the external auditor.
- Monitor compliance with financial reporting standards and any recognised investment exchange and other financial and governance reporting requirements.
- Review all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.
- The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.
- Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

## 10.2 Narrative reporting

Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the Code Provision C.1.1 of the UK Corporate Governance Code.

## 10.3 Internal Controls and Risk Management Systems

The Committee shall, on behalf of the Board (which retains overall responsibility for internal controls and risk management):

- Review and monitor the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems and, at least annually, carry out a review of their effectiveness. This will include the effectiveness of systems and the conclusions of any testing carried out by internal and external auditors and the assessment of the other monitoring processes put in place by management to ensure that the system of internal control is functioning as intended so as to be able to come to a view as to whether such processes provide sufficient and objective assurance;
- Review and approve the statements to be included in the annual report concerning internal controls and risk management and the viability statement;
- Ensure that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and mitigation of those risks; and
- Oversee and advise the Board on the Company's and the Group's current risk exposure and future risk strategy and annually consider how the remuneration of the Executive Directors shapes their view of risk.

#### 10.4 On-going viability

The Committee shall provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary.

#### 10.5 Compliance, Whistleblowing, Fraud and Bribery

The Committee shall:

- Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- Review the Company's procedures for detecting fraud. The Company shall notify the Chair of the Committee of any matters of a material fraudulent nature as soon as such matters are identified; and
- Review the Company's systems and controls for the prevention of bribery and modern slavery and receive reports on non-compliance.

#### 10.6 Internal Audit

The Committee shall:

- Monitor and assess the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system and the work of compliance, finance and the external auditor, ensuring that the internal audit plan is aligned to the business' key risks;
- Approve the appointment or termination of appointment of the head of the internal audit function;

- Review and approve the role and mandate of the internal audit function and monitor and review the effectiveness of its work and annually approve the internal audit objectives ensuring that they are appropriate for the Company's needs;
- Review and approve the annual internal audit plan to ensure it is aligned to key risks of the business and receive regular reports on the work carried out and be advised of any change or delay in the plan and ensure co-ordination between internal and external auditors;
- Ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- Ensure the internal auditor has direct access to the Company Chairman and to the Chair of the Committee, and is accountable to the Committee;
- Carry out an annual assessment of the effectiveness of the internal audit function, and as part of this assessment:
  - (i) Meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;
  - (ii) Review and assess the annual internal audit work plan;
  - (iii) Receive a report on the results of the internal auditor's work;
  - (iv) Determine whether it is satisfied that the quality, experience and expertise of internal audit are appropriate for the business; and
  - (v) Review and monitor management's responsiveness to the internal auditor's findings and recommendations and management's actions to support the effective working of the internal audit function.
- Ensure that there is open communication between the different functions and that the internal function evaluates the effectiveness of risk, compliance and finance functions as part of its audit plan;
- Consider whether an independent, third party review of internal audit effectiveness and processes is required.

#### 10.7 External Audit

The Committee shall, taking into account any applicable law and legislation:

- (a) *Appointment, reappointment and resignation*
  - Consider and make recommendations to the Board, for it to put to the shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the external auditor;
  - If an auditor resigns, investigate the issues leading to this and decide whether any action is required;
  - Ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms, and in respect of such tender, develop and oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process; and
- (b) Evaluate the risks to the quality and effectiveness of the financial reporting process in light of the external auditor's

communications with the Committee and consider the need to include the risk of the withdrawal of the external auditor from the market in that evaluation. *Terms of engagement*

Oversee the relationship with the external auditor and negotiate, agree and approve their terms of engagement, including any engagement letter issued at the start of each audit, the scope of the audit and, in consultation with the Executive Directors, agree and approve their remuneration (including fees for both the audit and non-audit services) to ensure that the level of fees is appropriate to enable an effective and high quality audit to be undertaken.

(c) *Independence and expertise*

- Review and assess on an annual basis:
  - (i) The external auditor's independence and objectivity taking into account relevant UK law, the Ethical Standard and other professional and regulatory requirements and the Group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards to mitigate those threats including the provision of any non-audit services; and
  - (ii) The qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures.
- Seek reassurance from the external auditor and their staff and satisfy itself that they have no relationships with the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.
- Annually, seek information from the external audit firm about, and monitor, the external audit firm's policies and processes for maintaining independence and its compliance with the relevant UK law, regulation and other professional requirements and the Ethical Standard, including guidance on the rotation of the audit partner and staff.
- Agree with the Board the Company's policy on employment of former employees of the Company's external auditor, taking into account the Ethical Standard and legal requirements and monitor application of this policy.

(d) *Fees of external auditor*

Monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard.

(e) *Non-audit services*

- Develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:

- (i) Threats to the independence and objectivity of the external auditor and any safeguards in place to eliminate or reduce threats;
  - (ii) The nature of the non-audit services;
  - (iii) Whether the external audit firm's skills and experience make it the most suitable supplier on the non-audit service; and
  - (iv) The fees for the non-audit services, both individually and in aggregate, relative to the audit fee, including special terms and conditions; and
  - (v) The criteria governing compensation of the individuals performing the audit.
- Ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, satisfying itself that there are no relationships between the auditor and the Company outside the ordinary course of business (including the level of non-audit fees) that could adversely affect the auditor's independence and objectivity, or the audit process.
  - Implement and apply the attached policy on the supply of non-audit services by the external auditor and keep it under review taking into account any relevant ethical guidance on this matter.

*(f) Audit cycle*

- Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan at the start of the audit cycle and ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without executive directors and management being present, to review and discuss the auditor's remit and any issues arising from the audit.
- Review the findings of the audit with the external auditor. This shall include (but not be limited to) the following:
  - (i) A discussion of any major issues which arose during the audit;
  - (ii) The auditor's explanation of how the risks to audit quality were addressed;
  - (iii) Key accounting and audit judgements;
  - (iv) The auditor's view of their interactions with senior management; and
  - (v) Levels of errors identified during the audit.
- Any major resolved or unresolved issues that arose during the audit, the auditor's explanation of how risks to audit quality were addressed, key accounting and audit judgements, the auditor's view of their interactions with senior management and levels of errors identified during the audit.
- Consider communications from the external auditor on audit planning and findings on material weaknesses in accounting and internal

control systems that come to the auditor's attention, including a review of material items of correspondence between the Company and the external auditor.

- Review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate.
- Review, prior to consideration by the Board, the external auditor's report to the Directors and their management letter, including management's response to the auditor's findings and recommendations.
- At the end of the audit cycle, assess the effectiveness of the audit process including:
  - Reviewing whether the auditor has met the agreed audit plan and whether the external auditor identified any risks to audit quality and, if so, how these were addressed;
  - Understanding reasons for changes to the audit plan;
  - Considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions;
  - Obtaining feedback from key people on the conduct of audit; and
  - Reviewing and monitoring the content of the external auditor's management letter and reporting to the board on the effectiveness of the audit process.

(g) *Other matters*

- Being responsible for the co-ordination between the activities of the external auditor and internal audit function.
- Agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy.
- Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.

## **11. Reporting Responsibilities**

11.1 Ensure that the Committee reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- (i) The significant issues that it considered in relation to the financial statements (required under the first paragraph of 10.1) and how these were addressed;
- (ii) Its assessment of the effectiveness of the external audit process (required under paragraph 10.7(c)), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and

- (iii) Any other issues on which the Board has requested the committee's opinion.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall prepare a formal report to its shareholders on its activities to be included in the Company's annual report. The report shall include:
- Details of the membership of the Committee, number of meetings held and attendance over the course of the year;
  - A summary of the role and work of the Committee;
  - How the Committee's performance evaluation has been conducted;
  - The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor, the nature and extent of any interaction with the FRC's Corporate Reporting Review team and any significant findings of an FRC's Audit Quality Review team's review of the Company's audit;
  - Confirmation that the Board has carried out a robust assessment of the principal risks facing the Company, a description of those risks and an explanation as to how they are managed and mitigated;
  - An explanation of how the Committee has addressed the effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditor provides non-audit services to the Company and the Group, auditor objectivity and independence is safeguarded) and its approach taken to the appointment or reappointment of the external auditor, including the length of incumbent auditor's tenure, when a tenure was last conducted, advance notice of any retendering plans (and reasons why completing the process in that proposed financial year is in the best interests of the Company's members) and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;
  - The Committee's policy for approval of non-audit services, how auditor objectivity and independence is safeguarded, the audit fees for the statutory audit for audit related services and other non-audit services, including the ratio of audit to non-audit work, and for each significant engagement, or category of engagements, what the services are and why the Committee concluded that it was in the Company's best interests to purchase them from the external auditor;
  - An explanation of how the Committee has addressed the effectiveness of the internal audit process;
  - All other information requirements set out in the UK Corporate Governance Code; and
  - Any other issues on which the Board has requested the Committee's opinion.
- 11.4 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.5 In compiling the reports referred to in 11.1 and 11.2 above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the assumptions made in relation to the longer term viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

**12. Other Matters**

The Committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- Give due consideration to all applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and requirements of the Listing Rules, Prospectus Rules and Disclosure and Transparency Rules sourcebook and any other applicable Rules, as appropriate;
- Be responsible for co-ordination of the internal and external auditors;
- Oversee any investigation of activities which are within its terms of reference;
- Work and liaise as necessary with all other Board Committees; and
- Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

**13. Authority**

The Board authorises the Committee to:

- Seek any information it requires from any employee of the Company or any of the Company's subsidiaries in order to perform its duties;
- Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes necessary to do so;
- Call any employee to be questioned at a meeting of the committee as and when required; and
- Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

**Engagement of the External Auditor to Supply Non-Audit Services**

The Audit Committee (the “Committee”) will consider, inter alia, whether the external audit firm is the most suitable supplier of the non-audit service and the fees incurred for non-audit services both for individual services and in aggregate relative to the audit fee. This policy specifies the types of non-audit services for which;

- (1) the use of the external Auditor is pre-approved;
- (2) for which specific prior approval from the Committee is required; and
- (3) from which the external Auditor is excluded.

In determining this policy, the Committee has taken into account the Financial Reporting Council’s (“FRC”) Revised Ethical Standard 2016 (“Ethical Standards”), Guidance on Audit Committees (“Guidance”) and the revised 2016 UK Corporate Governance Code (the “Code”) (the Ethical Standards, the Guidance and the Code, collectively, the “FRC’s Revised Guidance”).

Commencing 1 July each year, the external Auditor will maintain a record of all non-audit services fees supplied to The Go-Ahead Group plc (the “Group”) in that year which fall into Category 1 (pre-approved). As a principle, the Committee will not approve the external Auditor to undertake non-audit services. In the case of exceptional circumstances, approval is subject to the Committee’s discretion and determined with reference to the FRC’s Revised Guidance.

In accordance with the Ethical Standards, with effect from the Group’s audit for the year ending 2020, and every financial year thereafter, a cap of non-audit services will be set at 70% of the average of the audit fees for the preceding three year period. Notwithstanding the revised cap, the Committee have agreed that if and when the cumulative total fees approach £50k for Category 1 work, the external Auditor will notify the Committee of each assignment using the agreed standard Request Form (as available from the Group Company Secretary). For Category 2 work, approval is required from the Committee, and such approval is subject to the new FRC conditions.

**1. Pre-approved work**

*In accordance with the Guidance, the Group’s external auditors can undertake certain types of non-audit services which have been pre-approved by the Committee. Such approval is only applicable for those matters that are clearly trivial, and are still reportable for the use of non-audit services within the Group’s annual report and accounts. Provided that the cumulative annual total of work within this category has not exceeded £50k, in addition to the interim review fee, approval from the Committee is not required.*

- i. Assistance with the preparation of statutory accounts.
- ii. Audit related services include reports that are required by law or regulation to be prepared by the Auditor, reviews of interim financial reports, regulatory returns, Government grants. They also include work on financial information or controls that are authorised by those charged with governance and where the work is integrated with the external audit and carried out under the same terms and conditions.

**2. Work requiring prior approval (including tax and valuation derogation)**

*Non-audit services requiring specific Committee approval are those which could threaten Auditor **integrity, independence and objectivity** because of their size and nature, or because the relevant terms and conditions (such as contingent fee arrangements). In order for the Committee to consider approval, the following conditions need to have been met:*

*Condition one: they have no direct or, in the view of an objective, reasonable and informed third party, would have an inconsequential effect, separately or in the aggregate on the audited financial statements;*

*Condition two: the effect on the audited financial statements is documented and explained in the report to the Committee;*

*Condition three: the basic principles of independence are complied with; and*

*Condition four: the audit firm would not place significant reliance on these services for the purposes of the statutory audit.*

*Should the conditions be met, the Committee will consider carefully whether it is in the Group's interest to purchase the services from the external Auditor and whether relevant safeguards put into place by the Auditor are likely to be effective in practice. Before the following types of assignment are undertaken, approval from the Committee should be sought.*

- i. Preparation of tax forms
- ii. Provision of tax advice: general tax advice and tax planning in connection with the commercial activities of the Group, including corporate tax, VAT or employee taxation
- iii. Due diligence work on possible acquisitions
- iv. Assistance with reviewing IT systems
- v. Specific Tax solution assignments
- vi. Identification of public subsidiaries and tax incentives
- vii. Support regarding tax inspections by tax authorities incentives
- viii. Calculation of direct and indirect tax and deferred tax incentives
- ix. Valuation services, including valuations performed in connection with actuarial services or litigation support services

### **3. Work not to be undertaken by the external audit team [Black list]**

*The following non-audit services are prohibited, and their provision would constitute a breach of the FRC's Revised Guidance.*

- i. Payroll tax
- ii. Payroll services
- iii. Customs duties
- iv. Services that involve playing any part in management or decision-making of the Group
- v. Bookkeeping and preparing accounting records and financial statements

- vi. Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information, or designing and implementing financial information technology systems
- vii. Legal services, with respect to; provision of general counsel, negotiating on behalf of the Group, and acting in advocacy role in the resolution of litigation
- viii. Services related to the Group's internal audit function
- ix. Services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the Group
- x. Promoting, dealing in, or underwriting shares in the audited entity Group
- xi. Structuring the organisation design
- xii. Cost control
- xiii. Human resources services with respect to:
  - Management in a position to exert significant influence over the preparation of accounting records or financial statements which are the subject of the audit, where such services involve:
    - o Searching for or seeking out candidates for such positions; or
    - o Undertaking reference checks of candidates for such positions

## Glossary

### **Integrity, Objectivity and Independence**

**Integrity:** being trustworthy, straightforward, honest, fair and candid; complying with the spirit as well as the letter of applicable ethical principles, laws and regulations; behaving so as to maintain the public's trust in the auditing profession; and respecting confidentiality except where disclosure is in the public interest or is required to adhere to legal and professional responsibilities.

**Objectivity:** acting and making decisions and judgments impartially, fairly and on merit (having regard to all considerations relevant to the task in hand but no other), without discrimination, bias, or compromise because of commercial or personal self-interest, conflicts of interest or the undue influence of others, and having given due consideration to the best available evidence.

*The need for objectivity in performing the engagement arises from, among other things, the fact that many of the important issues involved in the performance of the engagement, including those arising in the preparation of the subject matter information, do not relate to questions of fact but rather to questions of judgment. For example, with regard to financial statements, there are choices to be made by the board of directors in deciding on the accounting policies to be adopted by the entity: the directors have to select the ones that they consider most appropriate and this decision can have a material impact on the financial statements. Furthermore, many items included in the financial statements cannot be measured with absolute precision and certainty. In many cases, estimates have to be made and the directors may have to choose one value from a range of possible outcomes. When exercising discretion in these areas, the directors have regard to the applicable financial reporting framework.*

**Independence:** freedom from conditions and relationships which, in the context of an engagement, would compromise the integrity or objectivity of the firm or covered persons.

*Integrity or objectivity (and therefore independence) would be compromised if it is probable (more likely than not) that an objective, reasonable and informed third party would conclude that the threats, arising from any conditions or relationships that exist (taking into account any conflicts of interest that they may cause, or generally be perceived to cause, or otherwise, and having regard to any safeguards implemented), would impair integrity or objectivity to such an extent that it would be inappropriate for the firm to accept or continue to perform the audit or other public interest assurance engagement unless the threats were eliminated or further reduced or unless more, or more effective, safeguards were implemented.*

<b>The Go-Ahead Group plc</b>
<b>Request for Audit Committee Approval of Non Audit Assignment Work</b>
<b>To be submitted to: Adrian Ewer, Chairman of the Audit Committee by email</b>

Name of Go-Ahead sponsor of assignment	
E-mail address	
Telephone number	

Name of Deloitte deliverer	
E-mail address	
Telephone number	

Description of work, including approximate start and completion date

Estimate of fee	
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Submitted by	
Date	

Conclusion of the Audit Committee

Any additional Audit Committee Comments

Date	
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