

**Terms of Reference – Audit Committee  
of the Board of The Berkeley Group Holdings plc (“the Company”)**

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*Reference to “the Committee” shall mean the Audit Committee.  
Reference to “the Board” shall mean the Board of Directors.*

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**1. Constitution**

- 1.1. The Audit Committee shall be formed under the provisions of the Articles of Association of the Company and shall conduct itself as prescribed therein.

**2. Membership**

- 2.1. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least three members. Whenever reasonably possible the Committee shall include one member of the Remuneration Committee.
- 2.2. The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2.3. 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 Chairman of the Board shall not be a member of the Committee.
- 2.4. Only members of the Committee have the right to attend Committee meetings. However, the Finance Director and external audit lead partner will be invited to attend meetings of the Committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.

**3. Secretary**

- 3.1. The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

**4. Quorum**

- 4.1. The quorum necessary for the transaction of business shall be two members. A meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

**5. Frequency of 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 properly to carry out the duties of the Committee.

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5.2. Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company’s governance, including the Board Chairman, the Chief Executive, the Finance Director, the external audit lead partner and the head of internal audit.

**6. Notice of Meetings**

6.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.

6.2. Unless otherwise agreed, 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 and any other person required to attend within a reasonable time period before the date of the meeting. Supporting papers shall be sent to 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. Minutes of Meetings**

7.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

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

7.3. The Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed by the Chairman of the Committee, to all members of the Board.

**8. Annual General Meeting**

8.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee’s activities.

**9. Responsibilities**

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

**9.1. Financial Reporting**

9.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, any interim management statements, preliminary results’ announcements and any other formal announcement relating to its financial performance, and review and report to the Board on significant financial

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reporting issues and judgments which they contain having regard to matters communicated to it by the external auditor.

9.1.2. In particular, the Committee shall review and challenge where necessary:

9.1.2.1 the application of significant accounting policies and any changes to them;

9.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

9.1.2.3 whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgments, taking into account the views of the external auditor on the financial statements; and

9.1.2.4 all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to audit and to risk management;

9.1.3. The Committee shall first review any other statements requiring Board approval which contain financial information, 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. The Committee shall be supplied with the annual financial statements of the defined benefit pension fund.

9.1.4. 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.

**9.2. 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.

**9.3. Internal Controls and Risk Management Systems**

The Committee shall:

9.3.1. keep under review the effectiveness of the Company's internal financial control systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems; and

9.3.2. review and approve the statements to be included in the Annual Report concerning internal controls, risk management and the viability statement.

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**9.4. Whistleblowing and Fraud**

The Committee shall:

- 9.4.1. review the adequacy and security of the Company’s arrangements for its employees and third parties 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;
- 9.4.2. review the Company’s systems and controls for detecting fraud; and
- 9.4.3. review the Company’s systems and controls for the prevention of bribery and receive reports on non-compliance;

**9.5. Internal Audit**

The Committee shall:

- 9.5.1. review and assess the annual internal audit plan to ensure it is aligned with the key risks of the business, and receive regular reports on work carried out;
- 9.5.2. monitor and review the effectiveness of the Company’s internal audit function in the context of the Company’s overall risk management system;
- 9.5.3. approve the appointment and removal of the head of the internal audit function;
- 9.5.4. consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 9.5.5. review promptly all reports on the Company from the internal auditors;
- 9.5.6. review and monitor management’s responsiveness to the findings and recommendations of the internal auditor; and
- 9.5.7. meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Board and to the Committee;

**9.6. External Audit**

The Committee shall:

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- 9.6.1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company’s external auditor.
- 9.6.2. The Committee shall develop and oversee the selection procedure for the appointment of the audit firm, ensuring all tendering firms have access to all necessary information and individuals during the tendering process;
- 9.6.3. if an external auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 9.6.4. oversee the relationship with the external auditor. In this context the committee shall:
  - 9.6.4.1 approve their remuneration for audit and non-audit services and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and
  - 9.6.4.2 approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 9.6.5 assess annually the external auditor’s independence and objectivity taking into account relevant UK law, regulation and the FRC’s Revised Ethical Standard 2016 (the “Ethical Standard”) and other professional requirements and the Company’s relationship with the auditor as a whole, including any threats to the auditor’s independence and the safeguards applied to mitigate those threats including the provision of any non audit services;
- 9.6.6 satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor’s independence and objectivity;
- 9.6.7 agree with the Board a policy on the employment of former employees of the Company’s auditor, taking into account the Ethical Standard and legal requirements and monitor the application of this policy;
- 9.6.8 monitor the auditor’s processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- 9.6.9 seek to ensure coordination of the external audit with the activities of the internal audit function;
- 9.6.10 evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor’s communications with the Committee;
- 9.6.11 develop and recommend to the Board the Company’s formal policy on the provision of non-audit services by the auditor. This policy should include the following matters:

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- 9.6.11.1 threats to the independence and objectivity of the external auditor and any safeguards in place;
- 9.6.11.2 the nature of the non-audit services;
- 9.6.11.3 whether the external audit firm is the most suitable supplier of the non-audit service;
- 9.6.11.4 the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
- 9.6.11.5 the criteria governing compensation;
- 9.6.12 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 management being present, to discuss the auditor’s remit and any issues arising from the audit;
- 9.6.13 discuss with the external auditor the factors that could affect the audit quality and review and approve the annual audit plan, ensuring that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 9.6.14 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 9.6.14.1 a discussion of any major issues which arose during the audit,
  - 9.6.14.2 the auditor’s explanation of how the risks to audit quality were addressed;
  - 9.6.14.3 key accounting and audit judgments,
  - 9.6.14.4 the auditor’s review of their interactions with senior management; and
  - 9.6.14.5 levels of errors identified during the audit.
- 9.6.15 review any representation letter(s) requested by the external auditor before they are signed by management;
- 9.6.16 review the management letter and management’s response to the auditor’s findings and recommendations; and
- 9.6.17 review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgments by the auditor, and the auditor’s response to questions from the Committee.

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**10. Reporting responsibilities**

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
  - 10.1.1 The significant issues that it considered in relation to the financial statements (required under paragraph 9.1.1) and how these were addressed;
  - 10.1.2 Its assessment of the effectiveness of the external audit process (required under paragraph 9.6.17), 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
  - 10.1.3 Any other issues on which the Board has requested the Committee’s opinion.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall compile a report on its activities to be included in the Company’s Annual Report. This report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; 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 auditor; and all other information requirements set out in the Corporate Governance Code.
- 10.4 In compiling the reports referred to in 10.1 and 10.3, the Committee should exercise judgment 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 inputs to the Board’s viability statement.

**11. Other Matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.2 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;
- 11.3 give due consideration to laws and regulations, the provisions of the Corporate Governance Code and the requirements of the UK Listing Authority’s Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other rules, as appropriate;

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- 11.4 be responsible for co-ordination of the internal and external auditors;
- 11.5 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;
- 11.6 work and liaise as necessary with all other Board Committees; and
- 11.7 arrange for periodic reviews of its own performance, and as appropriate, 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.

**12 Authority**

The Committee is authorised to:

- 12.1 seek any information it properly and reasonably requires from any employee of the Company in order to perform its duties;
- 12.2 obtain, at the Company’s expense and as necessary from time to time, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 12.3 call any employee to be questioned at a meeting of the Committee as and when required and
- 12.4 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.