

JD SPORTS FASHION PLC (THE "COMPANY")

AUDIT COMMITTEE

TERMS OF REFERENCE

1 CONSTITUTION

- 1.1 The committee has been established by resolution of the board of directors of the Company (the "Board") and is to be known as the audit committee (the "Audit Committee").

2 MEMBERSHIP

- 2.1 The members of the Audit Committee shall be appointed by the Board from amongst the directors of the Company.
- 2.2 The Audit Committee shall consist of at least two members, each of whom is an independent non-executive director. The chairman of the Board may also serve on the Audit Committee as an additional member if he or she was considered independent on appointment as chairman of the Board.
- 2.3 At least one member of the Audit Committee shall have recent and relevant financial experience.
- 2.4 Appointments to the Audit Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the director remains independent.
- 2.5 The Board shall appoint a chairman of the Audit Committee (the "Chairman"). The Chairman shall be an independent non-executive director and shall not be the chairman of the Board.
- 2.6 The Board shall regularly review the membership of the Audit Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Audit Committee and other Board committees.

3 QUORUM

A quorum shall be two members. A duly convened meeting of the Audit 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 Audit Committee.

4 ATTENDANCE AT MEETINGS

- 4.1 Only the Chairman and members of the Audit Committee are entitled to be present or vote at a meeting of the Audit Committee.
- 4.2 Other individuals such as the chairman of the Board, chief executive, finance director, representative of the finance director and a representative of the external auditors may be invited to attend all or part of any meetings as and when appropriate.

- 4.3 There should be at least one meeting, or part of a meeting, each year which the external auditors attend without management present.

5 SECRETARY

The Company Secretary shall act as the secretary of the Audit Committee (the "**Secretary**") and shall keep a record of the membership of and the dates of any changes to the membership of the Audit Committee.

6 FREQUENCY OF MEETINGS

- 6.1 Meetings shall be held at such times as the Audit Committee deems appropriate, and in any event shall be held not less than three times a year. Where appropriate, meetings should coincide with key dates in the company's financial reporting cycle.
- 6.2 External auditors or internal auditors may request a meeting if they consider that one is necessary.

7 PROCEEDINGS

- 7.1 Unless varied by these terms of reference, meetings and proceedings of the Audit Committee will be governed by the Company's Articles of Association regarding the meetings and proceedings of directors.
- 7.2 Meetings of the Audit Committee shall be summoned by the Secretary at the request of any member thereof or at the request of internal or external auditors.
- 7.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Audit Committee, any other person required to attend and all other non-executive directors not later than 48 hours prior to the date of the meeting.
- 7.4 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interests and minute them accordingly. The Secretary shall record the proceedings and resolutions of meetings of the Audit Committee, including the names of those present, and shall circulate the minutes of such meetings to all members of the Audit Committee and, once agreed if the Chairman so decides, to all members of the Board, unless a conflict of interest exists.
- 7.5 In the absence of the Chairman and/or an appointed deputy, those members present shall elect one of their number to chair the meeting.

8 AUTHORITY

- 8.1 The Audit Committee is authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorised to seek any information that it requires from any employee in order to perform its duties and all employees are directed to cooperate with any requests made by the Audit Committee.

8.2 The Audit Committee is authorised by the Board at the expense of the Company to obtain external professional advice and to secure the attendance of third parties with relevant experience and expertise at meetings of the Audit Committee if it considers this necessary.

8.3 These terms of reference may be amended from time to time as required, subject to approval by the Board.

9 DUTIES

The responsibilities of the Audit Committee shall be:

9.1 External audit

9.1.1 To consider and make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and assess independence and objectivity of the external auditor, ensuring that key partners are rotated at appropriate intervals;

9.1.2 To develop and implement policy on the engagement of the external auditor to supply non-audit services;

9.1.3 To recommend the audit fee and terms of 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 to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity;

9.1.4 To ensure that proper disclosure is made in the annual report of (i) how the Audit Committee's policy in relation to non-audit fees paid to auditors adequately safeguards the independence of the auditor; (ii) all fees paid to the auditor and; (iii) how the auditors manage any actual or potential conflicts of interest;

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

9.1.6 To oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the annual general meeting;

9.1.7 If an auditor resigns the Audit Committee shall investigate the issues surrounding the resignation and comply with any legal requirements arising out of the auditor's resignation;

9.1.8 To review the external auditor's management letter and any major recommendations of the external auditor and to consider management's response;

9.1.9 To approve the external auditor's terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

9.1.10 To review with the external auditors the results of their work in conducting the annual and any interim audit, including:

- (a) any major issues that arose during the course of the audit;
- (b) key accounting and audit judgements;
- (c) levels of errors identified during the audit and obtaining explanations from management;
- (d) any reservations that the external auditors may have and other matters that they wish to raise.

9.1.11 To explain to shareholders in the Audit Committee section of the annual report how the Audit Committee reached its recommendation to the Board on the appointment, reappointment or removal of the external auditors and include in the explanation supporting information on tendering frequency, the tenure of the incumbent external auditor and any contractual obligations that acted to restrict the Audit Committee's choice of external auditors.

9.2 Internal audit

9.2.1 To monitor and review whether the Company requires an internal audit function;

9.2.2 Where the Company has an internal audit function:

- (a) to monitor and review its effectiveness and ensure that it is adequately resourced and has appropriate standing within the Company;
- (b) to review and approve its remit;
- (c) to approve the appointment or dismissal of its head;
- (d) to consider management's response to any major internal audit recommendations;

9.2.3 Where the Company does not have an internal audit function:

- (a) to recommend, monitor, review and approve any alternative arrangements to be implemented by the Company in relation to activities that would normally be undertaken by an internal audit function;
- (b) to consider management's response to any major recommendations made following the implementation of such alternative arrangements;

9.3 Risk management

9.3.1 To review the Company's procedures for handling allegations from whistleblowers in order to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;

9.3.2 To review management's and where the Company has an internal audit function, the internal auditor's reports on, the effectiveness of systems for internal financial control, financial reporting and risk management;

9.3.3 To review the Company's annual statement on its systems of internal control prior to endorsement by the Board, and in particular review:

- (a) the procedures for identifying business, operational, financial, compliance and other risks and controlling their impact on the Company having regard, in particular, to any significant failings or weaknesses in internal control that have been reported;
- (b) the actions taken to remedy any significant failings or weaknesses, including their timeliness;
- (c) the Company's policies for preventing or detecting fraud;
- (d) the Company's policies for ensuring that the Company complies with relevant regulatory and legal requirements;
- (e) the operational effectiveness of these policies and procedures;

9.3.4 To review co-ordination between the internal audit function, where the Company has such a function, and the external auditors;

9.3.5 To review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company;

9.3.6 To review the controls over significant risks.

9.4 Financial reporting

9.4.1 To monitor the integrity of all financial statements made by the Company and any formal announcements relating to the Company's financial performance and to review, and challenge where necessary, the actions and judgements of management in relation to such financial statements and formal announcements before submission to the Board, paying particular attention to:

- (a) critical accounting policies and practices, and any changes in them;
- (b) decisions requiring a major element of judgement;
- (c) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- (d) the clarity of disclosures;
- (e) the integrity of the statements;
- (f) significant adjustments resulting from the audit;
- (g) the going concern assumption;
- (h) compliance with accounting standards;
- (i) compliance with stock exchange and other legal requirements;
- (j) reviewing the Company's statement on internal control systems prior to endorsement 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.

9.4.2 To review the annual financial statements of the Company's pension fund(s) (if any) where not reviewed by the Board as a whole.

9.5 Other

9.5.1 To give due consideration to any applicable laws and regulations, including the provisions of the Combined Code and the requirements of the UKLA's Listing, Prospectus, Disclosure and Transparency Rules.

9.5.2 To consider other topics as defined by the Board.

10 REPORTING PROCEDURES

10.1 The Chairman or, as a minimum, another member of the Audit Committee, shall attend the Board meeting at which the accounts are approved.

10.2 Where, following its review, the Audit Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10.3 The Audit Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.

10.4 The Audit Committee's duties and activities during the year shall be disclosed in the annual financial statements.

10.5 The Secretary shall make available the Minutes of Audit Committee meetings to all members of the Board.

11 ANNUAL GENERAL MEETING

11.1 The Chairman shall be available at the annual general meeting to answer questions on the Audit Committee's activities and its responsibilities. He or she should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.

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