

BARRATT REDROW PLC (the 'Company')
AUDIT & RISK COMMITTEE – TERMS OF
REFERENCE

1. Constitution

- 1.1 The committee is established as a committee of the Board and will act in a way which the committee considers to be most likely to promote the success of the company for the benefits of its members as a whole.

2. Membership

- 2.1 Committee members shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the committee Chair;
- 2.2 The committee shall consist of at least three independent non-executive directors at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Chair of the Board shall not be a member of the committee;
- 2.3 The committee as a whole shall have competence relevant to the sector(s) within which the company operates;
- 2.4 Committee members shall be appointed 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 and are annually re-elected by shareholders;
- 2.5 Only committee members have the right to attend committee meetings. However, the external auditor, the Director of Audit & Risk and the Chief Financial Officer will be invited to attend committee meetings on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary; and
- 2.6 The Board shall appoint the committee Chair who shall be an independent non-executive director. In the absence of the committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

- 3.1 The 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; and
- 3.2 The secretary shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

4. Quorum

- 4.1 The quorum necessary to exercise all or any of the committee's authorities, powers and discretions shall be two members.

5. Meetings

- 5.1 The committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required by the Chair of the committee in consultation with the secretary. Meetings may be held in person or by telephone or videoconference; and
- 5.2 Outside of formal meetings, the committee Chair will maintain a dialogue with key individuals involved in the company's governance, including the Chair of
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the Board, the Chief Executive, the Chief Financial Officer, the external lead audit partner, the Director of Audit & Risk, the Group IT Director and the Head of Compliance.

6. Notice of Meetings

- 6.1 Meetings shall be called by the committee secretary at the request of any of its members or at the request of external or internal auditors if they consider it necessary; and
- 6.2 Unless otherwise agreed with the committee Chair, notice confirming the venue, time and date of each meeting, together with an agenda and supporting papers, shall be forwarded to each committee member, and any other meeting attendee, no later than five working days before the date of the meeting.

7. Minutes of Meetings

- 7.1 The committee secretary shall minute the proceedings and resolutions of all meetings, including recording the names of those present and in attendance; and
- 7.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee and once approved to all members of the Board unless it would be inappropriate to do so in the opinion of the committee Chair.

8. Engagement with Shareholders

- 8.1 The committee Chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility and attend the Annual General Meeting and respond to shareholder questions on the committee's activities.

9. Duties

The committee shall carry out the main roles and responsibilities as set out below for the Company, its major subsidiary undertakings and the group as a whole, as appropriate:

9.1 Financial Reporting

The committee shall:

- 9.1.1 monitor the integrity, accuracy and consistency of financial and non-financial (including ESG and TCFD disclosures) information in the Company's financial statements, including its annual and half-year reports and any other statement relating to its financial performance, and review and report to the Board on any significant financial reporting issues and judgements;
 - 9.1.2 review financial and non-financial information in significant financial returns to regulators and in certain other documents, including where possible announcements of a price sensitive nature, prior to Board approval being sought;
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9.1.3 Review, and challenge where necessary:

- the application of significant accounting policies and any changes to them;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor;
- significant adjustments, estimation or uncertainty resulting from the audit;
- the clarity and completeness of disclosures in the company's financial statements and the context in which statements are made;
- all material information presented with the financial statements such as the statements on longer term viability and on the going concern basis of accounting the business review, assessment of principal risks and the corporate governance statements relating to the audit and risk management;
- key profit and loss changes and balance sheet movements;
- the appropriateness of the processes and controls in place for collating, assessing and verifying the data relevant to the non-financial disclosures; and
- the level of assurance being provided over all disclosures to ensure it is appropriate.

9.1.4 review the pension valuation and actuarial assumptions;

9.1.5 review tax and treasury management and receive updates on matters considered by the Treasury Operating Committee; and

9.1.6 report its views to the Board where it is not satisfied with any aspect of the proposed financial reporting by the company.

9.2 Longer Term Viability and the Going Concern Basis of Accounting

The committee shall:

9.2.1 Assess and report to the Board on whether or not it is appropriate to adopt the going concern basis of accounting in the Company's annual and half year financial statements, taking into consideration any material uncertainties over a period of at least twelve months from the date of approval of the financial statements; and

9.2.2 Assess the prospects of the Company (over an appropriate period of time as agreed by the Board) and consider and confirm to the Board whether or not 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 of assessment, highlighting any qualifications or assumptions that have been made as part of this assessment.

9.3 Fair, Balanced and Understandable

9.3.1 The committee shall advise the Board on whether, taken as a whole, the content of the annual report and accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

9.4 Internal Controls and Risk Management Systems

The committee shall:

- 9.4.1 prepare and retain an Audit and Assurance Policy and conduct an annual review to ensure it continues to be fit for purpose;
- 9.4.2 assist the Board, in conjunction with the Executive Risk Committee, with evaluating the company's risk appetite, culture, tolerance (including stress testing) and strategy, and assess the level of risk the Company is willing to take in order to achieve its long-term strategic objectives;
- 9.4.3 oversee and seek suitable assurance regarding the following matters and report its findings to the Board:
 - the risk exposure of the Company, including risks to the Company's business model, and solvency and liquidity risks;
 - the effectiveness of the Company's internal financial control systems and other internal control and risk management systems, including the relative costs and benefits of particular controls;
 - the Company's capability to identify, assess, manage and monitor risk, including new and emerging risks and principal risks;
 - the principal risk profile (excluding the principal risks that fall within the remit of the Safety, Health and Environment Committee), including regular in-depth reviews of principal risks to understand the Company's ability to reduce the likelihood of principal risks materialising and the impact of those that do materialise;
 - the appropriateness of the Company's values, culture and reward systems for managing risk and internal controls and the extent to which the culture and values are embedded at all levels of the Company;
 - the risk aspects of proposed strategic transactions (including acquisitions and disposals) ensuring that a due diligence appraisal of the proposition is undertaken; and
 - the processes and controls in place for capital projects.
- 9.4.4 review and recommend to the Board the disclosures for inclusion in the annual report and accounts relating to statements on internal control and risk management (including the assessment and definition of principal risks and emerging risks); and long-term viability of the Company; and
- 9.4.5 review principal insurance cover (in conjunction with the Board).

9.5 Compliance, whistleblowing and fraud

The committee shall:

- 9.5.1 ensure that the Company has appropriate procedures for its workforce to raise concerns, in confidence or anonymously, about possible improprieties in financial reporting or other matters, including bribery or corruption. The committee shall ensure that these arrangements allow proportionate and independent investigation and appropriate follow up action;
 - 9.5.2 report to the Board on the matters raised through these arrangements, the investigations in progress and the outcomes of any completed investigations;
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- 9.5.3 review the Company's procedures for detecting fraud and its systems and controls for the prevention of bribery and receive reports on non-compliance; and
- 9.5.4 assist the Board in overseeing compliance with all legal and regulatory requirements.

9.6 Internal Audit

The committee shall:

- 9.6.1 review and approve the role and mandate of the internal audit function (including the anti-fraud programme and the adequacy of any relevant anti-money laundering measures);
- 9.6.2 review and approve the internal audit plan ensuring that is aligned to the key risks of the business and receive regular reports on work carried out;
- 9.6.3 annually approve the audit charter ensuring that it is appropriate to the current needs of the organisation;
- 9.6.4 monitor and review the effectiveness of the company's internal audit function in the context of the company's overall risk management system and to confirm that the quality, experience and expertise of the internal audit function is appropriate for the business;
- 9.6.5 ensure that the internal audit function has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors;
- 9.6.6 approve the appointment or termination of appointment of the Director of Audit & Risk;
- 9.6.7 ensure the function has adequate standing and is independent from management or other restrictions to enable it to exercise independent judgement and that the Director of Audit & Risk has direct access to the Board Chair and the Chair of the Committee;
- 9.6.8 receive and review reports from the internal auditors on a periodic basis, including reports on the conclusions of any testing carried out by internal audit;
- 9.6.9 review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- 9.6.10 meet the Director of Audit & Risk at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out;
- 9.6.11 consider whether an independent, third-party review of internal audit effectiveness and processes is appropriate; and
- 9.6.12 in the event that the external auditor is being considered to undertake aspects of the internal audit function, consider the effect this would have on the effectiveness of the Company's overall arrangements for internal control, on the objectivity and independence of the external auditor and the internal audit function and investor perceptions; and
- 9.6.13 the Chair of the committee shall provide input into the performance assessment, objective setting process and remuneration for the Director of Audit & Risk.

9.7 External Audit

The committee shall be responsible for overseeing the company's relations with the external auditor, the audit and the audit tender process. It shall:

Audit Tendering

- 9.7.1 consider and make recommendations to the Board in relation to the appointment, re- appointment and removal of the company's external auditor;
- 9.7.2 annually keep under review relationships between the Company and various audit firms for non-audit work to ensure that there is a fair choice of suitable external auditors at the next tender;
- 9.7.3 consider the appointment of the external auditor on a regular basis and put out to tender the audit contract at least once every 10 years with a maximum permitted term of 20 years;
- 9.7.4 conduct the tender process, taking into account the need for audit market diversity, for the external auditor in accordance with applicable Code, AC Min and regulatory requirements and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- 9.7.5 submit two possible audit firm options for the engagement to the Board, together with a justified preference for one of them based on quality, including independence, challenge and technical competence and not price or perceived cultural fit;
- 9.7.6 annually review, assess, and report to the Board on the qualification, expertise and resources, and independence and objectivity of the external auditor and the effectiveness of the audit process. Such assessment to include a report from the external auditor on their own internal quality control procedures and consideration of the audit firm's annual transparency reports;
- 9.7.7 if an auditor resigns without explanation, investigate the issues leading to such resignation and consider whether any action is required;
- 9.7.8 review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements, and evaluate the risks to the quality and effectiveness of the financial reporting process taking account of the auditor's communications with the committee;

Terms and Remuneration

- 9.7.8 approve the remuneration to be paid to the external auditor;
- 9.7.9 approve the external auditor's terms of engagement, including any engagement letter issued at the start of each audit/interim review and the scope of the audit, ensuring that it has been updated to reflect changes in circumstances since the previous year;
- 9.7.10 review the scope of the external audit with the auditor and if not satisfied, arrange for additional work to be undertaken;
- 9.7.11 satisfy itself that the level of fees for the audit services provided is appropriate to enable an effective and high-quality audit to be conducted;
- 9.7.12 engage with shareholders on the scope of the external audit, where appropriate;

Independence, including the provision of Non-Audit Services

- 9.7.13 review and monitor the independence and objectivity of the external auditor taking into account relevant UK law, regulation, the Ethical Standard and other professional requirements, the annual disclosure
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- from the external auditor, all relationships between the Company and the audit firm, including throughout the group and with the audit firm's network firms and any safeguards established by the external auditor;
- 9.7.14 satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of the business) which could adversely affect the auditor's independence and objectivity;
- 9.7.15 monitor the external audit firm's compliance with the Ethical Standard, the level of fees that the company pays in proportion to the overall fee income of the firm, or relevant part of it, and other related regulatory requirements;
- 9.7.16 seek annually, from the audit firm, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding rotation of audit partners and staff;
- 9.7.17 agree, with the Board, a policy on the employment of former employees of the external auditor, taking account of the Ethical Standard and legal requirements, in particular relating to former employees who were part of the audit team and moved directly to the company and monitoring the implementation of this policy and impact on auditor independence and objectivity whilst safeguarding its own independence in its review of effectiveness;
- 9.7.18 ensure that the external audit partner and key audit partners rotate every five years unless there is a necessity to safeguard the quality of the audit without compromising the independence and objectivity of the external auditor. In such circumstances, the audit engagement partner may continue for an additional two-year period. Such fact and reasons for the continuation to be disclosed to shareholders as early as practicable;
- 9.7.19 taking into account the Ethical Standard and legal requirements, develop, and recommend to the Board the Company's policy in relation to the provision of non-audit services by the external auditor, specifying:
- the types of non-audit services for which the external auditor is pre-approved;
 - how the committee will assess whether non-audit services have a direct or material effect on the audit of the financial statements; and
 - how the committee will consider the external auditors independence;
- 9.7.20 review and approve the annual audit plan and ensure that it, including planned levels of materiality proposed resources to execute the audit plan, is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 9.7.21 ensure that the external auditor has full access to the Company's employees and records;
- 9.7.22 invite challenge by the external auditor, giving due consideration to points raised and making changes to financial statements in response, where appropriate;
- 9.7.23 seek the co-ordination of the external audit with the activities of the internal audit function;
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- 9.7.24 consider factors that may affect the audit quality without the external auditor being present and discuss these with the external auditor;
- 9.7.25 Meet regularly with the external auditor, including once at the planning stage before the audit, once after the audit at the reporting stage and at least once without management being present to discuss their remit and any issues arising from the audit;
- 9.7.26 review with the external auditor, in a timely manner, the findings of their audit work and the auditor's report;
- 9.7.27 review and monitor management's response to the external auditor's findings and recommendations;
- 9.7.28 review the audit representation letter(s) before signature giving particular consideration to representations on non-standard issues and consider whether the information is complete and appropriate based on its own knowledge;
- 9.7.29 review the effectiveness of the audit process against the Audit Quality Indicators; and
- 9.7.30 review key regulatory and audit changes.

9.8 Reporting Responsibilities

The Committee shall:

- 9.8.1 report formally to the Board after each meeting on how it has discharged its duties and responsibilities, including the significant issues it considered in relation to the financial statements and how these were addressed;
 - 9.8.2 make whatever recommendations to the Board it deems appropriate on any area within its remit;
 - 9.8.3 compile a report describing the work of the committee in discharging its responsibilities for inclusion in the company's annual report, including:
 - a report on how the Audit and Assurance Policy has been implemented;
 - the significant issues the committee considered in relation to the financial statements and how these issues were addressed;
 - an explanation of the application of the entity's accounting policies;
 - where shareholders have requested that certain matters be covered in an audit and that request has been rejected, an explanation of the reasons why;
 - where a regulatory inspection of the quality of the company's audit has taken place, information about the findings of that review, together with any remedial action the auditor is taking in the light of these findings;
 - an explanation of how the committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;
 - the criteria used and the tender process followed to make the selection of an external auditor;
 - an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services,
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- having regard to matters communicated to it by the auditor and all other information requirements set out in the Code; and
 - the activities undertaken to meet the requirements of the AC Min.
- 9.8.4 The report must be signed by the Chair of the committee and satisfy the requirements of provision 26 of the Code; and
- 9.8.5 In compiling the reports referred to in 9.8.1 and 9.8.3, 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 to continue to adopt the going concern basis of accounting and the prospects of the committee for the purpose of the longer 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.

9.9 Other Matters

The Committee shall:

- 9.9.1 consider key matters of their own initiative rather than solely relying on the work of the external auditor;
- 9.9.2 discuss what information and assurance it requires in order to properly carry out its role;
- 9.9.3 have access to sufficient resources, including access to the company secretariat for assistance as required;
- 9.9.4 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;
- 9.9.5 give due consideration to laws and regulations, the principles and provisions of the Code and the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and any other applicable Rules, as appropriate;
- 9.9.6 oversee any investigation of activities which are within its terms of reference;
- 9.9.7 arrange for periodic reviews of its own performance and, at least annually, review its constitution, agenda and terms of reference (including policy framework and policies allocated to audit committee for review) to ensure it is operating at maximum effectiveness; and
- 9.9.8 work and liaise as necessary with all other board committees ensuring interaction between committees and with the board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different committees.
- 9.9.10 the Chair of the committee will be informed on a timely basis of significant matters relating to risk, compliance, ethics, controls or financial reporting should they occur outside of the routine committee reporting cycle.

10. Authority

The Committee is authorised:

- 10.1 to seek any information, it requires from any employee or agent of the company in order to perform its duties and to call any employee or agent to be questioned at a meeting of the committee as and when required;
 - 10.2 to obtain, at the company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference
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including seeking external expert advice as appropriate when conducting in-depth reviews of the Group's principal risks, particularly on technical matters, to supplement the Board's direct experience.

- 10.3 to 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; and
 - details of why the Board has taken a different position if it has not accepted the committee's recommendations in relation to the external auditor.
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