

BURBERRY GROUP PLC
(the “Company”)

MATTERS RESERVED FOR BOARD DECISION

Board membership and other appointments

The appointment and removal of the Chairman and Chief Executive and other directors, following recommendations from the Nomination Committee.

Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.

The appointment and removal of the Senior Independent Director, following recommendation from the Nomination Committee.

The appointment and removal of the Company Secretary.

The approval of the terms of reference, membership and chairmanship of all Board committees.

Strategy and management

The structure of management and its responsibilities.

Establishing overall Group strategy, including new activities and withdrawal from existing activities.

Approval of the Group’s commercial strategy and the annual operating budget.

Monitoring of the Group’s performance through the receipt of monthly reports and management accounts.

Acquisitions/divestments

Any takeover offer for other companies within the City Code on Takeovers and Mergers.

The response to any approach regarding a takeover offer for the Company.

Any investments in other publicly listed companies.

Any acquisitions/divestments of legal entities except the acquisition of newly incorporated companies.

It is recognised that, for the most part, the process for the approval of acquisitions/divestments (including joint ventures) is a matter reserved for the Board subject to the following levels of delegated authority:

- Chief Executive's approval - up to £25 million for the acquisition or divestment of assets. Nil for the acquisition or divestment of legal entities.
- Chairman's approval - up to £50 million.

However, there will be occasions when the urgency of the transaction dictates that a decision will need to be made in advance of the next scheduled Board meeting. The process for dealing with these matters will be as follows:

- the proposal will be circulated to all Board members together with an invitation to participate in a conferenced telephone meeting at which, if appropriate, a committee will be formed with the delegated authority to do all things necessary to complete the transaction; and
- the committee will normally comprise the Chairman, the Chief Executive and the Chief Financial Officer.

Intellectual property

All disposals of intellectual property. The Chairman and Chief Executive Officer have unlimited expenditure authority in respect of the acquisition of intellectual property.

Licences/franchises

All licence agreements with projected annual royalties of more than £10 million or for a period of more than 10 years, the approval of an agreement with a value below this level is delegated to the Chief Executive.

All franchise agreements for a period of more than 10 years. The approval of an agreement with a shorter term is delegated to the Chief Executive.

Capital expenditure

Board approval is required in cases where, for a single project or a series of related projects, the proposed expenditure exceeds £50 million subject to the following levels of delegated authority:

- Chief Executive's approval - up to £25 million
- Chairman's approval - up to £50 million

(Note: The acquisition of leasehold premises or leased equipment is subject to the same limits based on the lower of minimum lease payments or annual lease payments x 8).

In the case of projects requiring Board approval there will be occasions when urgency dictates that a decision will need to be made in advance of the next scheduled Board meeting. In such circumstances, the process outlined above for acquisitions/divestments will be applied.

Control, audit and risk management

Any significant changes in accounting policies or practices and any recommendations of the Audit Committee.

Internal control arrangements.

At least annually, to conduct a review of the effectiveness of the Group's system of internal control and to report to shareholders in the Company's annual report that this has been done. The review is to cover all controls including financial, operational and compliance controls and risk management.

Risk management strategy and the monitoring of Group-wide risks.

Internal audit.

The levels of delegated authority, which are to be submitted annually for Board approval.

The appointment, reappointment and removal of the external auditor to be put to shareholders for approval, following recommendations from the Audit Committee.

Remuneration

The Group's remuneration policy for executive directors and senior management and its cost in the light of recommendations made by the Remuneration Committee.

The remuneration of the non-executive directors.

Pension schemes

Group Pension Policy and the appointment of trustees of the Group's pension schemes (if any).

Financial reporting and controls

Approval of interim and annual financial statements.

Approval of any significant change in accounting policies or practices.

Approval of the dividend policy and the declaration of the interim dividend and recommendation of the final dividend.

The responsibility for the annual review and approval of the Group's Treasury Policy is delegated to the Audit Committee. The Audit Committee will make recommendations for final approval by the Board.

The Chief Executive has the responsibility for monitoring compliance with the Group's Treasury Policy and with laid down authority limits.

Formal

The provision of guarantees by the Company, the general policy being that such guarantees will not be given other than in exceptional circumstances.

Approval of all Stock Exchange/FSA circulars/formal listing procedures.

Any material press announcement or media briefing of a corporate or financial nature.

The convening of general meetings and approval of resolutions and documentation to be put to the shareholders at such meetings.

Reputational issues

Matters materially affecting the reputation or financial position of the Company or its subsidiaries.

Miscellaneous

Group policy in relation to:

- political donations;
- prosecution, defence or settlement of any litigation of a material or unusual nature;
- changes relating to the name of the Company, its capital structure or its status as a public limited company; and
- directors' and officers' liability insurance.

Corporate Social Responsibility

The Group's policies covering matters of Corporate Social Responsibility including, but not restricted to:

- environmental issues;
- ethics;
- human rights/labour standards in the supply chain;
- health and safety; and
- community involvement including the Group's policy regarding charitable donations.

Urgent matters

In the event that an urgent matter arises, which is outside the authority given to the Chief Executive and which needs to be dealt with between normally scheduled Board meetings, the Company Secretary will:

- circulate a paper with all relevant information to all Board members together with an invitation to participate in a conferenced telephone meeting at which, if appropriate, a committee, usually to comprise the Chairman, Chief Executive and the Chief Financial Officer, will be formed with the delegated authority to do all things necessary to complete the transaction; or
- circulate a paper with all relevant information and endeavour to obtain the unanimous approval of all directors by means of a written resolution.
- It is recognised that these procedures should balance the need for urgency with the over-riding principle that each director should be given as much information as possible and have the opportunity to requisition an emergency meeting of the Board to discuss the matter prior to a commitment being made on the part of the Company.

Notes:

The Terms of Reference were last amended on 10 November 2011.