**Modern Slavery Act 2015 and Transparency in Supply Chains Act of 2010**

**Burberry Group plc’ statement**

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and California Transparency in Supply Chains Act of 2010 (SB 657). It sets out the steps Burberry has taken during the financial year 2016/17 (the “Year”) to prevent slavery and human trafficking from taking place in our supply chains or in any part of our business.

**About Burberry**

Founded in 1856, Burberry is a global luxury brand with a distinctive British identity. Since then, the brand has built a reputation for design, innovation and craftsmanship.

The Company designs, develops, makes, sources and sells products under the Burberry brand. Product design and development are centred in Burberry’s London headquarters. Fabrics and other materials are bought from, and finished products manufactured at, both Company-owned facilities in the UK and through an external supplier network. Burberry products are sold globally through its stores and through Burberry.com, as well as through third-party wholesale customers, both offline and online. In a few selected areas, Burberry uses the product and distribution expertise of licensing partners to develop the business.

Burberry’s core strategies include commitments to ensuring its current and future employees are motivated and inspired, operating responsibly and contributing to communities in which it operates.

**Our Supply Chain**

Burberry has a supply chain network that exists to support the production of its apparel, accessories, and beauty products, as well as networks relating to its day-to-day business operations.

**Apparel & Accessories & Beauty**

Finished products are manufactured at both Company-owned facilities in the UK and through an external supplier network. A large proportion of this finished goods production takes place in Europe where Burberry has many long standing relationships some lasting over 25 years.

**Licensees**

Burberry has granted one product category licence under the Burberry brand to a third party, namely to Luxottica to produce eyewear. Burberry’s Responsibility team works with Luxottica to ensure they apply consistent standards which are aligned with those applied across the rest of Burberry’s supply chain.

**Raw materials**

In addition to the supply chain for finished goods, Burberry is also aware of the importance of its raw material supply chain and the sustainability of raw material suppliers. This Year, Burberry has expanded its responsibility programme to include the assessment of key mills, tanneries and trim suppliers and their sub-contractors.

**Business operations**

As a large global organisation, Burberry has many other supply chains related to general business operations, including but not limited to retail stores, its website and application, offices, marketing and

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*This statement applies to Burberry Group plc and its UK subsidiaries, including the main trading entity Burberry Limited*
transport. Burberry continues to communicate its commitments and policies designed to prevent forced, bonded and trafficked labour through its Responsible Business Principles (the “Principles”).

Respecting Human Rights

Burberry believes that respect for human rights is integral to being a responsible company. The prevention of forced, bonded and trafficked labour, are key elements of Burberry’s Human Rights Policy and Ethical Trading Code of Conduct: Burberry Policies

For over 10 years, Burberry has had a programme aimed at safeguarding the labour conditions in its product supply chains. In 2014, Burberry conducted a Human Rights Impact Assessment, developed alongside the human rights specialists, Ergon Associates. This assessment highlighted some areas of its business operations where there was a potential human rights risk. For example, in the construction of retail stores and office space as the construction industry was known to pose a high risk to both local and migrant workers. Since the assessment, Burberry has been working with internal teams to promote transparency and Burberry policies in these areas of its business operations. This Year Burberry has completed the process again and has identified a number of additional actions to improve the prevention of and/or mitigate the impact of human rights abuses in its operations and supply chain. These have been reviewed by Ergon and discussed with Oxfam, a globally renowned aid and development charity.

Promoting Human Rights across our business

To help promote Human Rights across our business, our network of business associates and extended supply chain are required to comply with our Responsible Business Principles (“Principles”) (formerly known as the Ethical Trading Policy).

The Principles have been informed in part by our membership over several years of the United Nations Global Compact and the Ethical Trading Initiative (ETI), and are underpinned by the International Bill of Human Rights and the Fundamental Conventions of the International Labour Organization. The Principles apply to all Burberry business associates which include (but are not limited to): finished goods suppliers, raw material suppliers, non-stock suppliers, construction contractors, and franchisees.

The Principles cover the following policies (as well as the Code of Ethical Business Principles, Anti-Bribery and Anti-Corruption Policy and Global Environmental Policy):

- **Ethical Trading Code of Conduct.** This outlines requirements which all business associates must uphold in relation to their own employees and throughout their own supply chain. The code includes, amongst other standards, requirements: that employment is freely chosen, child labour shall not be used, freedom of association and no harsh or inhumane treatment shall occur. The Code of Conduct is available to view here: Burberry Ethical Trading Code of Conduct

- **Burberry Migrant Worker Policy.** This is specifically intended to protect workers who may be potentially vulnerable to exploitation in the course of international migration. The Policy contains requirements including but not limited the withholding of passports and similar documents, and the levying of recruitment fees. Further details of the Migrant Worker Policy are available here: Burberry Migrant Worker Standards

- **Responsible Sourcing Policy.** This outlines Burberry’s commitment to responsible and sustainable business principles throughout the supply chain, including at the sourcing stage of raw materials. Burberry outlines specific prohibited sourcing regions where the risk of modern
slavery and other labour rights issues is recognised, for example, the prohibition of cotton sourced from Uzbekistan. Further details of the Responsible Sourcing Policy are available to view here: Burberry Responsible Sourcing Policy

- Burberry’s Partner Non-Compliance Policy. Where breaches of our standards and policies are identified, Burberry collaborates to find solutions to address the non-compliance. Where improvements are not made within a given time or there is an unwillingness to address the issue, Burberry may consider terminating the business relationship. However, the policy is designed to allow a reasonable amount of time to rectify any non-compliance with the Principles to minimise any potential and/or detrimental impact on the workers’ livelihoods.

Burberry has carried out some additional risk analysis of its non-stock procurement supply chain this year and has implemented measures to gain more visibility of areas if greater risk such as labour suppliers globally and construction contractors. All non-stock suppliers are required to take responsibility for the prevention of forced, bonded and trafficked labour in their supply chain.

Compliance with the Principles

Compliance with the Principles is a requirement of doing business with Burberry. Burberry works with its business associates to support their compliance, and may take action against those that do not demonstrate sufficient commitment to the Principles, or are in breach of them. In the event of a business associate being found to be involved in modern slavery, Burberry would take action to first help safeguard the workers’ wellbeing and then to support the business associate with its remediation process including any actions to identify and address root cause issues.

Monitoring and verification activities are carried out throughout our finished goods and key raw material supply chain to support compliance with the Principles.

New raw material suppliers are required to confirm they will adhere to the Principles and comply with applicable local laws. They agree that we may visit and assess their own compliance and that of their suppliers. Any new supplier is risk assessed for social compliance and any indication of forced, bonded or trafficked labour before they are approved to participate in the Burberry supply chain.

In addition, before a factory is approved to produce Burberry finished goods, its compliance with the Principles and applicable local laws will be assessed and the Burberry Responsibility Team must be satisfied of the factory’s commitment to the Principles before it becomes part of the Burberry supply chain. Audits consist of worker interviews, document reviews and site tours, and are repeated periodically to confirm ongoing compliance and continuous improvement.

Burberry is conscious that monitoring alone does not drive improvements in labour conditions and therefore has a number of other programmes to support its supply chain partners. In China for example, labour rights issues can include inadequate access to remedy. Burberry has worked with three local Non-Governmental Organisations to establish a hotline providing over 27,000 workers with improved access to remedy. This year the hotline was rolled out to all factories in China with regular production of Burberry products.

Training & Resources

Burberry’s Responsibility team, includes specialists on labour rights and human rights, including modern slavery. All Burberry employees are introduced to the Company’s Corporate Responsibility policies and programmes during their induction training to ensure a general understanding of Burberry’s responsibilities in this area.

Informed by Burberry’s Human Rights Impact Assessment, bespoke modern slavery and labour rights training has been developed, in conjunction with ethical trade, human rights and labour standards consultancy, Impact, for key Burberry employees who interact with Burberry’s supply chain networks. It is also intended to support those travelling to supply chain facilities so that they are familiar with the
risk areas, likely indications of human rights abuses (including instances of modern slavery) and possible actions to take in the event that an incident of modern slavery is identified. In addition, Burberry has trained members of the human resources, health and safety, construction and fulfilment functions on modern slavery, how to identify it and actions to take.

This year, Burberry has provided training on identification and combatting of modern slavery to suppliers. In person training sessions have been run with finished goods vendors manufacturing 72% of our product. Initially, this training has been provided to key finished goods and raw material suppliers, third-party labour contractors and certain suppliers operating in sectors with a greater risk of modern slavery issues arising. The participants have been asked to build and implement plans around recruitment and ongoing management of workers to reduce the risk of modern slavery in their operations and supply chain. These action plans will be monitored on an ongoing basis.

Participants of the training reported a significant increase in awareness of modern slavery issues which will help detect and combat modern slavery and other labour rights abuses.

**Embedding human rights across our business**

Burberry has a Responsibility team consisting of around 30 specialists globally, based in locations aligned with its product supply chain such as the UK, Italy and Hong Kong. Although the ethical trading activities are coordinated by the Responsibility team, the targets to improve working conditions in the supply chain are the responsibility of the Supply Chain and relevant sourcing teams. Burberry has a range of targets aimed at continuous improvement of labour conditions in finished goods factories. Burberry employees who are responsible for supply chain partner relationships and sourcing also have personal KPIs related to labour conditions, as Burberry recognises the potential impact of fair purchasing practices on labour conditions throughout the supply chain.

The Ethical Trading Programme is supported and monitored internally by a number of management Committees. The Programme aims to ensure that the potential risks to labour and human rights are considered at all appropriate levels and areas of the business.

In the event that any labour or human rights risks are identified, the Chief People and Corporate Affairs Officer will report on such issues to the Group Risk Committee, which meets at least three times per year.

Additionally, Burberry’s ethical trading targets and sustainability strategy are formally reviewed by the Burberry Impact Advisory Committee (BIAC) composed of International NGOs including Forum for the Future and an expert in labour rights representing an international NGO. This forum provides an opportunity to gain an outside perspective to determine whether Burberry is focusing its actions and resources on the most salient labour rights’ risks throughout our operations.

**Looking ahead**

Together with the priorities highlighted by this Year’s externally verified Human Rights Impact Assessment, Burberry believes that a continuing focus on transparency and traceability throughout the supply chain may help identify modern slavery risks. Burberry continues to review its own business operations and procurement procedures to ensure that risks of modern slavery are considered. Should any instances of modern slavery be identified, Burberry believes it is well positioned to address these and to support any affected workers’ in line with its core values.

Approved by the Board on 10 May 2017 and signed on its behalf by:

Julie Brown
Chief Operating and Financial Officer