

**BURBERRY GROUP PLC**  
**(the “Company”)**

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

**Membership**

The Audit 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). The Committee shall consist of not less than three members.

All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.

The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director. In the absence of the Chairman of the Committee the remaining members 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:

Matthew Key<sup>1</sup> - Chairman of the Committee

Jeremy Darroch<sup>2</sup>

Carolyn McCall<sup>3</sup>

Ron Frasch<sup>4</sup>

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

**Quorum**

A quorum shall be two members.

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<sup>1</sup> Matthew Key was appointed a member of the Committee on 26 September 2013 and he was appointed Chairman of the Committee on 6 February 2019.

<sup>2</sup> Jeremy Darroch was appointed a member of the Committee on 5 February 2014 and he stepped down as Chairman of the Committee on 6 February 2019.

<sup>3</sup> Carolyn McCall was appointed a member of the Committee on 1 September 2014.

<sup>4</sup> Ron Frasch was appointed a member of the Committee on 7 November 2018.

## **Attendance**

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, the Chief Executive, the Chief Financial Officer, other directors, the heads of risk and internal audit and representatives of the finance function may be invited by the Committee to attend all or part of any meeting where the Committee considers this appropriate.

One or more representatives of the external auditors will be invited to attend meetings on a regular basis. At least once a year the Committee shall meet with the external auditors without executive directors present.

## **Committee meetings**

Meetings shall be held not less than three times a year.

The Secretary or any member may call a meeting of the Committee. In addition, the external auditors and the Head of Internal Audit may request a meeting if either considers that one is necessary.

Notice of each meeting will be circulated by the Secretary to all members of the Committee and to other attendees 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.

The Secretary or their nominee shall minute the proceedings and promptly circulate minutes to all Committee members and, once agreed, to all other directors (unless there is a conflict of interests).

## **Duties**

The duties of the Committee shall be as follows:

### **1. External audit**

- to consider the appointment of the external auditor (and make appropriate recommendations to the Board), the audit fee (and the external auditor's terms of engagement, including any restriction on liability) and any question of resignation or dismissal;
- to keep under review the scope and results of both the internal and external audit, their cost effectiveness and the independence and objectivity of the external auditor;
- to keep under review the nature and extent of non-audit services provided by the auditors, seeking to balance the maintenance of objectivity and value for money;
- to meet regularly with the external auditor, including at least one meeting each year without management being present to discuss the external auditor's remit and any issues arising from the audit;
- to review the management letter and management's response to the external auditor's findings and recommendations;
- to assess (at the end of the audit cycle) the effectiveness of the external audit; and
- to ensure that the external auditor's engagement partners are rotated at appropriate intervals.

## **2. Financial reports**

- to review the interim and annual financial statements before their submission to the Board, focusing particularly on:
- the consistency of, and any proposed changes in, accounting policies and practices;
- the clarity and completeness of disclosures in the Company's financial statements and reports and the context in which statements are made;
- all material information presented with the financial statements, such as the business review and the corporate governance statement (in so far as it relates to the audit and risk management);
- the methods used to account for significant or unusual transactions where different approaches are possible;
- significant adjustments resulting from the audit;
- the going concern assumption;
- compliance with accounting standards; and
- compliance with London Stock Exchange/FSA regulations and legal requirements.
- to discuss problems and reservations arising from the review of the interim figures and the audit of the annual financial statements; and
- to review the audit representation letters before signature by management.

## **3. Risk and internal controls**

- to review the risk assessment submitted by the Chief Executive;
- to review the Company's statement on internal controls and risk management prior to its endorsement by the Board;
- to review the Company's policies and processes for identifying and assessing business risks;
- to review the effectiveness of the Company's internal controls, including financial, operational and compliance controls and risk management systems; and
- to review the Company's arrangements for its employees to raise concerns (in confidence) about possible improprieties in financial reporting and other matters and ensure that arrangements are in place for appropriate investigation and follow-up on such matters.

## **4. Internal audit**

- to review the annual internal audit programme (including the scope and materiality level), ensure co-ordination between the internal audit function, the external auditors and the Board and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- to consider the findings of any internal investigations and management's response thereto;
- to carry out an annual review of and approve the Group's Treasury Policy and report to the Board on the details of this process;

- to approve the appointment and removal of the Head of Internal Audit and to ensure that they have direct access to the Chairman of the Committee and the Chairman of the Board;
- to 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 work of the internal audit department; and
- to review the effectiveness of the Company's internal audit function.

### **Reporting**

The Chairman of the Committee (or their nominee) shall report to the Board on matters dealt with by the Committee at the next meeting of the Board following the relevant Committee meeting. Minutes of Committee meetings are to be circulated to the Board.

The Committee shall report to shareholders as part of the Company's annual report on its work during the relevant period.

The Chairman of the Committee will attend the Annual General Meeting to answer shareholders' questions on the Committee's report and its activities.

### **Whistleblowing and fraud**

The Committee shall:

review the Company's procedures for detecting fraud; and

review arrangements by which Company employees may, in confidence, raise concerns about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that arrangements allow proportionate and independent investigation of such matters and for appropriate follow-up action.

### **Other matters**

The Committee shall:

annually review both its own performance and its Terms of Reference;

ensure its Terms of Reference are made available to shareholders on the Company's website and, if requested, in hard copy;

undertake any other projects which the Committee considers appropriate or as requested by the Board;

have access to sufficient resources in order to carry out its duties; and

ensure that its members are provided with appropriate and timely training and information.

## **Authority**

The Committee is authorised by the Board:

to require the Head of Internal Audit to report directly to the Chairman of the Committee;  
to investigate any activity within these Terms of Reference and in assisting the Board to ensure that:

- financial and accounting systems are accurate and up to date;
- published financial statements show a true and fair view;
- the external audit is properly conducted; and
- an effective system of internal control is in place.

to seek any information it requires from any employee in order to enable the Committee to perform its duties and all employees are directed to co-operate with any request which it makes;

to call any employee to be questioned at a meeting of the Committee as and when required;

to obtain (at the Company's expense) outside legal or other professional advice on any matter within these Terms of Reference;

to have unrestricted access to all of the books and records of the Company; and

to commission any reports or surveys that it deems necessary to help it fulfil its duties and responsibilities.

Notes:

The Committee was established on 21 June 2002. Its Terms of Reference were last amended on 1 February 2017.