

## **THE GO-AHEAD GROUP PLC (THE “COMPANY”)**

### **AUDIT COMMITTEE TERMS OF REFERENCE**

#### **1. Purpose**

The purpose of the Audit Committee (the “Committee”) is the provision of oversight and effective governance over the appropriateness of the Company’s financial reporting and related disclosures, systems of internal control, risk management and monitoring of risks, compliance activities and the performance of both the internal audit function and external auditor.

#### **2. Membership**

Members of the Committee shall be appointed by the Board of Directors of the Company (the “Board”). The Committee shall be composed of not less than three members, all of whom shall be independent non-executive directors and at least one of whom shall have recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates.

The Board shall appoint the Committee Chair. In the absence of the Committee Chair or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not be a member of the Committee.

Only members of the Committee have the right to attend meetings. However, other individuals may be invited to attend all or part of any Committee meeting, as and when appropriate and necessary.

Appointments to the Committee shall be for a period of up to three years, which may be extended for a further two periods of up to three years (nine years in total) provided the member still meets the criteria for membership of the Committee.

The Company Secretary, or their nominee, shall act as the Secretary of the Committee and provide all necessary support in the form of recording minutes and ensuring that the Committee receives relevant information and papers in a timely manner to enable full and proper consideration of the relevant issues.

#### **3. Meetings**

The Committee shall meet at least four times a year and otherwise as required.

Meetings of the Committee shall be called by the Secretary at the request of the Committee Chair. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member and any other person required to attend, no later than 5 working days prior to the date of the meeting.

The quorum necessary for the transaction of business shall be any two members of the Committee, one of whom shall act as Committee Chair and have recent and relevant financial experience.

Each member attending the meeting shall have one vote. If a member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting. Except where they have a personal interest, the Committee Chair shall have a casting vote.

The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

Draft minutes of the meetings shall be circulated promptly. Once approved by the Committee, minutes shall be made available online in the Board Resource Centre to all other Board members unless in the opinion of the Committee Chair it would be inappropriate to do so.

A resolution in writing and signed by all members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next Committee meeting.

**4. Engagement with Shareholders**

The Committee Chair shall attend the Annual General Meeting of the Company and shall answer any questions on the Committee's activities.

The Committee Chair will seek engagement with shareholders on significant matters related to the Committee's areas of responsibility, as appropriate.

**5. Duties**

The Committee shall be kept fully informed about the financial performance, significant financial reporting judgements and risks affecting the Company, with the Committee Chair maintaining a dialogue with representatives from the Company and internal and external auditors outside of the formal meeting schedule. In undertaking its duties, the Committee shall:

- Financial Reporting

Monitor and discuss with management and the external auditor the integrity of the financial statements of the Company and any other formal announcements relating to its financial performance, focusing particularly on:

- the consistency, quality and appropriateness of accounting policies and practices;
- financial reporting disclosures, including material correspondence between the Company and the external auditor;
- areas involving significant judgements, adjustments, estimations or uncertainty in the financial results;
- the methods used to account for significant or unusual transactions;
- the clarity of disclosures;
- significant implemented adjustments;
- misstatements reported by the external auditor;
- possible impairments of assets;
- the basis for the going-concern assumption, identifying any material uncertainties to the Company's ability to continue to operate on that basis over a period of at least twelve months from the date of the approval of the annual financial statements; and
- compliance with relevant financial and corporate governance reporting standards and requirements.

Advise the Board on whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

- Risk Management, Health and Safety Processes and Internal Controls  
Review the Company's risk management processes, health and safety management processes and systems of internal financial controls and internal control and risk management systems, carry out a review of its adequacy and effectiveness at least annually and advise on the relevant statements included in the Annual Report.

Where requested by the Board, ensure that a robust assessment of the emerging and principal risks facing the Company has been undertaken, including the management and mitigation of those risks.

At least annually, advise the Board 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 period under review, drawing attention to any qualifications or assumptions.

- Internal Audit  
Review and monitor the scope and effectiveness of the activities of the internal audit function on at least an annual basis, including the appointment or dismissal of the individual or business responsible for the internal audit function and:

- Assess the annual internal audit plan and ensure that the internal audit function has adequate resources and appropriate access to information to perform its role effectively.
- Review reports addressed to the Committee and monitor management's response to its findings and recommendations.
- Consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct
- Ensure the internal audit function has direct access to the Chairman and to the Audit Committee Chair, providing independence from the executive directors and accountability to the Committee.
- Consider whether any independent, third party review of processes is appropriate.

- External Audit  
Oversee the Company's relationship with the external auditor (which shall report directly to the Committee) and:

- Make recommendations to the Board, to be put to the shareholders for approval at the AGM, as regards the appointment, reappointment or removal of the Company's external auditor including initiating and supervising any related tender process in accordance with the applicable UK Corporate Governance Code and regulatory requirements;
- Approve the external auditor's terms of engagement, the scope of the external audit services and approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective high-quality audit to be conducted;
- Review the activities, findings, conclusions and recommendations of the external auditor (including reviewing the management letter and management's response) annually;

- Ensure the resolution of any disagreement between management and the external auditor regarding financial reporting;
- Review and assess at least annually the external auditor's independence and objectivity and the effectiveness of the external audit process in light of relevant professional and regulatory requirements. This includes reviewing and monitoring the external auditor's quality control procedures, how it complies with regulatory and other requirements and the experience and qualifications of the senior members of the external audit team (including rotational procedures);
- Approve the appointment of the lead audit engagement partner;
- Pre-approve the scope of all audit services provided to the Company and permissible non-audit services by the external auditor, ensuring that the approval of any such services do not impair the external auditor's independence or objectivity.
- Meet the external auditor at least once a year, without executive directors or management being present, to review and discuss the auditor's remit and any issues arising from the audit.

**6. Board Reporting and Recommendations**

The Committee Chair shall report to the Board on its activities and how it has discharged its responsibilities after each Committee meeting, making recommendations to the Board as it deems appropriate on any area within its remit.

The Committee shall make a statement in the Annual Report to include any matters required by the UK Corporate Governance Code, Disclosure Guidance and Transparency Rules sourcebook and FRC Guidance on Audit Committees.

**7. General Matters**

The Committee shall:

- Be provided with appropriate and timely training and briefings, both in the form of an induction programme for new members and on an ongoing basis for all members.
- Give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- Ensure that a periodic evaluation of the Committee's performance is carried out.
- At least once a year, review these Terms of Reference to ensure that the Committee is operating at maximum effectiveness, recommending any changes it considers necessary and once approved, ensuring that they are publicly available by placing them on the Company's website.

**8. Authority**

The Board authorises the Committee to obtain, at the Company's reasonable expense, outside legal or other professional advice on any matters within its Terms of Reference.

**Adopted by Resolution of the Board on 20 January 2021**