

BURBERRY GROUP PLC  
(the "Company")

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

**Membership**

The Remuneration Committee (the "Committee") shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chairman of the Committee). Membership of the Committee shall consist of at least three independent non-executive directors. The Committee shall consist of not less than three members.

The Chairman of the Board may be a member of the Committee, but shall not chair its meetings.

The Chairman of the Committee will be an independent non-executive director appointed by the Board from among the members of the Committee. In the absence of the Chairman of the Committee, the remaining members present shall elect one of themselves to chair the meeting.

Membership of the Committee will be reviewed annually by the Board. The current members of the Committee are:

David Tyler - Chairman of the Committee

Philip Bowman

Ian Carter <sup>1</sup>

Stephanie George

John Peace

John Smith<sup>2</sup>

The Company Secretary or his / her nominee will be the Secretary of the Committee.

**Quorum**

A quorum shall be any two members.

**Attendance**

Only members of the Committee have the right to attend Committee meetings. Attendance by non-members is at the discretion of the Chairman of the Committee but, normally, the Chairman of the Board and the Chief Executive will be invited to attend. The Head of Human Resources and external advisers may be invited to attend all or any part of any meeting as and when appropriate. No director may be present or vote when their own remuneration is being considered.

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<sup>1</sup> Ian Carter was appointed a member of the Remuneration Committee on 18 May 2007.

<sup>2</sup> John Smith was appointed a member of the Remuneration Committee on 2 February 2010.

## **Committee meetings**

Meetings will be held not less than twice a year.

The Secretary of the Committee shall give notice of meetings to all members of the Committee and to the Chairman of the Board, the Chief Executive and the Chief Financial Officer as far in advance as possible. The notice will confirm the date, time and venue of the meeting. Supporting papers will be circulated to the same individuals at least five working days before the meeting.

## **Duties**

The duties of the Committee shall be to:

- make recommendations to the Board, within these Terms of Reference, on the Company's policy of remuneration for executive directors, the Chairman of the Board and such other members of executive management as it is designated to consider, with the aim of demonstrating that executive remuneration is set objectively and that executive management are fairly rewarded for their individual contributions;
- determine specific remuneration packages for each of the Chairman of the Board, the Chief Executive, the other executive directors, the Creative Director and, upon recruitment, senior management with a basic salary in excess of £375,000 per annum in the light of recommendations put forward by the Chief Executive, together, where appropriate, with conditions of employment (including pension rights), contracts of employment and any compensation package in the event of the early termination of a contract, ensuring that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- determine the structure of remuneration of senior management. The definition of "senior management" for this purpose should be determined by the Board but will normally include the first layer of management below board level;
- monitor the remuneration of senior management so that it can be sensitive to the overall structure of remuneration especially when determining annual salary increases for executive directors;
- review any cash bonus and equity incentive plans proposed to be adopted by the Company and, where appropriate, to:
- determine policy for the grant of awards/options to executive directors and senior management;
- approve overall awards/options under each plan and individual awards to executive directors and senior management;
- set performance criteria and monitor their performance;
- approve any amendments to the incentive plans; and
- exercise any discretion as permitted under the rules of each plan.
- determine the policy for pension arrangements for each executive director and senior management;
- make recommendations to the Board regarding the content of the Board's annual report to shareholders on directors' remuneration (including the

Company's policy on executive directors' remuneration, details of individual remuneration and other terms and conditions), ensuring that all provisions regarding disclosure, as set out in Schedule 7A of the Companies Act 1985 and the UKLA Listing Rules are fulfilled and that the remuneration report conforms with the best practice provisions of the Combined Code on Corporate Governance. The Committee shall approve any reasoning for non-conformity with such best practice provisions;

- review the policy on any executive directors' fees from outside appointments;
- review the policy for directors claims for expenses;
- review both its own performance and its Terms of Reference annually;
- ensure its Terms of Reference are made available to shareholders on the Company's website and, if requested, in hard copy; and
- carry out other duties which may from time to time be delegated by the Board.

### **Information and advice**

The Committee is authorised by the Board to seek information and advice from both inside and outside the Group as and when deemed necessary.

The Committee shall select and appoint any consultants to advise the Committee on remuneration issues and agree the terms of reference for such consultants. External consultants so used should be different from those commissioned by the management team.

### **Reporting**

The Chairman of the Committee (or their nominee) shall report to the Board at the next Board meeting following each Committee meeting.

The Chairman of the Committee shall attend the Annual General Meeting to answer shareholders' questions on remuneration issues.

The Committee membership shall be published in the Company's annual report.

Minutes of meetings and any resolutions in writing shall be circulated to all Committee members, the Chairman of the Board, the Chief Executive and all other directors (unless there is a conflict of interest).

### **Authority**

In respect of any executive director to approve for execution by the Company:

- a service contract;
- a termination agreement; and
- any ancillary documents;

The Committee is not authorised to determine any matter relating to the non-executive directors, which matters shall be determined by the Board upon the recommendation of the Chairman of the Board and/or the Chief Executive as appropriate.

Notes:

The Committee was established on 21 June 2002. Its Terms of Reference were last amended on 23 March 2007.