

BURBERRY

LONDON ENGLAND

GENDER PAY GAP REPORT 2018/2019



MARCO GOBBETTI
Chief Executive Officer

At Burberry, we have always sought to build a culture that is diverse, open and inclusive, where all perspectives are valued. Diversity enriches our creativity and our culture, and we recognise we work best when we bring together different viewpoints, backgrounds and experiences.

In our third year of reporting gender pay gap figures, we have continued to support women across our organisation, evolving our internal policies, expanding our training and promoting more women into leadership roles.

However, we know we have more to do, particularly as our overall gender pay gap widened from our last report. We remain firmly committed to closing this gap, pledging to significantly narrow it by 2025.

In terms of our progress, we are proud that we continued to have no gender pay gap in our retail teams, who account for a quarter of our UK employees. We saw an overall decrease in our bonus gap as more women received awards than in previous years. In senior management, Burberry was once again recognised as the FTSE 100's top performer for women in leadership in the 2019 Hampton-Alexander Review.

We believe the actions outlined in this report will help us to narrow the gap, while continuing to promote an inclusive culture and ensuring we welcome and retain the best talent, now and in the future.

We want to foster an environment where creativity can thrive and all our employees can meaningfully contribute to our success while achieving their ambitions.

We confirm that the information in this report is accurate and published in accordance with gender pay gap reporting guidelines and regulations.

Marco Gobbetti
Burberry CEO

EXPLAINING THE REPORT

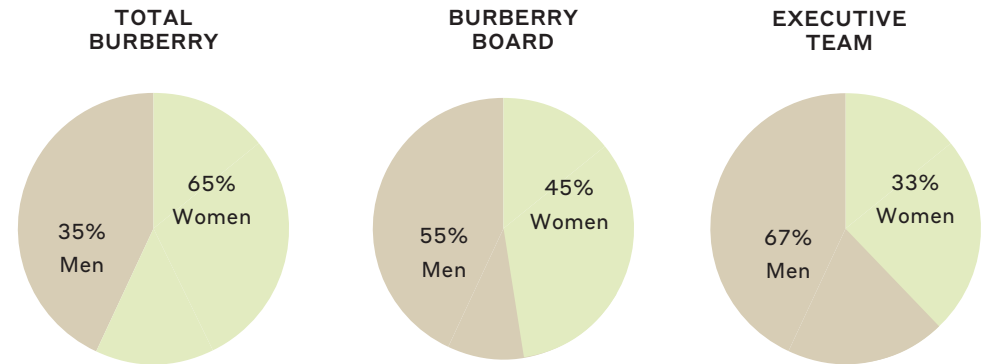
Since 2017, the UK Government has required public and private sector employers, with 250 or more employees, to publish key data on the gender pay gap within their organisations in the UK.

In this report, Burberry's UK gender pay gap and bonus gap are disclosed, including the actions the company is taking to reach its ultimate goal of closing the gap. This report provides a snapshot of pay data as of 5th April 2019.

Gender pay is measured through a mean and median percentage. The median data shows the percentage difference between the hourly pay of the 'middle' man and woman, if all employees were assembled in a row. The mean is calculated as the percentage difference between average hourly earnings for men and women across UK-based roles at Burberry.

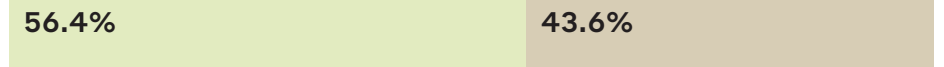
The gender pay gap is distinct from equal pay, which is a comparison of the pay of men and women carrying out the same, or equivalent, roles. Our policy is to pay all our employees in line with their level and experience, irrespective of gender.

GENDER DIVERSITY AT BURBERRY

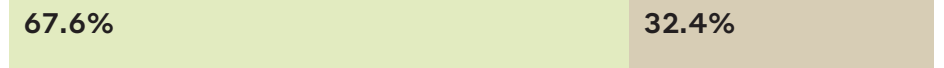


PROPORTION OF WOMEN AND MEN IN EACH PAY QUARTILE

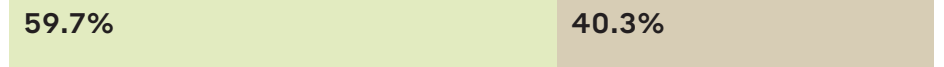
Upper quartile



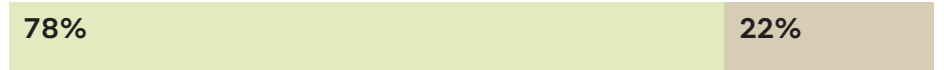
Mid-upper quartile



Mid-lower quartile



Lower quartile



Women Men

OUR GENDER PAY GAP

Burberry's overall gender pay gap at 5th April 2019 increased on a median and mean basis compared to data collected from the previous year.

While the number of women in leadership rose over the past two years, there was a greater increase in the number of men joining the company in the upper pay quartiles, and a higher proportion of women continued to populate the lowest quartile of the organisation.

If we exclude the upper quartile, we had a pay gap of 1% or less.

For a second year, our largest employee group, in retail, had no pay gap.



MEDIAN PAY GAP 2018/2019

10.3%

2017/2018: 8.7%

MEAN PAY GAP 2018/2019

33.1%

2017/2018: 24.7%

MEDIAN BONUS GAP 2018/2019

23.2%

2017/2018: 34%

MEAN BONUS GAP 2018/2019

40%

2017/2018: 61.8%

WOMEN RECEIVING BONUSES 2018/2019

78.7%

2017/2018: 78.5%

MEN RECEIVING BONUSES 2018/2019

76.3%

2017/2018: 74.2%



OUR GENDER BONUS GAP

The gender bonus gap illustrates the average percentage difference in bonuses, commission or incentives paid in the 12-month reporting period, including proceeds from shares exercised during that time.

The median and mean bonus gap have both narrowed since last year's report as more employees across the organisation received awards during the period.

In some parts of our business, the proportion of women receiving a bonus was higher than men. Within retail, we saw the continuation of no bonus gap across our largest employee group.

However, the bonus gap continued to be exacerbated by the difference in hours worked by men and women.

While more women than men work at Burberry, the proportion of women who worked part-time was more than three times higher than the proportion of men who worked part-time.

OUR PROGRESS

OVER THE PAST YEAR, WE HAVE MADE GOOD PROGRESS ON INCREASING GENDER EQUALITY IN LEADERSHIP, SUPPORTING LINE MANAGERS WITH TRAINING PROGRAMMES AND EVOLVING OUR INTERNAL POLICIES.

WE ROLLED OUT INCLUSIVE LEADERSHIP TRAINING TO 90% OF SENIOR LEADERS AND STORE MANAGERS GLOBALLY. ALL OUR EMPLOYEES WILL CONTINUE TO BENEFIT FROM OUR UNCONSCIOUS BIAS TRAINING PROGRAMME, WHICH IS NOW MANDATORY.

Burberry was once again recognised as the FTSE 100's top performer for women in leadership in the 2019 Hampton-Alexander Review, with 61.3% women in executive team and direct report positions.

As part of our ongoing commitment to diversity and inclusion, we created two councils to guide us. The internal council consists of 12 employees from across Burberry. The external council consists of half a dozen experts and thought leaders from a variety of different industries.

More than 150 employees applied to be part of the internal council, with members selected through a blind recruitment process. They continue to champion employee voices and hold us accountable for ensuring a culture of belonging.

Our external Cultural Advisory Council convenes three times a year to share insights and provide an outside-in perspective. In addition to these meetings, they advise the organisation throughout the year.



OUR COMMITMENT

OUR AMBITION IS TO CLOSE BURBERRY'S GENDER PAY GAP, SIGNIFICANTLY NARROWING IT BY 2025.

THIS YEAR, WE WILL CONTINUE TO EMBED AND ACTION OUR GLOBAL DIVERSITY AND INCLUSION STRATEGY THAT IS ALIGNED WITH OUR WELLBEING STRATEGY AND SUPPORTED BY LEADERSHIP.

IN ADDITION, OUR PAY AND REWARD STRUCTURES, LEADERSHIP PROGRAMMES AND POLICIES WILL BE DESIGNED TO SUPPORT OUR AMBITION. OUR PLANS ARE OUTLINED BELOW.

1 EXPANDING TRAINING PROGRAMMES FOR EMPLOYEES

Building on the roll-out of unconscious bias training to our line managers, we are now making the training mandatory for all employees this year.

Those at manager level and above will also complete inclusive leadership training.

Alongside these programmes, we are formalising training for line managers to help them better understand how the reward and talent decisions they make impact our gender pay gap.



2 ENACTING POLICY CHANGES

From 1 April 2020, Burberry introduced a new parental leave policy, offering all employees 18 weeks of parental leave at full pay and the opportunity to work a 30-hour week at full pay for a further four weeks on their return.

The policy builds on our existing maternity, paternity, adoption and partner leave commitments and creates a consistent approach for all employees globally who have worked at Burberry for at least 12 months. An equitable policy is crucial to maintaining a pipeline of female talent, supporting returning parents at work as well as enabling fathers and partners to spend more time with a newborn child.

While we recognise the impact part-time working has on our data, Burberry remains committed to continue collaborating with our employees to enable flexible working arrangements and accommodate part-time working across our workforce where possible.

From a reward and pay perspective, we are reviewing our salary management practices to drive consistency at all levels of our organisation.

We will be introducing a holistic global diversity and inclusion policy, which encompasses clear guidelines and stronger accountability measures to ensure we attract and retain a diverse workforce and foster an inclusive culture.

We will monitor the implementation of any changes over the next three years to ensure they are having the positive impact we expect.

This will take time to reflect in our gender pay gap reporting, but we are confident it will contribute to narrowing the gap.



3 OPEN COMMUNICATION BETWEEN THE BOARD & EMPLOYEES

Through our Internal D&I Council and Workforce Advisory Forum, there will be more opportunities for employees to feedback to senior leadership through open dialogue. This will ensure policies are designed with a wide range of perspectives in mind.

4 DIVERSIFYING THE TALENT PIPELINE

In order to bring a true variety of perspectives and backgrounds into our company and industry, we know we must diversify how and where we find promising new talent and future leaders.

We are widening the pool of potential recruits to be more representative of modern society by expanding our international creative arts scholarships and through the Burberry Foundation's in-school arts programme Burberry Inspire.