

Corporate Responsibility is at the heart of Burberry business practices, reinforcing the heritage and authenticity of the brand.

Burberry Ethical Trading Policy

Code of Conduct

The Burberry Ethical Trading Policy includes a detailed Ethical Trading Code of Conduct, which is available in full at <http://burberryplc.com/bbry/storage/ethical-code-of-conduct.pdf> (the “**Code of Conduct**”). This Code of Conduct contains, amongst other requirements, conditions whereby factories producing Burberry goods must ensure: Employment is freely chosen, child labour shall not be used, and no harsh or inhumane treatment will occur.

Foreign Contract Worker Policy

The Burberry Ethical Trading Policy also includes the Burberry Foreign Contract Worker Policy, specifically intended to protect workers who may be potentially vulnerable to the exploitation regrettably existent in certain flows of international contract labour. This Policy refers to international human rights norms and, in particular, factories are required to ensure all workers retain passports, ID Cards, bankcards and similar documents to facilitate their unhindered freedom of movement.

Ethical Trading Conditions applicable to Supplier Approval

The Burberry Ethical Trading Code of Conduct and Burberry Foreign Contract Worker Policy are implemented throughout Burberry’s global supply chain by the Burberry Ethical Trading team, part of the Burberry Corporate Responsibility department.

For all factories in all regions involved in the manufacture of products for or on behalf of Burberry, compliance with the Burberry Ethical Trading Policy, including the Burberry Ethical Trading Code of Conduct and the Burberry Foreign Contract Worker Policy, as well as all other local laws and relevant international standards, is a requirement of doing business with Burberry.

Before Burberry places an order for production in a finished goods factory a social compliance audit (often unannounced) is carried out to assess the factory’s compliance with the above Policies. It is only once the Burberry Ethical Trading Team is satisfied that the factory is committed to these standards for worker rights, that the factory can be approved.

In addition, all factories involved in the production of Burberry goods (including finished goods vendors and any subcontractor production sites used by finished goods vendors, suppliers, or licensees in the manufacture or the process of manufacturing Burberry goods) must give their written commitment to the Burberry Ethical Trading Policy by signing the Burberry Letter of Undertaking before Burberry will approve production.

On-going Compliance

To drive compliance further, a diverse programme of announced and unannounced follow-up audits, continuous improvement programmes, training programmes, and a confidential worker hotline services (in place especially in countries where there is high percentage of migrant workers) is overseen by the Ethical Trading team in respect of all factories involved in the production of Burberry goods.

For suppliers that produce component parts of Burberry goods such as fabric mills, dye houses, sundries and packaging factories, Burberry has commenced a programme of social and environmental audits, through an industry collaboration working group, where independent third parties are accredited to perform such audits

Audits

All audits (whether initial approval audits or on-going compliance audits) are conducted either by externally trained internal team members or by third party independent auditors, including NGO auditors. An integral part of the auditing process includes confidential interviewing of workers (in a manner protecting worker safety), which helps Burberry to understand any potential risks of bonded labour or other forced labour or slavery. By empowering workers and providing mechanisms for them to whistle blow through independent NGO worker hotlines, workers are able to contribute to the dialogue about the risks they face, communicate their priorities, and learn about their rights.

Non-Compliance

Given Burberry's overriding objective to improve worker conditions, where factories involved in the production of Burberry goods do not demonstrate a commitment to the Burberry Ethical Trading Policy and do not show improvements in conditions for workers, the Burberry sourcing teams first reinforce expectations and following this the Burberry Ethical Trading and Sourcing teams drive improvements through considerable engagement with vendors and factories. An Ethical Trading escalation procedure is communicated to the factory through a number of warning emails, visits and meetings and final warning letters. As a last resort Burberry may take the decision to terminate the business relationship, although all practicable steps to ensure worker safety are taken before this is undertaken.

Training

Burberry understands that to embed Ethical Trading practices into its supply chain, an understanding of the relevant issues must be increased throughout the business. In order to incorporate Ethical Trading in daily sourcing decisions, the Ethical Trading team and the Ethical Trading Initiative (of which Burberry is a full member) have delivered training to many of Burberry's sourcing and product development team leaders and teams on Ethical Trading awareness and purchasing practices. The Ethical Trading team also regularly updates senior managers across the business on rights for all workers in Burberry's supply chain, as well as action to be taken toward Burberry's commitment to ensuring these. To support this work on-going research is conducted by the Ethical Trading team so as to understand global trends in labour standards and potential worker vulnerabilities. Burberry also participates in various industry events, workgroups and engagements with NGOs.

California Transparency in Supply Chains Act - Commitment to worker welfare

The California Transparency in Supply Chains Act 2010 (the "**Act**") comes into effect on 1 January 2012 in the state of California. The purpose of the Act is to "*educate consumers on how to purchase goods produced by companies that responsibly manage their supply chains*" and to require companies to disclose the measures they have taken to ensure that their supply chains are free from slavery and human trafficking.