

## JOHN LAING GROUP PLC

### CHARTER OF STATUTORY AUDITOR INDEPENDENCE

1. The John Laing Group (JLG) Board, on the advice of its Audit & Risk Committee (ARC), is responsible for the appointment of the statutory auditor. The statutory auditor is expected to attend all meetings of the ARC and to attend at least once a year without Management present.
2. The statutory auditor will report to the ARC on inter alia its assessment of how JLG's principal accounting practices, internal controls and reporting procedures compare with best practice. In addition, the statutory auditor will discuss with the ARC and without Management present any material issues which affect the approval of the annual & semi-annual accounts of JLG. These requirements are necessary to reinforce the reality and perception of auditor independence.
3. The statutory auditor will provide suitably qualified personnel to ensure an effective audit is carried out. It will provide audit personnel who are appropriately trained, capable of meeting the required technical standards, will maintain client confidentiality and behave in a professional manner at all times. These standards are necessary to reinforce the reality and perception of statutory auditor independence.
4. JLG expects its statutory auditor to maintain quality control processes whereby all key accounting and auditing decisions are arrived at after appropriate consultation with technical and subject matter experts within the audit firm. This provision codifies existing practice and is necessary to reinforce the reality and perception of statutory auditor independence.
5. JLG will require the statutory auditor to rotate the senior audit engagement partner and review partner for JLG every five years with suitable succession planning to ensure consistency. In addition and in compliance with current regulation, JLG will tender its audit in the open market at least every ten years.
6. The statutory auditor's annual letter of engagement will be reviewed by JLG Management and circulated to the ARC for approval. No work for the statutory auditor is permitted in the following areas: secondment to a Management position; bookkeeping or other services relating to the accounting records or financial statements; financial information systems design and implementation; valuation services for accounts purposes; actuarial services; HR functions; tax advice; and internal audit of financial controls. Letters of engagement which provide any of the above services from other accounting firms will be agreed by JLG Management and circulated to the ARC for information and comment.
7. No work of the statutory auditor is permitted that could create a conflict or perceived conflict in the following areas: outsourcing/ partnering; tax structuring advice; valuation of acquisition targets and connected due diligence other than transaction support (where transaction support is defined as review of a target's financial statements and internal control systems).
8. All potential mandates for non-audit related services from the statutory auditor will be determined case by case and usually awarded on a competitive basis. They currently comprise a review of JLG's semi annual accounts and FCA annual returns. Any such

mandates which amount to a fee of £20K or more must be referred to the ARC for prior approval. However, the ARC Chairman may give preliminary approval in cases where the non-audit work requires ARC approval, is of an urgent nature, and he is satisfied that such work will not affect adversely the independence and objectivity of the statutory auditor. This preliminary approval will be pending a formal decision or ratification by the ARC.

9. To ensure the requisite audit quality and to allow for an effective audit service by suitably qualified professionals, JLG commits to the payment of fair commercial fees for its statutory audit and audit-related services.
10. The Group Finance Director of JLG will negotiate the annual statutory audit fee on a Group wide basis and recommend it for approval by the ARC. Reports will be provided to the ARC at least annually detailing the level of fees paid to the statutory auditor, differentiating between audit and non-audit work awarded to the statutory auditor.
11. If in the view of the ARC the level of fees for non-audit services paid to the statutory auditor is of a magnitude that could impair or be perceived to impair auditor independence then the ARC may impose a restriction on non-audit work awarded to the statutory auditor.
12. As a matter of principle and good corporate governance JLG will require the statutory auditor to provide the following assurances on an annual basis: the total fees received by the statutory auditor from JLG do not have a material impact on the former's operations or financial condition; JLG has not withheld fees from the statutory auditor; to the best of the statutory auditor's knowledge and belief there is no dispute or litigation between it and JLG.
13. The ARC will require the statutory auditor to confirm annually that it has complied with all professional regulations relating to auditor independence. Specifically, the statutory auditor will be required to confirm its commitment to strict procedures that ensure that: the statutory auditor, its partners and relevant staff (including all current service team members) do not have any financial, business, employment or family and other personal relationships with JLG which could affect adversely the auditor's independence and objectivity; the pension fund of the partners of the statutory auditor does not hold any direct financial interest in JLG; the staff pension fund of the statutory auditor does not hold any direct financial interest in JLG; there are no business interests between JLG and the statutory auditor including no outsourcing arrangements; no fee paid by JLG to the statutory auditor is paid on a contingency basis.
14. The ARC will review annually the independence, objectivity and performance of its statutory auditor in considering the appropriateness of the ongoing appointment.
15. In addition to the confirmations and representations by the statutory auditor referred to above, the standard of independence to which the statutory auditor complies will be not less than the requirements of the primary listing authority to which JLG is subject (currently the FCA).
16. The ARC may engage on a periodic basis an independent expert to conduct a high level review of the perception of JLG's statutory auditor independence.