

REDROW plc (“the Company”)

AUDIT COMMITTEE

TERMS OF REFERENCE

1.0 Constitution

The Board hereby resolves to adopt the following terms of reference for a committee of the Board to be known as the Audit Committee (“the Committee”).

2.0 Membership

2.1 The Committee shall be appointed by the Board and shall comprise all the independent non-Executive Directors of the Company.

2.2 The Committee chairman shall be appointed by the Board from amongst the independent Non-Executive Directors.

2.3 The members for the time being shall be:

Nick Hewson
Debbie Hewitt
Liz Peace
Michael Lyons

2.4 The quorum for the Committee shall be two members.

2.5 The Company Secretary or in his absence any other person so agreed by the Committee, shall act as Secretary to the Committee.

3.0 Attendance at Meetings

3.1 The Committee will normally invite the Group Finance Director, the Finance Director Group Services and the Finance Director Operations (being the director responsible for the internal audit function of the Company) and representatives of the external auditors to attend its meetings.

3.2 The Committee shall be entitled, if it so wishes, to invite any one or more of the Executive Directors to attend its meetings.

3.3 There shall be at least one meeting a year, or part thereof, where the external auditors attend without management present.

4.0 Frequency of Meetings

4.1 Meetings will be held not less than three times a year. Two of these meetings will coincide with the publication of the interim and preliminary results in the Company's financial reporting cycle.

4.2 External auditors or internal auditors may request a meeting if they consider that one is necessary.

4.3 A minimum of 30 days' notice will be given of each Committee meeting, which may only be waived with the agreement of all members of the Committee.

4.4 If the members of the Committee all agree, meetings may be held by telephone conference call or video conference.

4.5 The Committee should annually review the timings of meetings so as to allow sufficient time between the meeting and results announcements to ensure that the Committee is able to properly review all matters and make comment prior to any results announcement taking place.

5.0 Authority

5.1 The Committee is authorised by the Board to:

5.1.1 investigate any activity within its terms of reference;

5.1.2 seek any information that it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Committee; and

5.1.3 obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

6.0 Responsibilities

The Committee shall:

6.1 consider the appointment, re-appointment and removal of the external auditor.

6.2 assess the independence and objectivity of the external auditor, ensuring that key partners are rotated at appropriate intervals;

6.3 recommend the audit fee and terms on engagement of the external auditor to the Board and pre-approve any fees in respect of non-audit services provided by the external auditor and ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity;

6.4 discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;

6.5 oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;

6.6 review the external auditor's management letter and management's response;

6.7 review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;

6.8 consider management's response to any major external or internal audit recommendations;

6.9 approve the appointment or dismissal of the Finance Director Operations;

6.10 review the Company's procedures for handling allegations from whistleblowers;

6.11 review the Company's internal control and risk management systems including reviewing management's and the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting and risk management;

- 6.12 review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
 - 6.12.1 critical accounting policies and practices, and any changes in them;
 - 6.12.2 decisions requiring a major element of judgement;
 - 6.12.3 the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - 6.12.4 the clarity of disclosures;
 - 6.12.5 significant adjustments resulting from the audit;
 - 6.12.6 the going concern assumption and viability testing including the review of principle risks;
 - 6.12.7 compliance with accounting standards;
 - 6.12.8 compliance with stock exchange and other legal requirements;
 - 6.12.9 reviewing the Company's statement on internal control systems prior to endorsements by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company;
- 6.13 consider other topics, as defined by the Board;
- 6.14 make available its terms of reference explaining clearly the role and the authority delegated to it by the Board
- 6.15 conduct an annual review of these terms of reference and, where appropriate, propose revisions to the Board to these terms of reference;
- 6.16 make a statement in the annual report about its principal duties and activities during the year; the membership of the Committee, number of Committee meetings and attendance over the course of the year; and
- 6.17 Review the financial position of the Redrow Staff Pension Scheme on a periodic basis.

7.0 Reporting Procedures

- 7.1 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board of the Company except where a conflict of interest may exist, and the Chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the accounts are approved.
- 7.2 The Chairman of the Committee, or as a minimum another member of the Committee, shall attend the AGM and shall answer questions, through the Company Chairman, on the Committee's activities and their responsibilities.
- 7.3 The Finance Director Operations shall report directly to the Committee and he shall have the right of direct access to the Chairman of the Committee

- 7.4 Any other Senior Manager of the Company may have access to the Chairman of the Committee but only after that Senior Manager has exhausted all other lines of communication and the matter has still not been resolved.