

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At Burberry, our purpose underpins the choices we make as an organisation. Enshrined in the statement Creativity Opens Spaces, our purpose is the shared belief that through creativity, we can push boundaries and explore new possibilities for our people, our customers and our communities. Being creatively driven, forward thinking, open and caring, and proud of our heritage are hallmarks of our organisation at its best. These values have remained at the core of our brand since Thomas Burberry founded the Company in 1856.

Our commitment to ESG-related matters is the purest expression of our purpose and values. We are committed to building not only a financially stronger Burberry but also a better company that is a force for good in the world.

Disclosure plays a key role in driving meaningful change. By learning from others and sharing our progress, we can help drive accountability, for ourselves and for our industry.

In FY 2020/21, we focused on three areas:

- Creating the conditions for creativity to thrive by championing diversity and inclusion and ensuring the wellbeing of our people
- Supporting our communities, and particularly young people, by providing them with the skills, confidence and opportunities to succeed
- Creating a more sustainable future for luxury by reducing our environmental impacts and helping transform our industry

As we near the end of our latest five-year Responsibility agenda, we continue to focus our efforts on driving positive change and building a more sustainable future. An overview of our Responsibility agenda and targets is on pages 64 to 65, and more information on these can be found from pages 74 to 91.

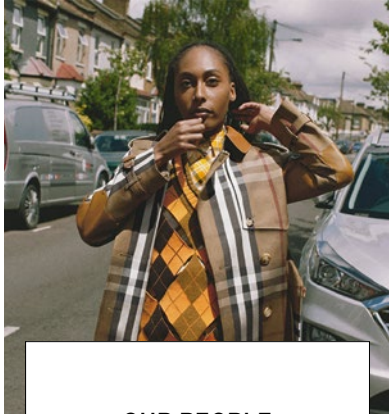
In September 2020, we launched luxury's first Sustainability Bond to support our goals (see pages 92 to 93). We are committed to continuing to invest in ESG-related initiatives and raising our ambitions to build a more sustainable and inclusive future. Pages 60 to 91 in this report provide information on our areas of focus in FY 2020/21. Further information can be found in the Corporate Governance Report on pages 146 to 207 and on Burberryplc.com, which is continually updated with the latest ESG information and disclosures.

Recognition

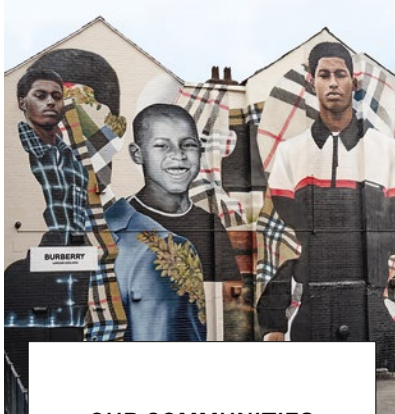
In FY 2020/21, we were recognised for our efforts around ESG, with highlights including:

- Dow Jones Sustainability Index: inclusion in the World and Europe Indices for the sixth consecutive year
- FTSE4Good Index: constituent
- Responsibility100 Index: ranked fifth in the FTSE 100
- Sustainalytics: negligible risk rating, ranked first in our industry (textiles and apparel) and sub-industry (luxury apparel)
- CDP: A List and achieved the Supplier Engagement Leader Award
- Included in the Bloomberg Gender-Equality Index 2021
- Maintained leading position in FTSE 100 for women in leadership, as recognised by the final report from the Hampton-Alexander Review for FTSE 100 companies

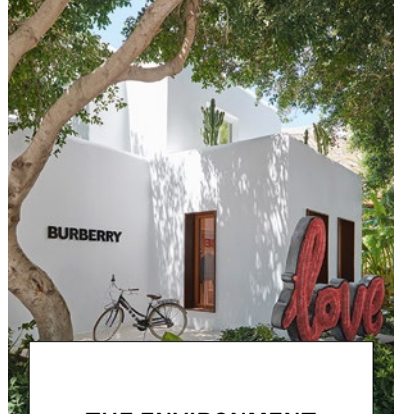
In FY 2020/21 we focused on three areas:



OUR PEOPLE
Fostering creativity

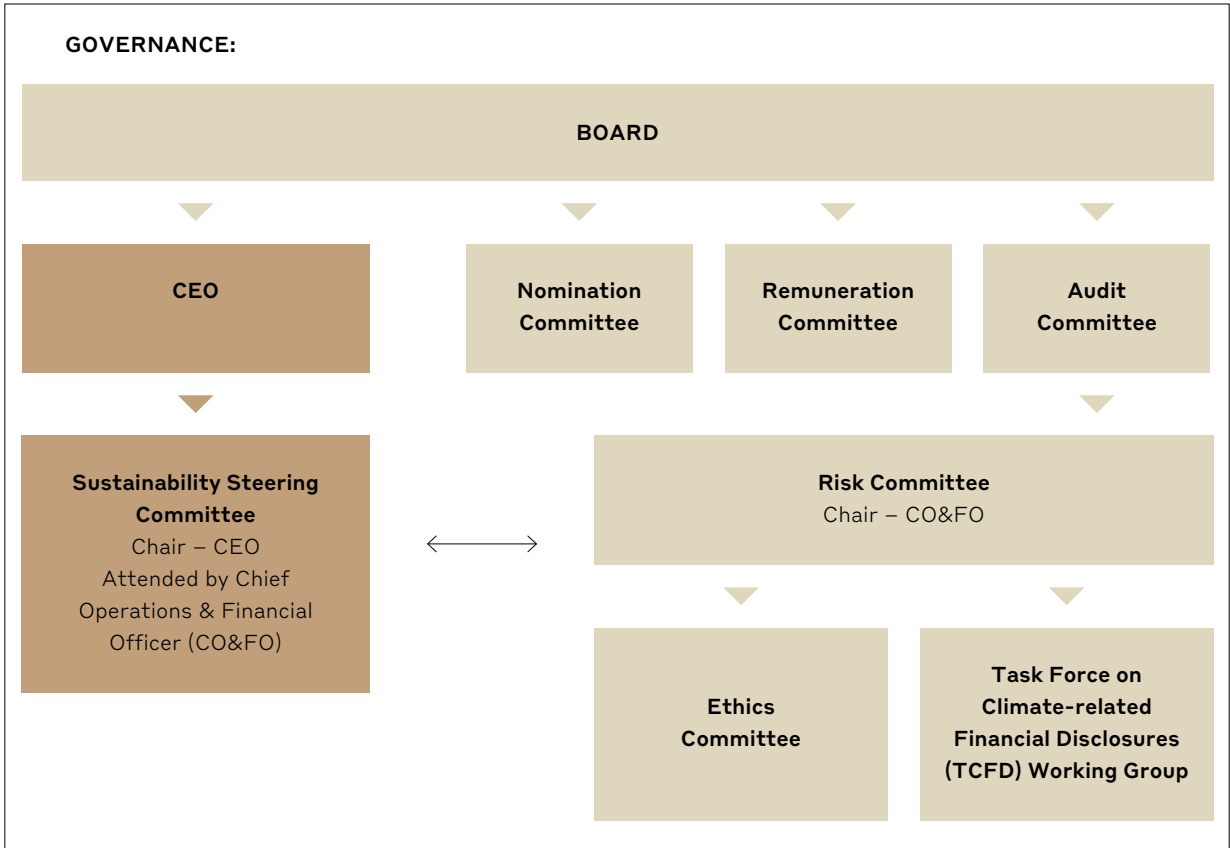


OUR COMMUNITIES
Empowering youth



THE ENVIRONMENT
Building a sustainable future

STAKEHOLDERS


















Contributing to the Sustainable Development Goals (SDGs)

Burberry's commitment to sustainability is longstanding, grounded in the belief that for our future growth we need to actively address the challenges facing the fashion and luxury industry and the world in which we operate. We are dedicated to reducing our environmental footprint and enabling social progress. Recognising the power of working collaboratively to drive real change, we

often work with our peers, sector experts and non-governmental organisations (NGOs) to achieve our ambitions.

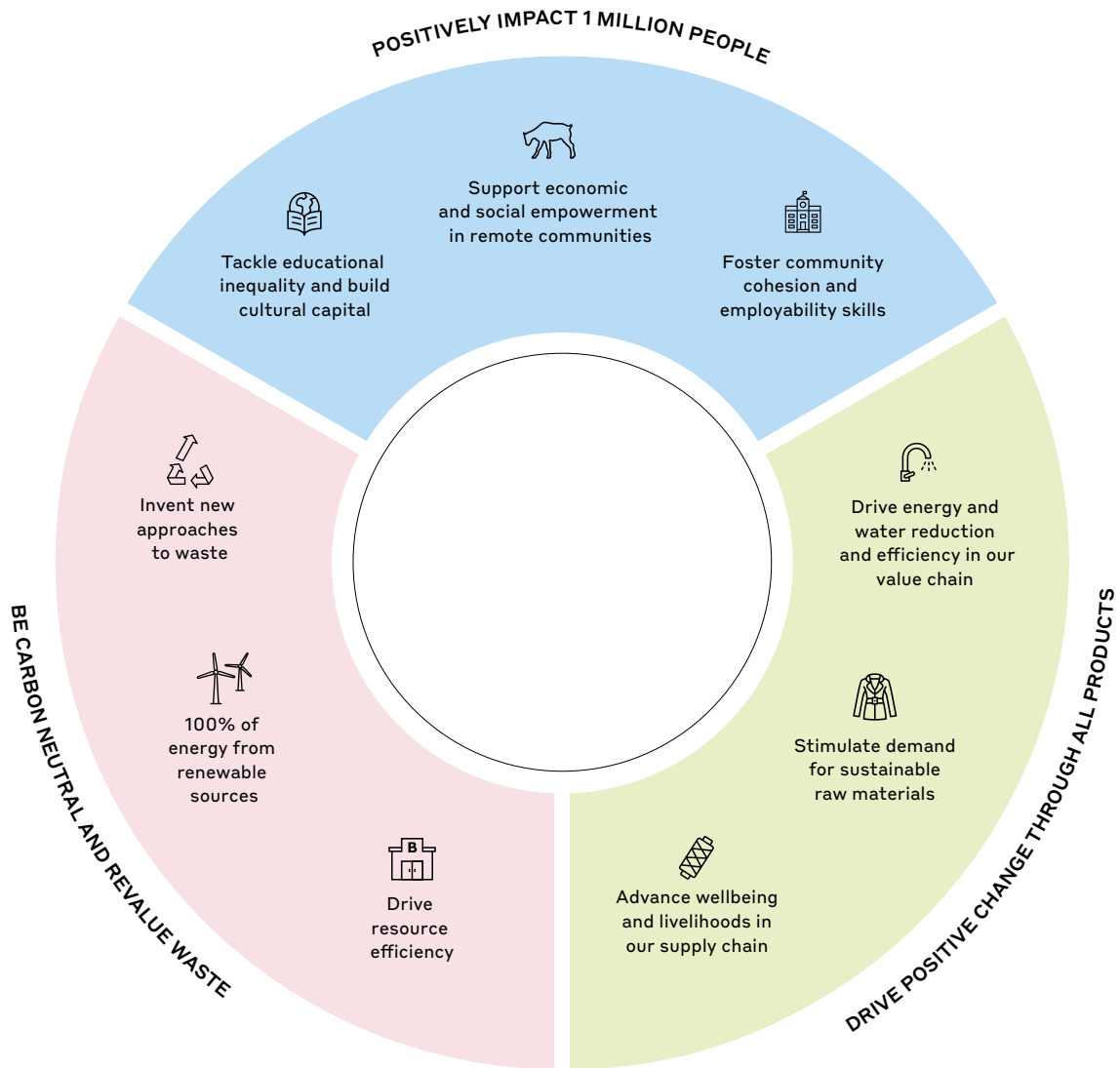
Our ESG activity is aligned to the Paris Climate Agreement and informed by the United Nations SDGs. Below are some of the ways we contribute towards these goals:

Sustainable Development Goal	Burberry's ongoing contribution	FY 2020/21 highlights
 SDG 1. No poverty	Principal Partner of the Living Wage Foundation and steering group member of the Global Living Wage Initiative	<ul style="list-style-type: none"> The Burberry Foundation COVID-19 Community Fund The Burberry Foundation programme in Afghanistan focused on improving the livelihoods of cashmere goat herding communities
 SDG 2. No hunger	Donations to food charities as part of our COVID-19 response	<ul style="list-style-type: none"> Donations to FareShare, The Felix Project and The Trussell Trust
 SDG 3. Good health and wellbeing	Holistic Global Wellbeing programme, including Mental Health training and Employee Assistance Programme (EAP)	<ul style="list-style-type: none"> Global Parental Leave Policy with equalised leave for all new parents, Time to Change Pledge, funding for University of Oxford and AstraZeneca COVID-19 vaccine research
 SDG 4. Quality education	Burberry Inspire UK and New York	<ul style="list-style-type: none"> Donated ReBurberry Fabrics to fashion students with the British Fashion Council Supported new youth engagement programmes, including partnerships with London Youth, the International Youth Foundation's Global Youth Resiliency Fund and Wide Rainbow
 SDG 5. Gender equality	A skilled and balanced Board, met targets set by the Hampton-Alexander Review report for FTSE 100 companies and recognised in the Bloomberg Gender-Equality Index, endorse the UN Women's Empowerment Principles	<ul style="list-style-type: none"> Launched global Diversity and Inclusion Policy and strategy Global Parental Leave Policy is equal for colleagues around the world
 SDG 6. Clean water and sanitation	Supply chain water conservation and reduction programme	<ul style="list-style-type: none"> Launched water resilience assessments across the supply chain
 SDG 7. Affordable and clean energy	Member of RE100, committed to using 100% renewable electricity by 2022 and encouraging our suppliers to do the same. Our target is to be Net Zero by 2040 and carbon neutral in our own operational energy use by 2022	<ul style="list-style-type: none"> Renewables currently power 93% of our electricity needs worldwide Apparel Impact Institute (Aii) energy efficiency programme in Italy
 SDG 8. Decent work and economic growth	UK Living Wage Accreditation and steering group member of the Global Living Wage Initiative, The Burberry Foundation programme in Afghanistan, partnership with Year Up in New York	<ul style="list-style-type: none"> Maintained pay for all our people impacted by COVID-19 and provided full pay during COVID-19-linked absences Did not avail of the UK government's furlough scheme

Sustainable Development Goal	Burberry's ongoing contribution	FY 2020/21 highlights
 SDG 9. Industry, innovation and infrastructure	Core partner of the Ellen MacArthur Foundation's Make Fashion Circular initiative	<ul style="list-style-type: none"> • Design innovation, such as 3D model sampling for products • Artificial Intelligence utilised for product ordering
 SDG 10. Reduced inequalities	Burberry and The Burberry Foundation partnerships, including with Oxfam and PUR Projet in Afghanistan, Oxfam Italy, Teach First, The Careers & Enterprise Company and MyKindaFuture, Burberry Inspire, The Royal College of Art, London Youth, Year Up, initiatives to support global disability efforts and LGBTQ+ community as part of the Diversity and Inclusion strategy, Cultural Advisory Committee and Global Living Wage Initiative	<ul style="list-style-type: none"> • Launched global Diversity and Inclusion Policy • Included in Bloomberg's Gender-Equality Index 2021 and joined The Valuable 500, Business Disability Forum • Signatory of the UN Women's Empowerment Principles
 SDG 11. Sustainable cities and communities	LEED and BREEAM compliance in construction, underpinning the sustainability and efficiency of our buildings	<ul style="list-style-type: none"> • Launched luxury's first Sustainability Bond, which includes green buildings criteria
 SDG 12. Responsible consumption and production	Ellen MacArthur Foundation's New Plastics Economy Global Commitment, Sustainable Fibre Alliance (SFA), The ZDHC Foundation board member, Canopy, Leather Working Group, Elvis & Kresse and Progetto Quid	<ul style="list-style-type: none"> • Signature oak paper is made from a minimum of 40% upcycled coffee cups that would have otherwise gone to landfill • Launched new traceability and sustainable raw materials targets
 SDG 13. Climate action	Goal to be Net Zero by 2040, RE100 member, and 100% renewable electricity goal by 2022, Science Based Targets	<ul style="list-style-type: none"> • Carbon-neutral runway shows and events since 2019 • Progress against 100% renewable electricity commitment (93% achieved in FY 2020/21) • Advancing our climate change risk reporting as a signatory of the TCFD
 SDG 14. Life below water	Signatory to the Ellen MacArthur Foundation's New Plastics Economy Global Commitment and CEO is a steering committee member of The Fashion Pact	<ul style="list-style-type: none"> • Member of the corporate engagement programme of the Science Based Targets for Nature initiative
 SDG 15. Life on land	Stretching sustainable materials targets, The Burberry Regeneration Fund and our work on sustainable cashmere with the Sustainable Fibre Alliance (SFA)	<ul style="list-style-type: none"> • Partnered with PUR Projet to launch a programme aimed at supporting regenerative agricultural practices • Member of the corporate engagement programme of the Science Based Targets for Nature initiative
 SDG 16. Peace, justice and strong institutions	Code of Conduct, Responsible Business Principles, Human Rights Policy and being a signatory to the UN Global Compact	<ul style="list-style-type: none"> • Celebrated Pride and continue longstanding support for LGBTQ+ communities
 SDG 17. Partnerships for the goals	Stakeholder engagement	<ul style="list-style-type: none"> • Supported COVID-19 relief efforts • Signatories of the WWF open letter to leaders • Supported the International Labour Organization's Call to Action and the UN Global Compact's "Recover Better" initiative

RESPONSIBILITY AGENDA 2017 – 2022

Our goals



The headings within the Communities pillar have been updated compared to prior year reporting to reflect additional community programmes (launched after 2017) that fall within the scope of this pillar. The three pillars highlight the overall impact objectives of the 1 million people goal. Within the product pillar, we have updated the wording to reflect key areas within our product positive attributes programme.

In 2017, we launched our current Responsibility agenda, comprising a series of ambitious targets to 2022 across our Product, Company and Communities.

The strategy, developed in collaboration with global innovators and key stakeholders, aims to address the most material social and environmental impacts along our value chain.

Our progress

Product

- **Goal:** To have 100% of product with more than one positive attribute by 2022, where positive attributes relate to social and/or environmental improvements, achieved at either raw material sourcing or product manufacturing stage
- **Progress:** 82% of products with more than one positive attribute and 94% with at least one^
- **Goal:** To procure 100% of our cotton more sustainably by 2022 by using a portfolio approach. This includes working with partners and exploring new sources, including organic and regenerative cotton
- **Progress:** 78%
- **Goal:** To source 100% of leather from tanneries with environmental, traceability and social compliance certifications by 2022
- **Progress:** 80%



Company

- **Goal:** To achieve carbon neutrality in our own operational energy use by reducing absolute emissions, improving energy efficiency and switching to renewable electricity sources, before offsetting any remaining emissions
- **Progress:** 92% reduction in market-based emissions since base year FY 2016/17
- **Goal:** To achieve 100% renewable electricity by 2022, driving this through close collaboration with our procurement and retail teams and engagement with landlords
- **Progress:** 93%^
- **Goal:** To reduce and revalue waste and achieve zero operational waste to landfill across key sites. We already reuse, repair, repurpose, donate or recycle unsaleable products and we will continue to expand these efforts
- **Progress:** Zero operational waste sent to landfill from key sites^



Communities¹

- **Goal:** To positively impact 1 million people by 2022
- **Progress:** 680,170^ positively impacted since the start of the launch of the partnerships in FY 2016/17
- **Goal:** Tackling educational inequality and building cultural capital
- **Progress:** 130,360 in FY 2020/21
- **Goal:** Fostering community cohesion and employability skills
- **Progress:** 42,810 in FY 2020/21
- **Goal:** Supporting economic and social empowerment
- **Progress:** 73,189 in FY 2020/21



External assurance of corporate responsibility disclosures

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over selected company, product and community information for FY 2020/21. Information forming part of the assurance scope is denoted with a ^ on pages 4, 45 and 64 to 93. The assurance statement and Burberry's basis of reporting are available on Burberrypc.com.

1. The wording of the three sub-goals underneath the overarching goal "to positively impact 1 million people by 2022" has been updated to reflect additional community programmes (launched after 2017) that fall within scope of the pillar. The three sub-goals highlight the overall impact objectives of the 1 million people goal.



OUR PEOPLE

At Burberry, we are committed to being an open, inclusive and caring employer. We are united by our shared belief that through imagination, we can push boundaries and open new opportunities for our people, our customers and our communities. We embed our values across everything we do.

Our people are the heartbeat of our organisation. Representing 115 nationalities across 33 countries, we take a holistic approach to helping them thrive, providing them with a range of tools and resources backed up by inclusive policies and support for their overall wellbeing.

We offer all our people space to express their creativity as well as opportunities to develop personally and professionally. We continue to foster a culture where everyone feels they belong, has a voice and can reach their full potential.

We know that inclusion and empowerment at all levels lay a strong foundation for our colleagues to feel more engaged and committed and be more creative and effective in driving results for the business. We have codified key behaviours aligned to our values so they are embedded across the organisation.

FY 2020/21 was an unsettling time for many of our people due to the COVID-19 pandemic. Throughout the year, we prioritised their safety and wellbeing, listening to their concerns, seeking guidance from experts and ensuring we continued to act with their welfare in mind.

As part of measures to ensure the health, safety and wellbeing of everyone at Burberry, we introduced more flexible work arrangements, recognising that many of our teams have additional caring responsibilities, particularly those with children. Where our people were in need of further support, we provided additional paid leave.

Engagement

Surveyed in May 2020 when the world was grappling with the onset of the COVID-19 pandemic, 86% of respondents to our Employee Engagement Survey said they felt Burberry was doing a good job of helping our people feel connected to one another while working remotely.

To ensure feedback remained up-to-date, we replaced our annual questionnaire with shorter, more frequent surveys designed to empower leaders with data relevant to their area of focus throughout the year. Leaders now have access to personalised portals complete with suggested action points. We have seen a positive response to this new format across the business. Over FY 2020/21, engagement levels have remained high, with scores matching pre-pandemic levels.

The COVID-19 pandemic highlighted how real-time responses to feedback could have an immediate impact on wellbeing. When we surveyed our people in May about their experiences of moving to remote working, a number of our colleagues identified areas where they could be better supported, such as access to additional screens or suitable desk chairs. Based on this information, within a week of receiving this feedback, our IT teams were able to order equipment and improve working conditions for our teams.

Alongside this support, our teams managed to maintain a sense of community using a variety of communication tools, including the Burberry World community intranet. From Friday night DJ sessions, to calligraphy classes, baking lessons, guided meditation and workout sessions, a variety of initiatives, many led by enthusiastic colleagues, helped to maintain a sense of cohesion and continuity during a time of upheaval.

Onboarding new team members

At Burberry, we want all our people to feel welcomed into our community from their first day. Our digital onboarding experience immerses new starters in the brand, introduces our purpose and values and provides an opportunity to connect with Burberry wherever they are in the world. New starters are onboarded online through virtual sessions and a dedicated platform. The site immediately immerses those joining Burberry in the past, present and future ambitions of the Company. There are also new starter groups on Microsoft Yammer, helping people create communities and build networks as they join. On our Burberry World intranet, new starters are directed to a dedicated wellbeing space.

Colleague recognition

In 2021, we transformed our annual Icon Awards into a fully virtual celebration to connect, reinforce our values, celebrate collective achievements and recognise our top talent. For the first time, nominations were anonymous to remove bias and make the awards more inclusive.

Wellbeing

Wellbeing helps our people create open spaces in their lives to care for themselves and each other. In line with our values, we believe in creating an environment where people can bring their best selves to work, share how they feel and speak openly about their own health and wellbeing.

In 2020, we continued to open conversations around mental health. We did this by offering opportunities and resources to talk about what wellbeing means to Burberry as a company and sharing tools to help our colleagues, particularly in stressful periods. This included an online Mental Health Awareness course to raise awareness around common mental health challenges. In 2020, Burberry also became a signatory of the Time to Change pledge, reaffirming our commitment to creating a more open and understanding culture within the workplace. We also have a longstanding partnership with the Samaritans.

Learning and development

We base our learning strategy around providing “just-in-time” resources to allow people to develop at their moment of need, ensuring our people can quickly and easily find content that will help. We provide tools and resources through our B-Learning site and encourage our people to think creatively about how to solve problems and make things happen.

This ranges from launching Burberry’s “4Cs of Remote Leadership”, which are defined as clarity, communication, collaboration and connections, to publishing an interactive magazine, creating opportunities to share best practice with peers from across the business. In addition, we offered Energy Model workshops to all line managers to help them initiate conversations with their teams about managing energy levels.

The COVID-19 pandemic has accelerated changes in consumer behaviour and historical data is not as reliable as it was for mapping present or near-future retail patterns. Upskilling our people so that they are equipped with cutting-edge data skills is crucial to help future-proof our business. To this end, Burberry was the first British retailer to complete a two-year data upskilling programme alongside Decoded, a firm specialising in data skills training. Our people could enrol in our in-house Data Academy, and take courses in improving their data skills and techniques.

Career development

Regular feedback and meaningful performance and career conversations with managers guide meaningful development. These conversations take place quarterly as part of our annual performance management cycle. In addition, the My Career site on Burberry World provides our people with career-related tools, resources and information to help build a successful career at Burberry.

We have two specific programmes dedicated to leadership development. The New Manager Development Programme (NMDP) focuses on the principles of good leadership for people managers. Consisting of four in-depth workshops, it equips managers with information on refining a management style, driving success within teams, fostering a high-performance culture and managing through change. This also includes equipping leaders to be inclusive managers with the capability required to foster an open and inclusive environment for their team and our people.

In 2021, we refreshed and relaunched our Executive Development Programme (EDP), to align closely with our purpose and values. Each module of the programme focuses on one of our values. Some of the modules build on our existing allyship training to strengthen understanding and reaffirm our commitment to fostering an inclusive culture, while ensuring we all take accountability for diversifying our workplace. This is accompanied by three months of executive coaching and access to insights that give the cohort as detailed a picture of their abilities in different areas as possible.

Later in 2021, we will roll out a refreshed approach to mentorship with a view to supporting our people to develop and succeed in their careers at Burberry, as well as piloting a reverse mentoring programme.

Diversity and Inclusion

We believe diversity, equity and inclusion are essential to fulfilling our purpose and are core to our values.

Our global Diversity and Inclusion strategy is focused on valuing and embracing differences and creating an environment where everyone feels they belong, has a voice, and can reach their full potential. When we do, our people are more engaged, committed and effective in driving results, we are more successful as an organisation, and we make a more meaningful contribution to the world around us.

We define diversity as the unique perspectives and differences we bring to Burberry and share across the world. We define inclusion as creating a culture that champions these differences and nurtures a sense of belonging.

The Board is responsible for ensuring that, as an organisation, we live by our purpose and values. We see diversity as a strength and uphold a legacy of inclusivity and respect. Supported by the Executive Committee, our CEO ensures that we create a diverse and inclusive culture. To help achieve our diversity and inclusion goals, our dedicated global Diversity and Inclusion team works with our people across all parts of the business with a focus on the four strategic pillars of our Diversity and Inclusion strategy.

1. Attracting and retaining diverse top talent
2. Fostering an open and inclusive culture
3. Educating and raising awareness
4. Implementing a global approach

The global Diversity and Inclusion Policy sets out our commitment to being a world-class employer, where all of our people can develop their full potential in an inclusive environment that encourages and fosters diverse capabilities, skill sets and mindful allies.

Diversity and Inclusion strategy pillars

1. Attracting and retaining diverse talent

During FY 2020/21 we began piloting anonymous screening, which involves removing identifying details, such as names and universities, from applications. The trial aims to test if such an initiative can lead to greater diversity on our candidate shortlists. We are also taking steps to ensure every stage of our broader recruitment process is more inclusive. We have introduced a "gender decoder", which analyses the language used in job advertisements to ensure they are gender neutral. We are including diversity data monitoring forms in candidate applications. Disclosure is on a voluntary basis and data is treated as confidential.

As of January 2021, all members of our Talent Acquisition team had completed unconscious bias in recruitment training. We have committed to rolling out additional training for all hiring managers in 2021. We use standardised interview questions to ensure all candidates have an equitable experience.

To support these actions, we have created a global diversity dashboard, which displays data holistically and simplifies the process of assessing and measuring the progress we are making in terms of colleague diversity. Our people are able to upload their personal diversity data within certain parameters, including gender, disability and religion, through our Connect system. This collated information then populates the diversity dashboard, providing key insights to be shared with our Board bi-annually and our Executive Committee quarterly.

Increased representation is at the centre of our talent initiatives and we aim to diversify the talent pipeline in the industry. In 2020, Burberry expanded its creative arts scholarships programme globally to support the next generation of creative leaders from underrepresented communities. The scholarships will provide more equitable access to creative arts programmes at some of the world's most esteemed creative institutions, including The New School's Parsons School of Design in New York City, Institut Français de la Mode in Paris and Central Saint Martins in London. The expansion of the creative arts scholarships, together with Burberry and The Burberry Foundation's existing commitment to its scholarship programme at the Royal College of Art in London, will enable over 50 students to benefit from education programmes in the arts over the next five years and beyond.

2. Fostering an inclusive culture

Creating an environment where everyone feels a sense of belonging and receives support for their overall wellbeing is vital to achieving our goals. During FY 2020/21, the Diversity and Inclusion team hosted Open Forums globally, starting in the Americas region and then continuing around the world within each market and function, creating an open space where our people could share their experiences and offer their perspectives on making Burberry and the wider fashion industry more inclusive.

We introduced a Diversity and Inclusion mailbox on our Company intranet, Burberry World, alongside the rollout of our Diversity and Inclusion strategy, with the aim of ensuring the Diversity and Inclusion team can listen to and learn from our people.

We continued to celebrate cultural moments, including International Women's Day, Pride Month, Black History Month and LGBT History Month, both locally and globally. Through partnering with local associations, such as The Prince's Trust and Stonewall, we have created a global platform to speak about diversity and inclusion through these cultural moments, while also continuing to celebrate annual events such as Christmas, Diwali and Eid.

As well as reinforcing our existing commitments, we have communicated our efforts around areas where we are still early on in our progress, such as disability inclusion. We marked International Day of Persons with Disabilities as an important moment to recognise how diversity of thought, experience and voice opens spaces for new ideas to thrive. Burberry was among the first of its peers to join the Valuable 500 and the Business Disability Forum.

3. Education and awareness

As we continue to progress our Diversity and Inclusion strategy, providing resources and continuing to raise awareness is important for our people and communities, and impacts all areas of the organisation. In 2019, all our managers and above, including all store managers globally, completed inclusive leadership training, and we continue to build on our programmes. Our unconscious bias training has been translated into nine languages and is mandatory for all employees, with a specialised version also provided for all Talent Acquisition partners. In FY 2021/22, we are rolling out allyship training across Burberry. All our Directors and above have completed the programme and we aim for all managers to have completed this training by the end of the financial year.

Set up in FY 2019/20, Burberry's Internal Diversity and Inclusion Council was involved in reviewing our global Diversity and Inclusion strategy. The Council met remotely 12 times over FY 2020/21. Our external Cultural Advisory Council, which comprises six external experts and thought leaders from a variety of disciplines, convened for the first time in FY 2019/20 and met remotely four times over FY 2020/21. In response to the Black Lives Matter movement, and the introduction of Burberry's first Diversity and Inclusion strategy, the Council held livestream talks on topics including education, the history of racism, mentoring, role models, the importance of leadership and what organisations can do to encourage change. The Council also participated in a joint meeting with the Internal Diversity and Inclusion Council in November 2020.

We collaborate with our partners to share resources as well. Working with the Stonewall charity, for instance, in December 2020 we introduced an update to our grooming guidelines for retail colleagues, which focused on gender identity and uniform allocations.

The Diversity and Inclusion team works hand in hand with our marketing teams to respond to queries. We also created a leadership guide about how to hold meaningful conversations around diversity and inclusion, which was rolled out in July 2020.

4. Implementing a global approach

While our ambition is to foster an inclusive culture globally, we recognise that one size does not fit all. In order to drive meaningful, targeted change, we ensure our actions are locally relevant and aligned to our global framework and programmes. This approach will drive local accountability and impact, providing a balance between our global strategy and local action plans to help drive success.

In 2020, all key markets and functions started to develop detailed action plans based on the global strategy pillars. Incorporating input from our people, these plans cover local needs and opportunities for change, applying a local understanding of the diversity and inclusion landscape while supporting our overarching global priorities. Each plan is sponsored by one of our senior leaders, has input from our Internal Diversity and Inclusion Council and is regularly monitored to track progress.

Gender equality at Burberry

We are firmly committed to achieving gender equality across our organisation globally. We have reviewed and implemented policies, programmes and practices to support this ambition. Burberry maintained a leading position in the FTSE 100 for women in leadership for a third consecutive year, as recognised in the Hampton-Alexander Review report, and was included in the Bloomberg 2021 Gender-Equality Index for the first time, scoring 10 percentage points more than the company average.

We believe designing more inclusive and equitable policies is key to driving change. Many of our people at Burberry balance professional responsibilities with being caregivers, parents and family members. We aim to support all our people in developing flexible working arrangements, so they feel equipped to create the balance that is most beneficial to them. In April 2020, we launched a Global Parental Leave Policy offering all our people 18 weeks of parental leave at full pay and the opportunity to work 80% of their normal hours at full pay for a further four weeks on their return.

Equitable pay is a fundamental commitment at Burberry and central to our drive to attract and retain the best talent. Our reward philosophy is to provide competitive remuneration packages to all our people in line with their level and expertise. This is closely aligned to our performance management processes, focusing on recognising and rewarding our people for excellent performance.

Gender equality at Burberry

As of 31 March 2021, the representation of women and men at Burberry is:

Board	Total	Number of women	Percentage of women	Number of men	Percentage of men
Executive Committee	11	3	27%	8	73%
Leadership (Director and above)	287	152	53%	135	47%
All workforce	9,373	6,282	67%	3,091	33%

Disability inclusion

As an inclusive employer, ensuring all our people can thrive and work in an open and supportive environment is important to us. Our inclusive hiring practices include giving full and fair consideration to applications from people with disabilities. We ensure support is in place for people with disabilities throughout their career with Burberry, including for those who have become disabled during their time with us. As reinforced by our global Diversity and Inclusion Policy, we have no tolerance for discrimination at Burberry. Our training programmes are designed to be more accessible for those with visible and invisible disabilities, including considerations such as "alt text", which is written text accompanying imagery, varying levels of interactivity and adjustments to font size and contrast. Details of our inclusive hiring approach, Diversity and Inclusion strategy and development programmes can be found on pages 69 to 72.

Burberry works with two partner organisations to help make our sites, policies and processes more inclusive of people with both visible and invisible disabilities. We are the first luxury company to partner with the Business Disability Forum, a non-profit member organisation bringing businesses, people with disabilities and policymakers together to help make a difference.

In addition, we are among the first luxury companies to join the Valuable 500, the largest network of global CEOs committed to disability inclusion in business, encompassing 55 different sectors and over 12 million colleagues. In partnership with the network, our initial steps include building out our internal global disability audit framework to identify where we can take the most impactful action on accessibility for our retail stores.

Supporting LGBTQ+ inclusion

During Pride in June 2020, we reaffirmed our long-standing support for the global LGBTQ+ community, forging new partnerships and continuing support for organisations dedicated to driving meaningful change. Burberry was one of the earliest adopters of the UN Standards of Conduct for Business, becoming a signatory ahead of its launch in Europe in 2017.

These standards were designed to eliminate LGBTI discrimination in the workplace and beyond. To further our commitment to this work in our own business and our wider communities, Burberry supported charitable organisations operating across the LGBTQ+ community: UK Black Pride, Stonewall, Global Butterflies and longstanding charity partner, the Albert Kennedy Trust.

Being creative allies

By recognising and acknowledging the unique experiences and challenges faced by individuals, we can create more supportive workplaces. To supplement our own allyship training, we were one of the first companies to sign up to the BBC's Creative Allies initiative, which unites organisations across creative industries to promote the concept of allyship.

Supporting our communities

We believe it is important to champion our communities and help build a society where everyone is respected and valued. In the financial year, we united in solidarity with those standing up against hate and discrimination and we accelerated our efforts to drive meaningful and lasting change. We held open forums to encourage dialogue, shared educational resources for continued learning and provided additional counselling and support for our people. We also introduced training to reinforce the importance of meaningful allyship.

Burberry also works with The Prince's Trust Women Supporting Women initiative, a longstanding charity partner, enabling hundreds of women to access virtual speed interviews with employers, online courses to develop employability skills and education support through the Change a Girl's Life campaign. We partner with Investing in Ethnicity on increasing representation in business, and engage with the wider industry on furthering diversity and inclusion in the British luxury and fashion sector as one of the founding members of the British Fashion Council's Diversity and Inclusion steering group.



OUR COMMUNITIES

Burberry's history of supporting others is rooted in the altruism of our founder, Thomas Burberry. Throughout his life, he used his success as a way to contribute to society. We continue his legacy today, championing our communities, in particular young people, and working with organisations making a positive impact around the world.

Since 2017, as part of our current Communities strategy, we have collaborated with external expert organisations to identify ways to support local communities across our value chain and deliver our key ambition to positively impact 1 million people by 2022.

In addition to fulfilling our strategic goals, we regularly review the effectiveness of our programmes, ensuring the initiatives we develop are impactful and provide the best resources and support. From the outset of the COVID-19 pandemic, we have worked closely with our partners to adapt our programmes to ensure support is directed to where it can most benefit our communities.

Although in-person activities were limited this year due to social distancing restrictions, our people made a positive impact in their local communities through virtual volunteering and online fundraising projects. The shift to virtual volunteering allowed our people to harness their professional skills to aid our charity partners from home. The type of virtual activities delivered include content creation and live events for youth engagement programmes, digital mentoring, team fundraising events, career coaching and skills-based support sessions for charity partners.

During the year, we launched a partnership with London Youth, which supports a network of over 600 community youth organisations and creates thousands of engaging opportunities for young people each year. Fifteen youth centres jointly selected by Burberry and London Youth received donations to ensure their programmes could continue to make a positive impact in some of London's most deprived communities across key areas, including food provision, access to digital resources and activities to help young people stay connected with others in order to improve their mental wellbeing. The donations helped frontline youth organisations playing a vital role in young people's lives to continue their services and keep their doors open.

Inspired by our work with Marcus Rashford MBE during our festive campaign, the Burberry Foundation deepened the impact of the initial donation by supporting London Youth to respond to the challenges created by the COVID-19 pandemic, focusing on food, education and mental health support.

Positively impacting 1 million people by 2022

Burberry donates a percentage of adjusted Group profit before tax to charitable initiatives each year. Independent of Burberry Group plc, the majority of our philanthropic work is carried out through The Burberry Foundation (UK registered charity number 1154468).

The Burberry Foundation's mission is to use the power of creativity to drive positive change in global communities and build a more sustainable future through innovation. Working with leading organisations to support communities sustaining the luxury industry makes a significant contribution towards our goal of positively impacting 1 million people by 2022. Since the launch of this target 680,170[^] people have been positively impacted.

The three pillars of our Communities strategy focus on projects that tackle educational inequality and build cultural capital; foster community cohesion and employability skills, and support social and economic development.

Our people can also contribute to our commitments in this arena by spending up to three working days a year supporting their local communities through corporate and The Burberry Foundation volunteering opportunities. In FY 2020/21, over 1,500 Burberry employees participated in volunteering and fundraising activities and collectively contributed over 6,000 hours to charitable causes.



BURBERRY
LONDON ENGLAND

We regularly monitor programme impacts as part of quarterly and annual assessments, and beneficiary numbers are externally assured. The programmes under each community pillar are monitored and evaluated by independent organisations to assess outcomes and impacts and are adapted where required.

Monitoring partners include the Office of Research, Evaluation and Program Support (REPS) of the City University of New York, The Policy Institute at King's College London, ARCO (Action-Research for Co-development) at the University of Florence, and Amin Consulting Group.

Impact framework – Positively impact 1 million people

<p>Tackling educational inequality and building cultural capital Benefiting 130,360 people in FY 2020/2021 Contributing to SDGs: 4 and 10</p>	<p>Fostering community cohesion and employability skills Benefiting 42,810 people in FY 2020/2021 Contributing to SDGs: 4, 8, 10 and 12</p>	<p>Supporting social and economic empowerment Benefiting 73,189 people in FY 2020/2021 Contributing to SDGs: 1, 5 and 8</p>
<p>Highlights</p> <ul style="list-style-type: none"> • 70% of the students interviewed about their experience of in-person activities linked their participation in the programme to an increased sense of self-confidence • 88% of the students interviewed noted increased creativity of one form or another after taking part in the programme • 98% of teachers* felt that their careers guidance and advice improved as a result of their engagement in the programme 	<p>Highlights</p> <ul style="list-style-type: none"> • 96% of beneficiaries* stated they have better knowledge of the services in the community • 100% of apprentices developed new technical skills for employment • 91% of apprentices entered into employment in manufacturing, creative industries or the “Makers Movement” 	<p>Highlights</p> <ul style="list-style-type: none"> • 95% of herders* demonstrated gender awareness after training, compared to 79% in the baseline study • 28% of herders engaged in the community-owned cashmere groups are women • 136% increase in the volume of cashmere collected by herders*

Note: Percentages presented above relate to a sample selection of people surveyed from these programmes.
 * Denotes the results of a sample of direct beneficiaries surveyed.

Tackling educational inequality and building cultural capital

At Burberry, we believe diversity of thought, experience and voice opens spaces for new ideas to thrive, fuelling creativity and enabling us to fulfil our purpose. Part of the work of The Burberry Foundation is to open career pathways within the creative industries and unlock opportunities for young people who may not otherwise have had access to or felt equipped to pursue a career in this arena. Over the past four years, The Burberry Foundation has partnered with leading education

charities Teach First, The Careers & Enterprise Company and MyKindaFuture, with the goal of opening up opportunities to young people from disadvantaged communities in Yorkshire, where our iconic Burberry Trench Coat is manufactured, and London, where we have our head office.

With these programmes, we aim to inspire young people by expanding their career horizons and developing core employability skills.

During FY 2020/21, 130,360 students and teachers engaged in a variety of activities, including teacher training, careers talks, podcasts and inspiration sessions, online creative challenges and learning modules. Many of the activities were virtual.

Burberry Inspire

Burberry Inspire, which first launched in Yorkshire in 2018 and expanded to New York City in 2020, measures the impact that enhancing cultural capital has on young people's lives by connecting eminent arts organisations with schools. Both programmes are independently evaluated by our research partners, REPS of the City University of New York and the Policy Institute at King's College London, to study the impact of the immersive arts and creative education programme on students' development for the purpose of supporting longer-term adaptation within schools.

The global pandemic resulted in school activities turning to online platforms, which offered a unique opportunity for our Burberry Inspire programme partners in the UK and the USA to widen their reach by collaborating together and allowing students to interact with partner schools abroad. An example of this was the first collaboration between American Ballet Theatre and Northern Ballet on student choreography direction, resulting in the creation of four dance films performed by the companies' dancers. The organisations worked with students online, enhancing their communication, leadership, creative-thinking and problem-solving skills. In total 15 schools participated in the programme and 7,485 students benefited during FY 2020/21.

- 70% of the students interviewed about their experience of in-person activities linked their participation in the programme to an increased sense of self-confidence
- 88% of the students interviewed noted increased creativity of one form or another after taking part in the programme
- 98% of teachers* felt that their careers guidance and advice improved as a result of their engagement in the programme

Fostering community cohesion and employability skills

The Florentine area of Italy, which has a long tradition of creativity and craftsmanship, is renowned for its production of garments and luxury leather goods. It is a key manufacturing location for Burberry and is where Burberry Manifattura, our leather goods centre of excellence, is located. In recent years, the region has faced challenges from youth unemployment and

economic migration. The global COVID-19 pandemic has further exacerbated the situation. In the penultimate year of The Burberry Foundation and Oxfam's five-year collaboration, the programme helped foster community cohesion and social inclusion among communities. The programme helps to improve community members' understanding of and ability to access services in the local area, while also facilitating integration into the community.

During FY 2020/21, the programme ran school mentoring schemes both online and in person in seven Tuscan schools. It provided training for teachers on introducing a new style of inclusive teaching to their classes. The Burberry Foundation also partnered with four local community centres to help them to expand their day-to-day services. During FY 2020/21, the community centres were able to continue running after-school clubs by switching to a digital format. This engagement helped to provide students with educational support during the pandemic. In the summer months, the community centres took to the outdoors to ensure young people could continue to interact and socialise after months of social isolation.

The network of community facilitators as part of the programme enabled Oxfam to reach the most vulnerable community members within the year. Twelve facilitators provided vital support over the phone, online and in person where possible. A new community help desk was set up during the year, specifically focusing on young people, providing careers advice and employability services. Overall, 37,035 community members benefited from these activities in FY 2020/21.

Oxfam Italy

- 96% of beneficiaries* stated they have better knowledge of the services in the community
- 96% of beneficiaries* stated they feel able to access services in the community
- 100% of community centre operators state the community centre was able to attract a wider and more varied audience

* Denotes the results of a sample of direct beneficiaries surveyed.

The Burberry Foundation also has two programmes focusing on employability through engagement with the circular economy. Their aim is to support the communities that sustain the luxury industry while also tackling the industry’s systemic waste issue. Our programme partners are two innovative social enterprises, Elvis & Kresse and Progetto Quid. Elvis & Kresse is a B Corporation dedicated to giving raw materials a new life and is committed to transforming perceptions of waste and inspiring people to protect the environment. Progetto Quid addresses the challenge of excess fabric in the fashion industry while also providing disadvantaged people with training opportunities, apprenticeship programmes and direct employment. The programmes provide opportunities for vulnerable and/or under-skilled people to learn a new craft and develop workplace skills, which will help secure long-term employment either within the creative industries or within other sectors.

In addition, Progetto Quid goes beyond employability skills by addressing the welfare needs of highly vulnerable people. It provides the security of a stable environment and support in procuring official documentation, both fundamental to ensuring vulnerable individuals have an identity and a place within society.

During FY 2020/21, 48 people benefited from employability programmes through engaging with the circular economy.

Elvis & Kresse

- 100% of beneficiaries* had an improved knowledge of leather manufacturing and the circular economy
- 91% of apprentices entered employment in manufacturing, creative industries or the “Makers Movement”

Progetto Quid

- 100% of beneficiaries improved employability related skills, including communication and problem solving
- 100% of beneficiaries improved their proficiency in the Italian language
- 17% of beneficiaries obtained documentation to prolong their permits as legal residents and workers in Italy

* Denotes the results of a sample of direct beneficiaries surveyed.

Supporting social and economic empowerment

As the world’s third-largest producer of cashmere fibre, Afghanistan is a key sourcing region for the luxury fashion industry, despite the country’s ongoing armed conflict and extreme poverty. Launched in FY 2017/18, the programme, developed in partnership between The Burberry Foundation, Oxfam and PUR Projet, aims to improve the livelihoods of Afghan cashmere herding communities by helping them to develop a more sustainable and inclusive cashmere industry in the country. Key measures of success for the programme include cashmere and other livestock production per herder, as well as the price-adjusted income per goat. In addition, other metrics are monitored in relation to improved levels of gender awareness and awareness of improved animal husbandry and cashmere harvesting practices.

One aspect of this initiative is a training programme developed to help raise herders’ awareness of cashmere harvesting best practice and herding techniques to enhance their income. Training on sustainable pasture management and responsible farming techniques aims to prevent overgrazing and desertification. This helps to build the awareness communities need to cope with the future impacts of climate change. Through the medium of a radio drama and public service announcements, information is shared to help herding communities improve their livestock management practices and, for goat herders, the quality of their cashmere. Educational public service announcements are also broadcast, which provide key information on goat health.

Since opening in FY 2018/19, a goat breeding facility has hosted more than 210 superior quality cashmere goats and resulted in the breeding of more than 500 new goats. Thirty-nine elite bucks, which produce higher-quality cashmere, have been distributed to herders in villages to pilot a breeding programme with the aim of improving the genetic variety of goats at village level. The programme has also established community-owned producer groups for collective gathering and selling of cashmere, enabling herders to bargain for better prices for their cashmere. Since the start of the programme, the midline impact assessment has shown that production of cashmere and of meat has increased for the herders involved in the programme.

Through its holistic approach and complementary activities, the programme contributes to five of the UN's SDGs: SDG 1 – No poverty, SDG 8 – Decent work and economic growth, SDG 9 – Industry innovation and infrastructure, SDG 17 – Partnership for the goals, and SDG 5 – Gender equality. Women are empowered to participate in cashmere harvesting and to have a leadership position within the community-owned producer groups. Currently 28% of the herders engaged in the community-owned groups are women. Since the start of the programme, levels of gender awareness have increased among the direct beneficiary community, from 79% at the start of the programme in 2017 to over 95% in 2020.

Vets, who travel round on motorcycles, have received additional training through the programme. Supporting the herding communities, they have treated and vaccinated over 233,741 cashmere goats and 264,203 other livestock. The support provided to local vets and provision of medicine for livestock has been a successful aspect of the programme. Beneficiaries in Herat and Balkh credited this element of the programme with making goat herding more profitable.

Collaborating across the supply chain, the programme has started to establish stronger links within the global apparel industry. Communicating the work of the programme with other brands, cashmere sellers and spinners is not only helping to align the industry to a common goal, but also providing valuable insight for Afghan producers into the specific quality requirements of potential business partners. With this knowledge, herders can produce more desirable and better-quality cashmere, which can be sold at better and fairer prices.

Oxfam and PUR Projet in Afghanistan

- 28% of herders engaged in the community-owned cashmere groups are women
- 136% increase in the volume of cashmere collected reported by herders*
- 95% of herders* demonstrated gender awareness after training, compared to 79% in the baseline study

Community investment allocation

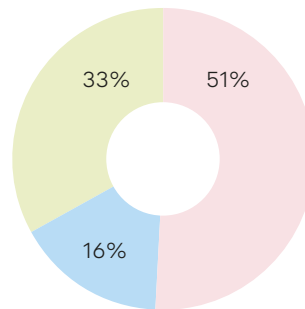
Since 2010, Burberry has had a policy to donate 1% of Group adjusted profits before tax (PBT) to charitable causes. In FY 2020/21, this, together with exceptional donations made to the COVID-19 relief efforts, amounted to 1.13% of adjusted PBT to charitable causes.

Our people worldwide are offered three working days a year to volunteer in their local communities. During FY 2020/21, employees dedicated approximately 6,000 hours. Employees can also apply for match-funding for team fundraising activities.

Our in-kind donations range from one-off gifts of non-trade mark fabric and materials to assist young people on creative courses, such as our ReBurberry fabric, to donations of smart business clothing to support vulnerable people enrolled in employability programmes. In FY 2020/21, we donated over 14,000 items of business clothing to selected charities to enhance their employability programmes and help provide their clients with an extra boost of confidence as they prepare to enter or re-enter the job market.

Charitable spend

- Community investment¹
- Campaign-related charitable donations²
- Charitable donations³



1. Long-term community investments, including our annual donation to The Burberry Foundation
2. Sponsorship of events and other campaign-related charitable donations
3. One-off donations, including exceptional COVID-19 relief donations

* Denotes the results of a sample of direct beneficiaries surveyed.

Human rights statement

We respect and uphold human rights wherever we operate and are aware that risks can arise in relation to our own workforce, our supply chain, our communities and customers. Burberry's Human Rights Policy sets out our procedures to uphold human rights across these stakeholder groups, and the mechanisms we use to identify and address any instances of potential infringement. The policy was developed with reference to the International Bill of Human Rights and follows the UN Guiding Principles on Business and Human Rights for the implementation of the UN's Protect, Respect and Remedy framework. Responsibility for the policy lies with Burberry's CEO. To ensure compliance with the policy, we assess human rights impacts and monitor labour conditions across our own operations and extended supply chain on a regular basis through our ethical trading programme, which is delivered by an established global team of ethical trading experts. Details of the programme and a full copy of our Human Rights Policy can be found on [Burberryplc.com](https://www.burberryplc.com).

We conduct a Human Rights Impact Assessment every two years as part of our broader Human Rights due diligence process to confirm potential areas of risk, capture any emerging risks in relation to new operations and projects, and review and develop mitigation plans as required. We have completed four impact assessments since 2014 and our latest assessment took place within FY 2020/21.

The Human Rights Impact Assessment process involves mapping our own operations and those of our extended supply chain, and assessing them in terms of their potential impact on human rights as set out in the Universal Declaration of Human Rights.

For each assessment, key findings and mitigation plans were reviewed by external experts.

In FY 2020/21, our Human Rights Impact Assessment highlighted increased risk in relation to the COVID-19 pandemic, particularly in relation to workers' health and wellbeing.

During ethical trade audits and as part of our broader Responsibility programme, we conduct interviews with workers to better understand their needs and perceptions, while gathering insights into the direct and indirect impacts of our business and developing focused mitigation plans where required. We also provide grievance mechanisms for our global employees, as well as confidential hotlines run by NGOs for workers in our supply chain. Currently, more than 16,000 workers across 34 factories in our third-party supply chain are provided with improved access to remedy and confidential support, including advice and information on workers' rights and wellbeing. The effectiveness of these hotlines is regularly reviewed. During FY 2020/21, Burberry-sponsored hotlines received 529 calls and their resolutions have been monitored closely by our Responsibility team. Supporting our human rights commitment is our Modern Slavery Statement. This is published in line with the UK Modern Slavery Act and can be found on [Burberryplc.com](https://www.burberryplc.com).



BURBERRY



THE ENVIRONMENT

Creativity is the thread that connects Burberry’s past with its future. Guided by our purpose, we are creating the next generation of sustainable luxury for our customers and helping transform our industry.

We recognise that the long-term success of our business depends on investing in the environmental sustainability of our operations, the resilience of our supply chains and our management of climate change impacts. Our future depends on it.

We are actively working to reduce our environmental footprint and meaningfully support our global communities, while seeking to transform our industry. Drawing on our heritage of exploration and guided by our purpose, we are pushing boundaries, setting leading standards and pioneering innovative solutions to create real system change.

Our Responsibility team of more than 30 in-house sustainability experts has been working on our environmental and social programmes for more than 15 years. The ambitious targets that underpin our mission are set out in our latest five-year Responsibility agenda through 2022.

We are on track to achieve 100% renewable electricity, a carbon neutral footprint across our own operational energy use, and for every luxury product we offer our customers to have more than one positive environmental or social attribute.

Expanding on our existing goals, we are transitioning towards a **Net-Zero future** and ensuring that we **consciously craft our collections**.

A NET-ZERO FUTURE

Industry-leading climate change initiatives

- Net-Zero by 2040
- Carbon neutral across our own operational use by 2022
- Use 100% renewable electricity by 2022
- Science Based Targets across scope 1, 2 and 3 emissions
- Balance emissions through The Burberry Regeneration Fund

CONSCIOUSLY CRAFTED COLLECTIONS

100% of products with more than one positive attribute by 2022

- Measuring the positive impact our collections have on the environment and people

Sustainable materials

- Ensuring all key materials are 100% traceable by 2025
- Ambitious targets to source more sustainable cotton, leather and wool, as well as recycled polyester and nylon
- Sustainable packaging

Caring for our supply chain

- Respecting and safeguarding the rights of everyone in our supply chain

Restore and repair

- Specialist aftercare services to extend the life of products

Collaborating to achieve a more sustainable future

We recognised the power of working collaboratively to drive real change. We work with our peers, NGOs and governments to unlock sustainable solutions that can help activate and scale change in our industry.

Our Responsibility agenda contributes to a range of the United Nations SDGs. Our contribution towards these goals is outlined on pages 62 to 65.

In September 2020, we were the first among our luxury peers to issue a Sustainability Bond, enlisting the support of investors to finance ambitious sustainability projects. More detail on this can be found on pages 92 to 93.

Responsibility governance

Our Responsibility agenda is front of mind for senior leaders across our teams, ensuring that we are making decisions with consideration for their departments' environmental and social impacts. Progress is reviewed by the Sustainability Steering Committee at least three times per year, chaired by our CEO.

Progress is shared regularly with the Ethics Committee, Risk Committee and the Board, and reviewed by our external advisory forums, comprising independent external experts.

The implementation of our strategy is overseen by our Responsibility team of more than 30 in-house sustainability experts.

Our people play an important role in delivering our Responsibility strategy, from driving energy efficiency and reductions across our operations to working closely with our supply chain partners to minimise our impact when we source raw materials and create our products.

We are a member of several leading forums, where we share our experiences and collaborate with others to adopt more sustainable ways of working, as well as learn from innovators within and outside our industry. These include:



A4S Accounting for Sustainability



Textile Exchange



Canopy



The Ellen MacArthur Foundation's Make Fashion Circular initiative



Leather Working Group



The Fashion Pact



Race to Zero



The Living Wage Foundation and The Global Living Wage Initiative



RE100



The ZDHC Foundation



Science Based Target Network



Sustainable Fibre Alliance



UN Fashion Industry Charter for Climate Action

A Net-Zero future

We are proud of our climate change initiatives, which are continually evolving as we find new ways to address the challenges posed by the climate emergency.

We aim to be Net-Zero by 2040 and achieve carbon neutrality in our own operational energy use by 2022. We are on track to achieve this by reducing absolute emissions, improving energy efficiency and switching to renewable electricity sources, before offsetting any remaining emissions. All our events, including shows and presentations, have been certified carbon neutral since 2019. We have reduced our market-based emissions by 92% since 2016.

Underpinning our ambition to achieve a Net-Zero future, we have Science Based Targets across our scope 1 and 2 emissions (in our own operations and indirect emissions from our energy use), aligned to the Paris Agreement 1.5°C pathway and scope 3 emissions (across our extended supply chain). We aim to:

- **Reduce our absolute scope 1 and 2 GHG emissions by 95% by 2022**

This target focuses on emissions from our direct operations, including electricity and gas consumption in our stores, offices, internal manufacturing and distribution sites. This target is consistent with reductions required to keep global warming to 1.5°C, the most ambitious goal of the Paris Agreement.

- **Reduce our absolute scope 3 GHG emissions by 30% by 2030**

This target relates to indirect emissions in our extended supply chain, which includes impacts from the sourcing of raw materials and the manufacturing of finished goods.

Both targets are set against a 2016 base year.

To date, in line with our Science Based Targets, we have reduced our scope 1 and 2 emissions by 84% compared to FY 2016/17 and reduced our scope 3 emissions from purchased goods and services by nearly 8,700 tonnes.

Balancing emissions

Rather than only purchasing offsets to cancel out our impact, we also invest in insetting projects, reducing our emissions and storing carbon at source in our own supply chain.

Through The Burberry Regeneration Fund, we support a portfolio of carbon insetting and verified carbon offsetting projects, which enable us to store carbon, promote biodiversity, facilitate the restoration of ecosystems and support the livelihoods of local producers.

For our inaugural pilot project, we have partnered with PUR Projet to design and implement regenerative agricultural practices with wool producers in our supply chain in Australia. The project will work at farm level to improve carbon capture in soils, improve watershed and soil health, and promote biodiverse habitats.

Promoting renewables

We are passionate advocates of renewable energy use and currently source 93%[^] of our electricity from renewable sources. We are on track to achieve our target of using 100% renewable electricity in our own operations by 2022.

We are an active member of RE100 and have been recognised in the 2020 CDP A List and Supplier Engagement Leaderboard for our success in stimulating demand for renewable energy throughout our global supply chain. We continued to promote the use of renewables in our supply chain by creating a bespoke renewable energy guide for our Italian suppliers.

Influencing suppliers

Ensuring our supply chain partners share our ambition for a Net-Zero future is crucial to achieving meaningful change at scale. In January 2021, we launched a programme in partnership with the Apparel Impact Institute (Aii) to establish a platform for Italian manufacturers to coordinate, fund and scale environmental programmes with measurable impact. Working alongside two fellow luxury brand partners, the initiative demonstrates a shared ambition to pursue a collective mission to make fashion's supply chains more sustainable.

We support UN Climate Change's efforts in the fashion industry. On the Manufacturing and Energy Working Group, we contributed to the development of online climate action training for the fashion industry's supply chain.

Global GHG emissions

	Current reporting year 20/21		Reporting year 19/20		Reporting year 18/19	
	Global	UK and offshore only	Global	UK and offshore only	Global	UK and offshore only
Total energy including: purchase of electricity, the operation of any facility, combustion of fuel for facilities and vehicles / kWh	63,293,411 [^]	20,826,276	70,316,810	23,432,093	77,307,069	21,293,761
Combustion of fuel and operation of facilities (Scope 1) / tCO ₂ e	2,089 [^]	1,478	2,061	1,581	2,155	1,487
Combustion of fuel use from owned or leased transport (Scope 1) / tCO ₂ e	66	0	78	5	85	2
Electricity purchased and used for operations (Scope 2) / tCO ₂ e	20,582 [^]	2,934	22,661	3,400	25,298	3,793
Total emissions location based (scope 1 & 2) / tCO ₂ e	22,737 [^]	4,412	24,800	4,986	27,539	5,281
Electricity purchased and used for operations (Scope 2, market-based) / tCO ₂ e	1,879 [^]	0	3,122	0	12,086	60
Total emissions (Scope 1 & 2, market-based) / tCO ₂ e	4,034 [^]	1,478	5,261	1,586	14,327	1,549
Total emissions offset by Verified Emissions Reduction Certificates / tCO ₂ e	2,089 [^]	1,478	1,072	815	377	0
Location-based tCO ₂ e per £1,000,000 sales revenue	9.7 [^]	n/a	9.4	n/a	10.1	n/a
% of energy from renewable sources	76% [^]	61%	82%	81%	58%	78%

Note: Burberry applies an operational control approach to defining its organisational boundaries. Data is reported for sites where it is considered that Burberry has the ability to influence energy management. Data is not reported for sites where Burberry has a physical presence, but does not influence the energy management for those sites, such as a concession within a department store. Overall, the emissions inventory reported equates to 98% of our net selling space square footage. The Company uses the Greenhouse Gas Protocol (using a location and market-based approach to reporting scope 2 emissions) to estimate emissions and applies conversion factors from Defra, IEA and RE-DISS. All material sources of emissions are reported. Refrigerant gases were deemed not material and are not reported. Market-based emissions for the UK relating to electricity purchased and used for operations (Scope 2) is stated as 0 due to 100% of UK electricity being procured from renewable sources. Combustion of fuel use from owned or leased transport is reported from FY 2018/19 onwards. Burberry has updated GHG data for FY 2019/20 and FY 2018/19 to account for updated emission factors and improvements in data availability and estimation methods. GHG emissions data reported is based on the period 1 April 2020 to 31 March 2021. For the avoidance of doubt, the company's financial accounting period is from 31 March 2020 to 27 March 2021. However, references to FY 2020/21 for the selected KPIs included in the Responsibility section of Burberry's Annual Report 2020/21 refer to the period 1 April 2020 to 31 March 2021.

Principle measures taken for increasing operational energy efficiency

At Burberry, to achieve our climate-related goals we focus on energy efficiency first and foremost. To manage our operational energy efficiency we set annual energy reductions targets to drive behaviour change. We drive energy efficiency across our stores by instilling good practice behaviour and installing more efficient lighting systems at our new and refurbished stores. We then reinvest savings into renewable energy procurement, before finally offsetting any remaining emissions.

Further information about Burberry's basis of reporting is available on Burberryplc.com.

[^] Please see page 65 for details on external assurance.

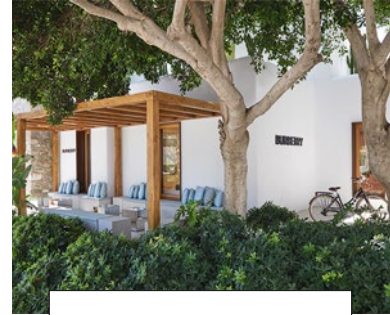


Consciously crafted collections

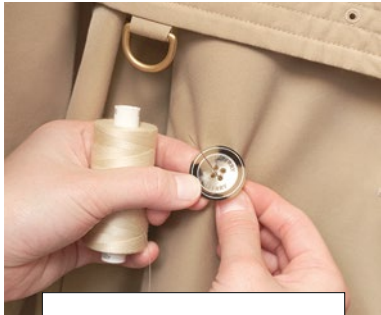
Measuring positive change

To reach our goal of ensuring 100% of our products have a positive social or environmental impact, we focus on driving improvements at the raw material sourcing and product manufacturing stages. These positive attributes can range from the amount of organic content or recycled fibres used in materials or the delivery against carbon emission reductions at production facilities, to workers being paid the living wage or being supported through wellbeing programmes. In FY 2020/21, 94% of Burberry products had at least one positive attribute and 82% had more than one[^].

Some of the steps we take along our supply chain to ensure we are driving positive change include:



1. THOUGHTFUL DESIGN



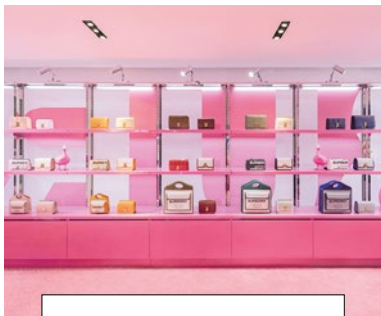
2. SUSTAINABLE MATERIALS



3. CARING FOR OUR SUPPLY CHAIN



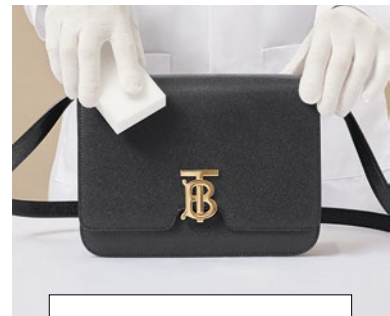
4. CHANGING INDUSTRY USE OF WATER AND CHEMICALS



5. MINIMISING WASTE



6. SUSTAINABLE PACKAGING



7. RESTORE AND REPAIR

1. Thoughtful design

By designing with our sustainability ambitions in mind, we can ensure that our products are consciously crafted, minimising our environmental impact and creating opportunities for our global communities.

We are engaging our creative community through training on circular design and have hosted a range of product disassembly workshops to help teams better understand how the lives of our products can be extended.

As a core partner of the Ellen MacArthur Foundation's Make Fashion Circular initiative, we helped shape the vision for circular fashion and have contributed to its Circular Design Guide for Fashion, a valuable resource for the fashion and textiles industry.

2. Sustainable materials

Our collections feature high-quality and sustainably sourced materials. Through our use of these materials and engagement with suppliers, we also stimulate wider demand across our industry for materials that are less impactful on the environment.

We have a series of ambitious targets to achieve this aim:

- **Ensure all key materials are 100% traceable by 2025**, supported by our use of certified materials where the country of origin is verified and disclosed. We will achieve traceability to a minimum of country level for key raw materials
- **Source 100% certified recycled nylon* and recycled polyester* by 2025**, where nylon or polyester is the product's main material
- **Source 100% certified wool* by 2025**, supporting certifications that uphold the highest animal welfare standards
- **Source 100% certified organic cotton by 2025**, which holds environmental and social benefits and is traced through our supply chain via a chain of custody. This builds on our target to source 100% of our cotton more sustainably by 2022
- **Source 100% of our leather* from certified tanneries by 2022**, with environmental, traceability and social compliance certificates

Spotlight on sustainable materials

- **Cotton:** We source 78% of our cotton* more sustainably by using a portfolio approach and are exploring new sources, including organic and regenerative cotton. This year, we formalised our ambition around organic cotton, with a target to source 100% certified organic cotton by 2025. Certified organic cotton is traced through the supply chain and has many environmental and social benefits, promoting soil health, supporting biodiversity and safeguarding farmers
- **Cashmere:** As part of our longstanding partnership with the SFA, in FY 2020/21 we participated in a pilot project with our cashmere scarf supplier, Johnstons of Elgin, which will result in fully traceable and SFA-certified cashmere fibre being used in our products
- **Leather:** We source 80% of our leather* from tanneries with environmental, traceability and social compliance certifications, with a target to extend this across 100% of our leather by 2022. In line with our support for the TCFD, we have assessed our leather supply chain and modelled the impact that climate change risks could have on our operations and supply chain across various temperature increase scenarios. For more information, please see our TCFD disclosures on pages 133 to 137
- **Viscose:** We collaborate with Canopy, an NGO working to protect the world's forests, species and climate by collaborating with business leaders, scientists and decision-makers. We use Canopy's Hot Button Report, a fibre sourcing analysis tool, and are working directly with suppliers and producers to ensure we only source viscose from responsible sources

* Denotes where the material referenced is referring to the product's main material.

3. Caring for our supply chain

We are open, caring and committed to respecting and safeguarding the rights of everyone in our supply chain. In order to ensure we are having a positive impact on the people touched by our global business, we work closely with our supply chain partners to promote ways of working that reflect our values.

We continually assess human rights risks and labour conditions across our supply chain as part of our ethical trading programme, which has been in place since 2004. We require all our suppliers to meet international labour standards and local laws and agree to our Responsible Business Principles. Measures including announced and unannounced audits, training and improvement programmes, and interviews with people working in our supply chain, to help us to ensure our third-party suppliers are aligned to our expectations.

We believe that everyone should have access to fair and responsible employment. To support this, we are an accredited UK Living Wage employer, a Principal Partner of the Living Wage Foundation and are on the steering group of the Global Living Wage Initiative, which aims to provide a global living wage standard.

We make clear to all our suppliers that any form of modern slavery, including forced, bonded or involuntary prison labour, is not permitted. We provide training on identifying risks of modern slavery to our employees and partners to support this. More information can be found in our Modern Slavery Statement on [Burberrypkc.com](https://www.burberrypkc.com).

During the financial year, we supported our supply chain partners through the challenges presented by the COVID-19 pandemic. We implemented an Infection Control Management Policy to support our partners in providing safe working environments. We also conducted training with the support of external providers on how to operate a COVID-19-safe environment.

4. Changing our industry's use of water and chemicals

We are mindful of how we use water throughout our supply chain. We track and promote management practices and technologies that facilitate water recycling and use water-efficient materials. CDP rated Burberry A- for water security in 2020.

We prohibit the use and release of unwanted chemicals. As a Board member of The ZDHC Foundation, we guide luxury peers, third party suppliers and external chemical experts to devise innovative solutions to ensure effective chemical management across the fashion and textiles industry.

As a Board member of The ZDHC Foundation, we steer luxury peers, third-party suppliers and external chemical experts to devise innovative solutions to address this issue.

5. Minimising waste

We seek to minimise waste at all stages of our value chain. We follow clearly defined waste hierarchy principles. Where we have unsaleable goods, we reuse, repurpose, donate or recycle them.

In FY 2020/21, we launched reusable, customisable accessories pop-ups. Modular installations with interchangeable parts, the pop-ups build on Burberry's legacy of innovation and creativity. In each location, the reusable building blocks were assembled in a unique way to create a beautiful set-up that adapted to fit each space. The travelling pop-ups made their way across 39 different locations.

We launched ReBurberry Fabric, a pilot programme in partnership with The British Fashion Council, to donate leftover fabrics to fashion students. During the year, we donated 7,125 metres of fabric, benefiting 33 schools.

We also partner with Alta Scuola di Pelletteria Italiana, a leather school, and San Patrignano, an organisation supporting marginalised young people. In 2020, the school trained San Patrignano residents in leather goods disassembly and repurposing using excess Burberry materials.

We continue to donate products and raw materials to various charities, design schools and colleges globally, including the Royal College of Art, the Manchester Fashion Institute and the British Fashion Council. We have also funded a two-year research project with The Hong Kong Research Institute of Textiles and Apparel (HKRITA) to design a post-consumer leather goods recycling system.

6. Sustainable packaging

All Burberry retail bags and boxes are reusable and recyclable, and certified by the FSC.

Our signature oak paper is made from a minimum of 40% upcycled coffee cups that would have otherwise gone to landfill. Since February 2019, 66 million cups have been upcycled into Burberry packaging. Our products are transported on recyclable hangers and in garment bags made from 100% recycled polyester.

Eliminating unnecessary single-use plastic packaging is a priority for us. As a signatory of the 2025 New Plastics Economy Global Commitment, we have pledged to eliminate unnecessary and problematic plastic; use 100% reusable and recyclable plastic; and use at least 20% recycled content across all own-branded plastic packaging by 2025.

7. Restore and repair

We know that the enduring quality of Burberry pieces means their appeal and value is long-lasting. This, along with our mission to build a more sustainable future, led us to launch a luxury aftercare service to extend the life of our products.

For the first time, we have also launched dedicated aftercare spaces in stores in London and Paris. Building on our existing repair service, we piloted a new Trench Refresh programme in London, inviting clients to a Trench diagnostic session with one of our in-house experts. As part of this offering, we introduced a new reproofing solution for our gabardine Trench Coats that is kinder to the environment, and expanded our repair and replacement capabilities. We also launched a pilot of our Leather Restore service globally, offering complimentary leather conditioning to extend the life of Burberry bags.

SUSTAINABILITY BOND USE OF PROCEEDS REPORT

Burberry is committed to using its position and influence to drive social and environmental improvements and foster sustainable innovation in the value chain, from the sourcing of raw materials to the manufacturing of finished products and distribution through our stores and wholesalers. We are also committed to enlisting the support of investors in delivering these ambitions by linking Burberry's sustainability strategy to its funding requirements.

Burberry issued a debut five-year, sterling Sustainability Bond on 21 September 2020 for £300 million at 1.125% (the "Sustainability Bond"). As part of the Sustainability Bond Framework¹ (the "Framework"), a commitment was made to publish a use of proceeds report within one year of the issuance of the bond and annually thereafter.

This report constitutes Burberry's first use of proceeds report to investors and covers the allocation of proceeds from the Sustainability Bond by category per the Eligibility Criteria as defined in the Framework.

Eligibility criteria and oversight

The categories of our Eligibility Criteria are as follows:

- Green buildings
- Environmentally sustainable management of living natural resources and land use
- Pollution prevention and control (including waste prevention, waste reduction and waste recycling)

Burberry's 2022 Responsibility targets are owned by senior leadership across all regions and key functions and progress is reviewed by the Sustainability Steering Committee.

The Sustainability Steering Committee was established in 2019 to review and oversee the Group's strategy on environmental and social issues related to our supply chain. The Sustainability Steering Committee convenes at least three times a year and is chaired by the CEO, who is accountable for ensuring oversight of climate-related risks and opportunities of the Group. The CO&FO, the Chief Supply Chain Officer and the Vice President of Corporate Responsibility are permanent members of the Sustainability Steering Committee.




In addition to the Sustainability Steering Committee, sustainability matters are regularly discussed at the Ethics and Risk committees and updates are shared with the Board.

Burberry's Sustainability Bond Committee (the "Committee") includes representatives from Corporate Responsibility, Group Treasury, and other parties nominated as subject matter experts. The Committee has considered the Eligibility Criteria in the Framework and reviewed the spend on projects eligible for financing under the Sustainability Bond and has allocated the proceeds accordingly.

Allocation of proceeds

The proceeds of the Sustainability Bond have been allocated across the three categories outlined in the Framework. In accordance with the Framework, these eligible projects and spend have been completed within the three-year period preceding the issuance of the Sustainability Bond in September 2020.

The allocation across categories is summarised below:

Categories of spend	Sep 2017 – Mar 2020 £m	Apr 2020 – Mar 2021 £m	Cumulative total £m	UN SDG
Green buildings	4.6	4.1	8.7	
Environmentally sustainable management of living natural resources and land use	42.4	17.8	60.2	
Pollution prevention and control	23.1	11.1	34.2	
Total	70.1	33.0	103.1[^]	

1. The Sustainability Bond documentation and Framework can be found at: www.burberryplc.com/en/investors/debt.html

Unallocated proceeds

The unallocated proceeds under the bond are £193.6 million. The cash is kept on deposit in line with Burberry's Treasury Policy.

Project examples

Green buildings

Projects include the financing or refinancing of properties which have achieved one of the following certifications:

- Leadership in Energy and Environmental Design (LEED): Platinum or Gold level
- Building Research Establishment Environmental Assessment Method (BREEAM): Excellent or Outstanding level

For existing buildings, certification has been received within the last three years.

Environmentally sustainable management of living natural resources and land use

As part of Burberry's Responsibility strategy, where cotton is the product's main material, Burberry has set a goal to procure 100% of its cotton more sustainably by 2022 by using a portfolio approach.

Burberry continues to promote more sustainable farming practices among its suppliers and also remains committed to driving demand for organic cotton.

In addition, we support Cotton 2040, a cross-industry partnership convened by Forum for the Future to address long-term resilience in cotton supply chains.

Pollution prevention and control

Burberry is passionate about driving positive change and building a more sustainable future. Our sustainable packaging materials commitment aims to minimise the amount of packaging used and, where packaging is unavoidable, to maximise use of recycled, reusable and recyclable materials in line with circular economy principles. This commitment applies to all Burberry customer-facing and transit packaging.

As signatories of the 2025 Global Plastics Commitment, we will minimise and phase out the use of unnecessary single-use plastics by redesigning packaging, using recyclable alternative materials and/or enabling reuse schemes. Where plastic packaging is used, it must be made from recyclable plastic with a minimum of 20% recycled content.

We have allocated proceeds against packaging procurement where recycled content is more than 20%.

External assurance of corporate responsibility disclosures

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over the allocation of use of proceeds. Information forming part of the assurance scope is denoted with a [^]. The assurance statement is available on [Burberryplc.com](https://www.burberryplc.com).