BURBERRY

LONDON ENGLAND

ANNUAL REPORT 2021/22

BY APPOINTMENT TO
HM QUEEN ELIZABETH II
WEATHERPROOFERS
BURBERRY LIMITED LONDON

BY APPOINTMENT TO
HRH THE PRINCE OF WALES
OUTFITTERS
BURBERRY LIMITED LONDON

BURBERRY

LONDON ENGLAND

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A MESSAGE FROM OUR CHAIR

Dear Shareholder,

Much has changed in the past year but I continue to be very proud of our teams around the world as they adapted to multiple external challenges while continuing to progress our brand elevation strategy and, critically, staying true to Burberry's purpose and values. The global context in which Burberry operates has evolved amid the conflict in Ukraine, amplified warnings about the climate crisis and the ongoing impacts of the COVID-19 pandemic. Yet our teams have shown resilience, agility and creativity to drive an acceleration in full-year revenue and record profitability, while continuing to play a positive role in society.

I am particularly proud of the commitment we have shown to do well by doing right by all our stakeholders. In response to the appalling humanitarian crisis in Ukraine, Burberry made financial donations to charities and aid agencies providing food, shelter and essential services to displaced children and families. We are also donating more than 20,000 blankets that we manufactured at our factory in Castleford, UK, with the support of our supply chain partners in Italy.

At the same time, we retained our focus on environmental and social responsibility, substantially meeting our five-year targets and setting new industry-leading climate and nature commitments, encapsulated in our ambition to be Climate Positive by 2040. Meanwhile, through donations, we continued to support the brilliant scientists, researchers and health professionals tackling COVID-19 as its impacts continue to reverberate around the world, including in some of our most important markets.

The year also saw important changes within Burberry. Marco Gobbetti stepped down from his role as Chief Executive Officer in December 2021 and I would like to thank him for launching Burberry's luxury repositioning, setting strong foundations for sustainable growth and for his leadership during the pandemic. The Board and I wish Marco well in his future endeavours.

In March, we were delighted to welcome Jonathan Akeroyd as Burberry's new Chief Executive Officer and Executive Director. With a wealth of experience in building global luxury fashion brands, Jonathan's expertise will be invaluable as we advance the next phase of Burberry's evolution as an iconic and unique British luxury leader.

"OUR TEAMS HAVE SHOWN RESILIENCE, AGILITY AND CREATIVITY TO DRIVE AN ACCELERATION IN FULL-YEAR REVENUE WHILE CONTINUING TO PLAY A POSITIVE ROLE IN SOCIETY."

GERRY MURPHY, CHAIR

FY 2021/22 performance
In terms of our financial performance:

- Revenue was £2.8 billion, up 21% at reported rates and 23% at constant exchange rates (CER)
- Adjusted operating profit was £523 million, up 38% at CER
- Reported operating profit was £543 million, up 4% after adjusting items of £20 million net credit
- Adjusted diluted earnings per share (EPS) was 94.0p, up 49% at CER
- Reported diluted EPS was 97.7p, up 5%

A brand invigorated
During FY 2021/22, we have seen a material improvement in the quality of our sales mix. Full-price comparable store sales grew 30% compared with pre-pandemic levels (FY 2019/20) as we maintained our commitment to focus on full-price sales in our mainline stores and Burberry.com, and tightly managed our outlet business. This growth was supported by continued investment in brand, product quality and customer experience.

Our teams strengthened and personalised their connection with our customers through localised marketing campaigns and brand activations rooted in our unique heritage of exploration and adventure. A standout event was an immersive experience on Jeju Island, South Korea that consisted of a vast mirrored space set in nature and enhanced by Augmented Reality (AR) technology. We also experimented with new and exciting ways for customers to engage with Burberry, including our first foray into digital Non-Fungible Tokens (NFTs), partnering with Mythical Games to create a new character in the Blankos Block Party game.

Our focus on Burberry's key outerwear and leather categories underpinned our performance. Full-price outerwear sales were particularly strong, supported by our dedicated campaign, while new additions to the Lola and TB bag families, including the recent launch of the Frances tote, helped drive full-price leather goods sales. I witnessed first-hand the excitement at our first in-person runway show in two years in March, with our Autumn/Winter 2022 collection celebrating British culture in the heart of London.

As well as delivering exciting new products, we made good progress in elevating our customer's shopping experience, accelerating the rollout of our new store concept. In total, 47 stores were redesigned in FY 2021/22, including flagships in London, Shanghai, Chengdu and, most recently, on Rue Saint-Honoré in Paris. A further 65 stores are planned for FY 2022/23, meaning that by next March, around a quarter of our directly operated stores will conform to our latest design concept.

Driving positive change

While FY 2021/22 was the final year of our latest five-year Responsibility strategy, we remain resolute in our continuing commitment to making a positive difference for our planet, people and communities.

Ahead of COP 26 in Glasgow, we set a new ambition to become Climate Positive by 2040, which will require faster reduction of emissions across our extended supply chain and supporting our business partners in their own carbon reduction journeys. During the year, we also announced a new biodiversity strategy to help protect and restore nature, while expanding support for farming communities and developing regenerative supply chains.

In parallel, we continued our focus on empowering young people. We extended our partnership with international footballer and youth advocate Marcus Rashford MBE to help disadvantaged children in the UK develop their literacy skills. Our support for literacy projects extended beyond the UK as we provided funding for new libraries and books in underserved communities in the USA, Japan and Hong Kong S.A.R., China.

Throughout the year, we continued to prioritise the health and wellbeing of our people. We maintained momentum on our global Diversity and Inclusion strategy, rolling out allyship training across the business. We introduced our first global bereavement policy, menopause support, and a policy for those experiencing domestic violence. On International Women's Day 2022, we also announced our ambition to be the best place to work for women in the industry. We are proud to have been recognised for our efforts, including being recognised in the Bloomberg Gender-Equality Index for a second consecutive year and featuring as a best performer in the inaugural FTSE Women Leaders report.

Looking ahead

While COVID-19 lockdowns in Mainland China and the current macroeconomic outlook create some near-term uncertainty, we continue to target high single-digit revenue growth and meaningful margin accretion in the medium term.

We have strong foundations on which to build and accelerate growth in this next phase. Our strategy is clear and our teams are united by a shared purpose and values. I am confident that Burberry will continue to demonstrate its extraordinary potential under Jonathan's leadership, leveraging our unique British brand to deliver sustainable and responsible growth.

Dividend

Given the strong operating performance for the year to 2 April 2022, the Directors are pleased to recommend a final dividend of 35.4p per ordinary share subject to approval at the Annual General Meeting. This is in line with our Capital Allocation Framework and gives a full year dividend per ordinary share of 47.0p (FY 2020/21: 42.5p) restoring our normal pay-out ratio of around 50%. The Board has also approved a £400m share buyback to be completed in FY 2022/23.

Board changes
On behalf of the Board, I would like to thank Dame Carolyn McCall, who has retired from Burberry, for her exemplary service and wise counsel and wish her well in her future endeavours. Orna NíChionna replaced Carolyn as Senior Independent Director in April 2022. Orna has been an Independent Non-Executive Director since 2018 and is Chair of the Remuneration Committee and a member of the Nomination Committee.

It is my pleasure to welcome Danuta Gray who joined the Board as a Non-Executive Director and member of the Remuneration and Nomination Committees in December 2021. Danuta has extensive UK and international experience of technology driven consumer businesses and her significant UK plc board experience as an Independent Director and Chair will help strengthen our governance in the years ahead.

I would like to thank our Executive Committee and our exceptional teams for their passion and energy over the past year. I am also grateful to my fellow Board members for their unfaltering commitment and counsel and for their flexibility as we worked, mostly virtually, through a very busy agenda. Finally, on behalf of everyone at Burberry, I would like to thank our shareholders for their steadfast and continuing support.

Gerry Murphy
Chair

"OUR STRATEGY IS CLEAR AND WE HAVE STRONG FOUNDATIONS ON WHICH TO BUILD AND ACCELERATE GROWTH IN THIS NEXT PHASE."

GERRY MURPHY, CHAIR

A MESSAGE FROM OUR NEW CEO

Dear Shareholder,
It is a privilege to be writing to you as Burberry's Chief Executive Officer.

Burberry is a unique British brand and business that I have long admired. It has extraordinary history and heritage, iconic products and house codes, and strong culture and values. I am very proud to have the opportunity to lead the Company in the next phase of its development.

Having closely followed Burberry's journey over the past few years, I have been impressed by the progress that has been made. The Company has laid out a clearly defined strategy to elevate the brand, product and customer experience to true luxury status and taken some challenging but important commercial actions to achieve this ambition, including a relentless focus on full-price sales. At the same time, Burberry has continued to be a force for good, leading the industry in luxury's transition to net zero and supporting communities in need.

As Chief Executive Officer, I fully intend to build on these strong foundations as we focus on accelerating growth. The ambition to be a true luxury brand remains absolutely the right strategic positioning for Burberry. It will create the most desire and value for the brand, and ultimately the most sustainable and profitable business. Under my leadership, Burberry will continue to go the extra mile in terms of environmental and social responsibility, guided by our purpose and values.

Since joining in mid-March, my immersion into the business has left me even more excited about the opportunity that lies ahead. The quality and commitment of our people are second to none and we have a strong platform from which to grow faster. I look forward to updating you on my plans to do so at our Interim Results in November.

Jonathan Akeroyd
Chief Executive Officer

"THE AMBITION TO BE A TRUE LUXURY BRAND REMAINS ABSOLUTELY THE RIGHT STRATEGIC POSITIONING FOR BURBERRY."

**JONATHAN AKEROYD,
CHIEF EXECUTIVE OFFICER**

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue by region[1,2,3]

£696m

£813m

£1,276m

Americas **£696m**, +51% at CER
Number of stores: **83**

Europe, Middle East, India and Africa (EMEIA) **£813m**, +32% at CER
Number of stores: **111**

Asia Pacific **£1,276m**, +7% at CER
Number of stores: **224**

Total revenue by channel

Retail/wholesale revenue by destination

Period ending £m	**2 April 2022**	27 March 2021
Retail	**2,273**	1,910
Wholesale	**512**	396
Licensing	**41**	38

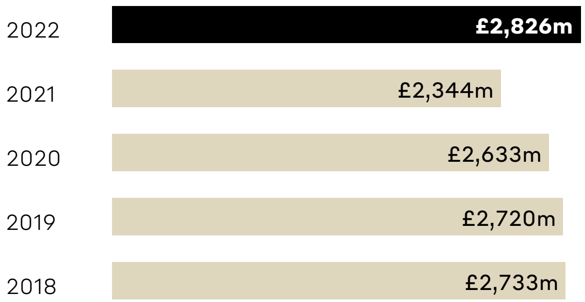
Revenue by product[2]

Retail/wholesale revenue by product division

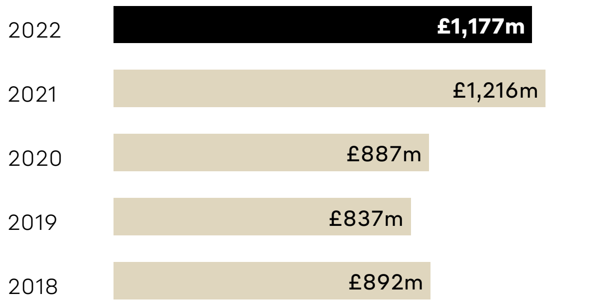
Period ending £m	**2 April 2022**	27 March 2021
Accessories	**1,017**	841
Women's	**784**	653
Men's	**807**	668
Children's, Beauty and other	**177**	144

1. All references to revenue growth on page 2 are presented at Constant Exchange Rates (CER) and exclude the impact of the 53rd week. See page 44 for reconciliation to total revenue.
2. Retail/wholesale revenue.
3. For more detail on performance see Group Financial Highlights on pages 44 to 50.

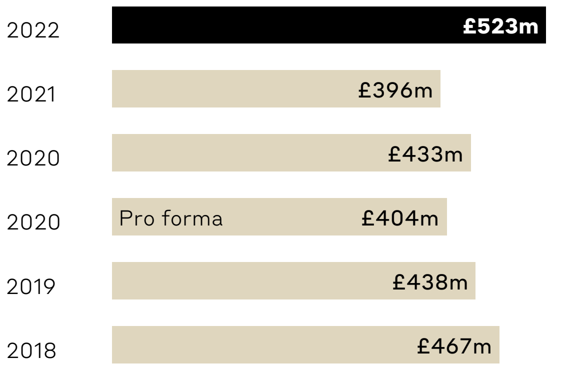
Revenue



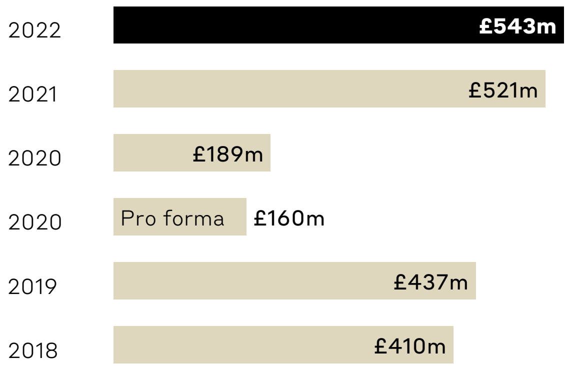
Cash (net of overdrafts)*



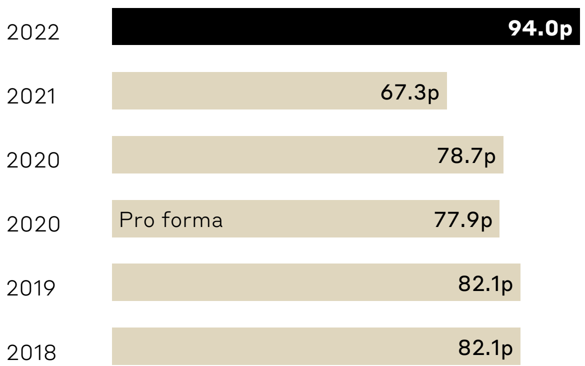
Adjusted operating profit



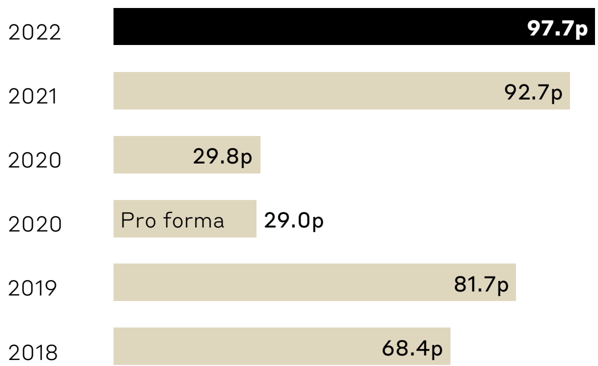
Operating profit



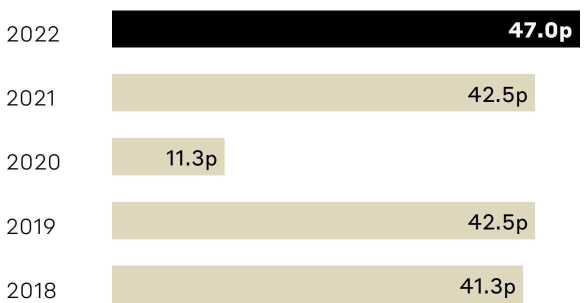
Adjusted diluted EPS



Diluted EPS



Dividend per share



Alternative performance measures, including adjusting measures, are defined on page 49. Pro forma FY 2019/20 results are included to better indicate the impact of adoption of IFRS 16 Leases in FY 2019/20. These pro forma results are estimations of the results for FY 2019/20 if the previous accounting standard for leases, IAS 17 Leases, had been applied.

* The Group also had borrowings at 2 April 2022 of £298m (March 2021: £297m)


A YEAR OF
OPEN(ING)
SPACES

Since being founded in 1856, Burberry has been guided by the core belief that Creativity Opens Spaces. From developing outerwear that allowed daring men and women to surpass the limits of human endeavour to being a luxury pioneer in the digital space, our purpose is to unlock the power of imagination to push boundaries and open new possibilities for our people, our customers and our communities.

ELEVATING CUSTOMER EXPERIENCES

Harnessing creativity, technology and a commitment to excellence, we aim to inspire and delight our customers with beautiful products, innovative experiences and emotive campaigns rooted in our heritage of adventure and exploration.

UNVEILING OUR NEW LUXURY STORE CONCEPT

Authentic, bold, and with creativity at its core, our new global store concept embodies all that is Burberry. With a design that is emblematic of our rich heritage, our stores in the new concept, including our flagships in London, Paris, Shanghai and Chengdu, open spaces for creativity to be showcased and shared.

Read more on pages 31 to 33

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LOCATIONS FEATURE OUR NEW STORE CONCEPT WORLDWIDE

STANDOUT GLOBAL ACTIVATIONS

Our dedicated outerwear campaign brought natural landscapes to shoppers all around the world in the form of a brand film and a series of immersive activations. Our pop-up and pop-in spaces showcased our outerwear silhouettes and explored the blurring lines between nature and technology, and between the indoors and outdoors.

Read more on page 35

OVER

6 MILLION

VIEWS OF OUR #BURBERRYOPENSPACES FILM ON YOUTUBE

WE ENGAGED OUR CUSTOMERS ACROSS MORE CHANNELS THAN EVER BEFORE

FASHION, TECHNOLOGY, ART AND NATURE MERGE ON JEJU ISLAND

Housed in a mirrored sculpture nestled into the natural landscape of Jeju Island in South Korea, a genre-bending pop-up space harnessed art and technology for an immersive brand experience that showcased Burberry's new outerwear collection.

REDEFINING LUXURY PRODUCTS

We pair exceptional craftsmanship with the latest technological innovations to deliver products that are both of the moment and made to last. Constantly evolving and always respectful of our heritage, we champion contrasts and embrace innovation.

GROWING OUR LEATHER GOODS OFFERING

We expanded our leather goods portfolio with exciting new shapes, including the Rhombi and extensions to the Lola family, which created meaningful opportunities to connect with our customers. Through dedicated campaigns and global pop-ups, we built momentum around the category, delighting customers with pieces and experiences that reflect Burberry's aesthetic.

Read more on page 37

70

POP-UP SPACES GLOBALLY AS PART OF THE WORLD OF OLYMPIA CAMPAIGN

EXPLORING NEW TERRAIN WITH OUTERWEAR

From outfitting polar explorers to empowering people to discover new spaces closer to home, Burberry outerwear has given its wearers the freedom to broaden their horizons for 166 years. We continue to push boundaries in terms of performance, comfort and design with our new lightweight gabardine, as well as our exclusive capsule collections, including our Lunar New Year pieces inspired by the Year of the Tiger.

Read more on page 38

>30

IMMERSIVE POP-UPS AND POP-INS CELEBRATING OUR OUTERWEAR COLLECTION

BOTH LEATHER AND OUTERWEAR DELIVERED DOUBLE-DIGIT FULL-PRICE SALES GROWTH

TAKING A LAYERED APPROACH TO OUTERWEAR MESSAGING

With a legacy of technical innovation and distinctive designs, Burberry's outerwear is iconic. We celebrated its storied heritage with our dedicated outerwear campaign which showcased our new, lightweight gabardine, crafted in the UK and expertly woven in a compact twill.

ENHANCING VIRTUAL DISCOVERY

As our customers reshape community spaces and the way in which they interact with brands, we continue to harness digital innovations to forge connections around their passion points, while enhancing the luxury experience.

A LUXURY PIONEER IN THE DIGITAL DOMAIN

We made our first foray into non-fungible tokens (NFTs) with the launch of our in-game NFT collection in partnership with Mythical Games in August 2021. Sporting looks inspired by the Animal Kingdom, our digital shark character excited customers across the world, selling out in 30 seconds. Our collaboration with Mythical Games reflects our longstanding spirit of innovation and creativity as we continue to push boundaries in the spaces that matter most to our customers.

Read more on page 32

All 750

SHARKY B NFTS SOLD OUT IN 30 SECONDS

HARNESSING HIGH-TECH INNOVATIONS TO CREATE HIGH-IMPACT EXPERIENCES

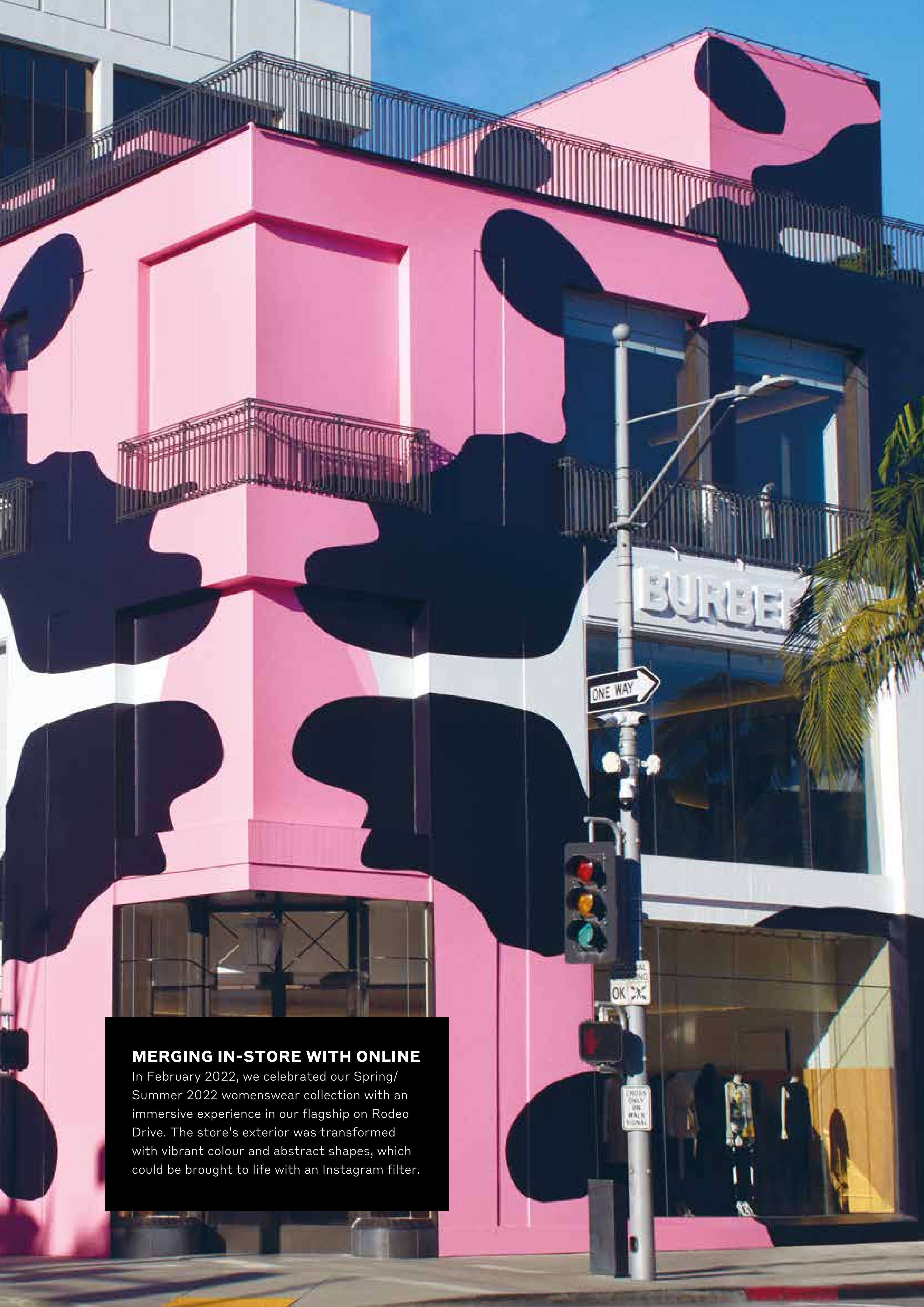
To mark the launch of our Summer Monogram capsule in July 2021, we released an interactive AR brand filter on TikTok, an industry and platform first. We also continued to evolve our social retail concept with a travelling Trench experience, which we brought to customers across Mainland China.

Read more on page 35

4.5 BILLION

VIEWS OF OUR TIKTOK BRAND FILTER

WE ENHANCED OUR CUSTOMERS' EXPERIENCES WITH EMERGING TECHNOLOGY



MERGING IN-STORE WITH ONLINE

In February 2022, we celebrated our Spring/Summer 2022 womenswear collection with an immersive experience in our flagship on Rodeo Drive. The store's exterior was transformed with vibrant colour and abstract shapes, which could be brought to life with an Instagram filter.

POSITIVELY IMPACTING OUR PLANET AND COMMUNITIES

Thomas Burberry supported humanitarian and environmental causes and gave generously to local charities. As an open and caring company with a deep commitment to communities and the environment, we are proud to continue that legacy today.

PROTECTING OUR PLANET

In June 2021, we pledged to become Climate Positive by 2040, building on our efforts to cut our carbon emissions. We are taking action within and across our entire value chain, and we are investing in key initiatives to support wider climate change efforts. In November 2021, we announced our Biodiversity strategy to protect, restore and regenerate nature.

Read more on page 94

100%

OF THE ELECTRICITY WE USE IS FROM RENEWABLE SOURCES

CREATING OPPORTUNITIES FOR OUR COMMUNITIES

Caring for our people and our communities is part of who we are as a company, and we are committed to opening spaces for aspirations to become reality. In November 2021, we announced our support for organisations in the UK, USA, Japan and Hong Kong S.A.R., China, that are helping disadvantaged children develop their literacy skills.

Read more on page 81

>1 MILLION

PEOPLE SUPPORTED BY PROGRAMMES LED BY THE BURBERRY FOUNDATION

WE HAVE SET NEW, INDUSTRY-LEADING CLIMATE AND NATURE COMMITMENTS

SUPPORTING MARCUS RASHFORD MBE'S YOUTH ADVOCACY WORK

Burberry continued to support the work of international footballer and youth advocate Marcus Rashford MBE throughout FY 2021/22. Among the initiatives we supported was the Marcus Rashford Book Club, which was created by Marcus and Macmillan Children's Books with the aim of encouraging a love of reading among children.

CREATIVITY OPENS SPACES

BRINGING OUR PURPOSE AND VALUES TO LIFE

At Burberry, we are guided by the core belief that Creativity Opens Spaces. Our purpose informs the choices we make as a company and shapes our long-term goals.

A reference to Thomas Burberry's Open Spaces manifesto, our purpose draws on our heritage of pushing boundaries and making space for creativity to flourish. For our founder, "open spaces" referred to the tiny pockets of air found within the weave of gabardine, the revolutionary fabric he invented. It was also a nod to the freedom his products gave to the pioneering women and men who wore Burberry clothing, including explorer Sir Ernest Shackleton and aviator Betty Kirby-Green, and the open spaces they explored. Today, upholding that tradition of innovation, Burberry continues to inspire and delight customers by harnessing creativity to deliver extraordinary products of the highest quality and exceptional experiences.

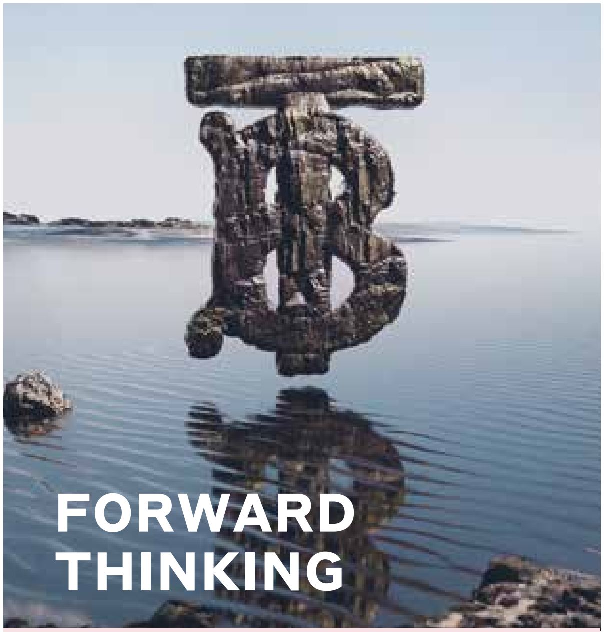
Our purpose is underpinned by our values. Being creatively driven, forward thinking, open and caring, and proud of our heritage are hallmarks of our organisation at its best and have remained core to our brand since the Company was founded in 1856.

Read more about how our values drive our key priorities and business operations on pages 52 to 97

We find beauty in every detail
Put passion and creativity in everything we do
Committed to excellence
Challenging the ordinary to pursue the extraordinary

Harnessing strength in diversity
United to achieve common goals
Responsible, guided by our conscience
Upholding a legacy of respect and inclusivity

Inspired by our past, as we create our future
Globally minded, learning from others
Championing contrasts from royals to rebels
Representing Britain on the global stage



An open space for imagination
Free to explore, push boundaries, pioneer
Unafraid to stand out
Our creativity drives us forward

BUSINESS MODEL

Burberry is a British luxury brand headquartered in London.

RESOURCES

People

Burberry is an open, inclusive and caring employer. We strive to open spaces for our people so they can express their creativity and grow both personally and professionally. We are proud of the diversity of our people and the rich variety of skills and experiences they bring to our brand from the many cultures and backgrounds they represent. Today, our colleagues represent 129 nationalities across 34 countries and territories.

Customers

We create beautiful products, designed to inspire and excite our customers. We aim to understand our customers' needs while also anticipating their future desires. When our customers enjoy our products, engage with our brand online, or interact with our teams in store, we place the highest importance on their experience.

Brand

Burberry is a luxury house and outerwear pioneer with a uniquely British identity and a commitment to quality, innovation and creativity. We are custodians of a brand with a rich history and heritage, built on the principles of our founder, Thomas Burberry. The decisions we take are guided by our purpose and values. We protect Burberry's identity and safeguard its intellectual property (IP) across the world.

Financial

Listed on the London Stock Exchange, Burberry is a member of the FTSE 100 Index. We invest in the business to generate growth, deliver shareholder value and ensure the long-term sustainable future of our Company. We are committed to doing well by doing right by all our stakeholders.

Manufacturing

A commitment to quality and craftsmanship has been a hallmark of our brand since its inception. At our mill in Keighley, we weave gabardine, the fabric invented by Thomas Burberry, and we make our Heritage Trench Coats at our factory in Castleford, both located in Yorkshire. In Scandicci, Italy, our leather goods centre of excellence oversees all aspects of the manufacture of our products, from prototyping to the coordination of production.

Stores

Our customers purchase Burberry products through our network of directly operated and franchised stores, wholesale distributors, and online. Aligned with our brand vision, these spaces seek to offer our customers seamless omnichannel experiences, where they can engage with the Burberry brand at their convenience and always enjoy exemplary customer service.

WHAT WE DO

Design
We design beautiful luxury goods that are made to last. Our teams collaborate from the earliest stages of product development so that our design, strategy, marketing and responsibility functions are aligned and working with common goals in mind. Sustainability and doing the right thing for the environment are always a priority.

Source
We source the finest materials available from our global network of suppliers. We think and act creatively in order to inspire and delight our customers while ensuring sustainability and environmental considerations are prioritised.

Make
We make our products at Burberry-owned sites in the UK and Italy, as well as through a network of global suppliers. We strive to deliver products of the highest quality to our customers and invest in driving improvements throughout our supply chain. We are aware of the impact of our production processes on the environment and actively reduce, reuse and recycle the waste we create while investing in innovative solutions to help us move towards a circular business model.

Sell
We sell Burberry products through our directly operated and franchised stores, as well as via wholesale partners and online. We use the product and distribution expertise of licensing partners for certain product categories, such as eyewear and beauty. To inspire and excite our existing and prospective customers, our creative, marketing and communications teams create distinctive and meaningful content as well as luxury experiences that speak to our brand heritage and purpose.

VALUE ADDED

Customers
We open spaces for our customers to explore the world of Burberry and to discover beautiful luxury products of the highest quality. We invite them to engage with the Burberry community through meaningful online and offline experiences.

People
As an open and caring employer, we endeavour to provide our people with the tools they need to develop professionally and personally so they can enjoy rewarding careers with us. We value and listen to our people's voices and create inclusive workplaces where they can enjoy a sense of belonging and thrive.

Communities
Doing well by doing right has been core to Burberry since the Company was founded by Thomas Burberry in 1856. We help others, give back and contribute to driving positive change. We seek to play a positive role in society, contributing to local economies and supporting the communities around us through direct partnerships and with organisations making a positive impact.

Shareholders
Our shareholders benefit from return on investment and long-term shareholder value. We focus on three pillars to drive long-term value creation: revenue growth, operating margin accretion and capital efficiency.

Environment
We are united by our desire to be a force for good in the world and we are committed to having a positive impact on the environment. We innovate to reduce our environmental impact and encourage our industry to push boundaries to do the same by setting standards and pioneering solutions that will drive real system change.

SUSTAINABLE VALUE

INVESTMENT CASE

Our vision is to be the leading British luxury brand, delivering sustainable, high-quality growth and value for our stakeholders and communities.

STRATEGY

Brand
Having transformed our brand over the past few years, our ambition is to harness our unique brand story to strengthen consumers' love of and connection with Burberry.

We will focus on inspiring and exciting our customers through product-led content, emotive campaigns and brand activations rooted in our heritage and history of adventure and exploration.

We will adopt a highly localised approach in each market, creating unexpected, authentic and culturally relevant experiences for our communities.

Product
Building on the strong product transformation we have executed over the last few years, our vision is to further elevate our offering, leveraging our house codes.

Outerwear: continue to build on our legacy of innovation, further developing silhouettes and fabric diversification.

Leather goods: reinforce our pillars while delivering newness in our offering and strengthening our menswear offer.

Ready-to-wear: reinforce our progress in womenswear by focusing on luxury essentials, and strengthen our position in menswear by redefining modern tailoring.

Shoes: maintain growth and innovation in sneakers, a key category for customer acquisition, while broadening the category to cover all occasions, for both men and women.

Customer experience
We continue to invest in delivering an elevated customer experience by strengthening our full-price channels.

In mainline, we continue to roll out our new store concept across our network, accelerating our plans for flagship stores.

We are driving a step change in retail productivity, focusing on high Average Unit Retail (AUR) categories, particularly outerwear and leather goods.

We are further integrating digital and physical journeys by expanding our omnichannel capabilities, enabling more services from our stores.

ENABLERS

Agile supply chain

World-class talent

Operational efficiency

Environmental, Social and Governance (ESG)
We are committed to doing well by doing right by all our stakeholders. We fuel creativity by championing diversity, equity and inclusion, and by supporting our colleagues' wellbeing. We empower young people with the skills, confidence and opportunities to succeed. We are creating a more sustainable future for luxury by further reducing our environmental impacts and helping to transform our industry. Read more about our Responsibility strategy on pages 52 to 97, our TCFD disclosures on 130 to 143 and visit Burberryplc.com for more information.

Our framework for long-term value creation centres around three pillars: revenue growth, adjusted operating profit margin accretion and capital efficiency.

Revenue growth

Burberry operates in the luxury goods sector, where industry growth tends to deliver ahead of overall annual global Gross Domestic Product (GDP) growth. Our ambition, in the medium term, is to deliver high single-digit top-line growth (from FY 2019/20 base at constant currency).

We drive revenue growth through five key levers:

1. Build brand advocacy and community
2. Focus on core product categories
3. Drive store performance
4. Supercharge digital sales
5. Focus on full-price sales

Adjusted operating profit margin accretion

Our ambition is to deliver meaningful adjusted operating profit margin improvements in the medium term.

We drive profit through five key levers:

1. Full-price penetration
2. Digital and omnichannel
3. Gross margin
4. Sales density
5. Cost management

Capital efficiency

Burberry has a capital allocation framework, which prioritises the use of cash while maintaining an appropriate capital structure for the business. This is set out in further detail on page 51. Our uses of cash are summarised below.

Reinvest
Reinvest for organic growth.

Dividend
Pay a progressive dividend.

Inorganic strategic investment
Invest in strategic initiatives.

Capital returned
Return excess cash to shareholders based on target leverage ratio underpinned by maintaining a solid investment grade credit rating.

LUXURY MARKET ENVIRONMENT

The luxury sector

In 2021, the personal luxury market experienced a V-shaped rebound (+4% versus 2019 compared to -23% in 2020), reaching a total market size of €283 billion, while profits also returned to 2019 levels.

Overall, the recovery was uneven across geographies. Mainland China continued its strong growth trajectory, doubling in size versus 2019, despite a resurgence of COVID-19 in the fourth quarter. Growth in the Americas outperformed expectations, while Europe and the majority of countries in other parts of Asia recovered from the pandemic. Lockdowns in China and the conflict in Ukraine create some near-term uncertainty. However, the luxury market is expected to remain resilient in a challenging macroeconomic environment.

Luxury geographies

Asia

Mainland China grew by +97% in 2021 versus 2019 (+45% in 2020). This growth was supported in part by an increasingly affluent middle class, strong performances across all categories and generations, as well as price increases and a repatriation of spend due to travel restrictions. In the rest of Asia, overall sales declined by 25% versus 2019, albeit with some divergence in performance across regions. South Korea returned to 2019 levels with repatriation compensating for a lack of tourism. In Japan, sales declined by 17% versus 2019, with local consumption affected by slow vaccine adoption.

Americas

In the Americas, the personal luxury goods market showed a strong rebound at +13% in 2021 versus 2019 (compared to -27% in 2020), driven by high consumer confidence and improved macro-indicators. Luxury demand polarised between entry-price and high-price items, with a strong market share shift towards European brands. Regionally, the luxury map expanded to new emerging cities, particularly in the Midwest and southern states of the USA as well as suburban areas, while demand in larger luxury hubs, such as New York and Los Angeles, rebounded strongly.

Europe and Middle East

In 2021, Europe's luxury market remained in decline, decreasing -20% versus 2019. While local consumption grew +15-20%, the region was unable to offset a lack of tourism. Among key markets, the UK was most affected. Conversely, the Middle East rebounded due to a repatriation of luxury spend.

Product

Leather goods

Leather goods remained a key growth driver in 2021, increasing by 8% versus 2019. This was a significant rebound on 2020, which had tracked -18% against 2019. Growth was fuelled by iconic and new hero products, which were particularly popular with younger consumers.

Apparel

The apparel category decreased by 10% in 2021 versus 2019, though sales were up on 2020, which had suffered a decline of 30% versus 2019. Womenswear grew faster than menswear, driven by an acceleration in occasion wear, while growth in comfort wear normalised.

Shoes

The footwear market grew by 11% versus 2019, compared to -12% in 2020, with strong performances registered across most geographies. Casual styles, particularly sneakers, continued to outperform formal shoes, particularly in menswear.

Channels

Stores

Retail channels returned to growth as lockdowns eased and customers returned to stores. Growth was driven by mainline stores, delivering above-market growth (+6% versus 2019), and returning to 2019 levels in terms of market share. Other offline channels continued to decline: outlet contracted at 5% versus 2019, and travel retail was still affected by reduced travel flows, registering -61% versus 2019.

Digital
Online channels grew by 89% in 2021, reaching a market share of 22%, almost double that of 2019 (12%). Growth was driven by accelerated adoption of online channels across all age groups, and was particularly strong on brand websites, representing 40% of the online personal luxury goods market. Key product categories online in 2021 were leather goods and sneakers.

Wholesale
With digital remaining the key growth driver in 2021 and direct-to-consumer channels becoming increasingly relevant, wholesale continued to lose market share reaching 45-50% of purchases (versus 60% in 2019). Within wholesale channels, department stores declined -16% versus 2019, whereas speciality stores declined -19% compared to 2019.

Key themes

Despite ongoing uncertainty in the macro environment, the fundamentals of the luxury market remain largely unchanged. Consumers continue to value iconic products, with a strong focus on quality. Physical stores continue to play a very important role in the customer journey and luxury players are investing heavily in their retail networks, as well as in ways to connect the physical and digital experience.

The COVID-19 pandemic has accelerated changes within the market, particularly in four key areas: local and young luxury consumers, brand authenticity, digital, and sustainability.

Local and young luxury consumers
As a result of travel restrictions linked to the pandemic, local consumers were the driving force behind the luxury market's rebound. As the tourist market declined by 80-90% in 2021 versus 2019, local consumption grew by 50-60% in the same time period. Across geographies, new luxury locations emerged, widening the luxury map: the top 10 cities accounted for 25-30% of total luxury market sales in 2021, while in 2019 that figure was 35%. Travel flows, particularly internationally, are expected to resume more slowly in 2022 than previously estimated and are forecast to reach pre-COVID-19 levels by 2024. Luxury brands are focusing on engaging consumers with locally and culturally relevant marketing and products.

The generational shift in luxury towards younger consumers has accelerated through the pandemic. Millennials and Gen Z comprised 63% of the market in 2021 (versus 44% in 2019) and it is estimated they will exceed 70% by 2025.

Brand authenticity
Now more than ever, consumers, particularly the new, younger generations, are placing greater importance on brand authenticity. Consumers expect brands to have a clear purpose, and to communicate with them in a meaningful and authentic way. In response to this, brands are increasing their focus on storytelling to establish and deepen their connection with consumers, while increasing their investment so that they stand out from the crowd.

Digital
COVID-19 has had a lasting impact on shopping habits, accelerating the adoption of digital among consumers, increasing the development of omnichannel services and formats, and enhancing the role of digital as an inspiration channel.

Share of sales through online channels almost doubled from 2019 to 2021 (from 12% to 22%, respectively). This is expected to continue to accelerate in the medium term to reach 30% by 2025, making digital the strongest growth channel in luxury. Through the COVID-19 crisis, brands have developed new shopping formats, extending to social and livestream shopping, which have generated good traction with consumers (particularly in Mainland China and the USA). They have also expanded their omnichannel offerings, cementing consumer expectations with respect to cross-channel experiences when purchasing luxury. Digital has also further confirmed its role as a key inspiration point and luxury players have accelerated their focus on digital-first video-led content to deliver a continuous stream of newness across their online communities.

Sustainability
Consumers, particularly younger generations, expect brands to have a clear and comprehensive agenda with respect to sustainability and social responsibility, from carbon reduction, to raw material sourcing and traceability, to fair labour practices, diversity and inclusion. Sustainability in particular is increasingly influencing their purchasing decisions as a higher share of consumers indicate they would be willing to pay a premium for sustainable products (57% in 2021 versus 42% in 2019[3]).

Overall, the COVID-19 pandemic has accelerated the pace at which luxury players operate and deliver on new initiatives. Successful brands adapted quickly to the environment, identifying opportunities and reacting to evolving consumer preferences, while developing new capabilities to connect with consumers. Looking ahead, agility will remain a key success factor for luxury brands to respond effectively to changing consumer preferences and a volatile macro environment.

1. Bain Altagamma Luxury Goods Worldwide Market Study Fall 2021.
2. McKinsey COVID-19 Global air traffic demand scenarios (June 2021).
3. Morgan Stanley ESG conference (February 2021), C2P Compliance Knowledge Management Platform, McKinsey.

STRATEGIC PROGRESS

In 2017, we set out a strategy for transformation and growth to elevate Burberry to a true luxury positioning. Since then, we have revitalised our brand, strengthened our product offer and elevated our customer experience. Building on these strong foundations, our goal is to accelerate our performance and leverage our unique brand equity to deliver sustainable, high-quality growth, while continuing our efforts to be a better company.

In FY 2021/22, despite a challenging macroeconomic environment, we continued to strengthen our brand, product and customer experience, while focusing on accelerating full-price performance by exiting markdowns in our mainline stores and our Burberry.com digital platform.

As a result, we have seen strong growth in full-price sales, with double-digit growth in comparable store sales compared to FY 2020/21. We strengthened our position with new and local clients and increased the share of our revenues from high-spending customers.

During the year, we harnessed our creativity to drive growth across our two core product categories, outerwear and leather goods, while maintaining our focus on strong, localised marketing campaigns to excite our customers.

At the same time, we continued to elevate how our customers experience our brand and product with the global rollout of our new store concept.

Our actions were underpinned by financial discipline and the resilience and agility of our teams.

OUR JOURNEY

FY 2018/19- FY 2020/21 **Build foundations**	FY 2020/21-FY 2021/22 COVID-19 **Strengthen foundations**	FY 2022/23 AND BEYOND **Growth acceleration**
• Repositioned to luxury • Transformed product offer • Reset distribution to luxury • Stable revenue and profit	• Orientated the business to full-price sales • AUR increased • Gross margin improvement • Operating efficiency and margin	• Continue to strengthen the brand • Accelerate revenue growth • Meaningful margin accretion • Deliver positive change with sustainability at our core

Our strategic pillars

BRAND

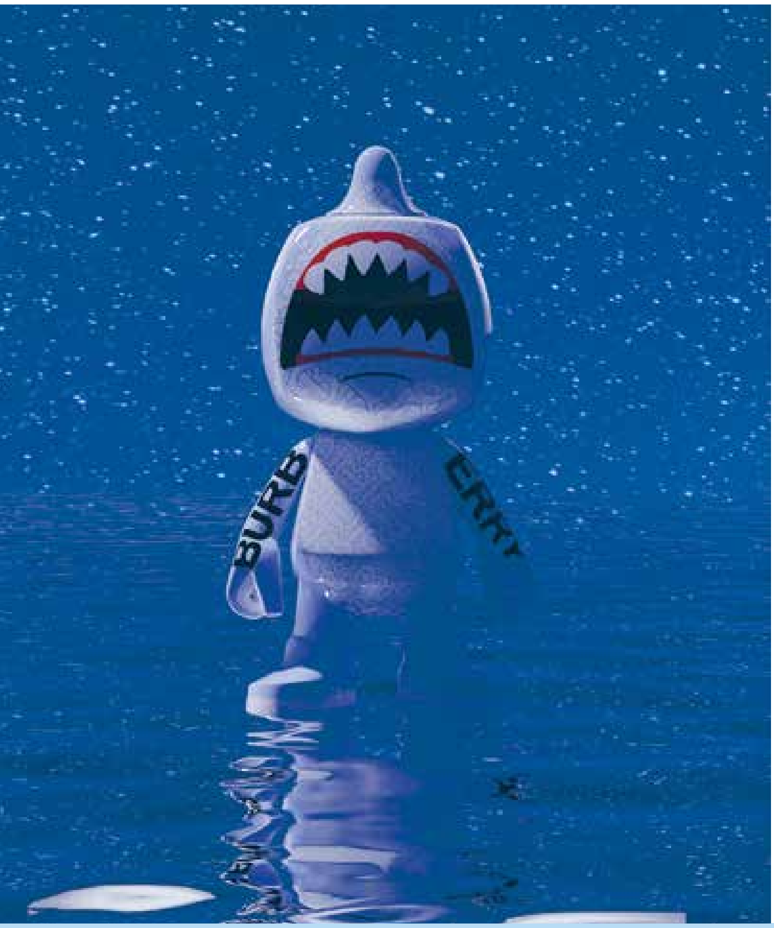
PRODUCT

CUSTOMER EXPERIENCE

Brand

Our programme of brand activities generated strong reach and engagement globally. We excited our customers in unexpected and innovative ways, connecting with them through authentic and meaningful storytelling, anchored in our heritage and purpose. We transformed how we introduced our new collections, with separate womenswear and menswear shows presented digitally. In March 2022, we combined the two for our Autumn/Winter 2022 collection in an event that marked the first live runway show for Burberry in two years. Presented in the heart of London, the show was a celebration of British culture and identity.

In 2021, we dedicated two major brand moments to our focus categories: leather goods and outerwear. In May 2021, we launched a campaign centred around the Olympia handbag, which received an excellent response from both our customers and press. In October 2021, we launched a dedicated outerwear campaign, celebrating our iconic product with an inspirational brand film unlocking the themes of freedom and exploration. We also launched activations across physical and digital channels to accompany the campaign, with large-scale immersive brand activations, including at Plaza 66, Shanghai, and on Jeju Island, South Korea. Throughout the year, we excited our customers with a drumbeat of local activity, including Chinese Valentine's Day and Lunar New Year animations, and dedicated local events to celebrate our Summer Monogram capsule. We continued to drive brand heat through our partnerships and collaborations. In March, we collaborated with American streetwear brand, Supreme, to launch an exclusive capsule collection, which sold out on Burberry.com within seconds.



Product

We made significant progress in developing and enhancing our product. Our new collections resonated strongly with customers, supporting strong full-price growth and AUR.

In leather goods, we continued to boost our performance by strengthening our women's handbag pillars. We delivered a programme of 70+ pop-ups for the Olympia bag and expanded the Lola family with crossbody, tote and small leather goods versions as part of our winter collection. We also introduced a new shape, the Frances tote, extending the TB family. In outerwear, we reimagined our house codes in modern shapes, with a dedicated edit showcasing our DK fabric, a new lightweight gabardine featuring special quilting techniques, cashmere linings, and leather details.

Both leather and outerwear delivered double-digit full-price sales growth compared with pre-pandemic levels, having resonated particularly well with new customers. Ready-to-wear had a good year, with knitwear the key driver of performance. Our new Birch Brown Check products in particular resonated with our customers in this category.

GIVING GAMING A LUXURY SPIN

As our customers continue to reshape the ways in which they interact with brands, we are harnessing digital innovations to forge lasting connections and enhance the luxury experience. Gaming is one of a number of unique spaces where we can trial and assess innovations that embody our values, while also offering an opportunity to share an open creative space with our communities.

In August 2021, we partnered with Mythical Games to create our first in-game non-fungible token (NFT) collection for online multi-player game, Blankos Block Party.

Inspired by our Animal Kingdom house code, Burberry's limited-edition Blanko character, a digital shark named Sharky B, sported looks featuring our TB Summer Monogram, as well as an array of branded in-game NFT accessories, including a jetpack, armbands and pool shoes, which were available to purchase.

The NFT character was the first digital item to be released as part of Burberry's B Series, limited-edition product drops available on Burberry's channels, which combine moments of inspiration and discovery. All 750 Sharky B NFT characters sold out in just 30 seconds, while the character's digital jetpacks sold out in under two minutes.

Burberry's collaboration with Mythical Games reflects our longstanding spirit of innovation and creativity, pushing boundaries to inspire and delight customers while bringing our communities closer to our brand in a celebration of art, design and exploration.

Completing our global offer, we launched several capsule collections to celebrate local calendar moments and seasonal animations, including for Chinese Valentine's Day and Lunar New Year, as well as our Summer Monogram collection. In March 2022, we also launched our first astronomy-inspired capsule collection dedicated to the Middle Eastern consumer focusing on womenswear, childrenswear and accessories.

Customer experience

During the year, we continued to elevate the customer experience, both in store and on digital channels. In April 2021, we started the rollout of our new store concept. By the end of our financial year, we had redesigned 47 stores, including four flagships in London's Sloane Street, Shanghai's Plaza 66, Chengdu IFS and Paris's Rue Saint-Honoré. The new store concept is transforming how our customers experience our brand and our product, while supporting revenue growth and attracting higher-spending clientele. We continued to excite customers with inspiring pop-ups linked to both our Olympia bag and outerwear campaign.

Digital full-price sales increased by high double digits compared with pre-pandemic levels. We are seeing strong engagement globally with customers buying online as an outcome of enhancements we have made to the online purchase journey, including greater personalisation and enhanced product discovery. We are also seeing strong take-up among our customers of omnichannel solutions, including booking store appointments, which we expanded across more stores and countries during FY 2021/22. We created an immersive travelling Trench experience inspired by the Trench Room in our social retail store in Shenzhen and brought it to stores across Mainland China where it generated strong engagement, traffic and sales. We also launched an AR brand filter on Instagram, as well as a Burberry branded filter on TikTok.

Enablers

Our performance was underpinned by continued cost and cash discipline, enabling us to invest in consumer-facing initiatives, while optimising our internal processes. Finally, we continued to place a strong focus on our People and Responsibility agendas, making significant progress on our commitments. Read more about environmental and social responsibility on pages 52 to 97.


BURBERRY
BURBERRY

RETAIL REFRESH
Our flagships in London, Shanghai, Chengdu and Paris speak to Burberry's heritage and forward-thinking approach to design.

NEW STORE CONCEPT

ELEVATING THE STORE EXPERIENCE

Authentic, bold, elevated and with creativity at its core, our new global store concept embodies all that is Burberry. In the past year, 47 stores were opened or transformed with the refreshed aesthetic, offering a welcoming space where fashion, art, culture and design intersect.

After transforming our product offering and resetting our approach to distribution, during FY 2021/22 we enhanced the in-store experience with a new retail concept that opens space for creativity to thrive and luxury retail moments to be enjoyed. By doing so, we offer our customers opportunities to connect with Burberry in meaningful ways. In July 2021, we opened our first space to feature our new store design, our No. 1 Sloane Street flagship in the heart of London's Knightsbridge neighbourhood. Designed in collaboration with architect Vincenzo De Cotiis, the space is a twist on classicism, juxtaposing brutalist elements with luxurious materials to create a dynamic modern space. Nods to our heritage and a sense of history blend seamlessly with contemporary sensibilities and our house codes, including the Burberry Check. Our signature Trench Coat is also celebrated in a dedicated area.

In November 2021, we opened our second flagship to feature the new global design concept at Plaza 66 in the dynamic and cosmopolitan city of Shanghai. Beige, black, white and red, the core colours of the Burberry Check, are explored and developed throughout the store, while the iconic pattern itself is reinterpreted in the ceilings' mirrored zones, which reflect tiled chequerboard floors and create a sense of openness.

In March 2022, we welcomed customers back to our newly-designed flagship store in Chengdu International Finance Square (IFS). A place where tradition and modernity blend seamlessly, the flagship sees our iconic house codes stylistically reinterpreted and explored in a unique and bold setting, which brings our brand vision to life.

In March 2022, we also opened a flagship store on Rue Saint-Honoré in the heart of Paris's luxury design district. The opening builds on Burberry's strong bonds with the French capital, which is where Thomas Burberry opened his first international store in 1909. Now, over 100 years later, the flagship offers an opportunity to fully experience our brand in a unique space that connects our past, present and future. To mark the opening, we staged a citywide takeover in the new Birch Brown Check, with projections on a series of Paris landmarks and Check-adorned London taxis, which offered customers tours of Paris.

We plan to redesign a further 65 stores in FY 2022/23, meaning around a quarter of our directly operated stores will carry the new concept by the end of the fiscal year.

STRATEGY OUTLOOK

Having delivered a strong performance over FY 2021/22, we maintain our strategic direction and aspirations for our brand. Looking ahead, we will focus on opportunities to reinforce our luxury positioning and deliver on our growth acceleration targets.

Communications

More than ever, luxury consumers are inspired by brands' authenticity, cultural relevance and creativity. Our ambition is to harness our brand story to strengthen our customers' love for and connection with our brand. Leveraging the creativity that underpins our purpose, we will focus on inspiring our customers through product-led content and creative communication, amplifying our messages through our brand communities.

Product

Having successfully transformed our product over the last few years, our vision is to continue elevating our offering while leveraging our house codes. Within outerwear, we will continue to build on our legacy of innovation, further developing silhouettes and exploring new fabrics. We will continue our leather goods evolution, reinforcing our portfolio and delivering newness, while also continuing to strengthen our offering for men. In ready-to-wear, luxury essentials will be our focus for womenswear, while we will look to redefine modern tailoring to strengthen our position in menswear. Building on our momentum with shoes, a key category for customer acquisition, we will maintain growth and innovation in sneakers, while broadening the category to cover all occasions, for both men and women.

Customer experience

We will continue to invest in delivering an elevated customer experience by strengthening our full-price channels with a focus on high-AUR categories, particularly outerwear and leather goods. In mainline, we will continue to roll out our new store concept across our network. We will continue to merge physical and digital retail journeys by expanding our omnichannel capabilities and enabling access to more services from our stores. Leveraging the significant market growth opportunity for digital, we will step change the experience across both our website and mobile app. Building on our innovation credentials and the success of our first social retail store in Shenzhen, we will continue to evolve our social retail concept, integrating successful elements into our new store design and local activations, and develop new innovative digitally powered experiences to excite our customers around the world.

Enablers

Execution of these plans will be underpinned by operational and people enablers:

- An agile supply chain that delivers exceptional quality at speed
- An effective organisation that attracts and retains a diverse world-class team while fostering true allyship
- Continued focus on operational efficiency and flexibility

We believe that by fostering the creativity that has driven our brand since its inception, we will continue to deliver sustainable high-quality growth and value for our stakeholders and communities in three ways:

- Revenue acceleration, with high single-digit growth in the medium term
- Meaningful margin expansion
- Positive change for our people, our communities and the environment

ACCELERATING GROWTH IN LEATHER GOODS

In recent years, we have transformed the architecture of our women's leather goods business by focusing on key shapes and families designed to appeal to a variety of customer preferences. We are taking a similar approach to our men's leather goods offer and are currently establishing a portfolio of pieces that reflect the Burberry aesthetic, excite our customers and respond to their needs.

New additions to our leather goods portfolio provide opportunities to connect with our customers and build excitement around the category. In FY 2021/22, we extended the Lola range with the introduction of the crossbody, tote and small leather goods versions as part of our winter collection. We revisited the silhouette in a range of materials, including Italian-tanned leather, cotton canvas and raffia.

To celebrate Lunar New Year 2022 and the advent of the Year of the Tiger, we also launched an exclusive capsule collection, which featured our Lola bag in an orange hue with a tiger stripe.

We entered FY 2022/23 with a campaign dedicated to the Lola range starring Jourdan Dunn, Bella Hadid, Lourdes Leon and Ella Richards. To accompany the campaign, we launched the World of Lola pop-ups, a series of global activations offering customers from London to New Delhi a chance to discover the Lola bag in its various sizes, styles and colourways.

As we look to the future, we will continue to pair innovative design with exceptional craftsmanship to create leather goods that are both of the moment and made to last.

HERITAGE MEETS HIGH-TECH

Burberry has been an outerwear pioneer since Thomas Burberry's invention of gabardine in 1879. We continue that legacy of innovation today.

PUSHING BOUNDARIES WITH OUTERWEAR

From outfitting polar explorers to empowering people to discover new spaces closer to home, Burberry outerwear has given its wearers the freedom to broaden their horizons for 166 years. Drawing on our heritage of innovation, we continue to focus on creating the iconic outerwear of tomorrow.

The Heritage Trench Coat, a Burberry icon since Thomas Burberry's invention of gabardine in 1879, underwent a significant transformation as part of our Spring/Summer 2022 womenswear presentation.

Deconstructed and rebuilt using gabardine and textural linen cotton, we riffed on the iconic silhouette to create a striking new take on outerwear. The collection reflected the spirit of the moment while also highlighting the timeless quality and adaptability of our original Trench Coat.

In October 2021, we launched a dedicated outerwear campaign with a brand film and a series of immersive activations across our physical and digital channels. The film explored the themes of freedom and adventure set among the natural beauty of the British countryside.

Around the globe, we showcased our outerwear silhouettes with a series of pop-up and pop-in spaces that blurred the lines between nature and technology, and between indoors and outdoors. Bringing natural landscapes to shoppers around the world, the spaces offered visitors opportunities to unlock additional branded experiences online by scanning in-store QR codes.

We unveiled a first-of-its-kind activation on Jeju Island, South Korea, in November 2021. Visitors to the ephemeral Burberry space were able to engage with our outerwear pieces from within a futuristic, mirrored sculpture, its shape and reflective surfaces seamlessly merging with the foot of the majestic Halla mountain. The immersive experience also featured AR technology powered by TikTok which drove strong engagement with our customers.

Thomas Burberry's spirit of innovation lives on in our continued efforts to push the limits of outerwear, both in terms of performance and comfort. We took DK Fabric, a lightweight gabardine, and adapted it to casual styles across womenswear and menswear, using special quilting techniques, cashmere linings and leather details.

We engineered our quilted designs with thermoregulation technology to accelerate evaporation and breathability, allowing wearers to explore the outdoors with ease and comfort.


BURBERRY

KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) help management measure progress against our strategy.

Non-financial measures

We have developed non-financial measures to assess our performance against our ongoing employee objectives and 2022 Responsibility targets, with progress regularly monitored by our Board. For further details on ESG activities and progress against 2022 targets, see pages 60 to 83. The Group has considered the non-financial reporting requirements under sections 414CA and 414CB of the Companies Act 2006 and has included details in the Annual Report.

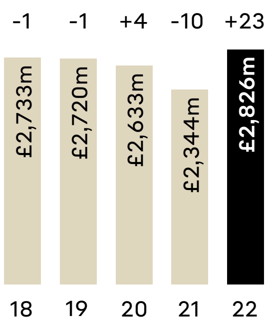
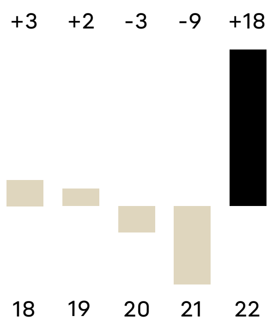
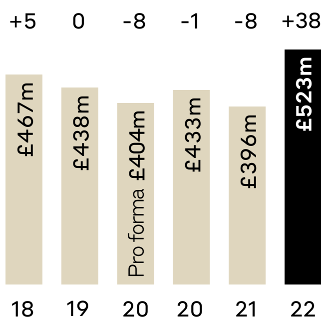
Objective	Measure	Performance
Employees		
Create an environment where all our colleagues are actively engaged in delivering outstanding results for the business	Employee engagement score as measured by our Glint survey	FY 2021/22 performance: average employee engagement score of 74.5 points[1]
Ensure our policies, processes, practices and resources promote equal gender representation in our leadership population	Number of women globally in Director and above roles, divided by the total number of Director and above roles	FY 2021/22 performance: women account for 53% of the leadership population
Responsibility		
Product		
Drive positive change through 100% of our products by increasing demand for more sustainable raw materials and supporting our supply chain partners in going beyond social and environmental compliance to improve resource efficiency and worker wellbeing	% of products with more than one positive attribute[2]	FY 2021/22 performance: 99%^ of product with more than one positive attribute
Company		
Become carbon neutral in our own operational energy use by 2022 and meet our approved Science Based Targets: • Reduce absolute scope 1 and 2 Greenhouse Gas (GHG) emissions by 95% by end of calendar year 2022 from a FY 2016/17 base year • Reduce absolute scope 3 GHG emissions by 46% by 2030 from a FY 2018/19 base year	Absolute market-based CO_2 emissions	Carbon neutral in our own operational energy use: 100% reduction compared to FY 2016/17 To date, in line with our Science Based Targets, we have reduced our total scope 1 and 2 emissions by 93% compared to FY 2016/17 Reductions in scope 3 GHG emissions will be reported in 2022 on Burberryplc.com
Communities		
Positively impact 1 million people by supporting programmes led by The Burberry Foundation. 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	Number of people positively impacted[3]	FY 2021/22 performance: 1,247,780^ people positively impacted over the course of the five-year Communities strategy

Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over selected company, product and community information for FY 2021/22. Information subject to assurance is denoted with a ^ on pages 41 and 52 to 95. PwC's assurance report and Burberry's basis of reporting for assured data are available on burberryplc.com/en/responsibility/approach-to-responsibility.html.

1. Employee engagement average score as measured by Glint employee engagement survey undertaken in September 2021 and February 2022. Engagement index based on completed survey responses only.
2. Positive product attributes: we have defined key positive attributes relating to a range of social and environmental programmes, which drive improvements in the raw material and manufacturing stages of our supply chain.
3. Positively impact people: we support The Burberry Foundation and its partners in addressing key community needs within our industry's footprint (see pages 72 to 83). This is giving rise to different impacts, depending on geographies and community needs. Impacts are assessed and reported at regular intervals over the course of five years.

Financial measures

We believe it is vital to ensure alignment between our strategic focus and the long-term interests of shareholders. To that end, elements of executive remuneration are linked to the delivery of revenue, adjusted operating profit and adjusted Group return on invested capital, as well as strategic objectives. Further information about our Directors' Remuneration can be found on pages 186 to 213.

	Revenue growth*	**Comparable sales growth***	**Adjusted operating profit growth***
KPI	This measures the appeal of the Burberry brand to customers through all of our sales channels. Financial ambition over time: high single-digit top-line growth.*	This measures the growth in productivity of existing stores. It is calculated as the annual percentage increase in sales from retail stores that have been open for more than 12 months. It is adjusted for permanent closures and refurbishments, and includes all digital revenue. Financial ambition over time: high single-digit top-line growth.*	This measure tracks our ongoing operating profitability and reflects the combination of revenue growth and cost management. Financial ambition over time: adjusted operating profit growth ahead of revenue growth.*
Measure	CER growth % 	CER growth % 	CER growth % 
Performance	FY 2021/22 revenue increased by 23% at CER.	FY 2021/22 comparable sales increased by 18% in the year as a result of the improvement in the quality of our sales mix in the current year and the impact of COVID-19 on trading in the prior year.	Adjusted operating profit in FY 2021/22 increased by 38% at CER. This was as a result of the growth in revenue, improvement in gross margin and the leverage from controlling adjusted operating cost growth as a result of strong cost management and delivery of restructuring programmes.

* At CER and adjusted for the 53rd week

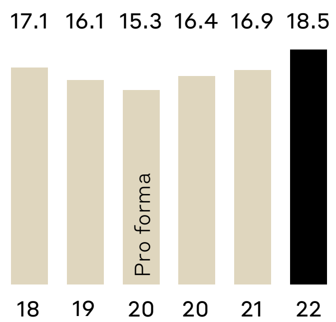
Details of alternative performance measures are shown on pages 49 and 50. Pro forma is an estimation of the FY 2019/20 results when applying the previous accounting standard, IAS 17: Leases, consistent with FY 2018/19. The calculation of Adjusted Group ROIC is set out on page 297.

Adjusted operating profit margin

This measures how we drive operational leverage and disciplined cost control, with thoughtful investment for future growth building the long-term value of the brand.

Financial ambition over time: meaningful adjusted operating margin expansion.*

%



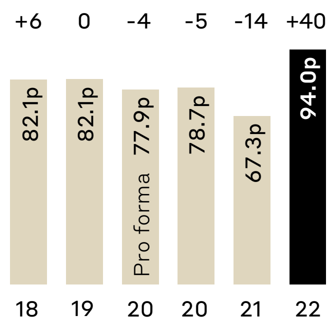
Adjusted operating profit margin improved by 160bps as a result of the improved gross margin and the leverage from revenue growth in excess of operating cost growth.

Adjusted diluted EPS growth

Growth in adjusted diluted EPS reflects the increase in profitability of the business, improvement in the tax rate and share repurchase accretion.

Financial ambition over time: adjusted EPS growth ahead of revenue growth.*

Reported growth %



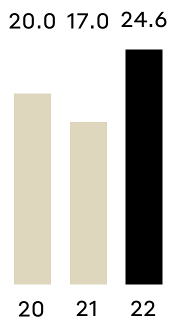
Adjusted diluted EPS increased by 40% year on year primarily due to the improvement in adjusted operating profit.

Adjusted Group ROIC

Adjusted Group ROIC measures the efficient use of capital on investments. It is calculated as the post-tax adjusted Group operating profit divided by average adjusted operating assets over the period.

Financial ambition over time: ROIC significantly ahead of Weighted Average Cost of Capital (WACC).

%



Adjusted Group ROIC increased to 24.6% in FY 2021/22, mainly due to the increase in adjusted operating profit. Average operating assets decreased by 5%.

GROUP FINANCIAL HIGHLIGHTS

FY 2021/22 is a 53-week year. The comparative period is 52 weeks to 27 March 2021. To aid understanding, we are providing CER percentage changes on a 52-week basis while absolute figures will be on a reported basis including the 53rd week unless otherwise stated. FY 2022/23 will be a 52-week year.

Revenue
- Revenue £2,826 million +23% CER, +21% reported
- Retail comparable store sales +18% (H1: +37%; H2: +7%)
- Retail full-price comparable store sales +24% (H1: +49%; H2: 10%)

Adjusted profit
- Adjusted operating profit £523 million, +38% CER, +32% reported
- Adjusted gross margin of 70.6%, +60bps at CER and reported rates. Driven by higher mix of full-price sales and price rises reflecting the underlying strength in the brand
- Adjusted profit margin of 19.0% at CER, +210bps (18.5% reported)
- Operating expenses before adjusting items rose 19% at CER (+18% reported) due to higher investment and cost normalisation
- Adjusted diluted EPS 94.0p, +49% at CER, +40% reported

Reported profit measures
- Operating profit £543 million, +4% after adjusting items of £20 million net credit (FY 2020/21: £125 million net credit)
- Diluted EPS 97.7p, +5% reported

Cash measures
- Full year dividend per share declared of 47.0p (FY 2020/21: 42.5p) restoring a normal pay-out ratio
- Free cash flow of £340 million (FY 2020/21: £349 million) due to strong cash management
- Cash net of overdrafts and borrowings of £879 million at 2 April 2022 (27 March 2021: £919 million) with a £150 million share buy back completed in the year. Cash net of overdrafts amounted to £1.2bn with borrowings of £298 million

Summary income statement

Period ended £ million	**53 weeks ended 2 April 2022**	52 weeks ended 27 March 2021	YoY % change 53 vs 52-week Reported FX	YoY % change 52 vs 52-week CER
Revenue	**2,826**	**2,344**	***21***	***23***
Cost of sales*	(831)	(704)	*18*	
Gross profit*	**1,995**	**1,640**	**22**	**24**
Gross margin*	**70.6%**	**70.0%**	***+60bps***	***+60bps***
Operating expenses*	(1,472)	(1,244)	*18*	*19*
Opex as a % of sales*	52.1%	53.1%		
Adjusted operating profit*	**523**	**396**	***32***	***38***
Adjusted operating margin *	**18.5%**	**16.9%**	***+160bps***	***+210bps***
Adjusting operating items	20	125		
Operating profit	**543**	**521**	***4***	
Operating margin	**19.2%**	**22.2%**		
Net finance (charge)**	(32)	(31)		
Profit before taxation	**511**	**490**	***4***	
Taxation	(114)	(114)		
Non-controlling interest	(1)	–		
Attributable profit	**396**	**376**		
Adjusted profit before taxation*	**492**	**366**	***34***	***41***
Adjusted diluted EPS (pence)*	**94.0**	**67.3**	***40***	***49***
Diluted EPS (pence)	**97.7**	**92.7**	***5***	
Weighted average number of diluted ordinary shares (millions)	404.8	405.1		

Certain financial data within this document have been rounded. Growth rates and ratios are calculated on unrounded numbers.

* Excludes adjusting items. All items below adjusting operating items on a reported basis unless otherwise stated For detail, see Appendix.

** Includes adjusting finance charge of £1 million (FY 2020/21: £1 million)

Revenue analysis

Revenue by channel

Period ended £ million	**53 weeks ended 2 April 2022**	52 weeks ended 27 March 2021	% change 53 vs 52-week Reported FX	% change 52 vs 52-week CER
Retail	2,273	1,910	*19*	*20*
Retail comparable store sales growth	*18%*	*(9%)*		
Wholesale	512	396	*29*	*35*
Licensing	41	38	*8*	*11*
Revenue	**2,826**	**2,344**	***21***	***23***

Retail

- Retail sales +20% at CER; +19% reported
- Impact of space +2%, 53rd week +2%
- Total comparable store sales grew 6% vs LLY (+18% vs LY) with ongoing disruption from the COVID-19 pandemic during the year, particularly in the fourth quarter
- Underlying performance was strong with full-price sales growth of 30% vs LLY (+24% vs LY) partially offset by the planned exit of markdown across mainline and digital stores and reduced trade in outlets. Overall, markdowns had a 9% adverse impact on FY 2021/22 comparable store sales growth vs LLY (-6% vs LY) and are no longer a headwind in FY 2022/23
- Comparable store sales grew 7% vs LY in the fourth quarter with COVID-19 restrictions impacting our Asia business, particularly in Mainland China. The quarter saw minimal headwind from markdowns (-2% vs LY)

Comparable store sales by region:
Full-price comparable store sales by region:

Asia Pacific FY 2021/22 comparable store sales grew by 13% with full-price up 29% vs LLY:

- Mainland China comparable store sales grew 37% with full-price comparable store sales up 54% vs LLY
- South Korea outperformed with comparable store sales up 44% vs LLY with continued strength in full-price comparable store sales, 81% ahead of FY 2019/20
- South Asia Pacific (SAP) declined by a double digit percentage, affected by limited tourist traffic and airport store closures
- Japan also fell, impacted by a lack of international travel

EMEIA FY 2021/22 comparable store sales fell by 18% with full-price down 11% vs LLY:

- A resilient performance given the ongoing drag from lack of tourists, which accounted for around 50% of annual pre-pandemic revenues in the region
- Continental Europe saw a decline broadly in line with the regional average; however, local European customer spend was up over 30% vs LLY
- The UK remained challenged with London performance weak given high tourist exposure
- Middle East continues to grow, driven by strong local demand and improved tourist flows

Americas FY 2021/22 comparable store sales grew by 28% with full-price up 86% vs LLY:

- Americas has been the stand out region with full-price sales in the US almost doubling vs LLY driven by new and younger consumers to the brand

By product

- Full-price sales grew across all product categories in FY 2021/22 vs LLY
- Outerwear was driven by strong performance in Jackets, Quilts and Downs
- Within Ready-to-wear, Tops and Bottoms continued to outperform
- Leather goods remained a key focus in FY 2021/22 with extensions to both the Lola and TB family. The core families continue to account for more than 70% of our women's leather bag sales

Store footprint

The transformation of our distribution network continued as we addressed high priority programmes:

- In FY 2021/22 we opened 38 stores and closed 35 stores
- Key openings included 3 new flagship stores; Sloane Street (London), Rue Saint Honoré (Paris) and Plaza 66 (Shanghai)
- During the year we completed 47 stores in the new design; 39 in Asia including 17 in South Korea and 13 in Mainland China, 5 in EMEIA and 3 in Americas. We have 65 stores planned for FY 2022/23
- Completed the non-strategic store rationalisation programme over the past four years with 38 stores closed

Wholesale

Wholesale revenue increased 35% at CER (+29% at reported rates) driven by strong orders in Americas and recovery in Asia from travel retail.

Licensing

Licensing revenue grew 11% at CER and 8% at reported exchange rates.

Operating profit analysis

Adjusted operating profit

Period ended £ million	**53 weeks ended 2 April 2022**	52 weeks ended 27 March 2021	% change 53 vs 52-week Reported FX	 52 vs 52-week CER
Revenue	2,826	2,344	*21*	*23*
Cost of sales*	(831)	(704)		
Gross profit*	**1,995**	**1,640**		
Gross margin %*	**70.6%**	**70.0%**	***+60bps***	***+60bps***
Operating expenses*	(1,472)	(1,244)	*18*	*19*
Opex as a % of sales*	52.1%	53.1%		
Adjusted operating profit*	**523**	**396**	***32***	***38***
Adjusted operating margin %*	**18.5%**	**16.9%**	***+160bps***	***+210bps***

* Excludes adjusting items

Adjusted operating profit increased 38% at CER and margin up 210bps to 19.0% at CER:

- Gross margin increased 60bps both at CER and reported rates benefitting from a higher mix of full-price sales and price rises. Adjusted operating expenses rose by 19% at CER against last year impacted by higher investment and cost normalisation
- Adjusted operating profit at £523 million including a £33 million FX headwind in FY 2021/22

Adjusting items*

Adjusting items were a net credit of £19 million (FY 2020/21: £124 million net credit).

Period ended £ million	**53 weeks ended 2 April 2022**	52 weeks ended 27 March 2021
The impact of COVID-19		
Inventory provisions	16	22
Rent concessions	18	54
Store impairments	(5)	47
Government grants	2	9
Receivable impairments	1	5
COVID-19 adjusting items**	**32**	**137**
Restructuring costs	(11)	(30)
Profit on sale of property	–	18
Revaluation of deferred consideration liability	(1)	–
Adjusting operating items	**20**	**125**
Adjusting financing items	(1)	(1)
Adjusting items	**19**	**124**

* For more details see note 6 of the Financial Statements

** COVID-19 adjusting item includes a £16 million credit (FY 2020/21: £22 million credit) that has been recognised through COGS relating to inventory provisions

The major adjusting items are as follows:

- Impact of the COVID-19 pandemic: we saw a total credit of £32 million from COVID-19 related adjustments with £16 million representing an inventory provision reversal, £18 million of rent concessions and £2 million of Government grants. The £5 million impairment charge relates to a store that remains closed due to COVID related travel restrictions
- Restructuring costs: incurred £11 million bringing the total of our cost programmes to £139 million of the £152 million total expected by the end of FY 2022/23, with cumulative cost savings of £205 million, aligned to guidance

Adjusted profit before tax*

After an adjusted net finance charge of £31 million (FY 2020/21: £30 million), adjusted profit before tax was £492 million (FY 2020/21: £366 million).

Taxation*

The effective tax rate on adjusted profit decreased to 22.2% (FY 2020/21: 25.4%). This was lower than the prior year due to increased adjusted profits rebalancing the geographical mix. The reported tax rate on FY 2021/22 profit before taxation was 22.3% (FY 2020/21: 23.3%).

* For detail see note 9 of the Financial Statements

Total Tax Contribution

The Group makes a significant economic contribution to the countries where it operates through taxation, either borne by the Group or collected on behalf of and paid to the relevant tax authorities. In FY 2021/22, the total taxes borne and collected by the Group amounted to £501 million. In the UK, where the Group is headquartered and has significant operations, Burberry paid business taxes of £141 million and collected a further £21 million of taxes on behalf of the UK Exchequer. For further information see Burberryplc.com.

Cash flow

Represented statement of cash flows

The following table is a representation of the cash flows, excluding the impact of adjusting items, to highlight the underlying movements.

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
Adjusted operating profit	**523**	396
Depreciation and amortisation	**313**	277
Working capital	**54**	(25)
Other	**19**	29
Cash inflow from operations	**909**	677
Payment of lease principal and related cash flows	**(206)**	(155)
Capital expenditure	**(161)**	(115)
Proceeds from disposal of non-current assets	**8**	27
Interest	**(30)**	(27)
Tax	**(180)**	(58)
Free cash flow	**340**	349

Free cash flow was £340 million (FY 2020/21: £349 million) and cash conversion was 106% (FY 2020/21: 111%) reflecting strong cash discipline. We had the following key flows:

- Working capital saw a £54 million inflow. Within this, inventories reduced 3% at CER in gross terms due to disciplined inventory control, however on a net basis increased due to lower provisioning levels generating an outflow of £22 million in the year (FY 2020/21 inflow of £21 million). This was more than offset by a significant inflow in trade payables resulting from timing of payments
- Lease related payments increased £51 million year-on-year to £206 million (FY 2020/21: £155 million) primarily driven by lower COVID rent rebates and new leases in the year
- Capital expenditure increased £46 million to £161 million (FY 2020/21: £115 million) due to planned store network investment
- Tax paid increased significantly to £180 million (FY 2020/21: £58 million) due to higher taxable profits in FY 2021/22 coupled with the prior year benefitting from accelerated payments made in FY 2019/20

Cash net of overdrafts at 2 April 2022 was £1.2bn (27 March 2021: £1.2bn). Our net debt* including reported lease liabilities was £179 million (27 March 2021: £101 million). Net Debt/adjusted EBITDA was 0.2x on a rolling 12 months period (27 March 2021: 0.1x), significantly below our target range of 0.5x to 1.0x.

A final dividend per share declared at 35.4p giving a full year dividend per share of 47.0p (FY 2020/21: 42.5p) restoring our normal pay-out ratio.

* For a definition of net debt see page 50.

Outlook

As we start FY 2022/23, there is a more challenging trading environment due to macroeconomic uncertainty and the recent outbreaks of COVID-19 in Mainland China. Subject to our planning assumption that the restrictions in Mainland China should be lifted by the end of the first half, there is likely to be a different phasing between H1 and H2 Group profits this year compared to a typical year.

We expect wholesale to be broadly stable in H1 with no change expected in overall space. The tax rate is expected to remain around 22% in FY 2022/23, increasing by around 5% in FY 2023/24 reflecting the UK corporation tax rate increase from 19% to 25%. Capital expenditure is expected to be around £170 million to £180 million with investment into the retail network being the largest component covering a further 65 stores.

We maintain our guidance of high single-digit revenue growth and meaningful margin accretion at CER in the medium-term. Our outlook is dependent on the impact of COVID-19 and rate of recovery in consumer spending in Mainland China.

Store portfolio	Directly-operated stores Stores	Concessions	Outlets	Total	Franchise stores
At 27 March 2021	**214**	**145**	**56**	**415**	***44***
Additions	18	16	4	38	*0*
Closures	(14)	(18)	(3)	(35)	*(6)*
At 2 April 2022	**218**	**143**	**57**	**418**	***38***

Store portfolio by region* At 2 April 2022	Directly-operated stores Stores	Concessions	Outlets	Total	Franchise stores
Asia Pacific	107	93	24	224	*7*
EMEIA	52	41	18	111	*31*
Americas	59	9	15	83	–
Total	**218**	**143**	**57**	**418**	***38***

* Excludes the impact of pop up stores

Alternative performance measures

Alternative performance measures (APMs) are non-GAAP measures. The Board uses the following APMs to describe the Group's financial performance and for internal budgeting, performance monitoring, management remuneration target setting and for external reporting purposes.

APM	Description and purpose	GAAP measure reconciled to
Constant Exchange Rates (CER)	This measure removes the effect of changes in exchange rates and the 53rd week compared to the prior period. The constant exchange rate incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also on foreign currency procurement and sales through the Group's UK supply chain.	*Results at reported rates*
Comparable sales	The year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak. **Full-price sales:** Full-price comparable store sales are sales from items sold at full retail price in our own mainline retail network and online.	*Retail Revenue:* (see table below)
Comparable sales vs LLY	The change in sales over two years measured at constant foreign exchange rates. It also includes online sales. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak. This measure reflects the two year aggregation of the growth rates.	*Retail Revenue:* (see table below)

Retail Revenue:

Period ended YoY%	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
Comparable sales*	**18%**	(9%)
Change in space	**2%**	–
CER retail	**20%**	(9%)
53rd week	**2%**	–
FX	**(3%)**	–
Retail revenue	**19%**	(9%)

* Includes full-price comp +24% (FY 2020/21 +7%)

Retail Revenue:

Period ended % change	53 weeks ended 2 April 2022
Comparable sales	**6%**
Change in space	**4%**
CER retail	**10%**
53rd week	**2%**
FX	**(4%)**
Retail revenue	**8%**

APM	Description and purpose	GAAP measure reconciled to
Adjusted Profit	Adjusted profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance.	**Reported Profit:** A reconciliation of reported profit before tax to adjusted profit before tax and the Group's accounting policy for adjusted profit before tax are set out in the financial statements.
Free Cash Flow	Free cash flow is defined as net cash generated from operating activities less capital expenditure plus cash inflows from disposal of fixed assets and including cash outflows for lease principal payments and other lease related items.	*Net cash generated from operating activities:* (see table below)
Cash Conversion	Cash conversion is defined as free cash flow pre-tax/adjusted profit before tax. It provides a measure of the Group's effectiveness in converting its profit into cash.	*Net cash generated from operating activities:* (see table below)
Net Debt	Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.	*Cash net of overdrafts:* (see table below)
Adjusted EBITDA	Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double-counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our gearing ratios.	*Reconciliation from operating profit to adjusted* EBITDA: (see table below)

Net cash generated from operating activities:

Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
Net cash generated from operating activities	**699**	592
Capex	**(161)**	(115)
Lease principal and related cash flows	**(206)**	(155)
Proceeds from disposal of non-current assets	**8**	27
Free cash flow	**340**	349

Net cash generated from operating activities:

Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
Free cash flow	**340**	349
Tax paid	**180**	58
Free cash flow before tax	**520**	407
Adjusted profit before tax	**492**	366
Cash conversion	**106%**	111%

Cash net of overdrafts:

Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
Cash net of overdrafts	**1,177**	1,216
Lease liability	**(1,058)**	(1,020)
Borrowings	**(298)**	(297)
Net debt	**(179)**	(101)

Reconciliation from operating profit to adjusted EBITDA:

Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
Operating profit	**543**	521
Adjusted operating items	**(20)**	(125)
Amortisation of intangible assets	**39**	33
Depreciation of property, plant and equipment	**86**	72
Depreciation of right-of-use assets	**188**	172
Adjusted EBITDA	**836**	673

CAPITAL ALLOCATION FRAMEWORK

Burberry's Capital Allocation Framework is used to prioritise the use of cash generated by the Group. The framework addresses the investment needs of the business, regular dividend payments and additional returns to shareholders. The framework also seeks to maintain an appropriate capital structure for the business and a strong balance sheet with a solid investment grade credit rating.

Net Debt/Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was 0.2x in FY 2021/22 (FY 2020/21: 0.1x) on a rolling 12-month period, below our target range of 0.5x to 1.0x. In September 2020, we went through a formal process to obtain a credit rating and Moody's rated us as Baa2 (stable). The diagram below summarises the key priorities.

1. Reinvest for organic growth	**2. Progressive dividend policy**	**3. Inorganic strategic investment**	**4. Return excess cash to shareholders**
Capital spend across store portfolio, including new spaces, refreshes and refurbishments; IT infrastructure, including digital, and the supply chain. Spend includes investment in ESG initiatives, for example, costs incurred in meeting our Sustainability Bond use of proceeds commitments set out on pages 96 to 97.	Maintain or grow the dividend in pence terms year on year. Deliver regular cash returns to shareholders.	Investment in inorganic structural changes to our business activities that typically tend to be infrequent.	Returns to shareholders based on target leverage range of 0.5x to 1.0x, after considering future cash generation and the external environment.

Maintain a strong balance sheet with a solid investment grade credit rating

- Review the principal risks of the Group and relevant financial parameters, both historical and projected, including liquidity, net debt and measures covering balance sheet strength.
- These risks and financial parameters are considered by the Board when assessing the viability of the Group, as set out on pages 107 to 146.

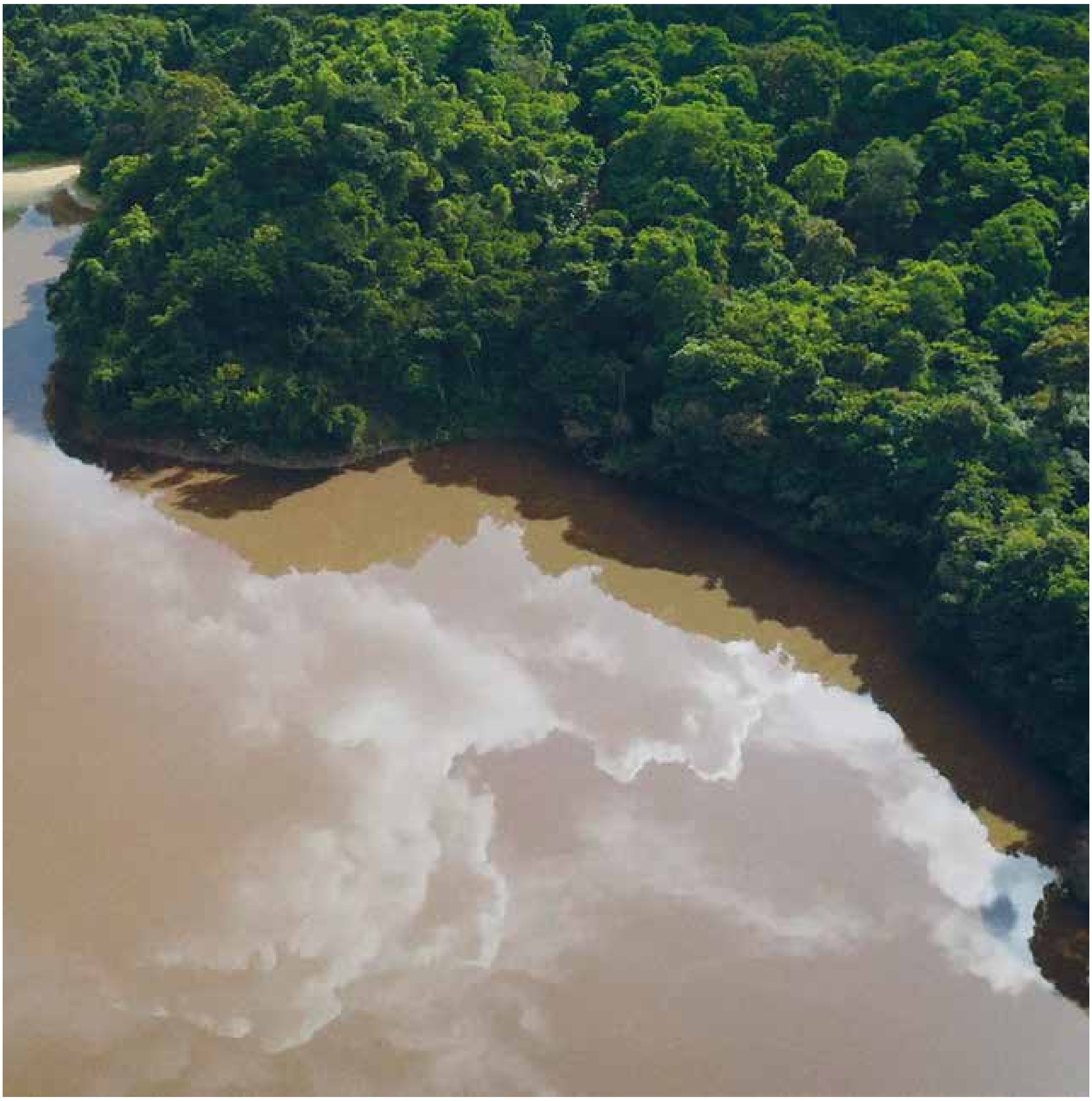
Capital structure metrics	**FY 2021/22**	FY 2020/21
Cash net of overdrafts	**£1,177m**	£1,216m
Lease liability	**(£1,058m)**	(£1,020m)
Borrowings	**(£298m)**	(£297m)
Net debt	**(£179m)**	(£101m)

ESG

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

CREATIVITY OPENS SPACES

Our commitment to environmental and social responsibility is the purest expression of our purpose and values.



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.

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.

During FY 2021/22, we undertook an ESG materiality assessment review to identify the most material risks and opportunities for the business. This included assessing environmental and social topics based on their importance to our stakeholders and their impact on Burberry, and determining which topics were most material for Burberry. We also reviewed the Group's governance of ESG topics to ensure appropriate oversight of ESG risks and opportunities.

This work has informed the evolution of our ESG ambitions. Drawing on this, and guided by our heritage and purpose, we are pushing boundaries, setting leading standards and pioneering innovative solutions to help transform our industry.

Read more in this report about how we are driving positive change:

Creating Tomorrow's Heritage: Progress on our 2017-2022 strategy
(pages 58 to 83)
- **Company**
- **Product**
- **Communities**

The Burberry Foundation
(page 82)

Our People
(pages 84 to 91)

Burberry Beyond: The evolution of our ESG strategy
(pages 92 to 95)

RECOGNITION

In FY 2021/22, we were recognised for our achievements in environmental and social responsibility

FTSE4Good Index: constituent

CDP: ranked in the Leadership band for climate change and recognised in the CDP Supplier Engagement Leaderboard

MSCI: AAA Rating

S&P Global: Yearbook Member

Responsibility100 Index: ranked 10th in the FTSE 100

Finance for the Future Sustainability Awards: winner of the Climate Leader Award in 2021

Reuters Responsible Business Awards: highly commended in the Net Zero Transition Award category in 2022

Bloomberg Gender-Equality Index 2022: recognised for the second consecutive year

FTSE Women Leaders Report: named a Best Performer

UNFCCC: member of the UN's Fashion Industry Charter for Climate Action (UNFCCC)

European Women on Boards Gender Equality Index: recognised as a Best Practice Leader

INITIATIVES AND FORUMS

As a member of several leading forums, we share our experiences and collaborate with third parties in order to adopt more sustainable ways of working while learning from innovators within and outside our industry. These forums include:

- **A4S Accounting for Sustainability**
- **RE100**
- **The Fashion Pact**
- **Canopy**
- **Science Based Target Network**
- **The Living Wage Foundation and the Global Living Wage Initiative**
- **Leather Working Group**
- **Textile Exchange**
- **The ZDHC Foundation**
- **Race to Zero**

Governance

Environmental and social responsibility is an essential element of Burberry's strategy for which the Board is responsible. The Board is also responsible for ensuring its approach to ESG topics is integrated into, and implemented across, the business. The governance framework of committees and advisory forums provide updates and key information to the Board to ensure it is able to make informed decisions. Our governance framework is outlined in the corporate governance statement on page 167. The Board receives updates on priorities relating to the environment, people, supply chain, communities, sustainable finance and communications regularly.

In FY 2019/20, a Sustainability Steering Committee chaired by the CEO was established to review and oversee the Group's strategy on environmental and social issues. During FY 2021/22, we reviewed the governance of ESG topics. As part of this review, the Sustainability Steering Committee evolved to the Sustainability Committee, which will meet four times a year and is co-chaired by the CEO and the Chief Operating and Financial Officer (CO&FO). The Sustainability Committee will report to the Board at least twice a year to enhance the Board's monitoring of progress.

The Chief Supply Chain Officer, the Chief People Officer, the Head of Ready-to-Wear, General Counsel, Senior Vice President Strategy, Vice President Corporate Responsibility and Senior Vice President Corporate Relations and Engagement are also members of the Sustainability Committee. Senior leaders are responsible for ensuring all decisions are taken with environmental and social impacts in mind.

The Company has a cross-functional working group responsible for delivering the recommendations of the TCFD and evolving the Company's TCFD disclosures. The TCFD working group includes members from the Risk Management, Finance and Corporate Responsibility teams, and reports to the Risk Committee, which is chaired by the CO&FO.

The Ethics Committee covers topics relating to ethics, compliance, environment and communities, and reports to the Audit Committee.

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's Responsibility goals. More details of this are set out in the Directors' Remuneration Report on pages 186 to 213.

External assurance of corporate responsibility disclosures

Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over selected company, product and community information for FY 2021/22. Information subject to assurance is denoted with a ^ on pages 41, 61, 63, 66, 67 and 72. PwC's assurance report and Burberry's basis of reporting for assured data are available on burberryplc.com/en/responsibility/approach-to-responsibility.html.

Our contribution to the United Nation's Sustainable Development Goals (SDGs)

Committed to a decade of action

Burberry's commitment to environmental and social responsibility is longstanding, grounded in the belief that for sustainable growth we need to stay responsive to the challenges facing the luxury industry and beyond. In line with the United Nations' plan of action for people, planet and prosperity, we are dedicated to enabling social progress and reducing our environmental footprint. We work with a wide range of stakeholders, including our peers, sector experts, supply chain communities and non-governmental organisations (NGOs) to help us achieve our ambitions and address the challenges that threaten the environment and the prosperity of our communities.

Our programmes are aligned to the Paris Climate Agreement, the UN Global Compact and UN Guiding Principles on Business and Human Rights, and informed by the SDGs. As part of the United Nations' 2030 agenda, we are committed to focusing action on driving change via the Global Goals. The Goals that we are actively contributing to are detailed across page 61.

"WE WORK WITH A WIDE RANGE OF STAKEHOLDERS TO ADDRESS THE CHALLENGES THAT THREATEN THE ENVIRONMENT AND THE PROSPERITY OF OUR COMMUNITIES."

CREATING TOMORROW'S HERITAGE: 2017-22

FY 2021/22 concluded Creating Tomorrow's Heritage, our most recent five-year Responsibility strategy comprising a set of ambitious targets across our Company, Product and Communities pillars.

Over the last five years, we have focused on three key areas:

- **Driving positive change through all our products**
- **Becoming carbon neutral and revaluing waste**
- **Positively impacting 1 million people**

Our strategy was informed by our belief that the long-term success of our business depends on reducing our environmental impact, building sustainable, resilient supply chains and positively impacting communities.

We are proud to have substantially met all the targets we set as part of our 2017-2022 Responsibility strategy. We are now carbon neutral across our own operations globally, all the electricity we use is from renewable sources, and almost all of our products have two or more positive attributes, meaning they carry a social or environmental benefit. We have made significant progress in sourcing leather from tanneries with environmental, traceability and social compliance certifications, and have strengthened our targets for sustainable raw materials. We have also reached all of our targets created to help our communities thrive, positively impacting 1,247,780^ people.

We have ambitious plans in place to build on the strong progress we have made, working in concert with our supply chain partners, external stakeholders and communities. A summary of our headline results can be found on page 61, as well as a detailed overview on pages 63 to 83.

Our learnings inspire our future

We consulted with non-governmental, climate and civic experts and organisations to develop our strategy and ensure we were prioritising the most material social and environmental impact areas along our value chain. Their guidance has been invaluable and we will continue to partner with them and other external stakeholders to strengthen the scope and impact of our programmes.

We have seen the benefit of deep and consistent engagement with our supply chain partners. By working closely with them, we have helped advance their progress to becoming more sustainable at the raw material and product manufacturing stage. We achieved 99%^ of product with more than one positive attribute and exceeded our expectations in achieving 84% with three or more positive attributes.

Over the past five years, we have adapted our programmes in response to global shifts and continued to push boundaries to help transform our industry. We incorporated learnings from challenges we faced during the COVID-19 pandemic into our work, improving our responsiveness to changing community needs and building greater flexibility into our community programmes. For example, by adapting our programmes to be delivered in a digital format, we connected students in the UK and the USA taking part in our youth programme, Burberry Inspire, who otherwise would not have had the chance to meet and exchange ideas. At the same time, we continued to engage in long-term, strategic NGO partnerships with organisations like Oxfam, Teach First and London Youth in order to increase our reach and impact. We also participated in 23 industry initiatives, including the Fashion Pact, the UN Fashion Charter for Climate Action and the Living Wage Foundation.

Strong sponsorship and accountability from our leaders, as well as active involvement from colleagues across our organisation, played a vital role in our success. We continued to engage our colleagues on the importance of our Responsibility agenda and how they can play a meaningful role in it. Our cross-functional Responsibility Champions are a key point of contact in advocating our goals, communicating our plans and how to achieve them. They work with their teams to reduce our impacts, from sourcing through to emissions reductions.

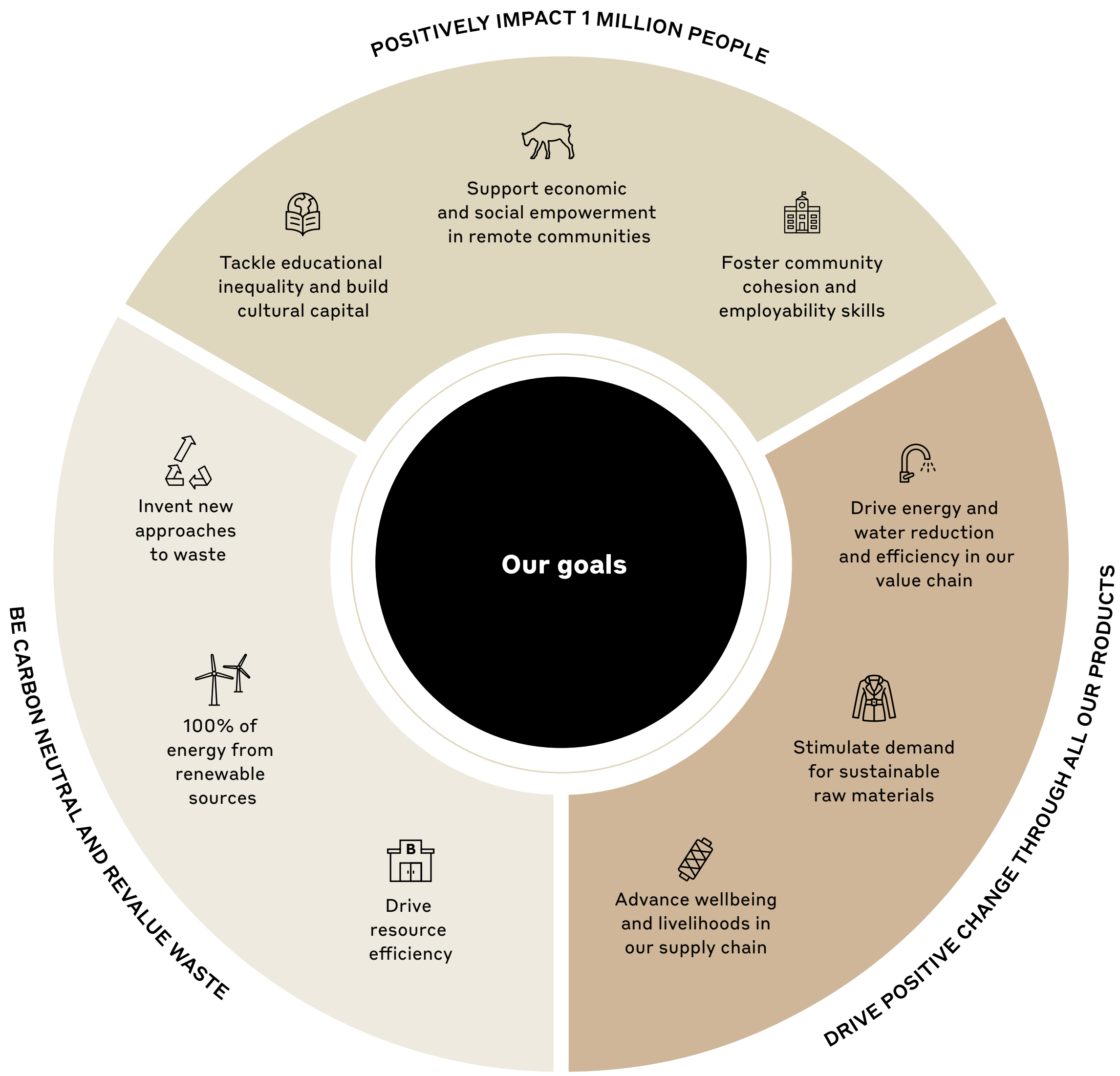
We have learned that continuous improvement is key to success, alongside an evolving set of short-term targets to help meet our long-term goals. For example, we have evolved and strengthened our raw material certification targets, enhancing our ambition to 2025.

We are committed to going further faster. We have created an ambitious new strategy, which builds on the strong foundations we have set. We will continue to challenge ourselves, push boundaries and raise our ambitions to build a more sustainable future for the luxury industry. Read more about our strategy on pages 30 to 40.

"WE HAVE ADAPTED OUR PROGRAMMES AND CONTINUE TO HELP TRANSFORM OUR INDUSTRY."

PROGRESS AGAINST OUR FY 2021/22 TARGETS

We believe our FY 2021/22 targets were among the most ambitious in the luxury industry. We are proud of the significant progress we have made across all areas of our strategic pillars and desire to do more.



OUR HEADLINE RESULTS

Company: be carbon neutral and revalue waste

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

Achievement:
100% reduction in market-based emissions (including offsets) since base year FY 2016/17

GOAL: to achieve 100% renewable electricity by the end of FY 2021/22, driven by close collaboration with our procurement and retail teams as well as engagement with landlords

Achievement:
100%^ renewable electricity in FY 2021/22

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

Achievement:
Zero^ operational waste sent to landfill from key sites during FY 2021/22

Product: drive positive change through all our products

GOAL: to have 100% of product with more than one positive attribute by the end of FY 2021/22, where positive attributes relate to social and/or environmental improvements achieved at either raw material sourcing or product manufacturing stage

Achievement:
99%^ of products with more than one positive attribute

% product with more than one attribute: 99%^
% product with at least one attribute: 100%^
% of product with only one positive attribute: 1%^

GOAL: to procure 100% of our cotton more sustainably by the end of FY 2021/22 by using a portfolio approach. This includes working with partners and exploring new sources, including organic and regenerative cotton

Achievement:
100% of cotton procured more sustainably

GOAL: to source 100% of leather from tanneries with environmental, traceability and social compliance certifications by the end of FY 2021/22

Achievement:
92% of leather sourced from tanneries with environmental, traceability and social compliance certifications

Communities: positively impact 1 million people

GOAL: to positively impact 1 million people by the end of FY 2021/22

Achievement:
1,247,780^ people positively impacted since FY 2017/18

567,610^ positively impacted in FY 2021/22

GOAL: tackle educational inequality and building cultural capital

Achievement:
658,121 people positively impacted over the course of the programme

GOAL: foster community cohesion and employability skills

Achievement:
219,456 people positively impacted over the course of the programmes

GOAL: supporting economic and social empowerment

Achievement:
124,357 people positively impacted over the course of the programme

COMPANY

REFLECTING ON OUR PROGRESS: REDUCING OUR ENVIRONMENTAL IMPACT

Direct operations

We are proud to have met our stretching target of achieving carbon neutrality. All the electricity we use in our own operational footprint is now from renewable sources. For example, with our new store concept which we rolled out to 47 stores, we installed LED lights to improve our sustainability credentials. In support of our 2040 Climate Positive goal, we also financed or refinanced the spend on properties that 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

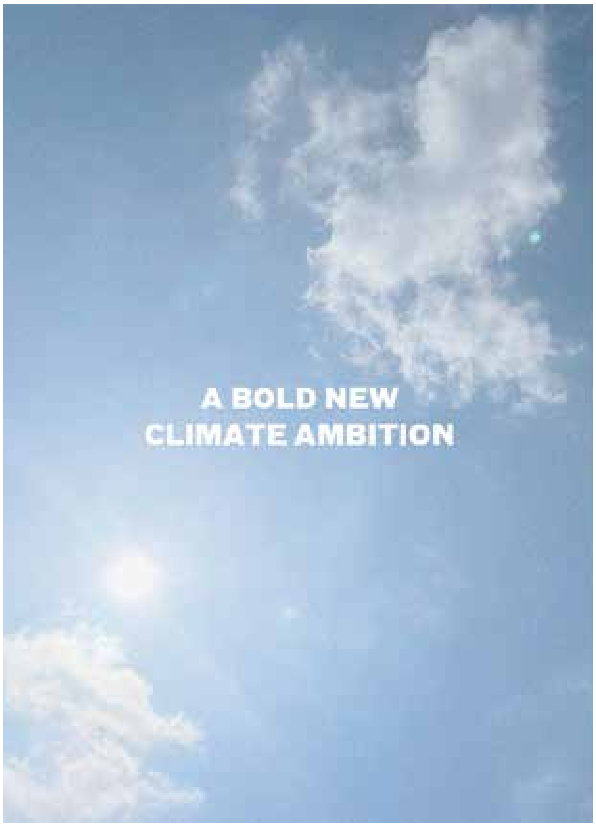
We also sent zero^ waste to landfill across our key operational sites, supported by the work of our dedicated Responsibility Champions.

Supply chain

In our supply chain, we drove energy reductions as a key component of our positive attributes programme. During the year, 18 sites, representing 43% of product, reduced energy consumption by at least 5%.

As a signatory to RE100, a global initiative committed to 100% renewable electricity, we promote the use of renewables in our supply chain, such as creating a bespoke renewable energy guide for our Italian suppliers. During the year, we sourced 66% of product from supply chain partners with a positive attribute for renewable energy use at their manufacturing site. In January 2021, we launched a two-year programme in partnership with the Apparel Impact Institute (Aii) to support Italian manufacturers to implement energy, water and chemical management efficiency programmes and help them transition to renewable energy sources.

We support the UN's Fashion Charter for Climate Action's efforts in the fashion industry, and we partner with them on a number of initiatives across our industry. In the lead-up to COP26, we contributed to UN Climate Change and Race to Zero's "Decarbonising Fashion Milestones" document, which sets out short, medium and long-term actions required for the fashion and apparel sector to reach net zero. The document aims to find solutions to some of the toughest questions on the road to a more resilient, zero carbon future. To mark the launch, we joined the sector's leading voices on climate to discuss what it will take to reach net zero, from accelerating decarbonisation solutions to financing the transition and making the 1.5°C target easy to understand for customers.



Water and chemical management

In our supply chain, we reduced water consumption and promoted water recycling initiatives.

We operate strict guidelines regarding water usage. We work closely with our supply chain partners, cultivating a culture of openness and transparency to understand and monitor our water impacts at the manufacturing stage of our value chain. Through our Water Conservation Programme, we aim to improve our water resilience profile and reduce our water footprint and impacts. As part of this initiative, we engage our third-party suppliers to evaluate their own water practices and resilience, with a particular focus on wet processors, such as dye houses, tanneries and textile mills. Our programme seeks to evaluate risks through the use of the World Wide Fund for Nature's (WWF's) water risk assessment tool, minimise water use as well as track and promote water management practices and technologies that facilitate water efficiency and recycling.

In FY 2021/22, we mapped the water resilience profile of our partners and co-funded three in-depth water efficiency evaluations to identify opportunities for implementing innovative recycling solutions. Going beyond our value chain, we advocate for change across our industry. As part of this, we support the WWF's open letter calling for businesses to ensure that sustainability remains front of mind after the pandemic, focusing on environmental impacts as a result of water consumption and pollution.

Our chemical management approach is industry leading. We committed to the elimination of unwanted chemicals in early 2014. In 2015 we became the first luxury brand to adopt the ZDHC Manufacturing Restricted Substances List (MRSL). As part of this commitment, we also align to the ZDHC's Wastewater Guidelines, ensuring that wet processors perform wastewater testing twice a year. We publish these results annually on Burberryplc.com. We have been an active member on the Board of the ZDHC Foundation since June 2018, helping shape the direction of the industry in the chemical management roadmap, including that of other brands and luxury peers, third-party suppliers and external chemical experts.

Since November 2021, we have acted as Chair of the Strategy Committee and Vice Chair of the Board of Directors. In 2021, our ZDHC chemical management implementation was recognised as "Aspirational", the highest attainable level in this year's Brands to Zero Leader Programme.

Our principal measures used for increasing operational energy efficiency

To achieve our climate-related goals, we focus on energy efficiency first and foremost. To manage our operational energy efficiencies, we set annual energy reduction targets. We drive energy efficiency across our stores by ensuring good practice and installing more efficient lighting systems in our new and refurbished stores. We then reinvest savings into renewable energy procurement, before finally offsetting any remaining emissions. We have a global community of Responsibility Champions who play a key role in raising awareness as well as monitoring and reporting data into our systems.

Further information about Burberry's basis of reporting is available on Burberryplc.com. ^ Please see page 56 for details on external assurance.

Global GHG emissions

	Current reporting year 21/22		Reporting year 20/21		Reporting year 19/20	
	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	72,548,109^	18,517,153	63,113,580	20,826,276	70,093,744	23,432,093
Combustion of fuel and operation of facilities (scope 1)/tCO_2e	1,768^	1,311	2,089	1,478	2,061	1,581
Combustion of fuel from owned or leased transport (scope 1)/tCO_2e)	67	1	66	0	78	5
Electricity purchased and used for operations (scope 2, location-based)/tCO_2e	25,866^	2,390	20,563	2,934	22,544	3,400
Total emissions location based (scope 1 & 2)/tCO_2e	27,701^	3,702	22,718	4,412	24,683	4,986
Electricity purchased and used for operations (scope 2, market-based)/tCO_2e	0^	0	1,917	0	3,122	0
Total emissions (scope 1 & 2, market-based)/tCO_2e	1,835^	1,312	4,072	1,478	5,261	1,586
Total emissions offset by Verified Emissions Reduction Certificates/ tCO_2e	1,835^	1,312	2,081	1,478	1,063	815
Scope 1 and 2 intensity (location-based tCO_2e per £1,000,000 sales revenue)	9.8^	N/A	9.7	n/a	9.4	n/a
% of energy from renewable sources	86%^	61%	76%	61%	82%	81%

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 92% of our net selling space square footage.

Burberry 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 globally and for the UK relating to electricity purchased and used for operations (scope 2) is stated as 0 due to 100% of 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 2020/21 and FY 2019/20 to account for updated emission factors and improvements in data availability and estimation methods. GHG emissions data reported is based on the period from 1 April 2021 to 31 March 2022. For the avoidance of doubt, the Company's financial accounting period is from 28 March 2021 to 2 April 2022. However, references to FY 2021/22 for the selected KPIs included in the Responsibility section of Burberry's Annual Report 2021/22 refer to the period 1 April 2021 to 31 March 2022.

^ Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's basis of reporting for assured data are available on Burberryplc.com/en/responsibility/approach-to-responsibility.html.

PRODUCT

REFLECTING ON OUR PROGRESS

Consciously crafted collections

In 2017, we set ourselves the ambitious goal of driving positive change through all our products. Our target was for 100% of our products to have more than one positive attribute by the end of FY 2021/22, meaning they have a social and/or environmental benefit at either the raw material sourcing or product manufacturing stage.

In FY 2021/22, 99%^ of our products had more than one positive attribute. Moreover, 84% of our products had three or more positive attributes and some had as many as eight positive attributes.

Throughout the course of our five-year strategy, we engaged each of our supply chain partners in a tailored programme designed to adapt to their business and priorities to deliver these positive attributes.

While all our positive attributes address key material issues, the top five positive attributes obtained by our supply chain partners were:

1. Chemical management in manufacturing
2. Renewable energy
3. Waste recycling
4. Sustainably sourced cotton
5. Energy and water reduction

Our wellbeing positive attribute has also prepared our supply chain to move beyond compliance to focus on workers' happiness and overall experience in the working environment.

We have also embedded our learnings from the programme into our targets and new strategy. For example, we gained valuable insight into the importance of certified and sustainable raw materials and their ability to mobilise suppliers. As a result, we have strengthened and extended our sustainable raw material targets to 2025. For more details see pages 92 to 93.

We are proud of our achievements and we will continue to guide and support those in our supply chain as we continue to seek to drive positive change through all of our products.

Sustainable raw materials

Over the past five years, we moved from small-scale solutions for our sourcing and sustainable raw materials to system change. This was achieved through ongoing collaboration with manufacturers, brands and NGOs.

We achieved:

- 100% of cotton procured from more sustainable sources, including organic, using a portfolio approach
- 92% of leather from tanneries with environmental, traceability and social compliance certifications

As part of our Burberry Beyond ambition, we have strengthened our targets for sustainable raw materials, recognising their importance on our overall impact on climate, nature and communities. We have also procured organic cotton, recycled cashmere, recycled nylon and recycled polyester, and we are increasing the uptake of these textiles in line with our new ambition. As a modern luxury company, we have banned the use of exotics in future collections, building on our commitment to go fur free in September 2018.

Our Responsible Sourcing Policy continues to play a key role in how we source and communicate our standards to our supply chain partners across a wide range of raw materials from wool to viscose.

Our work with the Savory Institute Land to Market initiative with respect to leather, and Conservation International regarding cotton, gives Burberry clear insight into the benefits of sourcing regenerative materials through our supply chains.

Wellbeing and livelihoods

Throughout the duration of our five-year Responsibility strategy, we have focused on the people contributing to our value chain and their wellbeing. In 2016, we developed a tool with Oxfam to measure worker wellbeing in our supply chain and capture comments and feedback from workers. It allowed us to work with factory management teams to address issues raised and to develop specific action plans for individual factories. These action plans focused on the development of HR management systems, worker and supervisor training programmes and policy implementation. In addition, during FY 2021/22, we delivered our Wellbeing Survey to over 30 supply chain partners reaching more than 3,300 workers and actively engaged with factory management on how they can focus on wellbeing within their organisation.

Circularity and waste

Our products are made to last. The quality and durability of our pieces ensure they can be enjoyed over their lifetime. While we seek to minimise waste at all stages of our value chain, we also recognise the fashion industry's shared challenge with respect to the carbon impacts of excess fabric and textile waste.

We follow clearly defined waste hierarchy principles for waste arising in the business, covering reuse, resell, repurpose, donation and recycling. Supply chain efficiency and management of materials is a key area of focus. By putting in place systems to optimise the procurement and utilisation of our materials and finished goods, we can reduce their associated climate impacts.

Circular design thinking

Consideration for sustainability permeates our entire design process, which ensures our products are consciously crafted. We engage 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.

Over the past five years, we engaged with our supply chain partners on textile waste recycling, awarding facilities that recycle a minimum of 50% of recyclable textile waste with a positive attribute. We also ensured they had a time-bound roadmap to work towards increasing recycling.

We focused on increasing the recycled content within our products too. We awarded a positive attribute where the main material of a product is made from 70% or more recycled content for synthetic fibres and 20% or more recycled content for natural fibres. This is substantiated by recognised certifications, including the Global Recycled Standard and Recycled Claim Standard.

We invested in finding recycling solutions for challenging materials, such as leather. We have funded a two-year research project, which began in 2020, with The Hong Kong Research Institute of Textiles & Apparel (HKRITA) to develop a system for leather goods recycling. On top of this we have recently extended our funding to HKRITA to research the automatic removal of garment accessories and trims from finished products to aid the recycling process.

This commitment to accelerating circular solutions also extends to our packaging. All Burberry retail bags and gift boxes are reusable, fully recyclable and are made from a minimum of 40% recycled content and Forest Stewardship Council TM certified paper. Our signature oak garment covers are made from 100% recycled polyester. Our products are transported on recyclable hangers made from a minimum of 60% recycled plastic.

In December 2021, we launched a UK-based pilot for product resale and rental with My Wardrobe HQ (MWHQ), the UK's leading fashion rental platform. For each Burberry transaction on the site, 40% of profits are donated to Smart Works, a long-time Burberry charity partner, which provides high-quality interview clothes and coaching to disadvantaged unemployed women. Our partnership with MWHQ is complementary to our broader strategy to become Climate Positive by 2040, supporting the principles of a circular economy. This includes expanding reuse, repair, donation and recycling routes and developing new partnerships and revaluation solutions.

We continue to donate raw materials and finished goods to various charities, design schools and colleges globally. During FY 2020/21, we launched the ReBurberry Fabric programme in partnership with The British Fashion Council. The initiative, through which we donate leftover fabrics to fashion students, was expanded during FY 2021/22. Since the launch of the partnership, we have given over 12,000 metres of fabric, benefiting 33 fashion schools and over 200 students.

Aftercare services

We offer a global luxury aftercare service to extend the life of our products for as long as possible. In FY 2021/22, we handled approximately 28,544 repair and replacement part enquiries, ranging from Trench Coat reproofing to repairing vintage items.

Building on our existing repair offering, we rolled out a Leather Refresh service globally, offering complimentary leather conditioning to extend the lives of bags. We also introduced a Trench Refresh service, which invites clients to a Trench diagnostic session with an in-house expert. With the aim of extending a Trench Coat's life for as long as possible, our customers can opt to have their coats reproofed, repaired and/or have elements replaced. We use organic, biodegradable solutions for this service, which reduce its impact on the environment. For our UK-based clients, the service is undertaken at our Castleford factory in Yorkshire, where our iconic Trench Coats are made.

To support this, we have added a new aftercare page on Burberry.com to help our clients better understand the different aftercare services we offer for Trench Coats, leather goods, apparel and scarves. The page provides clients with advice about maintaining their Burberry products and enables clients to check store availability for services, and book dedicated in-store aftercare appointments. Furthermore, clients can quickly and easily connect to our dedicated Customer Service team 24/7 via live messaging on the Aftercare page on Burberry.com.

Positive attribute case studies

Cashmere scarves

The quintessential Burberry scarf is an integral part of our heritage. Our cashmere scarves are manufactured by Johnstons of Elgin, a Scottish mill which we have partnered with since 1900. In a process that involves over 30 different steps, the cashmere is woven, washed in local spring water, and carefully brushed using techniques passed down through generations.

All production staff are paid the UK Living Wage Foundation's Living Wage rate as a minimum. In addition, the site where our scarves are manufactured holds positive attributes for its use of renewable energy and upholding high standards of chemical management.

Leather accessories

In 2017, we set ourselves a target to source 100% of our leather from certified tanneries by 2022, with environmental, traceability and social compliance certificates. In FY 2021/22, we achieved 92%.

In recognition of the importance of sustainable practices within leather manufacturing and continuous improvements in this sector, we are increasing our certification requirements and extending our commitment to source 100% of our leather from certified tanneries to 2025.

Through a partnership with the Savory Institute on their Land to Market programme, we are exploring the potential of regenerative farming practices in the leather supply chain and its impact on livelihoods.

COMMUNITIES

REFLECTING ON OUR PROGRESS

POSITIVELY IMPACTING 1 MILLION PEOPLE

Our five-year Communities agenda focused on supporting and empowering local communities across our value chain, with a goal to positively impact 1 million people by 2022.

Working with NGO partners and community-based organisations, and funded via The Burberry Foundation, we are proud to have positively impacted the lives of over 1,247,780^ people.

Our programmes focused on three strategic areas:
1. Tackling educational inequality and building cultural capital
2. Fostering community cohesion and employability skills
3. Supporting economic and social empowerment

We regularly reviewed the effectiveness of our programmes and worked with our partners to build in the ability to adapt and respond to the changing needs of our communities during the COVID-19 pandemic and local contexts. Alongside our existing support for global relief efforts, in October 2021, The Burberry Foundation committed further support to UNICEF's COVID-19 Vaccines Appeal, enabling more equitable distribution of vaccines in countries around the world to continue tackling the global pandemic. This latest contribution builds on previous funding provided by the Foundation and Burberry. Collectively, the donations went towards the overall goal of providing safe and equitable access to over 2 billion doses of COVID-19 vaccines to low and middle-income countries, as well as supporting UNICEF to provide 5.6 million COVID-19 test kits and 5.5 million COVID-19 treatments globally.

Our programmes are monitored and evaluated by independent organisations to assess outcomes and impacts and we adapt them 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 and Action-Research for Co-development (ARCO) at the University of Florence. Our reporting on beneficiary numbers across the five years of the strategy have limited assurance by PwC. In FY 2022/23, we will publish a social impact report of all the projects that have contributed to our 1 million people target.

Burberry Foundation: impact areas

Tackling educational inequality and building cultural capital

Teach First | The Careers & Enterprise Company | Connectr | Burberry Inspire Programme | London Youth via The Burberry Foundation

658,121 positively impacted between 2017-2022

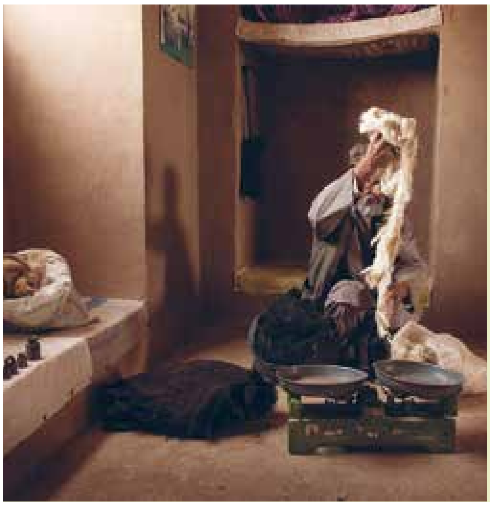
- 82% of the students interviewed about their experience of in-person activities linked their participation in the programme to an increased sense of self-confidence*
- 73% of the students interviewed noted increased creativity of one form or another after taking part in the programme*
- 82% of teachers felt that their careers guidance and advice improved as a result of their engagement in the programme*

Fostering community cohesion and employability skills

Oxfam Italy | Elvis & Kresse | Progetto Quid via The Burberry Foundation

219,456 positively impacted between 2017-2022

- 96% of beneficiaries stated they had better knowledge of services in the community*
- 96% of beneficiaries stated they felt able to access services in the community*
- 99% of beneficiaries stated they found the community facilitators and helpdesks a useful service in the area*



Supporting social and economic empowerment

Oxfam & Pur Projet via The Burberry Foundation

124,357 positively impacted between 2017-2022

- 28% of herders engaged in the community-owned cashmere groups were 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 conducted in FY 2017/18*

Read more about The Burberry Foundation on page 82

* Denotes the impact evaluation results of a sample of direct beneficiaries surveyed across each of the programmes

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. Over the last five years, a key focus of The Burberry Foundation has been 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 year, The Burberry Foundation continued its partnership with leading education charities Teach First, The Careers & Enterprise Company and Connectr, 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. During FY 2021/22, 197,950 students and teachers benefitted from a variety of virtual and in-person training and engagement activities with the aim of inspiring young people by expanding their career horizons and developing core employability skills.

In the five years up to the end of FY 2021/22, a total of more than 570,000 students and teachers were positively impacted across these programmes. More than 10,000 teachers in the UK were engaged through Continuing Professional Development sessions, Career Leaders programmes and National Professional Qualifications. Feedback from students and teachers confirmed the importance of robust leadership for a school's success, supporting pupils to thrive in education and make more informed decisions around their future career choices. More than 50,000 students participated in virtual and in-person engagement activities such as guest speaker sessions, inspiration days, online challenges and career workshops. The aim of the sessions was to inspire the next generation with respect to their future career paths and inform pupils of the skills and behaviours required to flourish within the creative industry. School engagement activities also offered a unique opportunity for Burberry colleagues to support the programme by volunteering in activities and sharing their life experiences and career journeys with students. Digital platforms and resources were developed to support young people with developing employability skills and help them move closer to employment.

Burberry Inspire

Burberry Inspire, which first launched in Yorkshire in 2018 and expanded to New York City in 2020, measures the impact of enhancing young people's access to cultural capital by connecting eminent arts organisations with schools. Schools participating in the programme are allocated an Artist in Residence from a cultural organisation every year, providing students with wide-ranging, hands-on experience of different areas of the creative arts, such as theatre, dance, art and film. Artists in Residence work with teachers and students to deliver experiences, workshops and co-created events within their local communities.

Both programmes are independently evaluated by our research partners, the Office of Research, Evaluation and Program Support (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.

During FY 2021/22, 7,537 students from 15 different schools were engaged through the programme. Burberry Inspire partners worked on expanding the experience for their students, artists and their organisations despite the challenges imposed by COVID-19 restrictions. The digital transformation of the programme enabled us to reach teachers and allowed us to provide valuable resources for homeschooling. Going online also enabled us to connect with participating students so that they could continue to follow the programme from their homes. Artists in Residence and cultural partners were also supported through training sessions that upskilled their resources in areas of digital creation and delivery.

Over the last four years, Burberry Inspire assisted 10,000 students to access the arts, develop their creativity and think positively about their futures. Both independent evaluations demonstrated the positive impact of the multi-year programme on students, teachers, arts partners and Artists in Residence. The programme successfully provided many students who otherwise would not have had opportunities to engage with the arts to do so while also gaining employability skills. The programme contributed to increasing students' awareness of professional opportunities in the arts and, for some, this impacted their career, self-confidence and educational aspirations.

During FY 2021/22, the final year of the programme:

- 82% of the students interviewed about their experience of in-person activities linked their participation in the programme to an increased sense of self-confidence*
- 73% of the students interviewed noted increased creativity of one form or another after taking part in the programme*
- 82% of teachers felt that their careers guidance and advice improved as a result of their engagement in the programme*

Teachers involved in the programme reported that they felt inspired and energised by the presence of the Artist in Residence and experienced the benefits of enhancing their schools' arts offerings. The programme enabled them to develop their online and in-school teaching practices. The programme also had a positive impact on the cultural partners and Artists in Residence, resulting from the strong relationships built with their counterparts across the globe and with other local cultural organisations.

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

Fostering community cohesion and employability skills

The Florentine area of Italy, which has a long tradition of creativity and craftsmanship, is a key manufacturing location for Burberry and the location of Burberry Manifattura, our leather goods centre of excellence. In recent years, the region has faced challenges from youth unemployment and economic migration. These have been compounded by the COVID-19 pandemic.

Over the past five years, The Burberry Foundation and Oxfam worked in collaboration on a programme to help foster community cohesion and social inclusion among local communities. The programme raised community members' awareness of and access to services in the local area, while also focusing on facilitating integration.

The programme's three-fold approach to fostering community cohesion included in-school mentoring and inclusive education; providing vital services via community centres, and funding a network of community facilitators who worked on the ground and at help desks to reach vulnerable individuals.

From 2017-2022, the programme ran school mentoring schemes both online and in person in 15 Tuscan schools, reaching 1,506 students and 327 teachers. It provided training for teachers on introducing a new style of inclusive teaching to their classes, helping them to overcome challenges around working with students with different social and cultural backgrounds and varying levels of Italian language skills.

The mentoring programme brought about positive changes in schools, with teachers from Sassetti Peruzzi in Scandicci noting in the annual evaluation report that students' school performance had improved, as had their self-esteem, motivation and class inclusion.

The Burberry Foundation also partnered with four local community centres to help them to expand their day-to-day services. Over five years, the centres provided services directly to 12,789 people.

As COVID-19-related restrictions eased 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.

A network of 22 community facilitators enabled Oxfam to reach the most vulnerable community members. Over the course of the programme, these facilitators provided vital support over the phone, online and in person, where possible, to over 7,000 people. Access to Community Facilitator services was particularly vital for vulnerable people during FY 2021/22 as many public services either closed or reduced their hours. Community facilitators played a central role in addressing the needs of programme beneficiaries and helping them to access vital online and offline services.

A study by Oxfam concluded that community facilitators and community centres are tools for effective social inclusion, which complement and reinforce each other in effectiveness, efficiency and accountability towards the community. This gives them growing authority and recognition in the communities in which they operate, as well as guaranteeing a deep bond of trust with the people they assist.

From the different experiences examined during the learning process study, it became clear that a community centre's potential to be a community welfare actor is enhanced by further spaces where inclusive activities can take place for people and families.

Flexibility on the part of the centres and the facilitators was identified as crucial to responding to evolving needs. Adapting to challenges raised by the COVID-19 pandemic and to the evolution of needs in general was recognised by those interviewed, as was the ability of the partnership between the centres and facilitators to combat multidimensional poverty and inequality.

Community centres and facilitators have the potential to empower community members living in difficult conditions to act to change their personal circumstances for the better.

Oxfam Italy

- 96% of beneficiaries stated they had better knowledge of services in the community*
- 96% of beneficiaries stated they felt able to access services in the community*
- 99% of beneficiaries stated they find community facilitators and helpdesks a useful service in the territory*
- 96% of community facilitator training session participants stated they felt more equipped to support users once training had been completed*

The Burberry Foundation funded two additional programmes focused on supporting employability within the circular economy. Both programmes work with communities that sustain the luxury industry while also tackling the industry's systemic waste issue. Elvis & Kresse is dedicated to giving raw materials a new life. It 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 have provided opportunities for 256 vulnerable and/or under-skilled people to learn a new craft and develop workplace skills to help secure long-term employment either within the creative industries or 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.

Through our Elvis & Kresse programme, we hosted 452 events focused on the brand's innovative approach to leather upcycling over the past five years. Over 1,600 participants explored the topics of environmental entrepreneurship and how to actively contribute to delivering a circular economy.

We also engaged young people through the programme by inviting 164 work-experience students and 43 apprentices to work alongside environmental entrepreneur Kresse Wesling MBE. Furthermore, Elvis & Kresse donated 50% of profits from the sale of products made from Burberry leather manufacturing cutting waste to the Barefoot College, a charity which empowers women from remote villages in developing countries, where access to electricity is limited, to become solar engineers. Elvis & Kresse also enabled a total of 72 women to train as solar engineers and over 4,000 people in their communities to benefit from their engineering skills.

A key learning from this programme and of the Communities strategy as a whole, is the importance of responsiveness and adaptive management. For instance, Elvis & Kresse exceeded its beneficiary events target and was able to offset the impact of COVID-19 restrictions by providing comprehensive online work experience placements.

Elvis & Kresse

- 87% of beneficiaries had an improved knowledge of leather manufacturing and the circular economy*
- 60% 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 speaking languages other than Italian improved their proficiency in the Italian language
- 23% 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

Afghanistan has been a key cashmere sourcing region for the luxury fashion industry. The Burberry Foundation launched a one-of-a-kind programme in FY 2017/18 with partners Oxfam and PUR Projet with the aim of improving the livelihoods of Afghan cashmere herding communities by helping them to develop a more sustainable and inclusive cashmere industry in the country. The programme concluded in September 2021. As many refugees from Afghanistan began to rebuild their lives around the world, Burberry supported continued efforts both internationally and within the UK to help those displaced access crucial resources, education and secure employment. We donated to two organisations helping refugees, the International Rescue Committee (IRC) and Breaking Barriers.

One aspect of the initiative was 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 aimed to prevent overgrazing and desertification while also building awareness around climate change and climate resilient behaviours. In the final year of the programme, additional training was provided to herders covering cashmere harvesting, trade and value, as well as pasture management. Overall, 6,165 herders participated in these training sessions. Results of pre- and post-programme tests showed a significant increase in the level of knowledge of the herders involved.

During the 2021 harvest season, over 14,000 kgs of cashmere was sold to cashmere buyers via the programme's community-owned groups. Herders involved in the programme were able to improve their income and livelihoods by selling additional livestock products through the community groups, including almost 20,000 kgs of wool, 16,500 litres of milk, 4,000 kgs of dry yoghurt and 1,000 kgs of oil.

At the close of the programme, 382 of the breeding farm's high-quality cashmere goats were distributed to over 60 farmers in the Herat and Balkh provinces. These goats will be bred with local cashmere goats owned by herders, which will, in turn, improve the overall quality of cashmere fibre in those localities. All farmers receiving the high-quality goats participated in a one-day training session on breeding and good animal husbandry practices.

The programme's partners are committed to sharing the learnings of the initiative with industry actors and policy makers in the future, to ensure a long-lasting legacy for the benefit of the communities contributing to the wider cashmere industry.

Oxfam and PUR Projet in Afghanistan

- 28% of herders engaged in the community-owned cashmere groups were 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*

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

Community investment allocation

Since 2010, Burberry's policy has been to donate 1% of Group adjusted profits before tax (PBT) to charitable causes.

The majority of our philanthropic work is carried out through The Burberry Foundation, which was set up in 2008 by Burberry Group plc as an independent charity (UK registered charity number 1154468) for general charitable purposes and grant-making. The Board meets four times a year and is responsible for upholding the Foundation's vision and ensuring delivery of its charitable purpose.

In FY 2021/22, a total of 1.22% of adjusted PBT was donated to charitable causes.

Burberry Group's charitable giving goes towards supporting causes relating to youth, mental health, diversity and inclusion, and disaster relief. The remaining proportion is allocated to The Burberry Foundation every year.

Our people worldwide are offered three working days a year to volunteer in their local communities. During FY 2021/22, Burberry employees participated in over 85 volunteering and fundraising activities, collectively contributing over 7,000 hours to charitable causes. Employees can also apply for match-funding for team fundraising activities. Our in-kind donations range from one-off gifts of non-trademark fabric and materials to assist young people on creative courses, to donations of smart business clothing to support vulnerable people enrolled in employability programmes.

In FY 2021/22, we donated over 3,000 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.

Supporting global humanitarian relief efforts

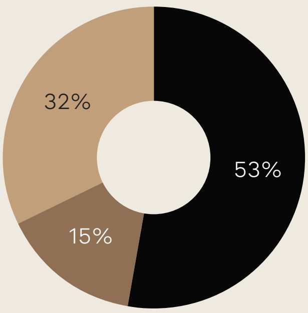
Thomas Burberry's longstanding dedication to community serves as the foundation of our culture. To support global relief efforts in Ukraine, we provided funding to charities and aid agencies delivering essential goods and services to those impacted by the humanitarian crisis, and mobilised our employee community to participate in a range of fundraising activities.

We donated to the British Red Cross Ukraine Crisis Appeal, enabling the distribution of food, hygiene products, warm clothes and aid to meet urgent and immediate needs. In response to the refugee crisis, we also donated to Save the Children and UNICEF in support of their Ukraine humanitarian appeals. Both organisations have worked to provide essential services, including health, protection, education, water and sanitation to millions of children and their families who have crossed into neighbouring countries for safety.

In addition to providing financial aid, we are working with our global supply chain partners to support displaced communities. In April 2022, we committed to manufacture and distribute over 20,000 blankets for Ukrainian refugees at our manufacturing sites in the UK and Italy.

We also encouraged our employees to support relief efforts by matching their donations to our charity partners, and supporting them to organise individual or team volunteering and fundraising activities.

Charitable spend



- Community investment[1]
- Commercial initiatives[2]
- Charitable donations[3]

1. Long-term community investments, including our annual donation to The Burberry Foundation.
2. Charitable marketing events and other campaign-related donations.
3. One-off charitable donations in support of charitable activities, memberships, disaster relief or matched funding for employee fundraising activities, including exceptional Ukraine humanitarian response donations.

BACKING BRIGHTER FUTURES
Our work with Marcus Rashford MBE in FY 2021/22 included supporting literacy projects for young people.

DEVELOPING LITERACY

AN INITIATIVE ANCHORED IN COMMUNITY, TO HELP SHAPE THE FUTURE

Caring for our people and our communities is intrinsic to who we are as a company. We open spaces for aspirations to become reality and support those who face disadvantages so that their potential can be fulfilled.

In November 2021, we announced our support for organisations in the UK, USA, Japan and Hong Kong S.A.R., China, committed to helping disadvantaged children develop their literacy skills. By providing funding to transform school libraries and donating books, we aimed to ensure children had access to safe environments and resources.

United Kingdom
In the UK, we partnered with English international footballer and youth advocate Marcus Rashford MBE and the National Literacy Trust (NLT) to support literacy among young people. With the NLT, we focused on helping libraries in primary schools provide young people with the literacy skills they need to fulfil their ambitions. The funding went towards transforming library spaces in 10 schools across Manchester, Yorkshire and London, positively impacting the lives of over 3,500 children.

All 10 schools participated in the Marcus Rashford Book Club, a programme created by Marcus and Macmillan Children's Books to encourage and nurture a love of reading among children. The schools also received a donation of 8,000 books, enabling children to benefit from further teaching materials, a variety of literature and activities. Curated by the NLT and provided by Macmillan Children's Books and other publishers, the selection of illustrated, award-winning fiction and non-fiction books represented a range of experiences, backgrounds and interests. Dedicated training and access to NLT resources were also provided to 200 teachers across the country during FY 2021/22.

United States
In the USA, we continued to build upon our existing partnership with Wide Rainbow to provide access to arts education in underserved neighbourhoods. Our funding will help to create 15 libraries across New York City and its outer boroughs, as well as three larger libraries in Los Angeles, Detroit and NYC, with each unique space receiving over 100 children's books.

The Wide Rainbow Library Project, in collaboration with Detroit-based curator and art educator Asma Walton of the Black Art Library, and design duo Melissa and Amanda Shin of Shin Shin Architecture, creates libraries for youth and families living in under-resourced communities.

Around the world
Our funding for the Bring Me a Book Hong Kong initiative provided over 500 books to youth centres in the region and bespoke storytelling workshops for the organisation's volunteers. Meanwhile, our ongoing support for the Japan School Library Association helps increase book donations to school libraries across the country.

These programmes continue Burberry's long history of supporting communities and championing access to experiences that enable imagination and creativity to flourish. By investing in creative spaces that expand children's worlds through reading, we aim to nurture their curiosity and make them aware of their own potential so they take their first steps to becoming the innovators, creators and leaders of the future.

The Burberry Foundation

The Burberry Foundation was set up in 2008 by Burberry Group plc as an independent charity dedicated to using the power of creativity to drive positive change in our communities and build a more sustainable future. The Burberry Foundation underwent a strategic review in FY 2021/22 following the completion of its long-term partnerships. From FY 2022/23, the new global strategic mission for the Foundation will be to concentrate all of its resources on addressing the issue of empowerment for left-behind youth and to expand the Foundation's activities to the key operational geographies of Burberry Group Plc.

The Burberry Foundation's new mission is grounded in the belief that young people, regardless of their backgrounds, can create ideas, solutions, and connections for a better future. The Foundation is dedicated to empowering youth and enabling the next generation to unlock their creativity and drive positive change. A core belief of the new mission is that young people who have positive role models, safe spaces, and opportunities to develop and exercise their creativity, can become empowered, self-confident individuals. The Foundation will focus its grant-making to support a number of youth clubs and community-based organisations around the world that are working to break down barriers faced by marginalised young people. At the heart of disadvantaged communities, youth clubs provide safe spaces and essential services to help young people gain confidence and develop valuable skills to improve their lives and progress their career pathways. Through working with a global delivery partner, the Foundation aims to co-develop and support innovative solutions to youth challenges that generate long-term sustainable impact. More information on the Foundation's new strategy and partnerships will be communicated during FY 2022/23.

Human rights statement

While we respect and uphold human rights where we operate, we 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.

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 due to the COVID-19 pandemic, particularly in relation to workers' health and wellbeing.

In FY 2021/22, we continued to implement and build on our mitigating actions. In addition, we strengthened our approach to raw materials traceability mapping and assessment of risks.

During FY 2021/22, we completed 601 supply chain audits and assessments. 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 19,000 workers across 36 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 2021/22, Burberry-sponsored hotlines received 435 calls and their resolutions were monitored closely by our Responsibility team. Supporting our human rights commitment is set out in our Modern Slavery Statement. This is published in line with the UK Modern Slavery Act and can be found on Burberryplc.com.

OUR PEOPLE

Together, we open spaces for creativity to flourish by prioritising our people's wellbeing and being an open, inclusive and caring employer. By listening to, valuing and amplifying the voices of our colleagues, we ensure Burberry reflects the rich diversity of our customers and our communities, and fosters a culture of true inclusion and belonging.

Our people perform at their best when they feel supported. By embedding our values in everything we do and communicating our purpose in meaningful ways, we aim to inspire our people to take pride in Burberry's achievements and the part they play in accomplishing them. We firmly believe in designing the colleague experience in collaboration with our people, making sure their needs and perspectives are reflected in how we continue to support them. As we look toward reimagining our workspaces, exploring the new possibilities presented by the future of work and challenging ourselves to achieve our diversity and inclusion goals on an ongoing basis, we maintain our focus on perpetuating a culture of belonging.

Enhancing the colleague experience

Gathering feedback from our people about their experiences at Burberry is key to ensuring the policies, programmes and initiatives we are building as an organisation reflect the support our colleagues need to thrive. Starting in FY 2020/21, we replaced our annual Employee Engagement Surveys with shorter and more frequent pulses. Data extracted from these surveys, as well as suggested action points, are delivered to leaders throughout the business via personalised portals. In our most recent survey from February 2022, we saw engagement levels rise across the organisation to 75 points, matching levels not seen since early in the pandemic. Surveys are conducted by an external provider and results are independently verified.

Building on our purpose and values through leadership standards

When we launched our purpose and values, we drew on the legacy of Thomas Burberry to articulate our shared belief in the power of creativity to open new possibilities and to describe who we are at our best.

In September 2021, we rolled out our Leadership Standards, which are designed to empower everyone at Burberry to live our values, help us to maintain our open and inclusive culture, reinforce our commitment to social and environmental sustainability, and drive our growth through high performance. Alongside this, we created a bespoke, interactive playbook designed to immerse everyone in our values and inspire conversation among teams on how they could be brought to life.

These standards are being embedded across the colleague journey at Burberry, starting at the application and new hire stages, through to development, performance management and recognition. We aim for all performance reviews to be fully aligned to our Leadership Standards from FY 2022/23. Performance reviews take place annually, with quarterly touchpoints ensuring colleagues and leaders have meaningful conversations and can provide feedback regularly.

Supporting wellbeing

The wellbeing of our colleagues is our top priority. As our people around the world have continued to contend with the challenges presented by the pandemic, creating a supportive wellbeing programme, which enables our colleagues to thrive, has been a key priority. Through the year we have redesigned our existing seasonal programmes to focus on the importance of wellbeing, launching Wellbeing Days, which offer all colleagues globally at least five days' paid leave to focus on their health and wellness. Alongside this, we launched a global partnership with Headspace, providing free access to its award-winning mental health app for all colleagues. We also continued to develop our internal wellbeing portal, which provides focused tools and resources to support colleagues making small positive changes to their everyday lives.

"GATHERING FEEDBACK FROM OUR PEOPLE ABOUT THEIR EXPERIENCES AT BURBERRY IS KEY TO ENSURING THE PROGRAMMES WE ARE BUILDING REFLECT THE SUPPORT OUR COLLEAGUES NEED TO THRIVE."

In FY 2021/22, we continued to develop our inclusive policies and leaders' guides. In May 2021, we set out our commitment to support survivors of domestic abuse. This includes a new policy setting out how we can care for colleagues who experience abuse; leader training, including drop-in sessions and a leaders' guide, and a new section on our wellbeing site with links to external organisations providing help and expertise in each of our markets. Viewing this new section of the site does not appear in an individual's browsing history, and it features a safe button, which will quickly close the site if necessary.

On World Mental Health Day in 2021, we launched our first global bereavement policy, providing paid leave and support for all colleagues who suffer a loss, including pregnancy loss, regardless of how long they have been with the organisation. Again, in recognition of the crucial role our people leaders play in demonstrating our values, we also launched a guide to help leaders support colleagues through bereavement and a dedicated internal site of curated on-demand content.

On International Women's Day 2022, we introduced our new support area on our internal site for colleagues who are experiencing symptoms of menopause or supporting someone else who is experiencing symptoms. This includes potential work adjustments, a guide specifically for leaders and on-demand training materials.

Collaborating to design the future workplace

Lockdowns and local restrictions linked to the COVID-19 pandemic have meant that many of our people have had to adapt to new ways of working over the past two years. We have supported our colleagues through this challenging time by offering flexible working arrangements and, in some cases, providing additional paid leave when further support was required.

We have incorporated our learnings from the pandemic period into our evolving vision for the future of Burberry workplaces. Over FY 2021/22, we carefully examined research and data around more flexible ways of working. To ensure Burberry workplaces can best meet the changing needs of our people in the future, an internal team supported by external experts assessed our current and future office needs, and studied a variety of redevelopment options.

Beyond day-to-day ways of working, we aim to incorporate key considerations to support our colleagues' individual needs, such as providing dedicated spaces for mothers, religious observance, quiet areas and making sure accessibility requirements are factored into all of our spaces.

OUR LONGSTANDING COMMITMENT TO DIVERSITY AND INCLUSION

At Burberry, 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. We know that when this happens, our colleagues are more engaged, committed and effective in driving results, and we make a more meaningful contribution to the world around us.

OUR FOUR STRATEGIC PILLARS

To help achieve our diversity and inclusion goals, our dedicated global Diversity and Inclusion team works with colleagues across the business, including our senior leadership teams, the broader Human Resources team and our advisory networks, with a focus on four strategic pillars:

- Attracting and retaining diverse top talent
- Fostering an open and inclusive culture
- Educating and raising awareness
- Implementing a global approach

Throughout the year, we continued to build upon our strong foundations across these areas, and introduced new initiatives designed to help us to achieve our ambitions. In FY 2021/22, we launched a broader ambition to drive gender equality.

Over the coming years, our aim is for Burberry to become the best place to work for all women in the luxury industry, and to build our strength in developing women leaders. Some of our latest actions underpinning our goals include actively engaging our employee networks and councils to drive our ambition forward and launching a summit dedicated to advancing gender parity in leadership. We are also broadening our talent pipeline through leadership development programmes, funding creative arts scholarships and investing in our mentorship offering, particularly to elevate women leaders from all backgrounds.

Commitment to equal pay

Our reward policy is to pay all colleagues in line with their level and experience and at a market-competitive level, irrespective of gender or ethnicity. We undertake a pay analysis process annually to identify and correct any pay disparities, ensuring we meet our commitment to equal pay.

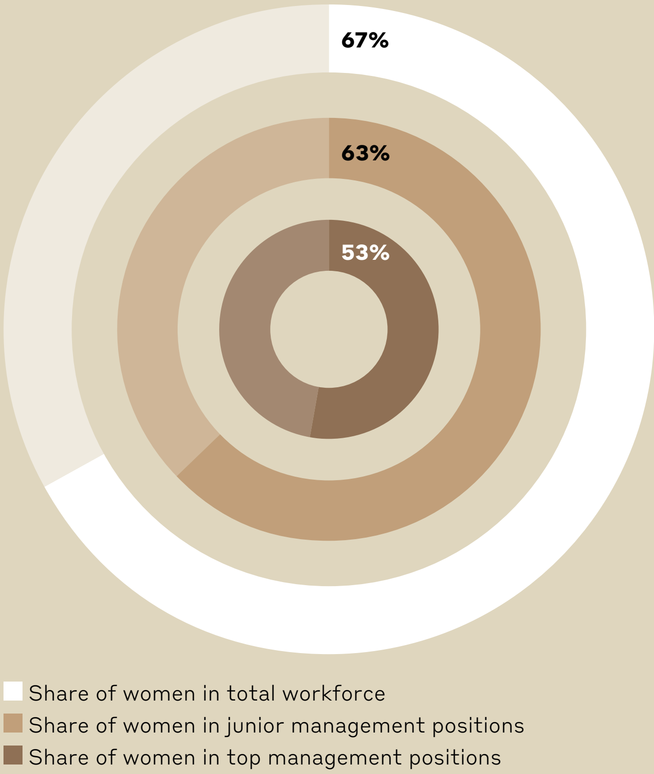
Gender diversity at Burberry

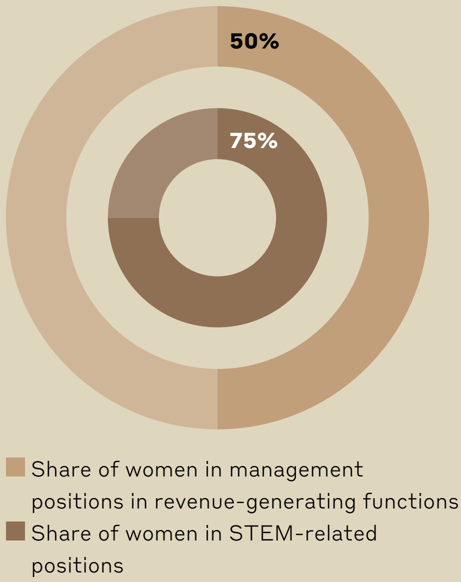
As of March 2022, the representation of women and men in the workplace is:

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)	302	159	53%	143	47%
All workforce	9,293	6,254	67%	3,039	33%

SHARE OF WOMEN IN OUR WORKFORCE

In addition to examining the representation of women and men in our broader organisation, we are committed to better understanding our workforce through greater disclosure. In the charts below, women in junior management are categorised as colleagues up to Director-level, with women in top management being Director-level and above. Women in STEM-related positions sit within our manufacturing and product development teams, while women in revenue-generating functions sit across digital, retail, customer service, wholesale, franchise and licensing teams.





Attracting and retaining diverse top talent

Recruitment

How we attract and retain the best people at Burberry is a critical part of our global Diversity and Inclusion strategy and vital to our ongoing success. We are taking measures to ensure our recruitment practices remain inclusive. For instance, we use a gender decoder tool to analyse the language we use across all job advertisements to ensure they are gender neutral. In FY 2020/21, we began piloting anonymous curriculum vitae screening and included diversity information monitoring forms in candidate applications in the UK and USA, with all disclosures voluntary and data collected in line with local market regulations. We aim to implement these practices across our business in certain markets by FY 2022/23. To identify and engage with a wide range of candidates at all levels, we collaborate with organisations running diverse leadership networks and job boards around the world, and engage with a Historically Black College and University (HBCU) in the USA. Building on mandatory annual unconscious bias training for talent acquisition teams, we have also introduced interview skills training for all line managers to support inclusive interviewing techniques and mitigate unconscious bias throughout the interview process.

We also continue to support creative art scholarships in a bid to improve access to the creative industries for people from underrepresented communities. The scholarships support more than 50 students over five years at renowned 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. This also includes our support for scholars at the Royal College of Art via separate funding from Burberry and The Burberry Foundation.

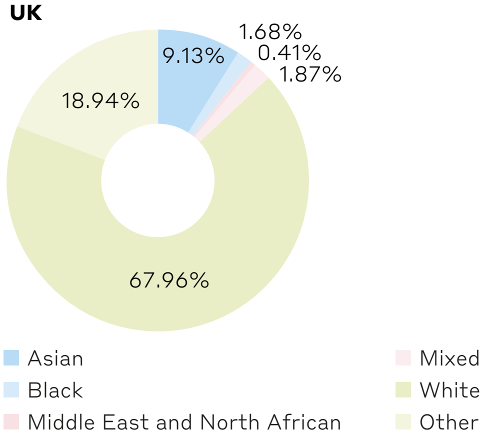
Leadership development

We strongly believe that all colleagues are leaders. By harnessing our Leadership Standards, all of our colleagues will play a critical role in driving Burberry's performance, better serving our customers and meaningfully supporting our communities. We embed Leadership Standards across the business by making forums accessible to all of our people and creating opportunities for conversations around our values to take place. In addition, we run leadership development programmes, which are designed to elevate leadership capability and support the continued diversification of our organisation.

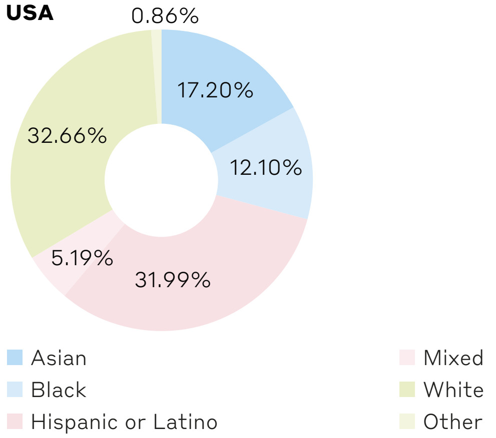
Our New Manager Development Programme (NMDP) focuses on the principles of good leadership for people managers. Core to this is equipping leaders with the capability required to foster an open and inclusive environment for teams and colleagues. This programme also explores leadership accountability and personal commitment to our sustainability and diversity and inclusion strategies. Our Executive Development Programme (EDP) continues to deepen leadership capability, building on learnings from our NMDP and our allyship training. Participants focus on elevating and reaffirming their commitment to fostering an inclusive culture as well as taking accountability for diversifying our workplace. During FY 2021/22, we worked to ensure the cohorts for each programme were balanced from gender and ethnicity perspectives.

DIVERSITY AT BURBERRY*

UK



USA



* These values are based on voluntary colleague disclosure in line with local regulations.

Fostering an open and inclusive culture

Internal networks

We have a number of Employee Resource Groups (ERGs) led by members of our teams in collaboration with senior sponsors from across the business. Our growing ERGs create spaces for colleagues to come together and share knowledge, experiences, learnings and mark cultural moments with their Burberry community.

Our networks established in the USA include Asians in America, the Black Heritage and Culture Cooperative (BHCC), LGBTQ+, Women Empowered and the Working Parents Group. In 2021, we expanded some of our ERGs globally, reaching over 650 colleagues across our regions. Each ERG arranges events and celebrates cultural moments throughout the year, educating others and raising awareness.

Examples in FY 2021/22 included celebrating Black History Month with an internally curated musical playlist and hosting open forums focusing on mental health. We discussed bystander intervention in the wake of the #stopaapihate movement, which grew in response to acts of hate and violence being directed towards Asian American and Pacific Islander communities in the USA, and created an educational series and activities around cultural heritage calendar moments. For International Women's Day 2022, the Women Empowered ERG held a number of global open forums and networking sessions, focusing on themes including mentorship, career progression and leadership.

The ERGs also continue to work closely with the Global Diversity and Inclusion team, focusing on education, raising awareness and incorporating intersectionality into their conversations and resources.

Disability inclusion

We aim to ensure that all our colleagues can thrive professionally and feel valued in our environments. As reinforced by our global Diversity and Inclusion Policy, we have no tolerance for discrimination at Burberry. Our inclusive hiring practices across Burberry include giving full and fair consideration to applications from people with disabilities. We ensure reasonable adjustments are in place for people with disabilities throughout their career, including for those who have become disabled during their time with us. Our training programmes are designed to be more accessible for those with visible and non-visible disabilities, including written text accompanying imagery, different levels of interactivity and adjustments to fonts. We collaborate with external organisations to ensure our sites, policies and processes are inclusive of people with both visible and non-visible disabilities.

Through our partnership with The Valuable 500, the largest network of global CEOs committed to disability inclusion in business, we commit to including an accessibility assessment measurement through our current global Health and Safety assurance audit programme of our EMEIA stores, aiming to meet accessibility criteria by 2023, which we have already achieved. We have also worked closely with the organisation to provide feedback on resources provided to members within a dedicated digital hub.

Our Health and Safety team works in close partnership with human resources and line managers to support our colleagues with occupational health reviews, identifying where we may need to make workplace adjustments or adaptations to help remove the barriers colleagues with disabilities may face, closely supported by our partnership with the Business Disability Forum, a non-profit organisation bringing together businesses, people with disabilities and policymakers to help make a difference. We are expanding our internal global disability audit framework to identify where we can take the most impactful action on accessibility.

Diversity information

Assembling a complete picture of our colleague population is vital for us to measure progress. With more information on the diversity of our colleagues, we can design programmes and policies to best support our people.

In FY 2020/21, we upgraded our human resources systems to make it possible for UK-based colleagues to voluntarily share anonymised diversity information. The resulting data allows us to improve our global diversity dashboard, the platform which allows us to analyse colleague diversity within Burberry. Insights garnered from the dashboard are shared quarterly with the Executive Committee and bi-annually with the Board. This additional information helps us to make informed decisions with respect to our Diversity and Inclusion strategy.

In FY 2021/22, we began engagement with teams across Burberry, starting in the UK, to raise awareness of how colleagues may voluntarily provide certain diversity information in a confidential manner. This includes data on ethnicity, gender identity, visible and non-visible disabilities.

Educating and raising awareness

Internal Diversity and Inclusion Council
Established in 2019, our first Internal Diversity and Inclusion Council comprised 12 colleagues who met monthly to raise emerging issues and challenges, as well as explore feedback and solutions. Over their two-year tenure, they co-hosted 35 open forums with colleagues, contributed to raising awareness of global cultural moments and supported working groups in creating localised diversity and inclusion action plans that support the central agenda.

In February 2022, we expanded our Internal Diversity and Inclusion Council membership to 27 colleagues, ensuring representation across demographics, function, tenure and geography. The role of the council remains to foster a culture of inclusion and belonging throughout the organisation, while elevating our existing diversity and inclusion working groups and employee resource groups. Over the next two years, our members will be responsible for driving inclusion globally, sharing educational tools and resources, leveraging our Leadership Standards, supporting the delivery of local diversity and inclusion actions, and amplifying colleague voices.

Mentorship
At Burberry, successful mentoring is centred around principles of trust, inclusivity, openness and communication. We have created a framework of mentoring resources to enable all colleagues to create and build mentoring partnerships. This is supported by regular career development conversations to identify ways to support growth, as well as access to a network of mentors and mentoring champions. Engagement with our mentoring framework is driven through our ERGs and local Diversity and Inclusion working groups to further support the development of diverse and underrepresented talent.

Global Diversity and Inclusion Education Programme
In FY 2021/22, we rolled out our Diversity and Inclusion Education Programme. The online series released 15-minute interactive learning episodes to all colleagues; commencing with Mitigating Bias and following with an introduction to Understanding Allyship.

Our people also have access to virtual workshops hosted by our partners and a global diversity and inclusion resource library stocked with more than 350 items. The library was designed to support self-directed learning.

We have also created Demonstrating Allyship, a virtually delivered workshop programme, which creates space for colleagues to understand identity, recognise how to be an ally, and practise allyship. This is hosted by external facilitators and is accessible to all colleagues; the workshops are interactive, available in multiple languages and scheduled with consideration for organisational and commercial moments.

Such initiatives encourage our people to acknowledge and understand the variety of lived experiences and the challenges individuals may face. It is our belief that, when our colleagues are sensitive to a diverse range of perspectives, we can create more inclusive working environments.

Cultural Advisory Council
Established in 2019, our Cultural Advisory Council comprises six thought leaders from different backgrounds across the globe who collaborate with Burberry to shape and challenge our way of thinking. Meeting three times per year, the External Council plays an active role in advising on our Diversity and Inclusion strategy.

Over FY 2021/22, all members of the Council committed to another two-year term. The Council's involvement included roundtable discussions, mentorship and engagement with colleagues around key cultural moments, such as World Mental Health Day, International Women's Day and Black History Months. To date, the members have helped advise on a range of initiatives, from diversity information engagement globally to truly embedding localised action plans across the business.

They have also dedicated time to raising awareness on issues ranging from psychological safety and the connection between mental health and inclusive environments, to the intersectionality of particular communities and representation within leadership. More information can be found on Burberryplc.com.

Implementing a global approach
While our ambition is to foster an inclusive culture globally, we recognise that one size does not fit all. In FY 2020/21, all key regional markets and global functions began developing detailed action plans aligned to the global Diversity and Inclusion strategy pillars. The localised plans were created by working groups within different areas of the business. Incorporating input from colleagues, the plans cover local needs and opportunities for change, applying a local understanding of the diversity and inclusion landscape while supporting our overarching global priorities.

Empowering voices across Burberry globally, the plans came to life across 10 months, engaging over 200 working group members and incorporating over 4,500 contributions and pieces of feedback from colleagues. These plans are now being actioned and embedded around the business, with groups continuing to meet regularly to move their bespoke actions forward. Key themes across functions included an enhanced talent approach to attract, retain and invest in diverse talent, encouraging openness and regular communication and fostering local community and partner support.

Accountability
All members of our Executive Committee have diversity and inclusion objectives as part of their goals. They are accountable for attracting and retaining diverse talent and promoting an inclusive culture within the Company. They do this by participating in cultural moments and activities, and by sponsoring diversity and inclusion programmes so they are embedded in our ways of working. Supporting diversity and inclusion plans visibly and authentically is also the responsibility of our line managers, who advance our goals by encouraging inclusive behaviours and supporting localised efforts.

In order to measure our progress as a company and understand the success of our diversity and inclusion initiatives, we also take part in key benchmarks. In FY 2021/22, we were recognised by the Bloomberg Gender-Equality Index (GEI) for the second consecutive year. We scored well above the company average across the female leadership and talent pipeline, inclusive culture and pro-women brand categories. We will use the results to inform areas where we can implement meaningful change. Burberry was also recognised in the European Women on Boards Gender Equality Index as a Best Practice Leader and named a best performer in the inaugural FTSE Women Leaders report.

Partnerships
To support our diversity and inclusion journey, we forge strategic partnerships with key organisations, charities and communities around the world. As well as demonstrating our commitment to inclusion, these partnerships help us to build a diverse talent pipeline, support talent development and provide a range of educational opportunities across our organisation.

Some examples include:
- Collaborating with the Business Disability Forum and The Valuable 500 to further our commitment to disability inclusion globally
- Hosting workshops and in conversations with partners such as Stonewall, Global Butterflies and Investing in Ethnicity
- In FY 2021/22, Burberry was a headline sponsor of the inaugural British Diversity Awards, bringing together communities to celebrate individuals, organisations and initiatives contributing to positive change

BURBERRY BEYOND

DRAWING ON OUR HERITAGE OF EXPLORATION AND THROUGH OUR CREATIVE SPIRIT, WE COMMIT TO CONTINUALLY EVOLVE, INNOVATE AND DEFY CONVENTION TO BUILD A BRIGHTER FUTURE FOR GENERATIONS TO COME.

As a brand built on the desire to explore nature and the great outdoors, our new strategy, Burberry Beyond, is our commitment to be a force for good through how we design, source, create and advocate. We are determined to be a better company, to create a more sustainable future for luxury, and to have a positive impact on climate, nature and people. This compels us to draw on our creative spirit, to evolve, innovate and, at times, defy convention. It also requires us to enhance our metrics to track, guide and report on progress.

Climate
We are going beyond net zero, reducing emissions across our extended supply chain and investing in initiatives and projects that support wider climate change efforts beyond our business. These include programmes that remove carbon from the atmosphere, designed to accelerate climate action and build resilience for climate-vulnerable communities.

Nature
We will take action to protect, restore and regenerate nature by applying a nature-based approach to our own value chain and in areas of greatest need beyond our operations. We are committed to restoring ecosystems within Burberry's own value chain, working with key partners such as the Savory Institute's Land to Market programme, as well as continuing to evolve our understanding of our nature impacts in partnership with The Biodiversity Consultancy. We are also working with organisations like the Science Based Targets Network and the Taskforce on Nature-related Financial Disclosures to support the development of a robust framework to monitor and drive progress.

People
We are committed to having a positive impact on our people and communities. We are collating information about the work we do across our business and in our supply chain, from protecting and nurturing luxury craftmanship skills, to driving progress towards our diversity, equity and inclusion ambitions, in order to establish and evaluate the full picture of our impact on people within and beyond our Company.

LEVERS FOR ACTION

As a global luxury brand, there are four main levers for action that will underpin our progress.

DESIGN

We will harness our expertise in design, using the freedom creativity brings to usher in a new generation of luxury that not only does no harm, but also seeks to have a positive impact.

SOURCE

We will ensure the materials we source are aligned to our ambitions, equipping and empowering our supply chain to achieve meaningful change at scale.

CREATE

As we create, from the manufacturing of garments through to putting on shows, we will carry an ethos of innovation that continues to push boundaries.

ADVOCATE

We will use our voice to call for strengthened policies, standards and behaviour change to drive positive social and environmental impacts.

OUR GOAL TO BE CLIMATE POSITIVE BY 2040

During FY 2021/22, we strengthened our climate ambitions by pledging to become Climate Positive by 2040. This entails accelerating emissions reductions across our extended supply chain, aiming to cut them by 46% (from a previous target of 30%) by 2030, from a FY 2018/19 base year. In October 2021, our scope 3 2030 GHG emission targets were approved by the Science Based Targets initiative (SBTi) as meeting the criteria for the 1.5°C pathway set out in the Paris Agreement. All our scope 1, 2 and 3 SBTs are aligned to the 1.5°C pathway, the most ambitious designation available through the SBTi process.

Climate Positive 2040 is about going further than net zero. Our goal is to implement steep reductions in our carbon emissions footprint and neutralise residual emissions by investing in compensation and projects that remove carbon from the atmosphere. We have set up the Burberry Regeneration Fund to support our efforts and our strategy follows the SBTi Net Zero Standard recommendations.

In FY 2021/22 we developed our first carbon emissions reduction roadmap to net zero and set out a number of KPIs that sit across the business. In line with our new targets, we are analysing the data and reporting methodology for our value chain emissions, which fall under our scope 3 disclosures. With new guidance from the SBTi, we resubmitted our baseline to FY 2018/19 and expanded the number of categories, which resulted in an increase in our reported scope 3 emissions compared to our previous baseline.

Our FY 2018/19 Scope 3 baseline totals 758,542^ tonnes of carbon dioxide equivalent emissions. The baseline represents the emissions arising from raw materials, waste, product manufacturing, packaging, transportation, and other sources from our value chain. The baseline excludes emissions from use of products sold. PwC provided independent limited assurance for the reported FY 2018/19 scope 3 baseline figure. The assurance statement is available at burberryplc.com/en/responsibility/approach-to-responsibility.html.

In executing our scope 3 target, we are committed to partnering with our suppliers in areas including renewable energy solutions; circular-designed products and business models; regenerative agriculture solutions, and increasing the recycled content of packaging.

During the year, we set about embedding our commitments and targets to achieve Climate Positive throughout the business. We strengthened our cross-functional KPIs geared to deliver these reductions with Executive Committee accountability. In addition, we engaged teams by providing educational sessions to raise awareness around climate change impacts, our goals and how everyone can contribute. For example, our Finance and Operations team led a Sustainability in Action series, reaching between 150 and 300 colleagues during each of its five sessions in FY 2021/22.

In addition, in 2021, we launched our biodiversity strategy to support global conservation efforts. Through this plan, we will take action to protect, restore and regenerate nature, helping to slow further global warming as part of the transition towards the 1.5°C pathway set out in the Paris Agreement.

2022

95%

Cut absolute operational emissions by 95% by the end of 2022

2030

46%

Cut absolute emissions across our extended supply chain by 46% by 2030

2040

>90%

Cut absolute value-chain emissions by over 90% by 2040

CLIMATE POSITIVE BY 2040

Invest in quality carbon removal projects to go beyond net-zero and build climate resilience

The Burberry Regeneration Fund

For the GHG emissions that we cannot reduce directly, and to meet our Climate Positive targets, we are investing in nature-based solutions through our Regeneration Fund. The fund supports global mitigation efforts through offsets and carbon removal projects in our supply chain and beyond.

We take a portfolio approach to investing, focusing on both external removal and avoidance projects, as well as insetting initiatives. For our inaugural supply chain project, we partnered with PUR Projet to design and implement regenerative agricultural practices with wool producers in our supply chain in Australia. The project works at farm level to improve carbon capture in soils, improve watershed and soil health, and promote biodiverse habitats. The initiative in Australia has successfully completed its first year, and more farms will be added to scale the project globally over the next few years.

In FY 2021/22, through the Burberry Regeneration Fund, we also invested in the global Lowering Emissions by Accelerating Forest finance (LEAF) Coalition to support the end of deforestation in tropical and subtropical forest countries. We support the LEAF Coalition's aim of achieving its Nationally Determined Contributions (NDCs) under the Paris Agreement. As part of the LEAF Coalition, over the next five years we will purchase high-quality Emissions Reductions. These will meet the ART-TREES requirements and contribute to our global mitigation efforts as part of the Regeneration Fund's pillars of Planet, Nature and People.

SUSTAINABILITY BOND USE OF PROCEEDS REPORT

Introduction

Burberry is committed to using its position and influence to drive social and environmental improvements and foster sustainability 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 Sustainability Bond on 21 September 2020 for £300 million at a coupon of 1.125% (the Sustainability Bond). As part of the Sustainability Bond Framework[1], (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 second 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, waste recycling)

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

The Sustainability Committee was established in 2019 to review and oversee the Group's strategy on environmental, social and governance issues related to our sustainability agenda. The Sustainability Committee convenes at least four times a year and is co-chaired by the CEO and CO&FO, who is accountable for ensuring oversight of climate-related risks and opportunities of the Group.

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

The Sustainability Committee has considered the Eligibility Criteria in the Framework and reviewed the spend on projects eligible for financing under the Sustainability Bond and 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 were completed within the three-year period preceding and the financial years since 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	Apr 2021 – Mar 2022 £m	Cumulative total £m	UN SDG
Green buildings	4.6	4.1	18.6	27.3	9
Environmentally sustainable management of living natural resources and land use	42.4	17.8	30.0	90.2	15
Pollution prevention and control	23.1	11.1	14.4	48.6	12
Total	70.1	33.0	63.0^	166.1^	

1. The framework can be found at: https://www.burberryplc.com/en/investors/debt.html.

Unallocated proceeds

The unallocated proceeds under the bond are £133.9 million. The cash is kept on deposit in accordance with Burberry's Treasury Policy.

Project examples

Green buildings:

Projects include the financing or refinancing the spend on properties which have one of the following certifications. For existing buildings, certification has been received within the last three years.

Certifications include:

a. LEED: Platinum or Gold level
b. BREEAM: Excellent or Outstanding level

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 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 committed to driving positive change and building a more sustainable future. We aim 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.

All Burberry retail bags and gift boxes are reusable, fully recyclable and made from a minimum of 40% recycled content and FSC TM certified paper. Our signature oak garment covers are made from 100% recycled polyester. Our products are transported on recyclable hangers made from a minimum of 60% recycled plastic.

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 at burberryplc.com/en/responsibility/approach-to-responsibility.html.

NON-FINANCIAL INFORMATION STATEMENT

This section of the strategic report constitutes Burberry's Non-Financial Information Statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006.

The information listed is incorporated by cross reference.

Reporting requirement	Policies and standards which govern our approach	Information necessary to understand our business and its impact, policy due diligence and outcomes
Environmental matters	• Global Environmental Policy • Responsible Sourcing Policy • Chemical Management Standards • Science Based Targets initiative • UN Climate Change Fashion Industry Charter for Climate Action	• Environmental and Social Responsibility section, pages 52 to 97 • Responsibility goals and commitments, pages 52 to 83 • Environmental and Social Responsibility section on Burberryplc.com
Employees	• Code of Conduct • Our Culture and Values • Global Health and Safety Policy • Ethical Trading Code of Conduct • Responsible Business Principles • Diversity and Inclusion policy	• Directors' Report, pages 214 to 219 • Purpose, page 20 • Stakeholder Engagement, pages 99 to 106 • Gender and Ethnicity Pay Gap Report on burberryplc.com • Environmental and Social Responsibility, pages 52 to 97
Respect for human rights	• Human Rights Policy • Ethical Trading Code of Conduct • Transparency in the Supply Chain Statement • Modern Slavery Statement • Data Privacy Policy • Information and Cybersecurity Policy • Model Wellbeing Policy	• Human Rights Statement, page 82 • Environmental and Social Responsibility section on Burberryplc.com
Social matters	• Responsible Business Principles • Ethical Trading Code of Conduct • Local Stakeholder Engagement Policy • Volunteering and Match Funding	• Environmental and Social Responsibility section on Burberryplc.com
Anti-corruption and anti-bribery	• Anti-Bribery and Corruption Policy • Cash Acceptance Policy • Fraud Risk Management Policy	• Reflecting the needs of our stakeholders, Customers, page 101 • Reflecting the needs of our stakeholders, Employees, page 100
Additional disclosure		• Business Model, page 22 • Key Performance Indicators, pages 41 to 43 • Principal Risks, page 107 to 129 • Purpose, page 20

STAKEHOLDER ENGAGEMENT

Understanding our stakeholders and doing right by them is fundamental to sustaining Burberry's success in the long term.

The Board is aware of its obligations, both collectively and individually, to promote the success of the Company for the benefit of its stakeholders. Ensuring regular, comprehensive engagement with those stakeholders to understand their perspectives, values and insights when decision making and planning, allows us to deliver our strategy with the knowledge of the potential impact of our actions.

Papers submitted to the Board for approval from various areas of the business are required to outline the impact on stakeholder groups to enable the Board to have informed discussions before reaching key strategic decisions.

Section 172(1) statement and statement of engagement with employees and other stakeholders

In accordance with the Companies Act 2006 (the Act) as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the Directors provide this statement to describe how they have engaged with and had regard to the interests of our key stakeholders when performing their duty to promote the success of the Company, under section 172 of the Act.

Reflecting the importance of our stakeholders and the impact they have on our strategy, reputation and the Group's long-term success, consideration has been given to them throughout the FY 2021/22 Annual Report and the table on pages 162 to 165 identifies where they are discussed.

Major stakeholders

People	Shareholders	Partners
Customers	Communities	Governments

PEOPLE

Our people are Burberry's greatest asset, and it is vital that we continue to attract and retain the best talent, fostering an inclusive environment where everyone can thrive.

We have increased our Employee Engagement Surveys from one per year to two. We use insights from these surveys to action changes across the Group so we can address the needs of our colleagues most effectively.

We communicate daily with our teams across the business to keep them informed, engaged and drive open conversation. Written communications, videos and podcasts are made available via Burberry World, our global intranet. We provide tailored communications to teams, such as Sales Associates during the year, providing regular operational updates and training around our new products and brand heritage. We continue to bring colleagues together virtually for significant calendar moments, such as the annual Icon Awards and global town halls, to maintain a sense of community.

We remain firmly committed to the professional and personal development of our people, as well as their wellbeing. We provide learning tools and resources via B-Learning, a range of training programmes on areas such as demonstrating allyship and running leadership development programmes, making sure each cohort reflects the diversity of our workforce.

More information on Burberry's progress towards a more diverse and inclusive workplace can be found on pages 84 to 92.

What matters

- Career development
- Operational efficiency
- Wellbeing and flexible working
- Fostering a diverse and inclusive culture

Board engagement

To ensure that our colleagues' views are considered in decisions made at Board level, meaningful two-way communication between the Board and our workforce is crucial. The Global Workforce Advisory Forum was established to facilitate such dialogue and is made up of representatives from a variety of roles across the global business. During FY 2021/22 the Forum met twice, and was attended by Gerry Murphy, our Chair; Matthew Key, Non-Executive Director and Chair of the Audit Committee, and Orna NíChionna, Chair of the Remuneration Committee. The Board discussed a range of topics including colleagues' views on how culture is monitored throughout the Group, Leadership Standards, changes to reward programmes made in 2021, methods of raising concerns, and considerations for our new CEO. Insights from these Forum meetings were shared with the Board as a whole.

The Board values these opportunities to hear directly from the workforce and take the feedback received into consideration when discussing relevant topics at Board and committee meetings as noted on pages 162 to 165.

Employee Engagement Survey: the Board reviewed the results of the Employee Engagement Surveys and an overview of the key trends for 2021. The Board gave particular focus to wellbeing, developing leader and colleague capabilities, recognition and discussed areas of focus and proposed actions.

Direct interaction: Burberry's various colleague platforms allow the Board to interact with our people on a global scale. In March 2022, as part of our International Women's Day celebrations, Board members Julie Brown and Debra Lee participated in a webcast focusing on the 2022 theme of "Break the Bias", sharing their personal thoughts and experiences on the subject.

CUSTOMERS

We have a diverse customer base across the world whom we serve through Burberry.com, directly operated stores, concessions and wholesale partners.

We aim to create a seamless omnichannel experience, where they can engage with our brand, our product, our campaigns and our people. We continue to harness insights to develop our understanding of luxury goods customers and enhance our customer proposition, ensuring we offer inspiration and opportunities to engage with Burberry across our platforms.

During FY 2021/22, we continued to innovate the customer experience, leveraging technology to provide virtual appointments and bring the brand experience to customers wherever they are in the world. We also rolled out our new store concept more widely, with 47 stores built or refurbished in FY 2021/22. More information on the new store concept is on page 35.

Providing exceptional customer service and assistance is vital for any luxury brand. We look at ways to improve the assistance we offer to customers on an ongoing basis, including ensuring they are able to contact us at their convenience through their preferred medium, including phone, email, social media and Burberry.com chat. At present, we offer customer service assistance in 14 languages.

What matters

- Product innovation and newness
- Customer service and brand experience
- Addressing evolving customer habits and changes in buying patterns
- Environmental and social impact

Board engagement

Customer insights: understanding our customers and what they are looking for is key for developing our brand. Most of Burberry's engagement with customers is at the operational level, however the Board receives regular updates from the CEO and members of the senior management team on sales performance and brand heat. During FY 2021/22, the Board also received updates on market conditions and trends including research pieces, such as a consumer video. These provided insights from a number of fashion vanguards in our key markets, enriching and developing the Board's understanding of our customers, as well as highlighting any potential issues and how these can be addressed.

Customer experience: as customers themselves, the Board regularly engage with the business across all of our channels. Insights gained through these interactions are regularly discussed with management.

As part of his induction, our new CEO Jonathan Akeroyd has spent time visiting a number of stores as well as discovering Burberry's product offering, both of which provide valuable insight and understanding of Burberry's customer experience.

SHAREHOLDERS

We are committed to creating long-term sustainable value for our shareholders delivered through the Group's strategy. We believe it is important to develop an open and transparent relationship with our shareholders for them to understand our business and its strategy to enable them to make informed decisions.

Investors are invited to attend our trading and results announcements online, which include a dedicated question-and-answer session. All investor announcements are made available on our website including webcasts, slides and transcripts.

During FY 2021/22, our Investor Relations team participated in over 200 investor meetings and events. This engagement included presentations to institutional shareholders and analysts following the release of the Group's half- and full-year results, as well as meetings with the Group's 20 largest investors.

Board engagement

The Board benefits from the views of the investment community in their decision-making and we therefore encourage multichannel engagement through our Investor Relations team, Company Secretariat, Board and Executive Team, as well as other areas of the business.

The Board receives monthly updates from the Investor Relations team, providing an overview of market sentiment, share price performance and any meetings held with investors. More than 50 meetings were also held with a combination of our Chair, the Chair of the Remuneration Committee, Executive Directors and members of senior management.

In addition, the Board and management regularly receive and respond to queries from shareholders on a wide range of topics, including sustainability, climate change, recycling and waste, and human capital management.

What matters

- Capital gain through share price appreciation and capital return via dividend
- Quality of governance
- ESG
- Profitability and business growth potential

Shareholder Value: in May 2021, in light of recovery in demand in key markets, strong operating performance and exemplary cost control, the Board was pleased to recommend a final dividend in respect of FY 2020/21. The Company aims to maintain a progressive dividend policy, maintaining or growing the dividend in pence terms year on year to return cash to shareholders. This dividend policy forms part of our capital allocation framework which prioritises the use of cash generated by the Group, further details of which can be found on page 51. In November 2021, the Board took the decision to pay an interim dividend in respect of FY 2021/22 and to implement a £150 million share buyback. In making these decisions, the Board considered the views of investors and advice from our brokers. The share buyback programme completed in March 2022.

Communications: the Board reviews and approves Burberry's material communications to investors, such as the trading updates and results announcements, the Annual Report and Accounts and the Notice of Annual General Meeting (AGM).

AGM: the AGM is an important opportunity for the Board to engage directly with shareholders on the performance and strategic direction of the Company. As a result of the COVID-19 pandemic and government restrictions in place at the time, shareholders were encouraged to attend the 2021 AGM virtually rather than in person which enabled them to watch the proceedings and submit questions to the Board live during the meeting. Shareholders were encouraged to submit their proxy votes; circa 80% of total voting rights were voted and all resolutions passed.

Following a change to our Articles of Association at the 2021 AGM, the 2022 AGM will be a hybrid meeting, enabling shareholders that participate both in person and virtually to ask questions and cast their votes on the proposed resolutions.

COMMUNITIES

At Burberry, we have a longstanding commitment to supporting our communities through various programmes and initiatives.

We support The Burberry Foundation (UK registered charity number 1154468) in creating long-term partnerships that drive positive change in our communities and help build a more sustainable future through innovation. Each year, we donate a percentage of Group adjusted profits before tax to charitable causes, which include long-term community programmes led by The Burberry Foundation and emergency efforts as they arise, such as disaster relief. Donations as part of the Ukraine humanitarian response to UNICEF, Save the Children and The British Red Cross have been made and we continue to support those charities.

As the COVID-19 pandemic continued to affect our communities, we worked closely with teams, partners and the Board to determine how we could best provide support. This year, we supported UNICEF's COVID-19 Vaccines Appeal with separate donations from Burberry and The Burberry Foundation, contributing to the equitable distribution of vaccines around the world. Additionally, we have maintained our commitment to supporting our communities through our broader relief efforts and via The Burberry Foundation COVID-19 Community Fund.

Alongside contributions, employees are encouraged and supported in volunteering for charities and donating up to three working days a year to supporting their communities.

Burberry provides match-funding towards team-based fundraising activities. Read more about this on page 79.

In addition, we have continued to support our programmes, including Burberry Inspire and our creative arts scholarships, to ensure that future generations, particularly from underrepresented communities, have the support they need to enter the creative industries.

What matters

- Positively impacting the communities living and working around us
- Employment within our communities
- Increased focus on ESG

Board engagement

Strategy updates: the Board received regular updates on the implementation of The Burberry Foundation's five-year strategy, which aimed to positively impact 1 million people by 2022 by supporting community programmes, making financial contributions and encouraging employee volunteering.

Supporting communities: the Board understands the importance of sustainability in the fashion industry and receives updates on the sustainability initiatives and projects undertaken by the Group. More information on ESG can be found on pages 52 to 97. Further information on Burberry's progress in meeting the recommendations of the TCFD can be found on pages 130 to 143.

The Burberry Foundation: the work of The Burberry Foundation is key to Burberry's Responsibility agenda. In FY 2021/22, the Board agreed to donate 1% of Group adjusted profits before tax to social and community causes worldwide, which include disaster relief, scholarships and long-term community programmes led by The Burberry Foundation. The Board also approved incremental charitable donations in response to the Ukraine humanitarian crisis. More details on The Burberry Foundation can be found on page 82.

PARTNERS

Our partners include our suppliers, companies, NGOs, civil society groups and retail third parties. We believe in building collaborative relationships with our partners and we take pride in sharing knowledge and expertise to find solutions and opportunities for innovation.

Our initiatives across environmental and social responsibility contribute to many of the United Nations SDGs. We work with industry peers, business partners and other key stakeholder groups to drive wider industry change aligned to our ambitions. This year, we substantially met our Responsibility goals, which include being completely carbon neutral across our operations and positively impacting over 1 million people across communities. Read more about our Responsibility strategy on pages 52 to 97 and our support for communities on pages 72 to 83.

We nurture close relationships with members of our supply chain, including wholesalers, licensees and supply chain partners, on an ongoing basis to drive social and environmental improvements, focusing on every step in our sourcing and manufacturing processes. This includes ensuring compliance with our Responsible Business Principles and supporting understanding and adherence to our sustainability ambitions.

To ensure a luxury experience across brand touchpoints, we collaborate with other companies to create the best experiences for our customers. Read more on page 33. We maintain close relationships with our wholesale and licensing partners through frequent updates to understand product needs, ongoing preferences and opportunities for innovation.

What matters

- Increased focus on ESG
- COVID-19 relief support
- Driving collaboration and contributing to the United Nations SDGs

Board engagement

Environmental impact on operations: throughout the year, the Board receives updates on sustainability-related matters, including those related to climate change. These were supported by insights from independent sustainability strategy consultants.

The TCFD Working Group was established to assess and implement the required governance and strategy for climate-related risks and opportunities, together with the metrics and targets used to assess and manage these. The working group reports to the Risk Committee, which is chaired by Julie Brown, our CO&FO to ensure that the Group's TCFD disclosure is fully compliant with the TCFD recommendations. The Audit Committee reviews and discusses the work of the TCFD Working Group.

Ethical trading: the Board approved the Transparency in Supply Chains and Modern Slavery Statement, which widened the scope of the ethical trading programme to include packaging, visual merchandising and recycling facilities. Information on the Human Rights Statement can be found on page 82 and our Modern Slavery Act Statement can be found on Burberryplc.com.

GOVERNMENTS

Governments influence long-term retail environments, environmental priorities, employment laws, trade and other business matters, which are all key areas for Burberry.

We regularly engage with governments in the countries where we operate to understand their concerns so we can seek solutions to shared environmental, social, economic and governance issues.

In 2021, we collaborated with governmental departments to drive the sustainability agenda forward, culminating in commitments made at the UN Climate Change Conference (COP 26).

What matters

- Industry/product policies such as taxes, restrictions, trade and regulations
- Employment
- Increased focus on ESG

Board engagement

The Board is briefed on any engagements with governments. In FY 2021/22 this included topics such as the Group's COVID-19 response, Brexit and the humanitarian response to the conflict in Ukraine. The Audit Committee monitors and reviews tax payments to governments.

BOARD ENGAGEMENT

The table below sets out where further information can be found on how the Board has exercised its duties in accordance with Section 172 of the Act.

Section 172 responsibilities

a. Long-term results – the likely consequences of any decision in the long-term

Strategic Report:			
Business Model	(page 22)	Key Performance Indicators	(page 44)
Chair's Letter	(page 2)	Risk and Viability Report	(page 107)
CEO's Letter	(page 6)	**Corporate Governance Report:**	
Capital Allocation Framework	(page 51)	Report of the Audit Committee	(page 178)
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b. Our workforce – the interests of the Group's employees

Strategic Report:			
Business Model	(page 22)	2020 Directors' Remuneration Policy pages 161 to 171 in the Annual Report 2019/20)	
Purpose	(page 20)		
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Environmental and Social Responsibility	(page 52)	Report of the Audit Committee	(page 178)
Stakeholder Engagement	(page 99)	Remuneration	(page 286)
Corporate Governance Report:		**Burberryplc.com:**	
Chair's Letter	(page 152)	Gender and Ethnicity Pay Gap Report, ESG, People and Responsibility	
Division of Responsibilities	(page 167)		
Directors' Remuneration Report	(page 186)		

c. Our business relationships – the importance of developing the Group's business relationships with suppliers, customers and others

Strategic Report:			
Business Model	(page 22)	Stakeholder Engagement	(page 99)
Environmental and Social Responsibility	(page 52)		

d. The community and our environment – the impact of the Group's operations on the community and the environment

Strategic Report:			
Environmental and Social Responsibility	(page 52)	**Burberryplc.com:**	
Climate Change Risks	(page 127)	ESG and Responsibility	
Task Force on Climate-related Financial Disclosures (TCFD)	(page 130)		

e. Our reputation/our desire to maintain our reputation for high standards of business conduct

Strategic Report:		**Corporate Governance Report:**	
Environmental and Social Responsibility	(page 52)	Board roles	(page 154)
The Environment	(page 52)	Other Governance Disclosures and Tax Governance Framework	(page 166)
Human Rights Statement	(page 82)		
Compliance Risks	(page 124)	**Burberryplc.com:**	
Non-Financial Information Statement	(page 98)	Modern Slavery Statement	

f. Fairness between our shareholders – our aim is to act fairly as between members of the Company

Strategic Report:		**Corporate Governance Report:**	
Stakeholder Engagement	(page 99)	Engagement with Shareholders	(page 102)
		Directors' Remuneration Report	(page 186)
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RISK AND VIABILITY REPORT

We place value creation and value protection at the centre of our approach to risk. This allows us to make informed decisions about which risks to prioritise and how best to mitigate them through our internal controls.

Our approach to risk

Effective risk management is essential to executing our strategy and achieving sustainable shareholder value. We assess the risks we need to take in order to remain successful and to grow, and we use the available evidence to manage those risks as effectively as possible. These risk assessments are formally updated, documented and approved at least twice a year.

The Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve our strategic objectives (the Board's risk appetite), as well as challenging management's implementation of effective systems of risk identification, assessment and mitigation. The Board has delegated the responsibility for reviewing the effectiveness of the Group's internal controls and risk management arrangements to the Audit Committee. Ongoing review of these controls is provided through internal governance processes.

The Group Risk team (Group Risk) comprises risk management, risk analytics, business continuity and insurance. This team assesses and prioritises risks to determine mitigating actions and to secure a more resilient organisation. Group Risk also promotes agility, by highlighting areas of control which require further investment, and in managing the Group's incident response to urgent, emerging challenges. This multi-disciplinary team is an integral part of our business, and reports to our CO&FO.

Risk management activities are reviewed by Internal Audit and other control functions, which provide assurance to our Risk Committee, Audit Committee, and Board, as described on page 144. During FY 2021/22, we commenced a risk modelling project with Cambridge University's Centre for Risk Studies, which began by modelling our climate-related risks (see TCFD section on page 130). This work will be expanded through FY 2022/23 to encompass other principal risks.

Risk appetite

We will pursue growth and accept a certain level of risk to ignite brand heat commensurate with our position in luxury fashion. We approve capital investment in strategic projects and accept a moderate to high risk in pursuit of innovation and profitable growth, balancing a reasonable return on capital with a reasonable level of commercial risk within the approved capital allocation framework.

Complying with applicable laws and doing the right thing are part of our culture and underpin our strategic ambition. In evaluating risks and opportunities, we prioritise the interests and safety of our customers and our people. We seek to protect the long-term value and reputation of the brand, maximising commercial benefits to support responsible and sustainable global growth within our defined risk tolerance.

Our principal risks

The Board considers the principal risks to be the most significant risks faced by the Group, including those that are the most material to our performance and those that could threaten our business model or the future long-term solvency or liquidity of Burberry. They do not comprise all the risks associated with our business and are not set out in priority order. Additional risks not known to management, or currently deemed to be less material, may also have an adverse effect on our business.

Our risk framework is structured around the following categories of risk: External, Strategic, Operational, Compliance and Climate Change. Each principal risk is linked to one of these categories and may impact one or more of our strategic priorities. We have reviewed and updated the descriptions and mitigating actions of our principal risks and emerging risks. We reviewed whether the level of risk associated with each of the principal risks is increasing or decreasing compared to the previous financial year and noted new risks, which do not have a basis for comparison. Our risk management processes are designed to enable us to identify risks that can be partially mitigated through insurance. We focus our insurance resources on the most critical areas or where there is a legal requirement, and where we can get best value for money for risk transfer.

Emerging risks

Our understanding of emerging risks which have potential to affect our business is an area of focus for us. We undertake detailed horizon scanning in conjunction with our strategy team to identify and assess emerging risks and opportunities and how to address them. Emerging risks are by their nature highly uncertain, and to manage this, we involve specialist third parties where necessary to better understand them and their potential impacts. Our risk management approach considers short term to be one year, medium term to be two to five years and long term more than five years.

MACRO:

Macroeconomic impacts – escalating inflation particularly in food and energy prices which may lead to increased interest rates as central banks try to curb inflation, heightening the risk of recession

Changing regulatory environment – new regulations continue to emerge, including financial reporting (UK Corporate Governance regulations), raw material transparency (New York bill) and UK/EU/US government sanctions on Russia, all of which increase the risk of non-compliance

Geopolitical – increasing geopolitical tensions and bifurcation, which may restrict free trade through mechanisms such as quotas and tariffs

CONSUMER:

Changing consumer preferences – expectations around product and sustainability continue to increase, along with heightened focus on the ESG performance of companies

Significance of influential groups/third parties on consumer spending patterns – increased reliance on third parties to produce content to influence consumer spending (for example, social media influencers), which carries risk of damage to brand image

INDUSTRY:

Industry concentration – increase in concentration on key customer groups resulting in greater competition for growth targets and polarisation of luxury players in the global fashion industry

New technology – leading to changes in consumer spending habits and expectations around product availability (for example, virtual stores, the metaverse, and new materials)

Circularity – new business models and increase in product re-sale markets, including fashion rental

Full supply chain traceability – requiring investment in new technologies and greater collaboration amongst participants in the fashion value chain

EXTERNAL RISKS

COVID-19 impact

We are continuing to monitor the potential impacts of the COVID-19 pandemic and we continue to prioritise the safety of our people, customers and suppliers. Our response is globally coordinated but locally tailored, driven by regional developments. We regularly update our modelling of the impact of the pandemic across all our regions and on the Group. The impact of pandemic risk on our viability and asset impairment is carefully considered, as well as on other principal risks, especially those related to our customers, supply chain and operations.

Risk movement and outlook

COVID-19 was a new principal risk in FY 2019/20 and was considered to have been effectively managed by our Executive Committee, functional heads, regional leaders and Business Continuity team. We assess a diverse range of exogenous risk factors: infection and hospitalisation rates, vaccine efficacy, lockdowns and social restriction policies, travel policy and other factors when assessing the regional risks and potential impact. We aggregate these regional risks to form an assessment of risk to the Group. This risk remains similar to last year for the Group which reflects an increase in Mainland China as a result of ongoing restrictions and a decrease in other key markets.

Link to strategy

Pandemic risk remains a significant factor in our ability to execute our strategy. The risk varies by region over time. In each region, we ensure that we comply with legal obligations, which vary depending on national responses to COVID-19 developments.

Risk tolerance

We prioritise and have a low risk tolerance regarding the safety and wellbeing of our people, our customers, partners and the communities in which we operate.

Examples of risks

- Changes to the nature of the pandemic, such as the introduction of novel variants, impacts the health of our employees and their ability to operate effectively
- Recovery is delayed by a resurgence in virus infections
- Challenges to liquidity to manage operations and meet liabilities as they fall due
- The Group's regional trading performance and cash flows are significantly impacted by further extended periods of closures of Burberry retail stores, manufacturing facilities and distribution centres
- Burberry's regional internal manufacturing sites and global network of suppliers, storage and distribution hubs are disrupted, significantly impacting the supply chain and the speed with which we recover as government restrictions are lifted
- Impairment of goodwill, retail assets and inventory

COVID-19 impact continued

Actions taken by management

- The Group Executive Committee is responsible for the overall management of our response to the COVID-19 pandemic. Mitigating actions are delegated to the relevant regional and function leadership teams to ensure we maintain an agile, tailored response, including the temporary closure of stores, offices and other buildings, as required
- We monitor emerging regional regulations as COVID-19 continues to develop and evolve. We are focused on promoting and protecting the health and safety of our people, customers, partners and communities, and ensuring we comply with regulations
- Where local regulations are less restrictive, we recognise individual needs and preferences. We provide free PPE and offer a flexible working approach to our colleagues, where possible. We have tailored our commercial approach to each market, which includes targeted marketing investment in Mainland China and the USA
- We keep product, inventory and supply chain under constant review to maintain supply chain operations while optimising buying commitments and ensuring an undisrupted flow of product to our customers
- Burberry has significant financial headroom and minimal leverage. We have £0.9 billion of cash, excluding proceeds of £0.3 billion from the Sustainability Bond, and a further £0.3 billion undrawn from the revolving credit facility. We have completed detailed stress testing to understand the extent to which the Group could withstand a loss of revenues within the limits of its available financial resources. Details of this reverse stress testing are set out in the Viability Assessment on page 146
- We continue to manage cash and costs to protect the Group's liquidity. A comprehensive cost mitigation programme has been delivered. Other levers include delaying discretionary capital. We also focus on investment in commercial areas to drive revenues and strengthen the brand

Macroeconomic and political instability

The Group operates in a wide range of markets and is exposed to changing economic, regulatory, social and political developments, which may impact consumer demand or affect our supply chain and manufacturing, and therefore our profitability. Adverse macroeconomic conditions or country-specific crises, such as natural disasters, global health emergencies or civil unrest, may significantly affect our markets and our ability to operate.

Risk movement and outlook

The risk has increased over the last two years. The outlook remains uncertain as we continue to navigate through several significant macroeconomic and political events, including the macroeconomic impact of the conflict in Ukraine. External factors, such as global health emergencies and natural disasters, are difficult to predict, although we remain confident in our ability to adapt and respond as they emerge.

Link to strategy

Volatility in the external environment could impact our overall financial performance and operations.

Risk tolerance

We have a low tolerance for risk in this area but recognise external factors can be more difficult to mitigate as they are often outside our control. This requires us to be resilient, while retaining the agility required to respond effectively.

Examples of risks

- Rapidly changing market sentiment caused by international crises, leading to uncertainty in the economic outlook for the luxury sector
- Rising inflation both in a supply chain and consumer context
- Global health emergencies affecting countries and regions
- Disruptions to and increased cost associated with the internal and external supply chain
- Increased customs and duty charges resulting from international trade disputes

Actions taken by management

- We quickly and decisively responded to the macroeconomic impact of the conflict in Ukraine through our coordinated cross-function cross-region Group Incident Management team and supporting operational groups
- We continue to respond in a way that leverages our brand appeal and global reach across multiple customer segments and regions to mitigate reliance on a particular customer group
- We recognise the importance of Mainland China and the Chinese consumer for the luxury industry
- We continue to assess shifts occurring in the industry and in consumer preferences to ensure our plans are dynamic and responsive to the market
- We monitor external macroeconomic and regulatory changes and perform horizon scanning supported by insights from the Group Strategy, Commercial and Finance teams

Further impacts from the UK's withdrawal from the EU

Various scenarios could impact the Group's financial position, operating model and people.

Risk movement and outlook
The UK's withdrawal from the EU on 31 December 2020 has crystallised with some supply chain disruption and costs realised, notwithstanding the EU-UK Trade and Cooperation agreement. Further disruption may arise in the event of destabilisation of the trading arrangements between the EU and UK, potentially giving rise to incremental border costs and delays. However, the risk has reduced since last year.

Link to strategy
Volatility arising from uncertainty around the trading relationship between the UK and EU following the end of the transition period may impact our overall financial and operating performance, as well as our ambitions under supply chain Operational Excellence.

Risk tolerance
We have a low tolerance for risk arising from uncertainty regarding the trading relationship between the UK and EU.

Examples of risks
- Additional customs duty based on the post-transition trading relationship between the UK and EU
- Disruption to business operations
- Impact on some current business project roadmaps
- Extended supply chain lead times could increase inventory levels
- Uncertainty over the rights of EU nationals and UK immigration law could increase the risk of being unable to recruit and retain talent
- Exchange rate volatility impacts Group revenues, margins, profits and cash flow

Actions taken by management
- Our steering committee continually monitors the evolving post-transition trading relationship between the UK and EU, and oversees our mitigation plans
- While the business has experienced some short-term disruption, ongoing mitigation reduced the risk to all business activities, including supply chain, trade compliance, IP and people
- We engage with UK government departments and other external stakeholders to ensure they are fully informed of our circumstances

STRATEGIC RISKS

Image and reputation

We invest in building trust in our brand and protecting our image and reputation globally. Unfavourable incidents, unethical behaviour or erroneous media coverage relating to the Group's people, practices, products or third-party suppliers could damage the Group's image and reputation and negatively impact the value of our brand. A negative perception of the Group's values could potentially lead to a slowdown in sales as well as a loss of customers. While internal enhancements continue to be made to protect Burberry's image and reputation, we operate in a complex and volatile external environment. Scrutiny of our brand is high and the risk to our brand is elevated as a result of global events. Working with third parties, including collaborators and influencers, creates additional risk.

Risk movement and outlook
The risk has increased over the last two years. The outlook remains uncertain as we continue to navigate through several significant macroeconomic and political events and external factors, including global health emergencies and natural disasters.

Link to strategy
All strategic pillars.

Risk tolerance
Protecting our brand and reputation safeguards our licence to operate. We have a moderate risk appetite in order to deliver our strategy supported by processes to avoid or mitigate any reputational/brand risk where possible.

Examples of risks
- Unethical behaviour on the part of individuals or entities connected with the Group
- Unfavourable or erroneous media coverage or negative discussions on social networks about the Group's products, content or practices
- An organisation, association, celebrity, influencer, collaborator or model associated with Burberry becoming involved in a reputational incident
- Suppliers or partners not respecting the Group's Responsible Business Principles
- Alleged infringement or appropriation of third-party rights in connection with the production of content and design of product
- Failure of our people or those acting on Burberry's behalf to adhere to Burberry's Model Wellbeing Policy
- Failure to understand social issues and respect cultural sensitivities around product and marketing content

Image and reputation continued

Actions taken by management

- Oversight of mitigation of reputational issues by the Ethics and Risk Committees
- Audit of reputational risks, continued monitoring of risks and development of mitigation plans
- Undertaking marketing risk analysis/risk register and implementation of mitigation procedures
- Codified incident management policy, monitoring of social networks and response procedures
- Review process in place for engagements with collaborators, influencers and/or celebrities
- Approval processes and editorial controls in place to ensure all product and content is reviewed and signed off prior to external release
- Development of due diligence policy in connection with retention of talent and partners
- Training and monitoring of adherence to Burberry's Model Wellbeing Policy for all people who engage with models on Burberry's behalf, including employees, freelancers, casting agents, contractors and external third parties
- Training and monitoring of adherence by personnel to the requirements in the Group's Responsible Business Principles
- Continued supplier audits and supplier training programmes to ensure compliance in day-to-day operations
- Continued development of our global Diversity and Inclusion strategy as well as the widening of our Internal Diversity and Inclusion Council membership to support its implementation
- Renewal of Cultural Advisory Council members
- Updated and consolidated our Code of Conduct for our people and third parties to ensure they act lawfully and in accordance with Burberry's values

Global Chinese consumer spending

A significant change to Chinese consumer spending habits globally due to changes in the economic, regulatory, social or political environment in Mainland China, including a further health emergency or a natural disaster, may adversely impact domestic consumers' disposable income and confidence. Such changes could also lead to Chinese consumers scaling back on spending and travel. This could impact the Group's revenue and profits outside Mainland China, which may not be fully compensated by the repatriation of spend in the country.

Risk movement and outlook
The risks associated with Chinese consumer spending have increased since the prior year and remain the Group's highest principal risk. This is driven by a number of factors, including the resurgence of COVID-19 disruptions in Mainland China and associated restrictions on movement, which reduce the potential for domestic and tourist spend. Due to the significant proportion of sales to Chinese consumers, the Group may lose revenues and profits as a result of changes in Chinese consumer spending patterns resulting from shifts in the economic, social or geopolitical environment.

Link to strategy
All strategic pillars.

Risk tolerance
We accept a certain level of concentration risk in relation to consumer nationality to maximise growth opportunities.

Examples of risks
- We suffer a major reputational shock in Mainland China causing a deterioration in brand value
- Burberry's growth in Asia does not meet expectations either in magnitude or timing, especially in Mainland China
- Slower recovery in Asia due to a resurgence of COVID-19
- We are unable to capture additional consumer spend in Mainland China

Actions taken by management
- Sustained execution of Mainland China strategy, including localised campaigns and additional marketing spend to support growth targets
- Building new social partnerships in Mainland China in strategic locations, and developing innovative customer experiences, storytelling and products that are locally relevant
- Sustained investment in inventory and technology to support our Mainland China digital business across our own platform and those of our third-party partners
- Targeted investments supporting tailored strategies in other regions to diversify our global consumer profile

Foreign exchange

Volatility in foreign exchange rates could have a significant impact on the Group's reported results. Burberry is exposed to uncertainty through foreign exchange movements. Major events such as the COVID-19 pandemic and the conflict in Ukraine might impact foreign exchange rates, which in turn could cause significant change in the Group's reported results.

Risk movement and outlook
The risk has not changed significantly since the prior year. In light of the macroeconomic environment, geopolitical risks remain heightened and foreign exchange rates remain volatile.

Link to strategy
Volatility in foreign exchange rates could impact our overall financial performance.

Risk tolerance
Burberry does not seek to manage structural foreign exchange risk relating to its overseas retail operations.

Examples of risks

- Burberry operates on a global basis and earns revenues, incurs costs and makes investments in a number of currencies. Burberry's financial results are reported in sterling. Most reported revenues are earned in non-sterling currencies, with a significant proportion of costs in sterling. Therefore, changes in exchange rates, which are driven by multiple factors, such as global economic trends, could impact Burberry's revenues, margins, profits and cash flows
- Changes in exchange rates driven by global economic trends could reduce the attractiveness of international shopping for travelling tourists

Actions taken by management

- Burberry hedges some external purchases of goods and some inter-company balances using financial instruments. Burberry does not hedge anticipated intra-group foreign currency transactions
- Burberry monitors the desirability of hedging the net assets of non-sterling subsidiaries when translated into sterling for reporting purposes. We have only entered into modest transactions for this purpose
- Burberry monitors the overall impact of unhedged exchange movements and provides guidance to shareholders if exchange rates move on a quarterly basis

OPERATIONAL RISKS

Loss of data or cyberattack

A cyberattack results in a system outage, impacting core operations and/or results in a major data loss leading to reputational damage and financial loss. A cyber risk-aware workforce and the Group's technology environment are critical to success. A robust control environment helps decrease risks to core business operations and/or major data loss.

Risk movement and outlook
This risk is assessed to have slightly increased in comparison to the prior year as a result of an increase in global cyber threat during the year.

Link to strategy
Having a cyber risk-aware workforce and resilient technology landscape is integral to delivering our strategy.

Risk tolerance
We have a low risk tolerance in this area.

Examples of risks

- Malware results in a loss of system control causing business disruption and/or major data loss
- Credential compromise of customer or employee accounts leading to business disruption and/or major data loss
- Accidental personal data loss or disclosure leading to regulatory fines
- Attack on Burberry.com causing business disruption and/or major data loss
- Compromise or misconfiguration of externally facing assets causing business disruption and/or major data loss
- Fines due to failure to comply with EU General Data Protection Regulation (GDPR) and/or equivalent applicable data protection legislation globally

Loss of data or cyberattack continued

Actions taken by management

- Governance provided through a cross-functional Cyber Security Steering Group with Executive membership and sponsorship
- Continued investment in information security capabilities
- Second line assurance checks reporting on control effectiveness to Executive and IT management through monthly scorecards
- 24/7/365 security monitoring and analytics capability supported by security incident response processes
- Information Security Advisory function to embed security in new projects and initiatives
- Security training and awareness and phishing tests rolled out to employees globally with completion monitoring
- Implementation of solutions to help detect personal and sensitive data loss with improved control over user access management
- Test responses to cybersecurity incidents through simulations
- Data Privacy Steering Committee, a cross-functional group to review data controls around existing systems and assess potential data risks (from both a legal and reputational perspective) associated with new IT, Marketing, Retail and Digital initiatives across Burberry
- Ongoing collaboration between the Data Protection office, Legal, IT and Information Security functions to ensure policies are adhered to in respect of the appropriate collection, security, storage, retention and deletion of personal data
- In line with other organisations, Burberry encounters information security incidents from time to time and has policies, processes and technologies in place to detect and respond to these as appropriate
- Both Cloud Governance and Ransomware Audits were completed in January 2022 by the Internal Audit team in line with the NIST framework

IT operations

There is a risk that IT operations fail to support critical processes across the Group, including Retail and Digital, as well as Group functions, such as Supply Chain and Finance.

Risk movement and outlook

The impact of this risk has remained the same, with the likelihood remaining high due to ongoing data centre migration work increasing risk to system recovery and elongated system outages. Our focus remains on key system upgrades, which increase our resilience and security, as well as addressing key underpinning risks and essential investment.

Link to strategy

All strategic pillars.

Risk tolerance

We adopt a strategy to reduce key risks to the disruption of IT operations wherever possible.

Examples of risks

- Failure to provide technology platforms that meet customer demands and support innovation could result in failure to deliver the strategy and loss of revenue
- Failure to provide stable and resilient technology platforms that meet business demands across retail and corporate sites could result in failure to deliver the strategy and negatively impact operations due to poor system performance and/or system outages

Actions taken by management

- IT Portfolio Forum in place with Executive representation to support IT investment decisions and oversee delivery of prioritised IT programmes and initiatives
- IT function has clear alignment between the IT teams, the strategic pillars, business functions and operations
- Implementation of controls to help maintain continuity of the Group's IT systems, including evolution of IT recovery plans, which would be implemented in the event of a major failure
- A tested Group incident management framework is in place to report, escalate and respond to high-impact events
- Further evolution of the IT operating model with a Business Systems Platform function to elevate the performance and security of core systems, supported by a business-wide steering committee
- Elevated focus on key risks to support decision making on operating budgets and investment
- External technology partner network and focused delivery in line with current risk appetite and strategic priorities
- Our Internal Audit team completed a review of our IT vendors in February 2022

People

Inability to attract, motivate, develop and retain our people to perform to the best of their ability in order to meet our strategic objectives.

Risk movement and outlook

This risk remains a priority. It is subject to complex macro factors, which have led to an increase in the level of risk over the last 12 months. While we experienced reduced levels of voluntary attrition through the pandemic, these returned to pre-pandemic levels in the second half of FY 2021/22. In addition, in some geographies, global trading disruption continues to impact our people's ability to meet planned business goals.

Link to strategy

Delivery of our strategy relies on our ability to engage and inspire our people to deliver outstanding results for the Group.

Risk tolerance

We recognise the value and importance of successfully delivering our Inspired People strategy and therefore have a low tolerance for risk in this area.

Examples of risks

- Loss of critical talent/knowledge/unmanageable levels of attrition heightened by challenging business conditions and continued economic uncertainty
- Failure to build and retain the right capabilities throughout the organisation

Actions taken by management

Leadership and culture

- All leaders have a leadership objective and Diversity and Inclusion objectives included in their goals. Executive Committee members are accountable for attracting and retaining diverse talent and fostering an inclusive culture
- During FY 2021/22, we created Leadership Standards, which were embedded across the organisation. These standards bring to life our purpose and values with tangible examples for both people leaders and colleagues
- Throughout the year, we sourced in-the-moment feedback from our colleagues, with two surveys completed with our provider, Glint. Results demonstrated that employees remained very engaged, had a strong connection with the brand and felt supported by their leaders
- We foster an inclusive culture where all employees feel connected to their work
- We empower and equip leaders to lead through change
- We engage employees through our ongoing commitment to corporate responsibility and embedding our ESG ambitions across the business

People continued

Talent and careers:

- Strengthening capabilities and enhancing our approach to talent management throughout the organisation
- Scaled learning opportunities for all our people through enhanced self-directed digital content
- Maintained rigorous processes to identify and engage high-potential talent and support succession planning
- Enhanced performance management through refined processes and systems, elevate support material, and increased communications and leader touchpoints
- Further interview training cascaded to ensure an equitable recruitment experience

Reward and recognition

- Simplification of our retail commission and incentive schemes to drive performance and business results
- Deployed an in-the-moment feedback tool to recognise and share gratitude between colleagues
- Delivered a global online celebration at year-end to reinforce our values, celebrate our collective achievements and recognise top performers
- Maintaining a pay-for-performance culture

Diversity and Inclusion

- Employee Resource Groups continued to build in strength and momentum, connecting colleagues across key themes of diversity to support an inclusive culture across all parts of our organisation
- Regional and functional Diversity and Inclusion working groups deployed action plans to attract and retain diverse top talent, foster an open and inclusive culture, and educate and raise awareness
- Cultural Advisory Council engaged directly with colleagues through "In Conversation" sessions

Colleague experience, including wellbeing and employee relations

- Refreshed both the Summer and Festive Programmes to focus on Burberry's wellbeing offering. Launched Wellbeing Days to provide all colleagues with paid time off to focus on wellbeing
- Launched new inclusive policies and support, including a global portal to help colleagues who experience domestic abuse, in addition to a Bereavement policy and Menopause support site
- Launched a partnership with Headspace, providing free access for all colleagues to its award-winning mental health app. The partnership's goal is to support all colleagues in forging habits that benefit their mental health

Business interruption

A major incident impacts countries where the Group operates, has its main locations or where its suppliers are located, and significantly interrupts the business. This may be caused by a wide range of events at a country level, including changes in the geopolitical landscape, natural catastrophe, pandemic or changes in regulations, or at a local level, such as fire, terrorism or quality control failures.

Risk movement and outlook

The risk level of business interruption has increased since last year, although we continue to demonstrate resilience. We expect a heightened level of risk of business interruption to continue for the foreseeable future due to continuing instability in the geopolitical landscape. Disruption from COVID-19 continues to be felt around the world, with the breadth and depth of the disruption varying across regions and time and with the potential for suppliers, manufacturers and markets to be disrupted. Port congestion continues to significantly slow the circulatory movement of ships and containers, removing capacity, lengthening transit times, and increasing shipping costs.

Link to strategy

Our Product and Distribution strategic pillars set out the framework for us to operate effectively and efficiently. We harness Operational Excellence to ensure continuity of supply of compliant products and services of the highest quality to our customers. Our ability to continually execute and operate key sites and factories to develop, manufacture, distribute and sell our products is a key strategic priority.

Risk tolerance

We have a low tolerance for risk in this area, particularly in respect of product safety and quality.

Examples of risks

- Burberry operates three owned factories and a global network of storage and distribution hubs. These face typical property risks, such as fire, flood and terrorism
- Burberry works with several suppliers of highly specific, high-quality raw materials, which could be difficult to replace quickly. Their loss could interrupt the delivery of core products or a seasonal range
- A serious product quality issue may result in a product recall
- Socio-political tension, sanctions, counter-sanctions and trade compliance challenges may impact the effectiveness and efficiency of our supply chain
- A global health emergency impacts a key market, which significantly affects the supply chain
- Instability in the geopolitical landscape leads to trade disruption between key countries resulting in an inability to move product between countries or significant delays

Business interruption continued

Actions taken by management

- We have policies and procedures in place designed to ensure the health and safety of our employees and to deal with major incidents, including business continuity and disaster recovery
- The Group continues to evolve its supply chain organisational design to develop its manufacturing base and to reduce dependence on key sites and vendors
- A Group incident management framework is in place to ensure that incidents are reported and managed effectively at the appropriate level
- Prioritising our people, customers and communities, we managed multiple incidents, including fire, flood and weather-related issues or interruptions in the regular running of stores, offices and systems
- Our Global Incident Management Team (GIMT) and Regional Incident Management Teams take part in training and incident management exercises involving large parts of the Group, our customers, and Corporate Communications function
- Business continuity plans are in place for our eight main sites, including our three major distribution centres, our two UK factories, and Burberry Manifattura in Italy
- Our product suppliers and vendors are subject to a quality control programme, which includes regular site inspections and independent product testing
- Robust security arrangements are in place across our store network to protect people and products
- The Group maintains significant protection of key IT systems designed to prevent and minimise any potential interruption. This includes resilient design and the provision of disaster recovery services to continue operating within pre-agreed time scales in case of a major incident. Our plans as tested during the year were found to be effective
- Management regularly reviews business continuity and disaster recovery risks, recognising that these plans cannot always ensure the uninterrupted operation of the business, particularly in the short term
- A comprehensive insurance programme supported by natural catastrophe modelling and insurance optimisation studies is in place to offset the financial consequences of insured events, including fires, flood, natural catastrophes and product liabilities

COMPLIANCE RISKS

Regulatory risk and ethical/environmental standards

The Group is subject to a broad spectrum of laws and regulations, in the various jurisdictions in which it operates. These include product safety, trade marks, anti-bribery and corruption, competition, data, corporate governance, employment, environment, tax, trade compliance and employee and customer health and safety. Changes to laws and regulations, including potential non-compliance with sanctions and counter-sanctions, or a major compliance breach, could have a material impact on the business.

Risk movement and outlook
The relative significance of this risk has increased because of the changing regulatory environment despite the proactive and mitigating steps we have taken to ensure compliance.

Link to strategy
Compliance with applicable laws and regulations, and behaving in accordance with our values as a business, underpin all our strategic pillars.

Risk tolerance
In complying with laws and regulations, including customer and employee safety, environmental and ethical legislation relevant to our operations and supply chain, as well as anti-bribery and corruption, we have a low tolerance for risk.

Examples of risks

- Regulatory non-compliance (including, for example, failure to comply with applicable data protection legislation, anti-money laundering regulations or applicable sanctions legislation) by the Group or associated third parties working on its behalf may result in financial penalties and reputational damage to our business
- Failure by the Group or associated third parties to act in an ethical manner consistent with our Code of Conduct, Responsible Business Principles or our Responsibility agenda could result in reputational damage to the Group
- Non-compliance with labour, human rights and environmental standards across our own operations and extended supply chain could result in financial penalties, disruption in production and reputational damage to our business
- Tax is a complex area where laws and their interpretations change regularly. Non-compliance by Burberry and its associated third parties could result in unexpected tax and financial loss

Regulatory risk and ethical/environmental standards continued

Actions taken by management

- The Group seeks to continuously improve processes to gain assurance that its licensees, suppliers, franchisees, distributors and agents comply with the Group's contractual terms and conditions, its ethical and business policies, and relevant legislation
- Specialist teams at corporate and regional levels, supported by third-party specialists where required, are responsible for ensuring the Group's compliance with applicable laws, ethical and business policies and regulations, and that employees are aware of the policies, laws and regulations relevant to their roles
- Ethical trading and community investment matters are reported to the Ethics Committee, Risk Committee and the Board
- Environmental sustainability matters are reported to the Sustainability Committee and the Board to ensure compliance with applicable laws and regulations as well as to mitigate associated legal and reputational risk
- Annual independent and internal assurance processes are in place to monitor compliance in a number of key risks, with results reported to our Ethics Committee, Risk Committee and Audit Committee
- We have an established framework of policies that aim to drive best practice across our direct and indirect operations, including our Responsible Business Principles and Global Environmental Policy. Policies (available on Burberryplc.com) are owned by senior leadership. They are issued to supply chain partners and form part of our contractual agreements with supply chain partners. Implementation of these policies is monitored on a regular basis
- We have updated and consolidated our Code of Conduct for our people and third parties into one comprehensive document, which sets out policies and guidance to ensure that our employees and third parties act lawfully and in accordance with Burberry's values. Training on the Code to employees is in the process of being rolled out globally
- Our Data Privacy Committee oversees compliance with applicable data legislation
- International tax reform is a key focus of attention with significant developments reported to the Audit Committee

Intellectual property and brand protection

Sustained breaches of Burberry's IP rights or allegations of infringement by Burberry pose a risk to our brand. Counterfeiting, copyright, trademark and design infringement in the marketplace could reduce demand for genuine Burberry merchandise and impact the luxury positioning of the brand. Failure to implement appropriate brand protection controls in connection with our commitment to stop the destruction of unsaleable finished products could negatively impact the integrity and the sustained luxury positioning of the brand.

Risk movement and outlook

Management of this risk remains a key area of activity as our creative innovation generates new designs and motifs and the potential increase of counterfeit sales. The likelihood of this risk has been assessed to be the same level as last year.

Link to strategy

Protecting the integrity of the brand, safeguarding and elevating its luxury position and complying with applicable laws and regulations underpin all our strategic pillars.

Risk tolerance

We have a low tolerance for risk in protecting the integrity of the brand, asserting our IP rights and ensuring due respect is given to the IP rights of others.

Examples of risks

- Counterfeiting, copyright, trademark and design infringement in the marketplace can reduce the demand for genuine Burberry merchandise and impact revenues
- Unauthorised use of trademarks and other IP, as well as the unauthorised sale of Burberry products and distribution of counterfeit products, damages Burberry's brand image and profits
- Sophistication in counterfeiters' ability to manufacture at pace has increased infringements and counterfeiting of our brand
- New branding may not immediately be protected, and we rely on national laws to secure IP rights, which afford varying degrees of protection and enforcement opportunities depending on the country
- Increased cancellation actions by third parties in response to claims of infringement as well as an increase in bad faith filings
- Allegations from third parties of IP infringement by Burberry could negatively impact Burberry's reputation, result in claims and financial loss through withdrawing infringing products
- Distribution outside of our authorised network and parallel trade could negatively impact demand for Burberry products and negatively impact our luxury reputation

Actions taken by management

- The Group's Brand Protection team is responsible for brand protection efforts globally, online and offline. Where infringements are identified, these are addressed through a mixture of criminal, civil and administrative legal action and negotiated settlements
- Trademarks, copyrights and designs are registered globally across all appropriate categories
- The Brand Protection team partners with the design teams to ensure that our products do not infringe the rights of third parties and to ensure that we have adequate protections in place prior to market entry
- The team explores new and emerging threats and ways to combat threats
- The team partners regionally with enforcement agencies and digital platforms to minimise the visibility of counterfeit and infringing products both online and offline
- We aim to disrupt the flow of counterfeit products by enforcing at source level
- Brand protection controls have been implemented to safeguard the brand in connection with our commitment to stop destroying unsaleable finished products

Climate change

The success of our business over the long term will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage any potential climate change impacts on our business model and performance. As the global climate crisis becomes more critical, we recognise the importance of addressing long-term sustainability challenges and potential impacts of climate change on our business in reputational, operational and financial terms. Failure to implement appropriate cross-functional action plans and strategies, such as incorporating the recommendations of TCFD and our Climate Positive by 2040 ambition, could hinder mitigation of long-term climate risks and our ability to future-proof our business.

Risk movement and outlook

The risk of climate change continues to be an increasing area of scrutiny globally. Without significant science-based global mitigation efforts from government and business and their value chains alongside collaboration from wider industry and civil society, the effects will continue to increase year on year and cause irreversible impacts. The risk has increased since last year.

Link to strategy

Our commitment to being an industry leader in responsible and sustainable luxury underpins our vision to establish ourselves firmly in luxury fashion and deliver sustainable, long-term value. In FY 2021/22 we became the first luxury brand to pledge to being Climate Positive by 2040. To achieve this, we have committed to accelerate emissions reductions across our extended supply chain; become net zero by 2040, 10 years ahead of the 1.5°C pathway set out in the Paris Agreement, and invest in nature-based projects with carbon benefits that restore and protect natural ecosystems and enhance the livelihoods of global communities.

Risk tolerance

We have a low tolerance for risk when it comes to protecting the human and environmental resources on which we all depend. However, given the long-term nature of some sustainability risks and the level of uncertainty associated with their occurrence and impact, we accept that some level of risk is inevitable. We therefore focus on helping to minimise global risks while building resilience in our operations and supply chain.

Examples of risks

Physical risks:

Acute

- Increased severity of extreme weather events, from floods to droughts, could cause disruption to our operations and supply chain, impact our business model and affect the sourcing of raw materials, as well as the distribution of our products

Chronic

- Our industry is sustained by many agricultural and manufacturing communities around the world. Longer-term shifts in climate patterns and loss of biodiversity caused by changes in precipitation patterns, rising mean temperatures and rising sea levels could cause social, economic and operational challenges
- Failure to address and mitigate these risks could result in resource availability limitations (for example, cotton, leather and cashmere) and disruptions to key business and supply chain operations

Transitional risks

Policy

- Increased regulation and more stringent environmental standards, such as national or international carbon pricing mechanisms, could impact our business by affecting operational and production costs and the flexibility of our operations

Climate change continued

Examples of risks continued

Market

- Consumer perception of the sustainability of luxury fashion products, their materials and associated GHG emissions may have an impact on consumer behaviours and their purchasing decisions. Failure to meet consumer demand for more sustainable products and services could threaten our relationship with consumers and may result in a loss of Group revenues

Reputation

- Failure of the luxury fashion industry to meet expectations around sustainability could lead to climate activism and threaten relationships with employees, investors, regulators and interest groups, which may result in a loss of Group revenues

Liability

- Litigation against activities which drive climate change, resulting in potential operating expenses arising from fines, settlement and legal costs

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Actions taken by management

Physical risks

- Building on the assessment of climate-related risks which was disclosed in FY 2020/21, the cross-functional TCFD working group, in partnership with the University of Cambridge's Centre for Risk Studies, developed and expanded its scenario analysis in FY 2021/22 to include a wider range of potential physical and transitional risk impacts. The scope of our scenario analysis was also expanded to include three emissions pathways, including a 1.5°C Paris Agreement aspiration scenario. Further details of this can be seen on pages 130 to 143
- This included specific analysis around the impact of physical climate-related risks on our key facilities, operations and supply chain
- Our Internal Audit and Risk teams were involved in our climate scenario modelling and oversight of TCFD disclosures
- In our own operations and supply chain, we continue to use the WWF water risk assessment tool and the Aqueduct Water Risk Atlas to identify current risks, anticipate potential future strains on water resources and understand emerging long-term risks, as well as point out water efficiency and management opportunities
- Burberry is committed to reducing its GHG emissions as set out in our Climate Positive by 2040 commitment. Our GHG emissions targets across all scopes are recognised as science-based aligned to the 1.5°C pathway and we will disclose our progress towards these on an annual basis to ensure full transparency to stakeholders, including our customers
- In FY 2021/22 we announced our biodiversity strategy through which we will take action to protect, restore and regenerate nature in our own value chain and in areas of greatest need beyond our operations
- Supporting our biodiversity strategy, we are a member of the global multi-disciplinary Taskforce on Nature-related Financial Disclosures (TNFD) Forum and contribute to the development of the TNFD framework
- We support a number of industry initiatives that address climate change impacts, including the British Retail Consortium's Net Zero commitment, RE100, Race to Zero, the UN Fashion Industry Charter for Climate Change, The Fashion Pact, Lowering Emissions by Accelerating Forest finance (LEAF), and Accounting for Sustainability
- The Burberry Regeneration Fund was established in 2020 to support a portfolio of verified carbon projects, which enable Burberry to compensate and store carbon, promote biodiversity, facilitate the restoration of ecosystems and support the livelihoods of local communities
- We invest in programmes that help to sustain our industry and supplier communities, specifically initiatives that support social economic development in remote communities and promote more sustainable herding practices in the cashmere industry
- We continuously engage and educate employees on the topic of climate change through focused events, strategic communications, volunteering opportunities and through our network of Responsibility Champions

Climate change continued

Transitional risks

- As part of the quantitative scenario-based analysis of climate-related risks conducted in FY 2021/22, we modelled the impact of transitional risks including policy, market, reputation, technology and liability risks
- Our Climate Positive ambition not only sets our strategic direction but also mitigates the impact of transitional risks on the business. For example, our sustainable raw material and traceability targets feed into our Climate Positive ambition and will significantly contribute to lowering our scope 3 emissions. This will enhance the sustainability of our products and will be communicated to our customers and stakeholders
- Through our memberships with various industry bodies, associations and external assurance partners, we contribute to consultations and stay informed of upcoming environmental legislative changes
- Environmental sustainability matters are reported to the Sustainability Committee, the Ethics Committee, the Risk Committee and the Board
- Our longstanding Responsibility programmes, coupled with our Responsibility goals, are driving continuous improvements in moving beyond social and environmental compliance
- We are committed to shifting to more sustainable, low-impact materials, and using our brand to influence consumers and our industry peers to reduce their impacts. We have a series of ambitious targets to achieve this aim, full details of which can be found on pages 92 to 95
- We are mitigating transitional risks by focusing on initiating circular concepts and business models and continuing our commitment to a zero-waste mindset across the business. We have a clearly defined waste hierarchy and set targets and KPIs that cover operational, manufacturing and finished goods waste as well as packaging. These targets and KPIs are a key component of our Climate Positive ambition and roadmap

For more details on how we are monitoring climate risks and opportunities and our strategic response, please see our TCFD report on pages 130 to 143.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Burberry has a longstanding commitment to addressing the impacts of climate change and has taken luxury industry-leading steps to advance our decarbonisation agenda. Since 2016, we have cut our market-based scope 1 and 2 emissions by 93%. In FY 2021/22 we have achieved our goals to be carbon neutral across our own operational use globally and to use 100% renewable electricity.

Take urgent action to combat climate change and its impacts

Building on these achievements, in June 2021 we became the first luxury brand to pledge to being Climate Positive by 2040. To achieve this, we have committed to accelerate emissions reductions across our extended supply chain on our journey to net zero by 2040, 10 years ahead of the 1.5°C pathway set out in the Paris Agreement. We are also committed to investing in nature-based projects with carbon benefits that restore and protect natural ecosystems and enhance the livelihoods of global communities. See page 93 for further details.

In November 2021, we announced our biodiversity strategy to support global conservation efforts. We will take action to protect, restore and regenerate nature by applying a nature-based approach to our own value chain and in areas of greatest need beyond our operations. We are committed to restoring ecosystems within Burberry's own value chain, working with key partners such as the Savory Institute on their Land to Market programme, as well as continuing to evolve our understanding of our nature impacts in partnership with The Biodiversity Consultancy. We are also working with organisations like the Science Based Targets Network to support the development of a robust framework to monitor and drive progress.

We have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and reported on its four thematic areas: Governance, Strategy, Risk management, and Metrics and Targets, since FY 2019/20. This section builds on our previous reporting, and describes our approach to scenario analysis, the results of the scenario analysis, and the actions taken in response to these results. Climate change and the transition to a low carbon economy also presents opportunities for efficiency, innovation and growth, all of which are built into our Climate Positive ambition.

As scientific understanding of climate change and the global transition towards a lower-carbon economy evolves, we will continue to develop our assessment of climate-related risks and mitigation strategies and our TCFD disclosures to reflect such changes, ensuring they follow latest guidance and leading practice.

The Burberry TCFD Basis of Reporting outlines how we have prepared the Financial Statements and disclosures, considering relevant TCFD guidance publications and the principles for effective disclosure. We have engaged Ernst & Young LLP, our independent auditor to provide a limited assurance statement in accordance with ISAE 3000 on our FY 2021/22 TCFD disclosures. The TCFD Basis of Reporting and assurance statement is available on Burberryplc.com.

Listing Rule 9.8.6R(8)

The Company has included in its Annual Report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures.

TCFD recommendations and recommended disclosures		Disclosure location within Annual Report 2021/22
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.	Task Force on Climate-related Financial Disclosures, page 132
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Task Force on Climate-related Financial Disclosures, page 133
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks. b. Describe the organisation's processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Risk and Viability Report, pages 107 to 146
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks. c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Task Force on Climate-related Financial Disclosures, pages 141 to 143 'The Environment', page 52 Taskforce for Climate-related Financial Disclosures', pages 141 to 143 Taskforce for Climate-related Financial Disclosures, pages 141 to 143

Governance

The Board is responsible for ensuring its approach to sustainability is integrated into and implemented across the business. The governance framework of committees and advisory forums provide updates and key information to the Board to ensure that it is able to make informed decisions. Our governance framework is outlined in the corporate governance statement on page 167 and more detail on the roles of the Board and its Committees is set out in the matters reserved for the Board and its Committees' terms of reference, which are available in the corporate governance section of Burberryplc.com. The Board is also responsible for overseeing and monitoring the management of risks and opportunities, including with respect to climate-related risks and opportunities. Further information on the risk management process is included in the Risk and Viability report on page 107.

The Group's strategy on environmental and social issues is governed by the Sustainability Committee, which convenes four times per year and is co-chaired by the CEO and CO&FO. The Chief Supply Chain Officer, the Chief People Officer, the Head of Ready-to-Wear, General Counsel, Senior Vice President Strategy, Vice President Corporate Responsibility and Senior Vice President Corporate Relations and Engagement are also members of the Sustainability Committee. The Company Secretary or their designate is secretary to the committee. Each committee member is responsible for the execution of sustainability strategy within their business area.

The Board received regular updates on progress across our Responsibility agenda during FY 2021/22, including in relation to our ambition to become Climate Positive by 2040. We also evolved the governance of sustainability and climate-related matters during the year reflecting the increasing importance of these topics to the Group and society. Following this review and to enhance the Board's monitoring of progress against goals and targets for addressing climate-related issues, the Sustainability Committee will report to the Board at least twice a year.

The cross-functional TCFD working group, which includes members from the Risk Management, Finance and Responsibility teams, defined the approach for identifying and assessing climate-related risks. The TCFD working group reports to the Risk Committee, which is chaired by the CO&FO. In addition, our Enterprise Risk Management process enables us to identify, assess and manage all risks, both existing and emerging, that may impact our strategic objectives. The University of Cambridge's Centre for Risk Studies supports our scenario analysis. When sustainability and climate-related risks are assessed, existing mitigating activities and controls are highlighted and, where relevant and appropriate, additional activities and controls are implemented. Progress against these mitigating activities and controls was subject to independent and objective review by Group Internal Audit in FY 2020/21 and will also be reviewed in FY 2022/23. The Audit Committee review the work performed by the TCFD working group, including progress against the four TCFD pillars, outcomes of the scenario analysis and proposed disclosure. The Board reviews our climate-related reporting as part of their overall assessment that the Annual Report is fair, balanced and understandable.

Burberry ensures it has a suitable pool of internal sustainability experts, with relevant knowledge and skills to support decision making. Members of the TCFD working group participate in external training courses, including the Accounting for Sustainability Academy, to ensure they keep up to date with relevant climate-related topics. The chart on page 167 illustrates the sustainability expertise on the Board and relevant skills and experience are also included within Directors' biographies on pages 154 to 159. We educate employees on the topic of climate change through frequent engagement, focused events, strategic communications and volunteering opportunities. In addition, the Executive Committee received an update on the impact of climate change from the Cambridge Institute for Sustainability Leadership in March 2022 and a similar session was held for the Board in May 2022.

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's climate goals. More details of this are set out in the Directors' Remuneration Report on pages 186 to 213.

Strategy

This section describes our key climate-related risks and opportunities, their potential impact on our business and the resilience of our strategy to such impacts, which has been assessed using scenario analysis as further described below. Our strategy to address climate-related risks is integrated into our business strategy and decision making across the business in areas such as capital allocation, investment appraisal, supply chain planning and raw material sourcing. Our Climate Positive by 2040 ambition is underpinned by a roadmap which sets out Burberry's strategic direction and plan to reduce GHG emissions across our operations and supply chain. Building on this, our biodiversity strategy will support us in building a nature-based approach in our value chain and beyond.

Background to scenario analysis

Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states, under conditions of uncertainty. Scenarios are hypothetical constructs and not designed to deliver precise outcomes or forecasts. Instead, scenarios provide a way for the Group to consider how the future might look if certain trends continue, or certain conditions are met, and to assess the Group's strategic resilience.

As the scientific understanding of climate change and availability of data evolves, we expect greater rigour and sophistication in the approaches to scenario analysis. We will continue to develop and update our scenario analysis to support our assessment of the resilience of our business strategy to climate-related risks and ensuring relevant mitigating strategies are in place.

Building on the assessment of climate-related risks disclosed in FY 2020/21, the cross-functional TCFD working group, in partnership with the University of Cambridge's Centre for Risk Studies, developed and expanded its scenario analysis in FY 2021/22 to include a wider range of potential physical and transition risk impacts. The scope of our scenario analysis was also expanded to include three emissions pathways, including a low emissions scenario aligned to the Paris Agreement aspiration to limit global warming to 1.5°C.

Our approach to scenario analysis

Our scenario analysis incorporates the Group's financial forecasts, operational footprint, supply chain information and environmental data, to create a digital twin representation of the business. The product portfolio and value chain were modelled using historical data. This information is combined with industry reference scenarios on climate emission pathways, including assessments by the Intergovernmental Panel on Climate Change and International Energy Agency, to consider the potential impact of physical and transition risks on the Group.

"WE WILL CONTINUE TO DEVELOP AND UPDATE OUR SCENARIO ANALYSIS TO SUPPORT OUR ASSESSMENT OF THE RESILIENCE OF OUR BUSINESS STRATEGY TO CLIMATE-RELATED RISK."

Our scenario analysis considers the implications of a range of emissions trajectories and global average temperature increases, as detailed below:

Average temperature rise compared to pre-industrial levels by 2100	Scenario description
1.5˚C	The world takes immediate and substantial action in line with the Paris Agreement to lower emissions
2˚C – 3˚C	The world partially implements policies to lower emissions with no further actions taken
> 4˚C	The world takes limited or no actions to limit emissions

Our scenario analysis considers both physical and transition risks:

Physical Risks	Transition Risks
These are risks related to the physical impacts of climate change. They include both acute weather events, such as heatwaves, and chronic long-term climate shifts, such as rising sea levels. Acute physical risks are already occurring, and these are expected to happen more often and with greater severity. Chronic physical risks are more likely in the long term.	These are the risks that may occur while transitioning to a lower carbon economy such as policy, market, reputation and liability risks. The level of risk depends on the nature and speed of the transition. The timing of transitional risks is uncertain, but they are more likely to occur in the short to medium term.

In addition, we have considered the risks that a market shock caused by transition to a low carbon economy will impact the Group's cost of debt, and that low carbon innovations will devalue the Group's technology. We have concluded that these risks are not significant at this time due to the Group's strong net cash position, focus on renewable energy consumption and absence of carbon intensive machinery. We will continue to monitor and report on these risks.

The table below describes the global impact of physical and transition climate-related risks over time under the three emissions trajectories considered as part of our scenario analysis:

Global impact of climate risks over time

1.5°C
To achieve the Paris Agreement aspiration to limit global warming to 1.5°C compared to pre-industrial levels, collective global action will need to be taken to tackle climate change and reduce GHG emissions. The nature and speed of the transition to a low-carbon economy is uncertain, but transition risks are more likely to occur in the short to medium term. By taking collective action, the impact of physical risks occurring in the long term may be reduced.

2°C – 3°C
If limited global action is taken to tackle climate change and reduce GHG emissions, transition risks would reduce in the short term; however, inaction would increase the severity and frequency of physical risks in the long term.

4°C
Without any global policy at all, the impact of physical risks in the long term would become even greater.

We have defined our time horizons as short term (five years), medium term (five-20 years) and long term (> 20 years). The time horizon used for our detailed scenario analysis is a short-term outlook of five years, during which we can influence decisions through strategy, capital allocation, costs and revenues. Typically, three years is used for our financial and operational planning, as this is sufficient to cover almost all approved capital expenditure projects, and most current business development projects will be completed in the three-year period. We have extended the period to five years using a growth assumption, which more closely aligns with our expected asset lifetimes, and strategic plans. Beyond five years, there is significant uncertainty around the impact of climate-related risks as this is dependent on the pace and effectiveness of the global transition to a lower carbon economy. Whilst our detailed analysis covers a five-year time horizon, we have performed a high-level review of how Burberry may be impacted by climate change in the medium and long term.

Each physical and transition risk was modelled independently due to the complexity and uncertainty associated with measuring the interconnectivity of risks and how they influence each other. Planned future mitigating actions, including those to deliver our Climate Positive by 2040 ambition, have not been taken into consideration in the scenario analysis.

Scenario analysis results
The table on page 136 shows the results from our scenario analysis, and our strategic response. The financial impact represents the estimated loss of value to the Group's discounted cash flows over the next five years assuming no mitigating actions are taken. This impact has been rated as "High", "Medium" or "Low", reflecting materiality to the Group's financial statements. At Burberry, we believe our long-term success depends on actively addressing the potential impact of climate-related risks and adapting to the potential opportunities. As such, we have adopted strategies and actions to mitigate against these risks and ensure our strategy adapts to the potential opportunities. The financial investments associated with these actions are embedded within our financial plans, and we have considered the impact of climate change in the preparation of our Financial Statements which can be seen on page 222.

Impact

Potential impact on Burberry's cumulative discounted cash flows over five years, assuming no mitigating actions are taken:

LOW	MEDIUM	HIGH
(<£1m-£25m)	(£25m – £125m)	(£125m-£250m)

Climate-related issue	Impact **Global emissions environment:** Average temperature rise compared to pre-industrial levels by 2100 > 4˚C	2˚C – 3˚C	1.5˚C
Physical risks	LOW	LOW	LOW
Policy	LOW†	LOW	LOW

Physical risks

How we have modelled physical risks: We quantified how extreme weather events and chronic changes in the climate might impact sourcing of raw materials, disrupt manufacturing and distribution of goods, damage assets and impact retail activities leading to changes in consumption patterns.

Key assumptions: Scenario analysis is based on our current asset base and value chain. Planned changes to our asset base and sourcing locations have not been taken into consideration in quantifying the five-year earnings at risk.

We have considered the extent to which financial impacts may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash.

Timeframe for most significant impact: Long term.

Potential areas of impact:

An increase in the frequency and severity of acute weather events may impact raw material sourcing, disrupt operations and damage facilities.

Facility disruption may result from an increased risk of tropical windstorms and floods in Asia.

Chronic physical risks, such as increasing global temperatures, will be more impactful in the long term.

Policy

How we have modelled policy risks: We quantified how the implementation of carbon pricing may result in increased costs associated with production, distribution, and raw materials.

How we have considered opportunities: Our scenario modelling assumes that no mitigating actions are taken, however, we recognise that actions to reduce our carbon emissions may drive efficiencies with respect to energy costs and other operational areas.

Key assumptions: Scenario analysis and quantification of the five-year earnings at risk does not take into consideration our actions to be Climate Positive by 2040 and therefore assumes a growth in GHG emissions aligned to an average growth rate used in our financial forecast.

GHG emissions are based on an FY2018/19 base year.

We have considered the extent to which financial impacts incurred may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash.

Global carbon prices are expected to increase on a straight-line basis over the modelling period. The annual carbon price has been interpolated based on the final carbon price reached at the end of the scenario modelling period.

The global average carbon prices reached by the end of our scenario modelling period are;

- 1.5˚C = USD 80 per tonne
- 2°C – 3°C = USD 60 – USD 20 per tonne
- > 4˚C = USD 2 per tonne

Timeframe for most significant impact: Short to medium term.

Potential areas of impact:

An increase in costs of production, distribution and raw materials in the short to medium term, with a higher carbon price required to achieve a lower temperature scenario.

† Under a >4°C scenario there is potential for a minimal positive impact due to reversal of current carbon pricing policies.

Our strategic response

Our actions: We are committed to reducing our impact on the environment, promoting more sustainable practices in our supply chain, and ensuring that we build resilience in our operations. The financial investments associated with these actions are included in our financial plans.

Our biodiversity strategy will protect, restore and regenerate nature in our own value chain and in areas of greatest need beyond our operations.

We require regular effluent testing and work with over 40 wet processing facilities to monitor and improve effluent management practices. We also work with suppliers to identify water-saving opportunities, such as water recycling and leak repairs.

We are working in partnership with the Apparel Impact Institute and industry partners to establish a platform for Italian manufacturers to coordinate, fund and scale environmental programmes.

All Burberry retail bags and boxes are reusable, recyclable and certified by the Forest Stewardship Council.

We continue to develop the resilience of our natural raw materials supply by developing regenerative supply chains and applying regenerative and holistic land-management practices to grazing or farming systems.

Looking ahead: We will develop our understanding of climate-related physical risks aligned with the evolving science. Where facilities are identified as being at heightened risk of an extreme climate event, we will address through business continuity and resilience plans.

See also: 'Risk and Viability Report', pages 107 to 145 and 'The Environment', pages 52 to 83.

Our actions: We are committed to reducing our carbon emissions and to being Climate Positive by 2040. Our emissions targets are recognised by SBTi, and our progress towards these are published annually.

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group climate goals.

In 2021 we refinanced our Revolving Credit Facility (RCF) as a £300m Sustainability Linked RCF, linked to our ambition to reduce emissions across our extended supply chain (scope 3) by 46% by 2030 and becoming net zero by 2040.

We issued a Sustainably Bond in 2020, proceeds of which are allocated to eligible sustainability projects including expenditures relating to properties certified to LEED 'Platinum' or 'Gold' or BREEAM 'Outstanding' or 'Excellent' level. The certification is embedded in our capital appraisal process, improving building energy efficiency and reducing emissions.

Looking ahead: The Regeneration Fund will support nature-based compensation and in-setting projects in the supply chain that will reduce the carbon impact of sourcing key raw materials and improve biodiversity and local producer livelihoods.

The financial investments associated with these actions are included in our financial plans. We will develop our Climate Positive roadmap with more detailed Key Performance Indicators applied across the business.

We continue to monitor regulatory and market developments in carbon pricing to inform our strategy and financial plans.

See also: 'The Environment', pages 52 to 83.

Impact

Potential impact on Burberry's cumulative discounted cash flows over five years, assuming no mitigating actions are taken:

LOW	MEDIUM	HIGH
(<£1m-£25m)	(£25m – £125m)	(£125m-£250m)

Climate-related issue	Impact **Global emissions environment:** Average temperature rise compared to pre-industrial levels by 2100 > 4°C / 2°C – 3°C / 1.5°C
Market **How we have modelled market risks:** We quantified how shifts in consumer preferences towards more sustainable and less carbon intensive products may impact demand for our products. **How we have considered opportunities:** Our scenario modelling assumes that no mitigating actions are taken, however, we are committed to shifting toward more sustainable low impact materials. Sustainability is at the centre of our product strategy, and we are well placed to meet increasing demand for organic, regenerative or recycled fabrics. **Key assumptions:** Consumer sentiment towards Burberry products is assumed to be linked to the carbon footprint of sourcing raw materials, production and distribution. Scenario analysis is based on Burberry's historical product portfolio. We have considered how shifts in consumer preferences may impact operating margin and net cash. This has been assessed in line with our current cost structure. **Timeframe for most significant impact:** Short to medium term.	LOW / MEDIUM / HIGH **Potential areas of impact:** A shift away from products constructed using less sustainable raw materials, including animal-based products, towards organic, regenerative or recycled fabrics. This shift is expected to happen in the short to medium term, and more quickly in geographical regions where public attention on sustainable materials used to produce clothing is greater. The shift will be more apparent in a lower temperature scenario, which assumes that a higher proportion of consumers will adopt more sustainable choices.
Reputation **How we have modelled reputation risks:** We quantified how climate activism due to negative perception of our climate impact and strategy may result in reputational damage, disruption to spending patterns and loss of revenue. **How we have considered opportunities:** Our scenario modelling assumes that no mitigating actions are taken, however, we remain committed to reducing our environmental footprint, as demonstrated by our ambition to become Climate Positive by 2040. **Key assumptions:** Scenario analysis is based on Burberry's historical product portfolio. We have considered the extent to which financial impacts incurred may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash. **Timeframe for most significant impact:** Short to medium term.	LOW / LOW / LOW **Potential areas of impact:** Society may engage in climate activism in the short to medium term, with companies perceived as less sustainable being targeted, decreasing revenue and reducing market share. Despite minimal shifts in consumer preferences in the short-term under a >4°C scenario, a section of society may engage in general activism against organisations due to their inaction in relation to climate change, resulting in disruption and lost revenue.
Liability **How we have modelled liability risks:** We quantified how perceived involvement in activities which drive climate change may result in additional operating expenses due to litigation. **Key assumptions:** Historical event data from litigation events has been used as precedents for the evolution of climate change litigation. **Timeframe for most significant impact:** Short to medium term.	LOW / LOW / LOW **Potential areas of impact:** Potential operating expenses may arise from fines, settlement and legal costs in the short to medium term.

Our strategic response

Our actions: We are committed to shifting to more sustainable, low-impact materials. We have a series of ambitious targets to achieve this aim with sustainability at the centre of our product strategy.
We are a member of the Textile Exchange, which is a not-for-profit organisation working to increase the global market for sustainable fibres and to create certifiable sustainability standards for key raw materials.
We aim to use sustainable animal-based products, for example, through our partnership with the Savory Institute's Land to Market programme, we are facilitating regenerative farming practices in the leather supply chain and its impact on livelihoods.

Looking ahead: We are aiming to 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. To support this, we are investing in traceability and certification system solutions. The financial investments associated with these actions are included in our financial plans.
See also: 'The Environment', pages 52 to 83.

Our actions: Sustainability is an increasingly important factor in consumers' purchasing decisions. Consumers, particularly the younger generations, expect brands to have a clear and comprehensive agenda with respect to sustainability and social responsibility, including carbon reduction efforts, sustainable raw material sourcing and traceability, fair labour practices, diversity and inclusion and a biodiversity strategy.
We are working to reduce our environmental footprint and meaningfully support our global communities, while seeking to transform our industry. We have made a number of industry-leading climate change commitments, which have been recognised externally:

- Burberry received a Climate Leader Award at the Finance for the Future Sustainability Awards.
- In 2021, Burberry was ranked by CDP in the Leadership band for climate change and was recognised in the CDP Supplier Engagement Leaderboard.
- Burberry was highly commended in the 'Net Zero Transition' category at the Reuters Responsible Business Awards for its Climate Positive roadmap.

Looking ahead: We believe we have a role in shaping policy and regulation and are working collaboratively with partners, suppliers and other organisations to achieve our ambition, including the United Nations Global Compact, the Fashion Pact, The UN Fashion Charter, RE100, Race to Zero, Lowering Emissions by Accelerating Forest finance (LEAF) and the Prince's Trust Accounting for Sustainability project.
See also: 'The Environment', pages 52 to 83.

Our actions: We monitor and continuously improve processes to gain assurance that our licensees, suppliers, franchisees, distributors and agents comply with Burberry's contractual terms and conditions, its ethical and business policies, and relevant legislation. Specialist teams at corporate and regional level, supported by third-party specialists where required, are responsible for ensuring the Group's compliance with applicable laws, ethical and business policies and regulations, and that employees are aware of the policies, laws and regulations relevant to their roles.

Our Global Environmental Policy stipulates our commitments relating to energy, emissions, chemicals, water and raw materials. This is mandatory and applies to all of our own and Business Associate's activities.
See also: 'Risk and Viability Report', pages 107 to 145.

Beyond a five-year time horizon, the level of uncertainty increases. Transition risks are expected to be the most impactful in the short to medium term, continuing the trends which our five-year scenario analysis has identified. Physical risks are expected to become most impactful in the long term, with the size of the impact dependent on the success of global initiatives to limit the impact of climate change. These long-term physical risks may disrupt our supply chain and create operational challenges. Our commitment to more sustainable, low impact materials, and our partnerships focussed on regenerative agriculture are key to limiting this impact. We will remain agile, and continue to monitor this risk, informed by the latest scientific understanding of climate change.

Overall, the results of our scenario analysis indicate that the physical and transition risks associated with climate change could impact the Group in the short, medium and long term. The size of the impact will depend on the nature and speed of the global transition towards a lower carbon economy. The 1.5 degrees scenario would have most impact on Burberry in the short to medium term before considering any mitigating actions.

We recognise the potential impact of climate change, which remains a principal risk for the Group. Our strategy continues to evolve to address the foreseeable impacts of and improve resilience to climate-related risks. We expect that consumer demand will continue to shift towards more sustainable materials, and we have a series of ambitious targets on traceability and raw materials certification, as described within the 'Metrics and Targets' section, to ensure we are well placed to capture this momentum.

Risk management

Climate change has been identified as a principal risk to Burberry (see page 127), which has the potential to impact our business in the short, medium and long term as detailed above.

The overarching approach to identify climate-related risks is the same for all principal risks and is described on pages 107 to 145. Additionally, for climate-related risks, we have undertaken qualitative scenario analysis since FY2018/19 and a quantitative scenario analysis since FY2019/20 to support our identification and understanding of such risks.

For each principal risk we have a risk management framework detailing the controls in place and those responsible for managing both the overall risk and the relevant mitigating controls. We monitor risks throughout the year to identify changes in principal risk profiles. Management of climate-related risks is distributed throughout the organisation depending on where the risk resides. For example, climate-related risks in relation to raw materials in the supply chain are managed by our sourcing team responsible for buying commodities.

The cross-functional TCFD working group has defined the risk management methodology and approach for identifying and assessing climate-related risks and mitigating controls. Using scenario analysis, we have quantified climate-related risks to Burberry and evaluated their size and scope. This has supported the working group in prioritising such risks and assessing the resilience of our business strategy to potential climate change impacts.

When sustainability and climate-related risks are assessed, existing mitigating activities and controls are highlighted, and, where relevant and appropriate, additional activities and controls are implemented, if risks fall outside of appetite. Progress against these mitigating activities is assessed by the Risk Committee and is subject to independent review by Group Internal Audit as part of the annual audit plan. During the year, the Audit Committee reviewed the work performed by the TCFD working group, including progress against the four TCFD pillars and proposed disclosure.

Climate-related risks and opportunities are continually monitored as part of our Enterprise Risk Management framework. This allows us to evaluate the relative significance of our risks based on their likelihood and impact and to prioritise accordingly. A 'Value Creation Framework' is being developed, linking risks and controls to ESG targets. We also monitor the environment for new and emerging risks, and to keep abreast of evolving regulatory requirements. We will continue to develop our scenario analysis to improve our understanding of these risks and opportunities and align our strategy and actions accordingly.

Metrics and targets

Metrics

We have a number of metrics and targets in place to monitor and manage the most significant risks and opportunities arising from climate change. These are outlined in the table below and are explicitly linked to the risks and opportunities modelled as part of the scenario analysis.

Description	Theme	Metrics	Targets
Physical risks	Water	Supply chain water management practices, water intensity across supply chain sites in absolute and relative terms and water risks based on the geographical area. Our water risk assessment considers physical risk, regulatory risks and reputational risks.[1] Water scarcity, quality and flooding risk details are collected by supply chain partners and reviewed by Burberry. If these risks are deemed to be high, Burberry conducts specific risk assessments for the site covering emergency and mitigation plans and water stewardship activities.	• Maintain regular assessment coverage of at least 80% of our vendors and raw material suppliers.
Policy	GHG emissions	GHG emissions across scopes 1, 2 and 3.	GHG emissions reductions: • Burberry commits to reduce absolute scope 1 and 2 GHG emissions by 95% by the end of calendar year 2022 from a FY 2016/17 base year, and maintain 95% emissions reduction • To reduce absolute scope 3 GHG emissions by 46% by 2030, from a FY 2018/19 base year See our Responsibility KPI results on page 61 and our GHG emissions table on page 66. Renewable electricity: • 100% renewable electricity across our operational footprint by end of FY 2021/22 See our results on page 61.
	Sustainability Bond	Our Sustainability Bond proceeds are used for buildings that 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 This is assessed as part of the capital appraisal process.	• N/A
	Remuneration	The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group climate goals. More details of this are set out in the Directors' Remuneration Report on pages 186 to 213.	• See the Remuneration Report on pages 186 to 213

1. (source: WWF Water Risk Filter).

Description	Theme	Metrics	Targets
Market	Product	• Products with more than one positive attribute, where positive attributes relate to social and/or environmental improvements, achieved at either raw material sourcing or product manufacturing stage • % of low-carbon products, which comprise recycled or bio-based content, as well as those which are manufactured in facilities proactively reducing their energy and water emissions	• Drive positive change through all our products, by achieving 100% of product with more than one positive attribute by end of FY 2021/22. For details of our FY 2021/22 results, see page 61
	Sustainable raw materials	• % of traceable and certified materials	• 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 • Source 100% certified recycled nylon* and recycled polyester* by 2025 • 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 end of FY 2021/22 For details of our FY 2021/22 results, see page 61 • Source 100% of our leather* from certified tanneries by end of FY 2021/22, with environmental, traceability and social compliance certificates. For details of our FY 2021/22 results, see page 61 * Where the material referred to is the product's main material.
Reputation	Consumer sentiment	Burberry monitors consumer perception metrics on the extent to which Burberry is considered a socially responsible brand. We are committed to continued participation in: CDP, Climate100 Index, FTSE4Good Index, Responsibility100 Index, MSCI, Sustainalytics and S&P Global Yearbook.	• N/A
Liability	Due diligence	Burberry monitors activity across its supply chain in line with its Responsible Business Principles which includes its Global Environmental Policy. Key metrics include: • Number of supply chain audits and engagement visits conducted • Supply chain chemical management assessment results • Effluent testing results	• N/A

Setting targets and monitoring progress are key in driving progress towards our ambition to be Climate Positive by 2040 as well as our ongoing risk mitigation approach.

Our climate targets cover absolute energy use, GHG emissions reductions and renewable energy procurement across scopes 1, 2 and 3. PwC provide independent limited assurance over selected KPIs as part of our Responsibility Strategy, as well as key metrics reported in our GHG table. KPIs assured by PwC are denoted with a ^ throughout this Annual Report.

Two of our GHG emissions reduction targets are recognised as science-based:

- To reduce absolute scope 1 and 2 GHG emissions by 95% by end of calendar year 2022 from a FY 2016/17 base year and maintain 95% emissions reduction

We reduced our scope 1 and 2 emissions by 93% from a FY 2016/17 base year and in addition, we have achieved 100% renewable electricity use across our own operations. The 95% reduction target was not met within the financial year (FY 2021/22). However, we plan to meet this target within the calendar year 2022.

- To reduce absolute scope 3 GHG emissions by 46% by 2030 from a FY2018/19 base year

Independent limited assurance will be sought by Burberry over our FY 2021/22 scope 3 emissions and our percentage movement of scope 3 emissions compared to FY 2018/19 baseline. The assurance report will be made available later in 2022 on Burberryplc.com.

In addition, we have a number of internal targets to achieve our Climate Positive and Net Zero Roadmap with accountability sitting with key Executive Committee members. Looking ahead, we are committed to reviewing and refining these internal targets as required. We will also further develop our climate-related metrics and monitoring to ensure improved risk management and accountability.

During the year, we strengthened our climate commitments, becoming the first luxury brand to pledge to being Climate Positive by 2040. This means that all our Science Based Targets are aligned to the 1.5°C pathway set out in the Paris Agreement. To complement this, we have set an ambitious biodiversity strategy and traceability and raw material targets to 2025.

Reporting

We align our reporting on climate-related metrics to recognised standards, including the GHG Protocol, The UK's Streamlined Energy and Carbon Reporting and the Task Force on Climate-related Financial Disclosures.

In line with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, our GHG emissions are set out on page 66.

During the year, in recognition of the importance of the TCFD and Sustainability Accounting Standards Board (SASB) being key ESG reporting frameworks for our stakeholders, we produced a standalone SASB-aligned disclosures report which is available on Burberryplc.com.

In recognition of the importance of CDP as a gold standard for environmental reporting with the richest and most comprehensive dataset on corporate action on climate, we have been reporting to CDP since 2010. In 2021 Burberry was ranked by CDP in the Leadership band for its climate change submission.

We recognise that meeting our climate-related targets is dependent on collective action. Foremost are countries implementing their Paris Agreement-aligned commitments and increasing them to more ambitious levels. Improving the market conditions for clean energy supply, such as the rate of installation of renewable electricity in many countries, reducing costs and the availability of purchase power agreements will help shift the rate of decarbonisation at scale. We believe we have a role in helping to shape the policy and regulation required and are working collaboratively with partners, suppliers and other organisations to achieve our ambition, including the United Nations Global Compact, the Fashion Pact, the Lowering Emissions by Accelerating Forest finance (LEAF), The UN Fashion Charter, RE100, Race to Zero and the Prince's Trust Accounting for Sustainability initiative.

Scope 1 and 2 target focuses on GHG emissions from our direct operations, including electricity and gas consumption at our stores, offices, internal manufacturing and distribution sites.
Scope 3 target relates to indirect GHG emissions in our extended supply chain, such as from the sourcing of raw materials and manufacturing of finished goods.
100% renewable electricity target: This covers all electricity reported as part of the Mandatory Greenhouse Gas Reporting Requirements.

RISK MANAGEMENT ACTIVITIES IN FY 2021/22

Monitoring of risks

We identify and review risk through two processes:

- A "bottom-up" process undertaken across the Group's business areas and functions to identify and manage risks
- A "top-down" process overseen by the Risk Committee to identify key risks to our strategic priorities

Key risk themes were analysed and our principal risks reviewed and to reflect changes in the business and the external environment. A revised schedule of the Group's principal risks were discussed at our Risk Committee and presented to the Audit Committee in March 2022.

Emerging risks

Potential emerging risks remain an area of priority, ensuring our resilience and agility with respect to emerging risk themes; this has been supplemented with additional modelling, which continues to mature.

Identification of risks

Investing in risk

Through the global pandemic, and more recently with respect to the conflict in Ukraine, the need for an effective approach to managing risk and uncertainty is clear. We need to understand risks, which prevent us creating and protecting financial, environmental and social value, and actively manage them. We have invested in our risk and risk analytics capabilities in order to help support our leadership teams with identification and high-quality risk insights that support decision making.

Our risk, insurance, business continuity and risk-analytics functions are managed together, promoting an integrated approach to risk that puts ESG and growth at its centre. Together, these functions ensure audit resources are deployed effectively to provide assurance to the most significant areas of our business.

As well as risk and risk analytics, we are undertaking work programmes to ensure our Business Continuity Planning function and our insurance strategy are as effective and efficient as possible, addressing our need for a resilient business, which takes rapid, impactful decisions on key risks.

Risk process

Our approach aligns the risks reported by our regional businesses with those identified in our principal risk analysis. By aligning our risks, we are better able to support our businesses by investing in appropriate Group and local controls. In addition, we have focused areas of risk capability, specifically:

- **Legal and ethics:** our Legal team manages a wide spectrum of risks through in-house experts and a network of external specialist advisors. Ethics matters are governed through a dedicated Ethics Committee
- **IT:** IT function manages operational risks on significant IT programmes, assuring delivery, efficiency and value for money. IT is responsible for the cybersecurity framework and operation. Our IT risk capability works very closely with our Business Continuity and Incident Response manager, ensuring that we prioritise key systems and processes

Strategic risk

We have reviewed the key risks, which may impede our ability to achieve our strategic goals, and have two mechanisms to manage them:

Scenario analysis

We are adopting a quantitative approach, which is currently under development. It is designed to quantify the risks posed by significant world trends, including climate change, global recession, cyberattack, and others. While still in progress, it has confirmed our view that we are monitoring the right areas of risk to spot emerging problems, which improves our resilience to shocks.

Risk appetite

The Group's risk appetite and tolerance levels were presented to the Board and approved in March 2022. These will be used to set tolerance limits for each of the principal risks and refine mitigation plans. Compliance functions provide independent assurance to management, the Audit Committee and the Board on the effectiveness of management actions. Our Internal Audit function periodically reviews the risk management process. Third-party reviews have been performed on cybersecurity and health and safety. Our Strategy team and the business owners for each strategic pillar undertake regular reviews of progress towards our strategy with the Executive Committee and the Board. Additionally, we have undertaken a number of "deep dives" at Board and Audit Committee level into the management of the risks being examined:

- Ukraine crisis: the full scale of the macroeconomic impact of the conflict in Ukraine is still being understood by global companies. Our priority is the safety of our people and our customers and all decisions are made accordingly
- COVID-19: we continue to monitor the effects of the global COVID-19 pandemic, and the impact of restrictions in our global markets
- Climate change: we have included ESG targets alongside financial targets in order to prioritise our risks and mitigations, and are developing a Value Creation Framework to help prioritise relevant risks
- Risk appetite: the Board performed its annual review and discussion of the Group Risk Appetite statement in March 2022
- IT/Cyber: we report to the Audit Committee on IT and cybersecurity

"OUR APPROACH TO RISK PUTS ESG AND GROWTH AT ITS CENTRE"

OUR VIABILITY STATEMENT

Corporate planning process

Burberry's annual corporate planning process consists of preparing a long-term strategic plan, forecasting the current year business performance and preparing a detailed budget for the following year. These plans form the basis for assessing the longer-term prospects of the Group. Our strategic planning process includes detailed reviews of the budget, forecasts and long-term plan by our CEO and CO&FO in conjunction with our regional and functional management teams, followed by a presentation and discussion of the strategic plan at the Board. Delivery against the plan is monitored through our monthly reporting on actual performance, the annual budget process and subsequent forecast updates (see page 36).

The key assumptions considered in our strategic plan are future sales performance by product, channel and geography, expenditure plans, cash generation, and that there is no material long-term impairment to the Burberry brand. We also consider the Group's projected liquidity, balance sheet strength and the potential impact of the plan on shareholder returns. Where appropriate, we have made adjustments to our planning process to include scenarios relating to key assumptions as a result of the ongoing impact of COVID-19 and challenging economic conditions including the immediate and wider effects of the conflict in Ukraine and as detailed below.

Assessment of prospects

We remain confident in our ability to consolidate our position in luxury fashion and remain committed to the strategic vision for Burberry. Our strategic initiatives have been shaped in response to the ongoing COVID-19 pandemic situation with focused execution to ensure a continuing successful recovery.

The Group's strategy is set out on pages 30 to 40. Key strategic focus areas to respond to the current industry backdrop are:

- **Brand:** a strong luxury positioning is paramount during this period. Burberry will continue to strengthen its luxury positioning, including prioritising investment in inspiration. In this environment, consumers are likely to become increasingly discerning in their purchases, orientating towards strong brands, and market performance is likely to polarise further between luxury and mass and accessible fashion. Diminished demand in certain markets is also likely to increase competition and reinforce the importance of investing in brand and inspiration
- **Localisation:** the COVID-19 outbreak has resulted in reduced travel and disparate economic growth by region. This continues to make a localised approach more important. In line with this, we will continue to adopt tailored and bespoke localised plans to ensure we optimise revenue opportunities in all markets

- **Direct to consumer and digital:** the COVID-19 crisis had a continuous impact on luxury distribution throughout 2020 and 2021 and is likely to continue to impact 2022 and 2023. The crisis has demonstrated the importance of a direct-to-consumer approach, particularly digital. In this respect Burberry maintains strategic focus and is well positioned.
- **Product, inventory and supply chain:** in the short term, we expect a greater consumer shift towards leather goods offering, casualwear and entry price points. Again, Burberry is well positioned in this respect having transformed its product offer, including its leather goods assortment. We have been improving supply chain agility and amending our seasonal calendar to optimise sell through of our current and future collections
- **Balance sheet and liquidity:** managing the COVID-19 crisis required tight control of cost and cash management. We have prepared and delivered cost and cash mitigation plans since 2020 and we continue to drive cost and cash mitigation plans as we navigate away from the pandemic. Our objective is to manage the business efficiently and flexibly, maintaining control and preserving the long-term value of the Burberry brand while ensuring we secure the financial headroom required to fuel growth as market opportunities arise. The business is expected to remain strongly cash generative creating further optionality for investment and increased returns to shareholders

Viability assessment approach

In light of the continued uncertainty of the impact of COVID-19 and the current macroeconomic environment, we have prepared a number of planning scenarios based on a range of assumptions and potential outcomes.
In assessing the viability of the Group, the Board has carried out a robust assessment of the principal risks of the Group, including those arising from the COVID-19 virus, as set out in the Risk Report on page 107, and the principal risks and uncertainties as set out on page 108. The Directors have considered the potential impact of the risks on the viability of the Group.

Basis of assessment

The assessment of viability has been made with reference to the Group's current position and expected performance over a three-year period to March 2025. This is considered appropriate for use by the Directors because:

- It aligns with the Group's approach to long-range planning
- It is sufficient to almost cover all currently approved capital expenditure projects
- As the Group has little contracted income, and as most current business development projects will be completed in the three-year period, projections beyond this period will contain long-term growth assumptions

Scenarios

A range of scenarios have been developed. These scenarios were informed by a comprehensive review of macroeconomic scenarios using third-party projections of scientific, epidemiological and macroeconomic data for the luxury fashion industry, and financial outcomes of risks materialising across the industry over the last ten years:

- The Group central planning scenario reflects a balanced projection with a continued focus on maintaining momentum as part of the customer strategy, and a balanced assumption for COVID-19 and economic uncertainty, and reflects growth in FY 2022/23 and FY 2023/24
- As a sensitivity, this central planning scenario has flexed by a 15% downgrade to revenues in FY 2022/23 and a 10% reduction in revenues across the full three year period as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern and viability. This was designed to test an even more challenging trading environment as a result of COVID-19 together with the potential impacts of the Group's other principal risks, as described below
- For the purposes of the reverse stress test, we have considered the plausibility of a scenario that erodes the remaining cash headroom by reference to the lowest cash level in the annual business cycle. This test identified that the amount of revenue decline required on top of the severe but plausible scenario before the Group requires additional fundraising over the three year period to March 2025 was in the Group's opinion implausible.

The severe but plausible downside modelled the following risks occurring simultaneously:

- A longer-term impact of the COVID-19 pandemic on revenue to mid-way through FY 2023/24 compared to the central planning scenario
- A significant reputational incident such as negative sentiment propagated through social media
- A reduction in the GDP growth assumptions in the Eurozone and Americas materialising in the second half of FY 2022/23 and consequent impact into FY 2023/24
- The impact of a one-month interruption in one of our channels arising from a technology vulnerability
- The introduction of carbon taxes in FY 2023/24 and FY 2024/25 in line with a scenario reflecting a 2°C global temperature increase compared to pre-industrial levels
- A short term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

This approach provides the Board reasonable comfort that the Group's going concern and viability positions have been assessed to a severity level, which more than accommodates the current assessment of the shape and scale of the economic impact of the COVID-19 pandemic and the impact of one or more of the Group's principal risks.

Funding

In assessing the viability of the Group, the Directors have also considered the Group's current liquidity and available facilities (set out in note 28 of the Financial Statements), financial risk management objectives and hedging activities (set out in note 28 of the Financial Statements). In our central planning and severe but plausible downside scenarios, the Group maintained the necessary liquidity levels.

On 21 September 2020, the Group issued a five-year £300 million 1.125% unsecured sterling Sustainability Bond. The Group also has access to a £300 million RCF, currently undrawn and not relied upon in the viability assessment.

Conclusion

Based on this assessment, our Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over the period to March 2025. In making this statement, the Directors have assumed there is no material long-term impairment to the Burberry brand.

The Strategic Report up to and including page 146 was approved for issue by the Board on 17 May 2022 and signed on its behalf by:

Gemma Parsons
Company Secretary

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BURBERRY
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"AS WE NAVIGATED THROUGH ANOTHER UNCERTAIN YEAR, THE BOARD AND BOARD COMMITTEES REMAINED AGILE TO ENSURE OUR PROCESSES ALLOWED US TO OPERATE EFFECTIVELY."

CHAIR'S INTRODUCTION

Dear Shareholder,

On behalf of the Board I am pleased to present the Corporate Governance Report for the year ended 2 April 2022. This report describes Burberry's corporate governance framework and procedures, and summarises the work of the Board and its Committees to illustrate how we have discharged our responsibilities this year.

As Chair, I am responsible for leading and ensuring the effectiveness of the Board. As we navigated through another uncertain year, the Board and Board Committees remained agile to ensure our processes allowed us to operate effectively. Taking into consideration social distancing guidelines and travel restrictions, our meetings were held virtually with Directors attending in person where possible. We continued to adapt the timing and length of meetings to accommodate the various time zones of our Board members globally. I would like to thank my Board colleagues for their continued flexibility and support particularly where, due to their location, meeting attendance was required at very unsociable hours. We all miss the richer debate we enjoy when we meet physically and we look forward to returning to more in-person meetings in the year ahead.

In addition to our formal Board and Committee meetings, the Board was updated regularly by management on the Group's dynamic response to the humanitarian crisis in Ukraine and evolving national guidelines on COVID-19 across the territories in which we operate.

Stakeholder engagement

The Board recognises its duties and responsibilities to our shareholders and other stakeholders and, during

FY 2021/22, continued to partner closely with management to safeguard our colleagues, customers, communities and our business. More detail regarding the actions the Board has taken to support our stakeholders and consider their interests in its strategic planning and decision-making processes is set out on pages 99 to 106.

The Global Workforce Advisory Forum met twice during FY 2021/22. I attended both meetings with Matthew Key, Chair of our Audit Committee and Orna NíChionna, Chair of our Remuneration Committee each attending one meeting. At the first meeting, we discussed workplace culture and methods of raising concerns. The second meeting focused mainly on remuneration topics which are discussed in more detail on page 191 of the Directors' Remuneration Report. We also sought members' views on expectations and priorities for our new CEO. The Board very much appreciates the honest conversations, constructive feedback and valuable insights received from colleagues across the world through the Forum which help inform our discussions and decision making.

Purpose and values

Inspired by our founder Thomas Burberry, we believe that creativity opens spaces. Our purpose is to unlock the power of imagination to push boundaries and open new possibilities for our people, our customers and our communities. We aspire to be creatively driven, open and caring, proud of our heritage and forward thinking. Our purpose and values inform our strategy, decision-making, our relationships with stakeholders, and shape our culture.

During the year, we have continued to work on bringing our purpose and values to life as explained on pages 20 to 21. As a Board we received updates on the development and implementation of Leadership Standards throughout the business that articulate Burberry's values and provide clear and actionable measures for colleagues. We also reviewed the Jeju Island activation as an example of bringing our purpose and values to life in South Korea.

Monitoring culture

At Burberry, we foster an open and inclusive culture where everyone feels they belong, have a voice and can reach their full potential. Through our Global Workforce Advisory Forum and interactions with Burberry colleagues, the Board plays an active role in creating a more open and understanding culture within the workplace. For more information on how the Board monitors corporate culture, see page 161.

Board changes during FY 2021/22

Board succession planning has continued to be an important area of focus during FY 2021/22. During the year, Marco Gobbetti and Dame Carolyn McCall retired from the Board in December 2021 and April 2022, respectively. During her tenure, Carolyn was Senior Independent Director and a Member of the Audit and Nomination committees. I have greatly valued her contributions and partnership since joining the Board. Orna NíChionna was appointed as Senior Independent Director to succeed Carolyn. After nearly five years at Burberry, Marco made the decision to step down as CEO. Marco's leadership in the transformation of Burberry's brand and business has been instrumental in establishing Burberry's purpose and strategy. It has been a privilege working with both Marco and Carolyn and I would like to thank them for their exceptional contributions to Burberry.

Following a recruitment process led by the Nomination Committee, we welcomed our new CEO, Jonathan Akeroyd to the business in March 2022. We also welcomed Danuta Grey who was appointed to the Board on 1 December 2021. More information on the recruitment process and on Danuta and Jonathan's induction programmes can be found in the Nomination Committee Report on pages 174 to 177.

Board effectiveness

The Board undertook an internal review of its effectiveness during the year. An explanation of the process undertaken and the findings of the review can be found on pages 172 to 173, together with an update on our progress in addressing the actions identified following the FY 2020/21 review.

Compliance with the UK Corporate Governance Code

Burberry complied with the requirements of the UK Corporate Governance Code during FY 2021/22 with the exception of Provision 38, which refers to Executive Directors' pensions compared to the wider workforce. As explained in the Directors' Remuneration Report, our new CEO's pension arrangements are in line with those of the majority of our UK workforce. We will align the pension contribution levels for our CO&FO with the maximum rate available to the majority of our UK workforce by 1 January 2023.

As a Board, we have continued to adapt to reflect the challenging times we have all experienced. We would like to thank our colleagues, shareholders, customers and partners for their continued support during what has been another uncertain year. Looking forward, I believe that your Board has the right balance of skills and expertise to continue to support and challenge management as we work together to deliver the next chapter of Burberry's evolution as the world's leading British luxury brand.

Gerry Murphy
Chair

BOARD OF DIRECTORS

As a Board we have collective responsibility for the long-term success of Burberry and are accountable to Burberry's stakeholders.

Committee Key
○ Chair R Remuneration Committee N Nomination Committee A Audit Committee

Dr Gerry Murphy (66)
Chair
Appointed: 17 May 2018
Nationality: Irish

Committees: N

Key skills
Gerry has substantial international and senior management experience, including of transforming businesses. He has an in-depth understanding of UK corporate governance requirements and extensive experience in the retail sector. Gerry's skills and experience enable him to provide the Board with highly relevant and valuable leadership as Burberry continues to focus on delivering long-term sustainable value for all our stakeholders.

Experience
Gerry joined the Board as an Independent Non-Executive Director and Chair Designate on 17 May 2018 and was appointed as Chair on 17 July 2018. He is also Chair of Tate & Lyle plc. Gerry previously served as Chair of The Blackstone Group International from 2009 to 2019 and was a partner in the firm's private equity investment unit from 2008 to 2017. Gerry has held Chief Executive roles at Kingfisher plc, Carlton Communications plc (now ITV), Exel plc and Greencore Group plc. He spent his early career with Grand Metropolitan plc (now Diageo plc) and also served as a Non-Executive Director on the Boards of British American Tobacco plc; Merlin Entertainments plc; Reckitt Benckiser plc; Abbey National plc and Novar plc. Gerry is also a Trustee of The Burberry Foundation.

Jonathan Akeroyd (55)
Chief Executive Officer
Appointed: 15 March 2022
Nationality: British

Key skills
Jonathan is an experienced leader with a strong track record of building luxury brands and driving profitable growth. He has extensive experience across the fashion and luxury goods sector, with a focus on brand and product elevation, strategic development and global expansion. He shares our values and our ambition to build on Burberry's unique British creative heritage, and his deep expertise and strong leadership will be pivotal in advancing the next phase of Burberry's evolution.

Experience
Prior to joining Burberry on 15 March 2022, Jonathan was Chief Executive of Gianni Versace SpA where he reorganised and accelerated growth at the Italian fashion house, building on the brand's rich heritage to elevate product, communications and the customer experience. As President and Chief Executive Officer of Alexander McQueen (2004-2016) he led a turnaround of the British luxury brand, successfully steering the company's growth and strategic development into a luxury powerhouse. Jonathan's early career was spent at Harrods (1988–2004) where he gained a strong understanding of luxury retail, brands and products.

Julie Brown (60)
Chief Operating and Financial Officer
Appointed: 18 January 2017
Nationality: British

Key skills

Julie has a strong track record of leading change and delivering sustainable, long-term value for shareholders. Her extensive experience in financial, commercial and strategic roles and leading major transformational growth programmes continues to be highly relevant to Burberry in the next phase of our strategy. Julie is committed to implementing initiatives that support our sustainability goals and is a passionate champion of diversity and women in business.

Experience

Prior to joining Burberry Julie was Group CFO of Smith & Nephew (2013-2017). Prior to this, she was Interim Group CFO of AstraZeneca where she also held a number of positions covering Group and Business Finance, Strategy and Commercial positions, including Regional and Country President. Julie is a Non-Executive Director and Audit Chair of Roche Holding Limited, a member of the UK Prime Minister's Business Council and the 100 Group Main Committee. She is co-Chair of The Prince's Accounting for Sustainability Project's CFO Leadership Network, a member of the Mayor of London's Business Advisory Board and Patron of Oxford University Women in Business. She qualified with KPMG and is a Fellow of the Institute of Chartered Accountancy and a Chartered Tax Advisor.

Orna NíChionna (66)
Senior Independent Director
Appointed: 3 January 2018
Nationality: Irish

Committees: R N

Key skills

Orna has strong UK plc and international business experience spanning the consumer and retail markets, and brings to the Board significant financial, strategic and governance expertise. Orna is a committed environmentalist and campaigner for sustainable land use and farming, and was Chair of the Soil Association for six years. Her passion for the environment is an asset to Burberry as we continue to drive positive change and build a more sustainable future through our Responsibility agenda.

Experience

Orna is currently Senior Independent Director at Saga plc and a Trustee of the Institute for Fiscal Studies. Her previous appointments include Interim Chair of the National Trust and Chair of digital innovation consultancy, Founders Intelligence. She has also served on the Boards of Royal Mail, Bupa, HMV, Northern Foods and Bank of Ireland UK. Orna began her career at McKinsey & Company, where she became the first female Partner in the London office, co-leading its European Retail Practice.

Fabiola Arredondo (55)
Independent Non-Executive Director
Appointed: 10 March 2015
Nationality: American

Committees: R N

Key skills

Fabiola has extensive international strategic and operational experience in the digital and media sectors, having previously built and led a major division of Yahoo! Inc. She also has a deep understanding of sustainability and the environment through her engagement at the World Wildlife Fund. Her highly relevant digital and consumer background as well as her wealth of international Non-Executive Director experience, make Fabiola a valued member of the Board.

Experience

Fabiola is Managing Partner of Siempre Holdings, a private investment firm based in the USA. She is a Non-Executive Director of Campbell Soup Company and Fair Isaac Corporation, which are both listed on the New York Stock Exchange. Fabiola is also a National Council Member of the World Wildlife Fund for Nature (WWF) and Member of the Council on Foreign Relations. She has previously served as a Non-Executive Director at FTSE 100 companies Experian plc and BOC Group plc (now Linde Group), Saks Incorporated (now Hudson's Bay Company) and Ibex 35 company Bankinter S.A. She has also held Non-Executive Directorships at National Public Radio, Rodale Inc., Intelsat Inc., Sesame Workshop and the World Wildlife Fund UK and USA. Fabiola also held senior operating roles at Yahoo! Inc., the BBC and Bertelsmann AG.

Committee Key
Chair | R Remuneration Committee | N Nomination Committee | A Audit Committee

Ron Frasch (73)
Independent
Non-Executive Director
Appointed:
1 September 2017
Nationality: American

Committees: A R N

Key skills
Ron has spent over 30 years working in the retail industry. He has clear strategic acumen, strong leadership skills and wide-ranging experience of working with luxury fashion brands. As the former President of Saks, he was the instrumental driving force behind developing the company's private-label collections. Ron's wealth of fashion experience and his well-established merchandising skills play an important role as Burberry continues to focus on delivering long-term sustainable growth in the luxury fashion market.

Experience
Ron is currently CEO of Ron Frasch Associates LLC. He is also a Non-Executive Director of Crocs Inc, Aztech Mountain and MacKenzie Childs. Between 2004 to 2007, Ron served as Vice Chairman of Saks Fifth Avenue Inc. and from 2007 to 2013 he was President, with responsibility for fashion buying, merchandise planning, store planning, stores and visual. Prior to Saks, Ron spent four years as President and CEO of Bergdorf Goodman. He has also served as President of the Americas for an Italian licensing company of luxury fashion brands.

Matthew Key (59)
Independent
Non-Executive Director
Appointed:
1 September 2013
Nationality: British

Committees: A R N

Key skills
Matthew has significant strategic, regulatory and operational experience in the e-commerce and technology sectors. He brings a wealth of experience of managing dynamic and fast-moving international companies and has an extensive understanding of the consumer market. Matthew is a qualified chartered accountant and his deep financial knowledge and expertise are important to the Board, as reflected in his appointment as Chair of the Audit Committee.

Experience
Matthew is a Non-Executive Director of BT Group plc, is Chair of its Audit and Risk Committee and a member of BT's Nominations and Remuneration Committees. He was a member of the advisory Board of Samsung Europe between 2015 and 2017 and from 2007 to 2014, he held various positions at Telefonica, including Chair and CEO of Telefonica Europe plc and Chair and CEO of Telefonica Digital, the global innovation arm of Telefonica. Matthew qualified as a chartered accountant with Arthur Young (now EY). In his early career, he held various financial positions at Grand Metropolitan plc (now part of Diageo plc), Kingfisher plc, Coca-Cola and Schweppes.

Danuta Gray (63)
Independent
Non-Executive Director
Appointed:
1 December 2021
Nationality: British

Committees: R N

Key skills
Danuta is a highly-experienced Non-Executive Director and Chair with a strong understanding of consumers, technology, sales and marketing within the UK and international business markets gained through her executive career. Her extensive UK plc board experience and deep understanding of UK governance requirements makes her a strong asset to our Board.

Experience
Danuta is currently Chair of Direct Line Insurance Group, Chair of the Board of North SP Limited and is a member of the Employ Autism Development Board. Her previous appointments include Chair of St Modwen Property plc and Senior Independent Director of Aldermore Bank plc. She has also served on the Boards of Old Mutual plc, Page Group plc, Paddy Power plc and Aer Lingus plc and as a Non-Executive member of the Board at the UK Ministry of Defence. Danuta's executive career includes spending nine years as CEO of Telefónica O2 in Ireland and as an Executive Director of Telefónica Europe plc.

Debra Lee (67)
Independent
Non-Executive Director
Appointed:
1 October 2019
Nationality: American

Committees: A N

Key skills
Debra is one of the most influential female voices in the entertainment industry and has a deep understanding of the American consumer and culture. She is the former Chairman and CEO of BET Networks, which under her leadership became the largest global provider of entertainment for the African-American audience and consumers of black culture. Debra is a passionate advocate of women and people from ethnically diverse backgrounds.

Experience
Debra is the CEO and founder of Leading Women Defined, Inc., a foundation supporting black female leadership. She is a Non-Executive Director of Warner Bros. Discovery, Inc., Marriott International, Inc. and The Proctor & Gamble Company. From 2006 to 2018, Debra served as Chairman and Chief Executive Officer at Black Entertainment Television LLC (BET), a division of Viacom, Inc. Prior to joining BET in 1986, Debra was an attorney with the Washington, DC-based law firm Steptoe & Johnson. She was formerly a Non-Executive Director of Twitter, Inc. from May 2016 to July 2019 and of AT&T Inc. from 2019 until April 2022.

Sam Fischer (54)
Independent
Non-Executive Director
Appointed:
1 November 2019
Nationality: Australian

Committees: N R

Key skills
Sam has a wealth of global leadership experience including leading iconic heritage premium brands from across the lifestyle and consumer sectors. He has a strong track record in driving business growth and a deep understanding of key Asian markets, which is a tremendous asset to Burberry as we continue to engage our communities in the region with innovative products and culturally-relevant experiences.

Experience
Sam is currently President, Asia Pacific and Global Travel, Diageo plc and is a member of its Global Executive Committee. Since joining Diageo in 2007, Sam has held several senior roles, including Managing Director of Greater China and Managing Director for South East Asia. Prior to joining Diageo, Sam held a number of commercial and general management roles at Colgate-Palmolive between 1991 to 2006, culminating in a role as Managing Director of Central Europe. He will be joining Lion Group as CEO in July 2022.

Committee Key
○ Chair R Remuneration Committee N Nomination Committee A Audit Committee

Antoine de Saint-Affrique (57)
Independent
Non-Executive Director
Appointed: 1 January 2021
Nationality: French

Committees: A N

Key skills
Antoine has a wealth of experience in the consumer sector, having led a number of global brands throughout his career. As CEO of Barry Callebaut, Antoine put sustainability at the heart of the company's strategy, setting ambitious targets that addressed the most pertinent challenges in the chocolate supply chain. His strong understanding of sustainability and of the consumer market makes him a valued asset to our Board as we continue to focus on positively impacting the environment and our communities.

Experience
Antoine is currently CEO and a Director of Danone, a world leading food and drink company, which is listed on the Euronext Paris Stock Exchange and is included in the CAC 40 stock market index. He is also a Non-Executive Director of Barry Callebaut having previously served as CEO from October 2015 to September 2021. From 2000 to 2015, Antoine held a number of senior executive positions at Unilever plc, including as President of Unilever Foods and member of Unilever's Group Executive Committee from September 2011 to September 2015. From 2009 to 2020, he served as a Non-Executive Director of Essilor International, which prior to its merger with Luxottica Group Spa, was listed on Euronext Paris and included in the CAC 40 index.

Gemma Parsons
Company Secretary
Appointed:
1 October 2018

Experience
Gemma is a fellow of the Chartered Governance Institute and has more than twenty-five years' company secretarial experience. Her previous roles include Company Secretary of The Berkeley Group Holdings plc, Deputy Company Secretary at TSB Banking Group plc and Deputy Company Secretary of Smith & Nephew plc. She is a member of the Chartered Governance Institute's Company Secretaries' Forum and of the Association of General Counsel and Company Secretaries of FTSE 100 companies.

Directors whose tenure ceased during FY 2021/22
Marco Gobbetti stepped down from the Board on 31 December 2021.

Dame Carolyn McCall stepped down from the Board on 2 April 2022.

EXECUTIVE COMMITTEE

Jonathan Akeroyd
Chief Executive Officer

Gianluca Flore
Chief Commercial Officer

Julie Brown
Chief Operating and Financial Officer

Jérôme Le Bleis
Chief Supply Chain Officer

Adrian Ward-Rees
Head of Ready to Wear and Shoes

Leonie Brantberg
Senior Vice President Strategy

Edward Rash
General Counsel

Mark McClennon
Chief Information Officer

Erica Bourne
Chief People Officer

Rod Manley
Chief Marketing Officer

CP Duggal
Chief Digital and Analytics Officer

Changes to the Executive Committee during the year

CP Duggal and Jonathan Akeroyd joined the Executive Committee on 30 September 2021 and 15 March 2022, respectively.

Gianluca Flore's role changed from President of Americas and Global Retail Excellence to Chief Commercial Officer.

Marco Gobbetti and Gavin Haig were members of the Executive Committee until 31 December 2021 and 31 August 2021, respectively.

CORPORATE GOVERNANCE REPORT

UK Corporate Governance Code compliance

The 2018 UK Corporate Governance Code (the Code) sets out the framework of governance for premium listed companies within the UK. The Code is published by the Financial Reporting Council (FRC) and can be found on its website www.frc.org.uk. It enhances governance practices in relation to board leadership and company purpose, division of responsibilities, composition, succession and evaluation, audit, risk and internal control and remuneration. As a premium listed company, we describe in this Annual Report Burberry's corporate governance from two points of view: the first dealing generally with the application of the Code's main principles, and the second dealing specifically with non-compliance with any of the Code's provisions.

Together with the Directors' Remuneration Report on pages 186 to 213, this report sets out the Board's approach to governance and the work undertaken during FY 2021/22. We have complied with the provisions of the Code during FY 2021/22 with the exception of Provision 38 to align all Executive Directors' pension payments with the wider workforce. Existing Executive Directors pension arrangements will be aligned to the maximum rate available to the majority of the UK workforce by 1 January 2023, as set out on page 192 of the Directors' Remuneration Report. Jonathan Akeroyd's pension arrangements comply with Provision 38 from the date of his appointment to the Board. Further information on how the Company has applied the principles of the Code is set out in this Corporate Governance Statement. Key highlights of the Company's compliance with the Code along with cross references to other sections of the Annual Report are detailed below.

Governance structure and division of responsibilities

The Board (supported by its Committees) is collectively responsible for how Burberry is directed and controlled. Its responsibilities include:

- promoting Burberry's long-term success
- setting its strategic aims and values
- supporting leadership in delivering strategy
- supervising and constructively challenging leadership on the operational running of the business
- ensuring a framework of prudent and effective controls
- reporting to shareholders on the Board's stewardship

More information on the Company's governance structure can be found on page 167.

ESG

Sustainability is an essential element of Burberry's strategy for which the Board is responsible. Accordingly, the Board is also responsible for ensuring its approach to sustainability is integrated into and implemented across the business, reflecting the increasing importance of these topics to the Group and society as a whole. The governance framework of Committees and advisory forums (as shown in the diagram on page 167) provide regular updates and key information to the Board, to ensure that it is able to make informed decisions. For more information on the Group's ESG priorities see pages 52 to 97.

Stakeholder engagement

As highlighted by the Code, the Board recognises the importance of identifying its key stakeholders and understanding their perspectives and values. Through regular dialogue and communication, the Board are mindful of all of Burberry's stakeholders when planning or making decisions of strategic significance. Further information on how the Board has engaged with its key stakeholder groups can be found on pages 99 to 106.

Our Investor Relations team participated in over 200 investor meetings and events during the financial year. Meetings were also held with a combination of our Chair, the Chair of the Remuneration Committee, Executive Directors and other members of senior management, totalling over 50 meetings. This engagement included presentations to institutional shareholders and analysts following the release of the Group's half- and full-year results (available on the Group's website Burberryplc.com), as well as meetings with the Group's 20 largest investors. Topics discussed in investor meetings included China, Marco's resignation, Jonathan's appointment and US growth sustainability.

Our Investor Relations and Company Secretariat departments act as the centre for ongoing communication with shareholders, investors and analysts. The Board receives regular updates about the views of the Group's major shareholders and stakeholders from these departments as well as via direct contact.

MONITORING OUR CORPORATE CULTURE

In FY 2021/22 we launched Burberry's Leadership Standards and updated our Code of Conduct, building on the organisation's purpose by providing a common framework for how we operate and the expectations we have of our colleagues. As a Board we recognise the critical importance of ensuring that Burberry's workplace culture is aligned with our purpose, values and strategy, and the opportunities created when our colleagues bring this purpose to life.

How we measure culture

Assessing culture is a continuous process requiring many touchpoints. The Board has continued its programme of day-to-day interactions with Burberry colleagues, through site and store visits together with receiving management presentations supplemented by opportunities for meaningful discussions with colleague representatives created through our Global Workforce Advisory Forum. This forum brings together colleague representatives to meet with members of the Board to discuss key topics. This year, the forum has discussed remuneration, raising concerns, workplace culture and colleagues' expectations and hopes for Burberry's new CEO. The forum is chaired by our Chief People Officer with meetings attended by our Chair and one other Non-Executive Director. In creating this forum, we have ensured that we have proportionate representation from all areas of our business and the countries and territories in which we operate.

To provide additional insight into Burberry's workplace culture we ran a company-wide culture survey in February 2022, focusing on our colleagues' experiences of the behaviours they observe at work. Building on this survey, we have developed a framework tracking datapoints against six key cultural measures:

Measure	Description
Purpose	Creativity opens spaces and guides our interactions with each other, our customers and communities.
Collaboration	We listen, work well together and support each other to get things done.
Learning	We incorporate learning on critical topics into our work to remain safe and secure.
Humanity	We create safe environments for colleagues to work and care about their health and wellbeing.
Execution	We move quickly and reliably and create great experiences for our customers.
Integrity	We are fair and objective when dealing with colleague behaviour and create psychological safety for colleagues to speak up.

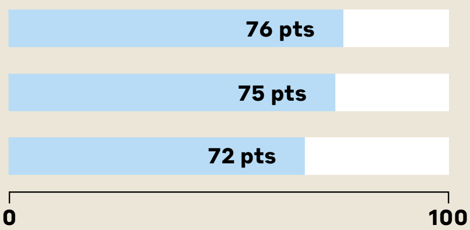
The Board will receive regular reports on our progress against these measures, together with the plans to address opportunity areas. The reports will include a combination of survey data and other relevant data-points, including attrition levels, Employee Relations and Health & Safety data, Learning and Development activity and customer experience data such as Net Promoter Scores.

CULTURE SURVEY SCORES FEBRUARY 2022

People at Burberry make decisions with the customer in mind

I would recommend Burberry as a great place to work

Burberry has the right culture to be successful in future



PRINCIPAL AREAS OF FOCUS FOR THE BOARD DURING FY 2021/22

The table below gives details of Directors' attendance at Board and Committee meetings during the year ended 2 April 2022. This is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

	Board	Audit	Nomination	Remuneration
Gerry Murphy	6/6	–	6/6	–
Marco Gobbetti[1]	4/4	–	–	–
Julie Brown	6/6	–	–	–
Dame Carolyn McCall[2]	6/6	5/5		–
Debra Lee	6/6	5/5	6/6	–
Fabiola Arredondo	6/6	–	6/6	4/4
Sam Fischer[3]	6/6	–	5/6	4/4
Matthew Key	6/6	5/5	6/6	4/4
Orna NíChionna	6/6	–	6/6	4/4
Ron Frasch	6/6	5/5	6/6	4/4
Antoine de Saint-Affrique[4]	6/6	4/5	6/6	–
Danuta Gray[5]	2/2	–	2/2	2/2
Jonathan Akeroyd[6]	–	–	–	–

1. Marco Gobbetti stepped down from the Board on 31 December 2021.
2. Dame Caroyln McCall stepped down from the Board on 2 April 2022.
3. Sam Fischer was unable to attend one Nomination Committee meeting which was convened at short notice.
4. Antoine de Saint-Affrique was unable to attend the March Audit Committee meeting due to an unavoidable diary clash.
5. Danuta Gray joined the Board on 1 December 2021.
6. Jonathan Akeroyd joined the Board on 15 March 2022. All of the meetings recorded in the table pre-date his appointment.

The Board met formally six times during the financial year, including an in-depth two-day session on strategy. At each meeting the Chair and Non-Executive Directors held a closed session without management being present. In addition, the Board met informally on a number of occasions to receive business updates and in connection with the change in CEO. Throughout the year, Directors also devoted time to meet with investors and interview candidates for both executive and non-executive roles. They also attended our in-person fashion show, town halls, brand events and meetings of the Global Workforce Advisory Forum.

The Board and Committee agendas were shaped to ensure that discussion was focused on our key strategies and responsibilities, as well as reviews of significant issues arising during the year, such as the ongoing impact of COVID-19 on our operations and changing economic conditions, including the immediate and wider effects of the conflict in Ukraine, and the search for a new CEO and Non-Executive Director. The Group's ongoing performance against the strategic priorities is reviewed at each scheduled meeting.

THE BOARD'S KEY ACTIVITIES DURING THE YEAR

- **Strategy**
- **Major projects**
- **Shareholder engagement**
- **Finance**
- **Governance**
- **Risk**
- **People, culture and values**

Principal areas of focus for the Board during FY 2021/22

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
Strategy			
Strategic review	• Reviewing strategy to take stock of progress and prioritise areas of focus within the long-term strategic plan • Considering market trends and assessing the implications on areas of strategic focus • Reviewing the proposed ESG priorities and plans to embed them across the business	• Providing feedback, questions and challenge throughout the process • Support for the programmes undertaken	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships
Major projects			
COVID-19 pandemic	• Considering and approving Burberry's ongoing response to the pandemic across all areas of the business	• Refer to pages 109 to 110 for further detail	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships
Shareholder engagement			
Shareholder feedback, including activist themes	• Reviewing updates from the Investor Relations team on share price performance, register activity and analyst sentiment • Discussing specific issues raised by shareholders	• Inclusion of shareholder themes within the Board's strategic and/ or other considerations	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships

Key: Relevant stakeholders

Customers

Communities

Partners

People

Shareholders

Governments

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
Finance			
Budget and capital allocation	• Approving the FY 2021/22 budget • Scrutinising financial performance • Considering capital structure, distributions and liquidity in the context of COVID-19 • Reviewing the quarterly financial results • Reviewing FY 2022/23 budget scenarios and three-year forward plan • Reviewing and approving capital expenditure projects	• Support in principle for the FY 2022/23 budget • Prior year (March and May 2021) baseline business plan delivered • Approving the refinancing of the Company's multicurrency revolving credit facility agreement • Approving a £150 million share buyback implemented in H2 FY 2021/22 • Approving the payment of a final dividend for FY 2020/21 and an interim dividend for FY 2021/22	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; and fairness between our shareholders
Governance			
Purpose and culture	• Reviewing the delivery of key areas of focus to embed our purpose and values • Discussing the results of the Employee Engagement Surveys, including trends, and receiving feedback following Global Workforce Advisory Forum meetings	• Supporting management's approach	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; reputation; and business relationships
Board evaluation	• Progress update against FY 2020/21 areas of focus • Discussing the results of the FY 2021/22 Board evaluation and reflecting on the effectiveness of the Board and its Committees	• Refer to pages 172 to 173 covering Board evaluation for further detail	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; and reputation

Key: Relevant stakeholders

Customers **Communities** **Partners**

People **Shareholders** **Governments**

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
Risk			
Risk appetite	• Considering the Board's appetite for risk • Considering emerging and principal risks, including changes to the risk profile	• Approval of the Group's risk appetite • Refer to the Risk and Viability Report on pages 107 to 149 for further detail	**Relevant stakeholders:** **s.172 duties:** Long-term results; and reputation
Risk deep dives	• Reviewing China market context • Risk reviews of cybersecurity, fraud risk and the impact of climate-related risks and opportunities by the Audit Committee	• Support for the programme to be undertaken	**Relevant stakeholders:** **s.172 duties:** Long-term results; and reputation
People, culture and values			
Diversity and Inclusion	• Discussing the Group's Diversity and Inclusion strategy and receiving progress updates on the agreed commitments	• Providing feedback and support for management's approach	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships
Responsibility	• Discussing the Community Investment strategy for FY 2021/22 • Reviewing and approving the Company's Modern Slavery Statement • Considering the proposed ESG priorities	• Approval in May 2021 to donate 1% of FY 2021/22 adjusted profit before tax to social and community causes worldwide • Approval of the response to the humanitarian crisis in Ukraine	**Relevant stakeholders:** **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships

Managing conflicts of interest

All Directors have a duty under the Companies Act 2006 to avoid a situation in which they have, or could have, a direct or indirect conflict of interest or possible conflict of interest with the Company and/or the Group.

Under the Company's Articles of Association, the Board has the authority to approve situational conflicts of interest. It has adopted procedures to manage and, where appropriate, approve such conflicts.

Authorisations granted by the Board are recorded by the Company Secretary in a register and are noted by the Board at its next meeting. A review of situational conflicts that have been authorised is undertaken by the Board annually.

Following the last review, the Board concluded that the potential conflicts had been appropriately authorised, no circumstances existed which would necessitate that any prior authorisation be revoked or amended, and the authorisation process continued to operate effectively.

Productivity

The Company continues to demonstrate and develop improving levels of productivity, owing to strong human capital, training and development programmes, and focus on elevating the customer experience throughout our distribution and retail networks. Further information about these aspects of the business is provided on pages 30 to 38 and 84 to 91.

Other governance disclosures

The Group is committed to acting with integrity and transparency on all tax matters and complying fully with the letter and spirit of the relevant tax law. The Group will only engage in responsible tax planning aligned with our commercial and economic activity. We will not use tax structures or undertake artificial transactions, the sole purpose of which is to create a contrived tax result. For example, we exclude transactions with parties based in tax haven jurisdictions when the transactions are not in the ordinary course of the Group's business or which could be perceived as artificially transferring value to low tax jurisdictions. We are also committed to engaging in open and constructive relationships with tax authorities in the territories in which we operate. The Group Tax strategy directs our tax planning, reporting and compliance activities and is aligned with the Group's strategic objectives. Further information regarding the Group Tax strategy is provided on Burberryplc.com.

Tax governance framework

Our CO&FO is responsible for the Group Tax strategy, the effectiveness of corporate tax processes and transparency of disclosures. The Group Tax strategy is implemented by the global Tax team with the assistance of the finance leadership team. Compliance with the Group Tax strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Group's tax status is reported regularly to the Audit Committee. The Audit Committee is responsible for reviewing the Group Tax strategy at least once a year and significant tax matters as they arise.

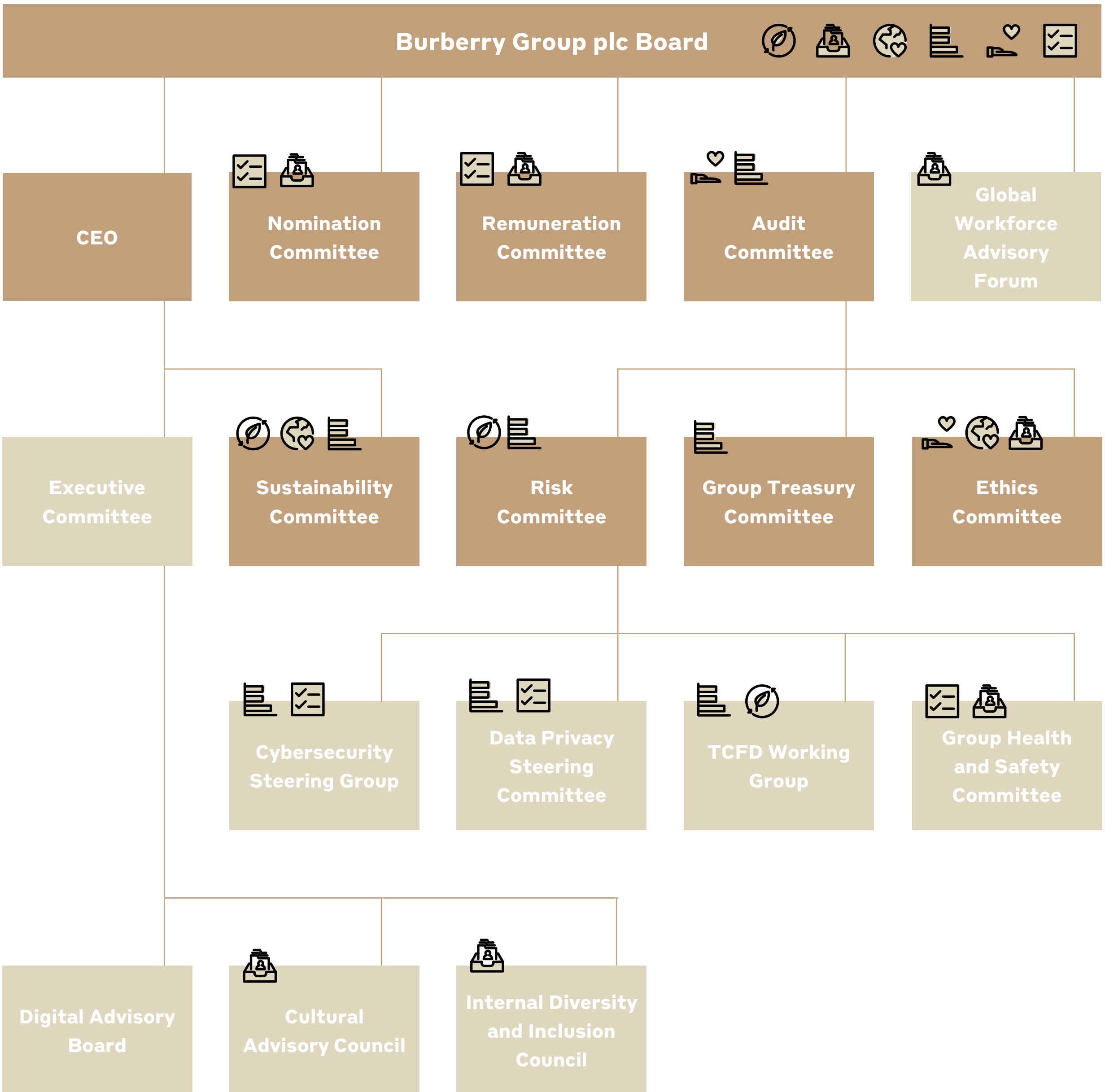
Share capital

Further information about the Company's share capital, including substantial shareholdings, can be found in the Directors' Report on page 214.

GOVERNANCE STRUCTURE AND DIVISION OF RESPONSIBILITIES

Governance structure for Burberry

The diagram below illustrates our governance structure of Committees and advisory forums and the key ESG topics within their scope. This structure allows information flow to the Board to enable them to make informed decisions.



Key:

Decision making

Advisory

ESG topics covered:

Environment

Communities

Ethics

People

Finance & Risk

Legal/compliance

Roles and responsibilities

Board

The Board is responsible for promoting Burberry's long-term success. This is achieved through effective governance and keeping the interests of stakeholders at the fore when making decisions. The Board provides leadership by establishing the Group's purpose and values and setting the Group's strategy, including sustainability and climate goals, ensuring alignment with our culture, and overseeing its implementation by management.

The Board is also responsible for oversight of the Group's governance, internal control and risk management, including the Group's risk appetite. A full schedule of matters reserved for the Board's decision is available in the Corporate Governance section of Burberryplc.com.

The Board has established Committees to assist with exercising its authority.

Audit Committee

Chaired by Matthew Key

Responsible for monitoring the integrity of Financial Statements, including disclosures associated with the TCFD recommendations and reviewing the Group's internal financial controls and risk management systems, the Internal Audit function, and the Group's relationship with the external auditor. The Audit Committee is supported by the Ethics Committee, Risk Committee and the Group Treasury Committee.

The Audit Committee Report can be read on pages 178 to 185.

Remuneration Committee

Chaired by Orna NíChionna

Determines the policy for Executive Director remuneration and sets the remuneration for the Chair, Executive Directors and senior management.

Oversight of wider employee reward policies.

The Directors' Remuneration Report can be read on pages 186 to 213.

Nomination Committee

Chaired by Gerry Murphy

Reviews the composition of the Board, ensuring plans are in place for orderly succession for both Board and senior leadership positions, keeping in mind the importance of diversity in all its forms and balancing skills and experience when making appointments.

The Nomination Committee Report can be read on pages 174 to 177.

CEO and Executive Committee

The Board delegates the day-to-day responsibility for running the Group to the CEO, who is responsible for all commercial, operational, risk and financial elements. The CEO is also responsible for management and development of the strategic direction of the Group for consideration and approval by the Board. The Executive Committee assists the CEO to implement the strategy as approved by the Board.

The Board is responsible for supporting management in its strategic aims, which enable the Company to continue to perform successfully and sustainably for our shareholders and wider stakeholders. The Board is supported in its activities by the Audit Committee, the Nomination Committee and the Remuneration Committee. The terms of reference for each of these Committees can be viewed in the Corporate Governance section of Burberryplc.com. Pages 167 to 168 outline our governance structure as well as the roles and responsibilities within that framework.

The Committees may engage third-party consultants and independent professional advisors. They may also call upon other Group resources to assist them in discharging their respective responsibilities. In addition to the Committee members and the Company Secretary, external advisors and, on occasion, other Directors and members of our senior management team attend Committee meetings at the invitation of the Chair of the relevant Committee.

Board roles

Our Board currently consists of 11 members, the Chair, CEO, CO&FO, and eight independent Non-Executive Directors who are experienced and influential individuals, drawn from a wide range of industries and backgrounds with the right skills to promote the long-term sustainable success of the Group. The Board has determined that all Non-Executive Directors are independent and the Chair was also considered to be independent on appointment.

Directors' biographies, tenures, key skills and external appointments are set out on pages 154 to 158.

All Directors are appointed to the Board for an initial fixed three-year term, subject to annual re-election by shareholders at the Company's AGM. In accordance with the Code, at the 2022 AGM, the Chair and all Directors will retire and offer themselves for re-election with the exception of Danuta Gray and Jonathan Akeroyd, who will offer themselves for election having joined the Board since the last AGM on 1 December 2021 and 15 March 2022, respectively. Marco Gobbetti retired as an Executive Director and CEO on 31 December 2021 and Dame Carolyn McCall retired as a Non-Executive Director on 2 April 2022.

To ensure the Board performs effectively, there is a clear division of responsibilities between the leadership of the Board and the executive leadership of the business as set out below.

Our Chair

- Chairing Board meetings, Nomination Committee meetings and the AGM, and setting the Board agenda
- Ensuring there is effective communication between the Board, management, shareholders and the Group's wider stakeholders, while promoting a culture of openness and constructive debate
- Ensuring Directors receive accurate, timely and clear information
- Overseeing the annual Board evaluation and addressing any subsequent actions
- Promoting the highest standards of corporate governance
- Ensuring the views of stakeholders are taken into account when making decisions
- A full description of the Chair's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com

Our Senior Independent Director

- Acting as a sounding board for the Chair
- Acting as an intermediary for the other Directors, where necessary
- Chairing meetings in the absence of the Chair
- Being available to shareholders and stakeholders if they have any concerns, which they have been unable to resolve through normal channels
- Together with the Non-Executive Directors, assessing the performance of the Chair on an annual basis
- Leading the search and appointment process and recommendation to the Board of a new Chair, if necessary
- A full description of the Senior Independent Director's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com

Our Non-Executive Directors

- Providing effective and constructive challenge to the Board and scrutinising the performance of management
- Assisting in the development and approval of the Group's strategy
- Reviewing Group financial information and ensuring there are effective systems of governance, risk management and internal controls in place
- Ensuring there is regular, open and constructive dialogue with shareholders

Our CEO

- Day-to-day management of the Group
- Responsible for all commercial, operational, risk and financial elements of the Group
- Developing the Group's strategic direction and implementing the agreed strategy
- Ensuring effective communication and information flows to the Board and the Chair
- Representing the Group to external stakeholders
- Responsible for the oversight of the following key functions: Design, Marketing, Digital, Merchandising, Supply Chain, Corporate Affairs, Human Resources, Strategy and Global Commercial
- Responsible for oversight of climate change and sustainability agenda
- A full description of the CEO's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com

Our CO&FO

- Supporting the CEO in developing the Group's strategy and its implementation
- Overseeing the global Finance and Business Services functions and developing the Group's capital allocation framework
- Responsible for establishing financial planning and maintaining adequate internal controls over financial reporting
- Representing the Group to external stakeholders
- Responsible for the oversight of the following key functions: Investor Relations, Internal Audit and Risk Management, Business Continuity, Burberry Business Services, Finance, IT, Insurance, Responsibility, Tax, Treasury and Trade Compliance

Our Company Secretary

- Providing advice and support to the Chair and all Directors
- Ensuring the Board receives high-quality information and resources in a timely manner so that the Board can operate effectively at meetings
- Assisting in setting the agenda for Board and Committee meetings
- Advising and keeping the Board up to date with all matters of Corporate Governance
- Facilitating the induction programme for new Directors and, together with the Chair, assessing ongoing training needs for all Directors

External directorships

Our Board's Executive Directors are permitted to hold one external non-executive directorship. Details of the Directors' other directorships can be found in their biographies on pages 154 to 158.

Time allocation and independence

Each of our Non-Executive Directors has a letter of appointment, which sets out the terms and conditions of his or her directorship. The Non-Executive Directors are expected to devote the time necessary to perform their duties properly. This is expected to be approximately 20 days each year for basic duties.

The Chair and Senior Independent Director are expected to spend additional time over and above this to carry out their extra responsibilities. The Chair, Senior Independent Director and CEO also have clearly defined responsibilities, which delineate the scope of their roles. A full description of these roles can be found in the Corporate Governance section of the Group's website Burberryplc.com. The Board has noted changes to Non-Executive Directors' external appointments during the year and confirms that they were not perceived to impact their independence or responsibilities to the Company. The Board considers that the Chair and all Non-Executive Directors have fulfilled their required time commitments during FY 2021/22.

Information flow and professional development

Our Chair works closely with the Company Secretary in the planning of agendas and scheduling of Board and Committee meetings. Together, they ensure that information is made available to Board members on a timely basis and is of a quality appropriate to enable the Board to effectively carry out its duties.

The Board is kept up to date on legal, regulatory, compliance and governance matters through advice and regular papers from the General Counsel, the Company Secretary and other advisors.

In addition, Executive Committee members and other senior managers are invited, as appropriate, to Board and strategy meetings to inform and update the Board on their areas of responsibility. Regular attendees at Committee meetings included the CEO, the Chief People Officer and the Company Secretary.

Induction, training and business engagement

The Company Secretary assists the Chair in designing and facilitating a formal induction programme for new Directors and their ongoing training. Each newly appointed Director receives a formal and tailored induction programme to enable them to function effectively as quickly as possible, while building a deep understanding of the business. Each induction typically consists of meetings with both Executive and Non-Executive Directors and briefings from senior managers across our key business areas and operations. In addition, Non-Executive Directors are provided with opportunities to visit key stores, markets and facilities. This includes visits to our various operating facilities in the UK. Following the initial induction for Non-Executive Directors, an understanding of the business is developed through ongoing meetings and engagements as appropriate.

The Chair considers the training needs of individual Directors on an ongoing basis. During FY 2021/22, a number of Directors participated in the Group's Global Allyship training.

Details of the induction programme implemented for Danuta Gray and Jonathan Akeroyd's ongoing induction programme are set out in the Nomination Committee Report.

The Board has direct access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole. To carry out their duties, Directors may also obtain independent professional advice, if necessary, at the Group's expense.

BOARD EVALUATION

Evaluating our performance

The Board undertakes a formal annual evaluation which is designed to help identify opportunities to improve and enhance its own performance and that of the Group. The evaluation process is led by the Chair and includes a review of the effectiveness of the Board as a whole, the Board's Committees and each individual Director. Every three years such evaluation is facilitated externally with the last external evaluation taking place in FY 2020/21.

Internal evaluation in FY 2021/22

In November 2021, the Board decided to conduct an internal questionnaire based review for FY 2021/22 with the support of Independent Audit's Thinking Board tool. Independent Audit Limited has no other connection with the Company. The Chair of the Board and the Chairs of each of the Board Committees worked with the Company Secretary to agree the questionnaires, which were circulated in February 2022. The results were evaluated and discussed at the March Board meeting, following which the Board confirmed its view that the Board continues to operate effectively within an inclusive and transparent environment and displays a number of strengths, including:

- operating on a basis of trust and openness
- assessing and monitoring the financial health of the business
- providing strategic oversight and support to the executive team

The questionnaires were supplemented by meetings between the Chair and each Director to discuss individual performance, seek additional feedback and to raise any issues or concerns regarding the management of the Company or the Board's performance. On resignation, Non-Executive Directors are also encouraged to provide a written statement of any concerns to the Chair. No such concerns were raised in FY 2021/22. These discussions, together with the Nomination Committee's considerations of independence, time commitment and tenure, are used as the basis for recommending the re-election of Directors by shareholders. The Board is satisfied that all its Non-Executive Directors bring robust, independent oversight and continue to remain independent.

The evaluation process also concluded that the Audit, Nomination and Remuneration Committees continue to operate well and provide effective support to the Board in carrying out its duties.

Areas of focus for FY 2022/23

Based on the feedback received during the assessment process, the Board has agreed on the following areas of focus which will be monitored during the year.

Area of development	Action
Strategy, purpose and values	• Reviewing Board agendas to enable more time to be spent considering emerging technology, megatrends and key markets • Considering ways to embed ESG further into strategy, purpose and values of the Company
Talent and succession planning	• Continued development and strengthening of the executive succession planning programme
Board ways of working	• Reviewing the Board's composition and advisory support to ensure appropriate and contemporary expertise across all relevant areas, including luxury • Increasing the opportunities for Board members to spend time with each other and the executive team

Separate to the formal Board evaluation process, the Senior Independent Director led a review of the Chair's performance taking into consideration the view of all the Directors. The unanimous view was that the Chair continued to perform effectively and had provided strong leadership through FY 2021/22. His management of the CEO recruitment process and transition between CEO's was particularly commended.

Progress update on focus areas identified following the FY 2020/21 Board evaluation

Action	
Purpose, ambition and branding	
• Continued focus on clearly articulating Burberry's purpose, ambition and brand vision in a coherent and consistent manner across all company communications, both internal and external	The Board received updates on Burberry's purpose in May 2021 and March 2022, which included a review of delivery against key priorities, a summary of key areas of focus for FY 2021/22 to deepen internal commitment and amplify external storytelling, and examples of purpose in action through the business. An update on brand positioning progress and opportunities was discussed with the Board in July 2021 and a brand strategy update in October 2021 provided an overview of brand communications and plans to sharpen and cement our brand story and build advocacy and community to support growth acceleration.
Talent and succession planning	
• Continued focus on management development and developing further bench strength as part of the executive succession planning programme, particularly at Executive Committee and level below	The Chief People Officer has led the development and introduction of Leadership Standards which have been deployed throughout the organisation to elevate and embed leadership expectations aligned to our purpose and values. The Chief People Officer is also working with the Executive Committee to develop succession plans for their leadership teams. The Chief Executive Officer and Chief People Officer updated the Nomination Committee in May 2021 on plans and progress from a talent and organisational perspective to enable us to realise our strategic goals.
Strategy	
• Re-energising the Board's focus on emerging technology, including understanding the risks and opportunities new technology brings	The October strategy meeting provided the Board with an update on investment areas which management had identified to support growth acceleration including initiatives to formalise innovation efforts across the business. Areas of innovation highlighted included new traceability and raw material sourcing targets, and a focus on securing access to tech capabilities that could materially enhance the delivery of our Digital ambition. A deep dive on Digital Strategy was presented to the Board in March 2022 by the new Chief Digital and Analytics Officer when the Board also received an update on the macro context from members of the external Digital Council.
• Considering ways to deepen the Board's understanding of the competitive environment, including independent expert views of the performance of Burberry and key competitors in navigating industry and consumer megatrends	Updates on key trends and developments across the luxury market and peer performance were provided as part of the October strategy meetings. The Americas strategy deep dive also included a live panel with independent experts to discuss the luxury landscape and consumer in the US and how brands can succeed in serving the modern US luxury consumer and integrating digital and physical journeys. The Board has also received regular updates from local advisors in Mainland China to strengthen our growth in the region.
Environmental, Social and Governance	
• Increasing the Board's oversight of environmental and social matters to reflect the increasing importance of these topics to the Group and society as a whole, with particular focus on diversity and inclusion, and sustainability	Management presented an update on climate and community priorities in October 2021, including recommendations to evolve governance over ESG topics to increase the Board's oversight of ESG priorities. The Board received an update on diversity and inclusion initiatives at the November 2021 and March 2022 meetings including the rollout of allyship training and the work of the diversity and inclusion councils.

REPORT OF THE NOMINATION COMMITTEE

MEMBERS

- Dr Gerry Murphy (Chair)
- Fabiola Arredondo
- Matthew Key
- Dame Carolyn McCall*
- Ron Frasch
- Orna NíChionna
- Debra Lee
- Sam Fischer
- Antoine de Saint Affrique
- Danuta Gray*

* Dame Carolyn McCall retired as a member of the Committee on 2 April 2022

* Danuta Gray was appointed to the Committee on 1 December 2021

"WE HAVE CONCENTRATED ON IDENTIFYING CANDIDATES WHO WOULD ADD TO THE COLLECTIVE SKILLS, EXPERIENCE AND DIVERSITY OF THE BOARD."

Gerry Murphy
Chair, Nomination Committee

Dear Shareholder,

On behalf of the Nomination Committee, I am pleased to present this report, which describes how we carried out our responsibilities during the year. We met six times during FY 2021/22, reflecting the important changes to Board membership.

Board succession planning has been an important area of focus for the Committee during FY 2021/22. The appointment of Jonathan Akeroyd as Chief Executive Officer was a key area of focus for the Committee. We also recommended the appointment of Danuta Gray as an additional Independent Non-Executive Director and the appointment of Orna NíChionna as the Senior Independent Director following Dame Carolyn McCall's retirement from the Board. In our consideration of Board composition, we have concentrated on identifying candidates who would add to the collective skills, experience and diversity of the Board to improve our ability to support and challenge management as Burberry develops and evolves.

During FY 2021/22, we also reviewed the talent pipeline for the Executive Committee and other senior management roles and completed our annual governance processes.

Gerry Murphy
Chair, Nomination Committee

AREAS OF FOCUS FOR FY 2021/22

- **Board composition**
- **Talent and Executive Succession Planning**
- **Corporate Governance**

Principal role and responsibilities

As set out in the terms of reference, which are available on the Company's website, Burberryplc.com, the Nomination Committee is responsible for a number of areas across three main categories as listed below.

Board composition

- Reviewing the composition, size, skills and diversity of the Board and its Committees to maintain the relevant balance of skills and independence
- Identifying and making recommendations to the Board on suitable candidates to fill Board vacancies

Talent and executive succession planning

- Considering succession planning for the Executive Committee and other key senior management roles in line with the talent management framework

Corporate governance

- Considering the independence and time commitments of Non-Executive Directors
- Making recommendations to the Board on election and re-election of Directors at the AGM
- Implementing and reviewing the Board Composition and Diversity Principles

Board succession planning

Our proactive approach to succession planning ensures that the Board maintains the right mix of skills, experience, knowledge and tenure to effectively support and challenge. We believe that diverse boards with appropriate competencies and values are better boards. In line with the Board's Composition and Diversity Principles, all new Board appointments will continue to be made on merit. Our approach includes:

- Ensuring the search pool includes candidates from diverse backgrounds with experience and insights relevant to the Group's strategic priorities
- Taking into account Burberry's purpose, culture and values and the changing business needs, while also having regard to wider stakeholder needs and environmental factors
- Promoting diversity, including in terms of gender, social and ethnic backgrounds, cognitive and personal strengths.

Given the Board appointments during FY 2021/22, it is felt that there is a good balance of newer and longer serving Directors who provide consistency of Burberry knowledge and experience.

Board and Committee effectiveness

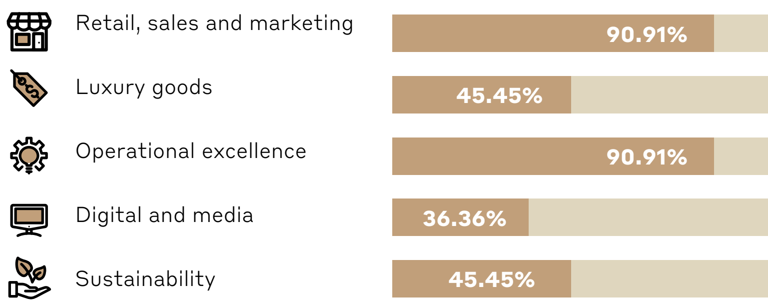
As part of the annual Board evaluation, all members of the Nomination Committee participated in an evaluation of the Committee's performance. The evaluation concluded that the Committee operates well and continues to provide effective support to the Board. Further details of the evaluation can be found on pages 172 to 173.

Senior management talent and succession planning

The Committee monitored changes to the talent landscape during the year and reviewed the talent pipelines for the Executive Committee and other key leadership roles. When considering the succession plans, the Committee reflected on the importance of building diversity of gender and ethnicity, as well as the core capabilities required to deliver the Group's strategic priorities.

BOARD SKILLS

We recognise that having the right individuals in the boardroom is critical. Directors need to have the skills and experience that align with the Company's long-term strategy. Diverse and fresh perspectives are also important. That is why the Committee makes refreshment and succession planning a priority. A Board skills matrix is used to identify current and expected skill gaps.



Board changes

The appointment of our new CEO, Jonathan Akeroyd, was a key area of focus for the Committee during FY 2021/22. In addition, we continued to focus on the evolution of the Board and, prior to the retirement of Dame Carolyn McCall on 2 April 2022, identified a need for an additional Non-Executive Director who would bring a strong understanding of the UK governance environment.

Recruitment of the CEO

When Marco Gobbetti notified us of his intention to step down as CEO, the Committee assisted by search firm EgonZehnder began the search for a new CEO. EgonZehnder was not engaged by the Company for any other purpose during FY 2021/22. A candidate profile was developed to ensure potential candidates would have the required balance of skills and experience relevant to Burberry. Candidates were shortlisted with preferred candidates interviewed by Committee members. Following conclusion of the process, the Committee recommended the preferred candidate to the Board. We are delighted to have appointed Jonathan Akeroyd to this position. Jonathan is an experienced leader with a strong track record in building global luxury fashion brands and driving profitable growth. He shares our values and our ambition to build on Burberry's unique British creative heritage and his deep luxury and fashion industry expertise will be key to advancing the next phase of Burberry's evolution.

A detailed induction plan has been created for Jonathan focused on building his understanding of the business, including our purpose and values. The plan includes providing opportunities for product immersion, meeting colleagues and travelling to key sites.

Non-Executive Director

To assist with the recruitment of a new Non-Executive Director, the Committee appointed the specialised search firm Lygon Group. Lygon Group was not engaged by the Company for any other purpose during FY 2021/22. A candidate profile was developed in line with the Board's Composition and Diversity Principles which would complement the needs of the business and the Board as a whole.

Having considered the shortlist, Committee members interviewed the preferred candidates and recommended the appointment of Danuta Gray to the Board for approval. The Committee further recommended that, on appointment to the Board, Danuta also be appointed as a member of the Remuneration and Nomination Committees.

Induction case study – Danuta Gray

Danuta Gray was appointed to the Board on 1 December 2021. The Company Secretary assisted the Chair with the preparation and delivery of a tailored and comprehensive induction programme, designed to give Danuta a thorough overview and understanding of our business with a focus on purpose, strategy and wider business objectives.

The induction sessions, which were almost entirely virtual, gave Danuta an opportunity to get to know the business and build an understanding of the key areas of focus for the Board and the Group. The induction programme will also be complemented by visits around the business to meet and connect with the wider workforce.

December 2021

- Appointment to the Board and Nomination and Remuneration Committees

December 2021 – March 2022

- Meetings with senior executives and functional heads to provide an understanding of the Group's operations, culture and values

January – March 2022

- Meetings with the external auditor and key advisors, including: Deloitte; Slaughter and May; brokers; and strategy consultants

Diversity

Diversity and inclusion are essential to fulfilling Burberry's purpose and inherent in our Company values. Our commitment to building a diverse and inclusive culture is a strategic imperative and we believe this creates more engaged colleagues and encourages better performance. We champion the development of everyone at Burberry and ensure all colleagues are treated equally. The Committee considers the importance of diversity when recommending candidates for appointment to the Board. In accordance with the Board's Composition and Diversity Principles, we are committed to ensuring women make up at least one-third of our Board and that at least one Board member is from an ethnic minority background, while continuing to ensure candidates are selected based on their merit and wide-ranging experience, backgrounds, knowledge, insights and skills.

We welcome the recommendations set by FTSE Women Leaders Review that build on the success of the Hampton-Alexander and Davies reviews that came before it. We are delighted that at the end of the review period we were recognised as being a top performer in the inaugural FTSE Women Leaders report, having again exceeded the recommendations with 45.5% of Board members and 53.7% of Executive Committee and Direct Reports, respectively, being female. We have two Directors from an ethnic minority background on the Board which is above the recommendation of the Parker Review report.

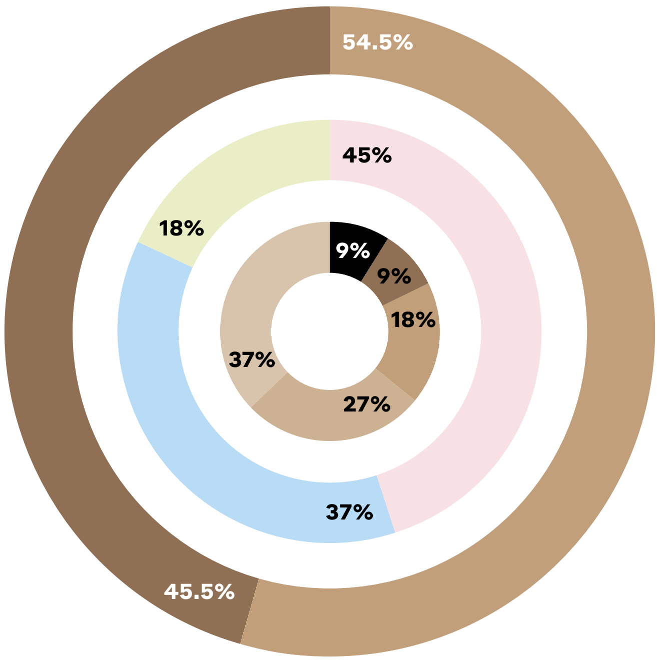
More information on diversity and inclusion can be found on pages 84 to 91.

Diversified Board

Gender
- Women – 45.5%
- Men – 54.5%

Tenure
- 0-3 years – 5 Directors
- 3-6 years – 4 Directors
- 6+ years – 2 Directors

Nationality
- Australian – 9%
- French – 9%
- Irish – 18%
- American – 27%
- British – 37%



REPORT OF THE AUDIT COMMITTEE

"IN ADDITION TO ITS USUAL WORK, THE COMMITTEE ADAPTED TO A RAPIDLY CHANGING ENVIRONMENT DUE TO THE CONTINUED IMPACT OF COVID-19"

Matthew Key
Chair, Audit Committee

MEMBERS

- Matthew Key (Chair)
- Antoine de Saint-Affrique
- Dame Carolyn McCall*
- Debra Lee
- Ron Frasch

* Dame Carolyn McCall retired as a member of the Committee on 2 April 2022

Dear Shareholder,

I am pleased to present the FY 2021/22 report of the Audit Committee. The purpose of this report is to describe how we carried out our responsibilities during the year.

The role of the Audit Committee is to monitor and review the integrity of financial information and to provide assurance to the Board that the Group's internal controls and risk management processes are appropriate and regularly reviewed. We also oversee the work of the external auditor, approve their remuneration and recommend their appointment. Details of how the Audit Committee has monitored EY's audit are available on page 182. In addition to the disclosure requirements relating to audit committees under the Code, the Committee's report sets out areas of significant and particular focus for the Committee.

In addition to its usual work, the Committee adapted to a rapidly changing environment due to the continued impact of COVID-19. We also focused on the accounting judgements relating to inventory provisioning and store impairments and management's consideration of uncertain tax positions.

Further information is provided in the significant matters set out in the table on pages 180 to 181.

The Committee reviewed and challenged management's approach, analysis and recommendations, taking into account input from the external auditor, in order to conclude on the appropriateness of the treatment in the Financial Statements. All matters reviewed were concluded to the satisfaction of the Committee.

In relation to the Group's risk management, we undertook an in-depth review of risk factors for sustainability and reviewed management's proposed approach to TCFD reporting. We also considered the risks associated with cybersecurity, including ransomware, and fraud risk.

The Committee confirms that during FY 2021/22, the Group complied with the mandatory audit processes and Audit Committee responsibilities provisions of the Competition and Markets Authority Statutory Audit Services Order 2014. This report describes the work of the Committee in discharging its responsibilities.

The Committee has an open and constructive relationship with management. I thank the management team on behalf of the Committee for its assistance during the year. I am confident that the Committee has carried out its duties in the year effectively and to a high standard.

Matthew Key
Chair, Audit Committee

AREAS OF FOCUS FOR FY 2021/22

- **Ongoing impact of COVID-19**
- **Changing economic conditions**
- **Cybersecurity**
- **Climate-related risks**

The role and main responsibilities of the Committee

The main roles and responsibilities of the Committee are set out in written terms of reference, which are available on the Company's website, Burberryplc.com. The Committee reviews its terms of reference annually. In light of its key responsibilities, the Committee considered the following items of business during the financial year:

- Financial reports: the integrity of the Group's Financial Statements and formal announcements of the Group's performance
- Risk and internal controls: the Group's internal financial, operational, compliance controls and risk identification and management processes. Review of Group policies for identifying and assessing risks and arrangements for employees to raise concerns (in confidence) about possible improprieties
- Viability: consideration of the Group's Viability Statement as set out on pages 146 to 149
- Internal Audit: review of the annual Internal Audit programme and the consideration of findings of any internal investigations and management's response
- External auditor: recommending the appointment of the external auditor, approving their remuneration and overseeing their work. Reviewing reports received from the external auditor. Reviewing the effectiveness and independence of the external auditor
- Ethics update: the Committee received and considered reports from management on the Group's whistleblowing arrangements and health and safety
- TCFD: reviewing the requirements of the TCFD and the scenario analysis undertaken to assess the impact of climate-related risks on Burberry
- Group Tax Strategy: reviewing the tax strategy in the context of an evolving regulatory environment and the Group's uncertain tax positions. The tax governance framework can be found on page 166

Meetings and attendance

The Committee met formally five times during the year (see table on page 162). Where members were unable to attend, they provided feedback to the Chair on the matters to be discussed in advance of the meetings. In addition to the scheduled meetings, Committee members also attended additional ad hoc meetings as required.

The Chair of the Committee met separately with representatives of the external auditor, senior members of the finance function and the Senior Vice President, Internal Audit and Risk on a regular basis, including prior to each meeting. In addition, he met with members of the Group Internal Audit team and other members of management on an ad hoc basis as required to fulfil his duties.

Regular attendees at Committee meetings include: the Chair of the Board; CEO; CO&FO; Company Secretary; Senior Vice President, Internal Audit and Risk; Senior Vice President, Group Finance; Vice President, Group Financial Controller; General Counsel, Chief People Officer and representatives of the external auditor. At the end of each meeting the Committee held closed meetings with the external auditor and with the Senior Vice President, Internal Audit and Risk without management being present.

The Board is satisfied that Matthew Key has recent and relevant financial experience, and that all other Committee members have past employment experience in either finance or accounting roles, or broad consumer experience and knowledge of financial reporting and/or international businesses. As a whole, the Board is satisfied that the Audit Committee has competence relevant to the business sector. The biographies set out on pages 154 to 158 provide details of each member's background and experience.

Significant matters for the year ended 2 April 2022	How the Audit Committee addressed these matters
Impairment assessment of property, plant and equipment and right-of-use assets held in retail cash generating units	The Committee considered management's assessment of the recoverability of the carrying value of assets held in retail cash-generating units, including property, plant and equipment and right-of-use assets relating to store leases. The Committee considered the approach applied by management to update assessments of previously impaired cash-generating units and their review for potential indicators of impairment for other retail cash generating units. The Committee reviewed and challenged the sensitivities applied to the estimates of future store performance, which will depend on the path of recovery from COVID-19, and reviewed management's proposed disclosures relating to these uncertainties. The Committee concluded that the carrying value of assets held in retail cash-generating units and disclosures contained in the Financial Statements for the period were appropriate. The results of the impairment assessment of assets held in retail cash-generating units, together with related sensitivities, are set out in note 13 of the Financial Statements.
The recoverability of the cost of inventory and the resulting amount of provisioning required	The Committee considered the Group's current provisioning policy, the expected loss rates on inventory held at the balance sheet date and the nature and condition of current inventory. In particular, the Committee considered management's assumptions regarding the usage of inventory relating to the recent seasons, which have been most impacted by COVID-19. The review included analysis of actual inventory usage compared to assumptions made at March and September 2021 and the resulting revision to assumptions regarding expected exit routes for the remaining surplus inventory held at the balance sheet date. The Committee concluded that the inventory assets recognised and disclosures contained in the Financial Statements for the period were appropriate. Movements in inventory provisioning and the related sensitivities are set out in note 17 of the Financial Statements.

Significant matters for the year ended 2 April 2022	How the Audit Committee addressed these matters
Income and deferred taxes	The Committee reviewed the Group Tax strategy, the Group's uncertain tax positions, the status of any ongoing tax audits and their impact on the Financial Statements. The Committee reviewed and challenged the appropriateness of assumptions and estimates applied in order to estimate the amount of assets and liabilities to be recognised in relation to uncertain income tax and deferred tax positions and the disclosure of any significant estimates applied to tax balances. The Committee concluded that the assets and liabilities recognised and disclosures contained in the Financial Statements for the period were appropriate. Details of movements in tax balances are set out in notes 9 and 15 of the Financial Statements and further disclosure of tax contingent liabilities is given in note 32.
Going Concern and Viability	The Committee considered the going concern and viability analysis carried out by management. The Committee considered the principal risks that would threaten the Group's business model, future performance, solvency, liquidity and reputation and how these were included in the severe but plausible downside scenario, which included reasonable quantification of these principal risks. A reverse stress test scenario was also considered alongside the facilities available to the Group as well as mitigating actions that could be taken. The Committee concluded that a robust assessment had been carried out and in all the scenarios considered the Group was able to maintain sufficient liquidity to continue trading.
Fair, balanced and understandable reporting	The Committee considered the Annual Report and Interim Report, on behalf of the Board, to ensure that they were fair, balanced and understandable, in accordance with requirements of the UK Corporate Governance Code. The Committee paid particular attention to the approach taken by management to separate presentation of any items relating to impairments of assets or reversal of previous impairments, which were separately presented, together with the disclosure of the basis of the treatment applied. The Committee reviewed the report from the strategic report drafting team, comments arising from the review of the Financial Statements by the Executive Directors and comments raised by the Group's external auditor. The Committee also considered the use of alternative performance measures by the Group, including the presentation of the 53rd week and concluded that they were appropriate and their disclosure in the Financial Statements and Strategic Report was fair, balanced and understandable.
Task Force on Climate-Related Financial Disclosures (TCFD)	The Committee considered the TCFD reporting on behalf of the Board. The Committee considered the approach taken by management to work with the University of Cambridge Centre for Risk Studies to develop a Burberry business digital twin that is stressed with climate scenarios to determine the impact of physical and transition risks. The Committee reviewed the disclosure in the Annual Report on behalf of the Board to ensure that they were in compliance with the TCFD requirements.
Other matters	During the year the Committee also considered management's papers on other subjects, including the carrying value of goodwill and associated disclosures, the consistency of policy and accuracy for the recognition and measurement of adjusting items for restructuring costs, significant judgements relating to lease term and impairment of receivables, and the impact of the Ukraine conflict on the Group's financial position.

External auditor

The Audit Committee oversees the work undertaken by EY and in FY 2021/22 the Committee monitored and reviewed activities including:

- The audit plan, including scope and materiality
- The approach to risk assessment, including in relation to climate-related risks
- The approach to auditing controls
- The limited assurance work carried out on the TCFD disclosures, which is a separate non-audit service provided by EY
- Reports at interim and full year

During the year, the Committee met with the auditor without members of management being present.

Independence and effectiveness

One of the Committee's primary responsibilities is to make a recommendation on the appointment, reappointment and removal of the external auditor. Every year, the Committee assesses the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the previous audit process. Following the completion of EY's first audit, the Committee considered the detailed feedback received from a survey of selected Board members and key members of the Finance team and concluded that the audit had been effective. Over the course of the year, the Committee reviewed the audit process and the quality and experience of the audit partners engaged in the audit to satisfy itself that it received the highest quality audit possible. To support this assessment in the second year, a survey was sent to the Audit Committee Chair, key members of the Finance team and other members of the senior management team as part of the year-end process. The Committee considered the results of the survey and concluded that the external audit process was effective. The Committee also reviewed the proposed audit fee and terms of engagement for FY 2021/22.

Details of the fees paid to the external auditor during FY 2021/22 can be found in note 7 to the Financial Statements.

Non-audit services

The Committee recognises that the independence of the external auditor is an essential part of the audit framework and the assurance that it provides. In line with the Revised Ethical Standard issued by the FRC in December 2019, the Committee has adopted a policy, which sets out a framework for determining whether it is appropriate to engage the Group's auditor for non-audit services and pre-approving non-audit fees.

The overall objective is to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity. This includes, but is not limited to, assessing:

- Any threats to independence and objectivity resulting from the provision of such services; any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity; the nature of the non-audit services and whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service
- The value of non-audit services that can be billed by the external auditor is restricted by a cap, which is set at 70% of the average audit fees for the preceding three years as defined by the FRC

During FY 2021/22 the non-audit services provided by Burberry's external auditor did not exceed this cap.

Proposed fees above £50,000 are approved by the Chair of the Audit Committee. Non-audit services with a value below £50,000 and which are in line with the Group's policy have been pre-approved by the Audit Committee. Compliance with the policy of engaging the Group's auditor for non-audit services and pre-approving non-audit fees is reviewed and monitored by the Senior Vice President, Internal Audit and Risk. These fees must be activity based and not success related. At the half-year and year-end, the Audit Committee reviews all non-audit services provided by the auditor during the period, and the fees relating to these services.

During the year, the Group spent £0.1 million on non-audit services provided by EY (3% of the average of Group audit fees incurred over the last two years).

The rationale for using the external auditor to perform these services was to reduce complexity. Further details can be found in note 7 to the Financial Statements.

Evaluation of internal controls

Our Board is ultimately responsible for the Group's internal controls and risk management procedures. It discharges its duties in this area by:

- Determining the nature and extent of the principal and emerging risks it is willing to accept to achieve the Group's strategic objectives (the Board's risk appetite)
- Challenging management's implementation of effective processes of risk identification, assessment and mitigation

Our Audit Committee is responsible for reviewing the effectiveness of the Group's internal controls and risk management procedures. Details of the Group's risk management processes and the management and mitigation of each principal risk, together with the Group's Viability Statement can be found in our Risk and Viability Report on pages 107 to 149.

Ongoing review of these controls is provided through internal governance processes and the work of the Group is overseen by management, particularly the work of the Group Internal Audit team and the Risk Committee. Regular reports on these activities are provided to the Audit Committee as reflected in the standing items on the Audit Committee agenda.

The Board, through the Audit Committee, has conducted a robust assessment of the principal and emerging risks and internal control framework. It has considered the effectiveness of the internal controls in operation across the Group for the year covered by the Annual Report and Accounts and up to the date of its approval by the Board. This review covered the material controls, including financial, operational and compliance, as well as risk management processes. No significant control weaknesses were identified. The internal controls are designed to manage rather than eliminate the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The process followed by the Board, through the Audit Committee, in regularly reviewing the system of internal controls and risk management processes complies with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC. It also accords with the provisions of the Code.

Control environment

Our business model is based primarily on central design, supply chain and distribution operations to supply products to global markets via retail, wholesale and digital channels. This is reflected in our internal control framework, which includes centralised direction, resource allocation, oversight and risk management of the key activities of marketing, inventory management, as well as brand and technology development. We have also established procedures for the delegation of authorities to ensure that approval for matters that are considered significant is provided at an appropriate level. In addition, we have policies and procedures in place that are designed to support risk management across the Group. These include policies relating to treasury and the conduct of employees and third parties with whom we do business, including prohibiting bribery and corruption. These authorities, policies and procedures are kept under regular review.

The Group operates a “three lines of defence” model, which helps to achieve effective risk management and internal control across the organisation.

- **First line of defence:** management owns and manages risk and is also responsible for implementing corrective actions to address process and control deficiencies
- **Second line of defence:** to help ensure the first line is properly designed, established and operating effectively, management has also established various risk management and compliance functions to help build and/or monitor the first line of defence. These include, but are not limited to, functions such as Group Risk Management, Legal, Brand Protection, Company Secretariat, Group Finance Compliance, Health and Safety, Data Protection, Asset and Profit Protection, and Business Continuity
- **Third line of defence:** Group Internal Audit provides the Audit Committee and management with independent and objective assurance on the effectiveness of governance, risk management and internal controls. This includes the way in which the first and second lines of defence achieve risk management and control objectives

Internal Audit

The Group Internal Audit function is managed by the Senior Vice President, Internal Audit and Risk, who reports to the CO&FO but has an independent reporting line to the Chair of the Audit Committee.

The scope of Internal Audit work is considered for each operating company and Group function. This takes account of risk assessments, input from senior management and the Audit Committee and previous audit findings. For example, in FY 2021/22, there was an emphasis on assurance over controls to manage cybersecurity risk (particularly ransomware, and the response to the Log4Shell vulnerability), and the maturity of controls over IT projects and operations (including critical third parties). There was also a continued focus on assessing the maturity of controls over core processes in inventory management, Finance, Supply Chain, Digital and HR. Changes to the Group’s risk profile are considered on an ongoing basis and amendments are made to the audit plan as necessary during the year. Any proposed changes to the plan are discussed with the CO&FO and reported to the Audit Committee.

The effectiveness of Group Internal Audit is assessed every five years with the latest review having been reported in FY 2019/20.

Ongoing visibility of the internal control environment is provided through Internal Audit reports to management and the Audit Committee. These reports are graded to reflect an overall assessment of the control environment under review, and the significance of any control weaknesses identified.

Remedial actions to address findings are identified and agreed with management. The Audit Committee places emphasis on actions being taken as a result of internal audits, and regular reports are provided to the Audit Committee on the status of any overdue actions.

Financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. These are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external reporting purposes.

We have comprehensive planning, budgeting, forecasting and monthly reporting processes in place. A summary of financial results, supported by commentary and performance measures, is provided to the Board each month.

In relation to the preparation of Group Financial Statements, the controls in place include:

- A centre of expertise responsible for reviewing new developments in reporting requirements and standards to ensure that these are reflected in Group accounting policies, Financial Statements and disclosures
- A global finance function and governance structure consisting of colleagues with the appropriate expertise to ensure that Group policies and procedures are correctly applied. Effective management and control of the finance function is achieved through our finance leadership team, consisting of key finance colleagues from the regions, Burberry Business Services and London headquarters

Our financial reporting process is supported by transactional and consolidation finance systems. Reviews of financial controls are carried out by senior members of the Finance team. The results of these reviews are considered by the Audit Committee as part of its monitoring of the performance of controls governing financial reporting.

The Audit Committee reviews the application of financial reporting standards and any significant accounting judgements made by management. These matters are also discussed with the external auditor.

Ongoing impact of COVID-19

COVID-19 continued to affect our operations during the year and is currently impacting our Asia business with limited access to some regional premises. We have adapted our processes and financial controls where necessary to reflect remote working arrangements and to maintain effective and compliant financial reporting during the year. Where controls have been adapted, our technology and IT infrastructure has been enhanced to support remote execution.

Fair, balanced and understandable

As a whole, the Annual Report and Accounts are required to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. On behalf of the Board, the Audit Committee considered whether the fair, balanced and understandable statement could properly be given on behalf of the Directors. The processes followed to provide the Committee with assurance were considered and the Committee provided a recommendation to the Board that the fair, balanced and understandable statement could be given on behalf of the Directors.

Based on this recommendation, the Board is satisfied that it has met this obligation. A summary of the Directors' responsibilities in relation to the Financial Statements is set out on page 220. The Independent Auditor's Report on pages 221 to 239 includes a statement concerning the auditor's reporting responsibilities.

DIRECTORS' REMUNERATION REPORT

"BURBERRY'S REMUNERATION FRAMEWORK HAS BEEN DESIGNED TO SUPPORT OUR CULTURE, VALUES AND PURPOSE."

Orna NíChionna
Chair, Remuneration Committee

MEMBERS

- Orna NíChionna (Chair)
- Fabiola Arredondo
- Sam Fischer
- Ron Frasch
- Danuta Gray*
- Matthew Key

* Danuta Gray was appointed to the Committee on 1 December 2021

Dear Shareholder,

I am pleased to present to you the Directors' Remuneration Report for the year ended 2 April 2022, which has been approved by both the Remuneration Committee (the Committee) and the Board.

Business context

FY 2021/22 has been another challenging year for Burberry and our people with the ongoing COVID-19 pandemic and the macroeconomic environment. Against this backdrop, Burberry has delivered revenue of £2,826 million (+23% at CER*) and adjusted operating profit of £523 million (+38% at CER*). In addition, we have continued to deliver progress on our strategy to elevate our brand and build a more sustainable business.

* This measure removes the effect of changes in exchange rates and the 53rd week compared to the prior period.

We continue to drive engagement with our customers through distinctive and meaningful experiences and have strengthened our position with new, younger audiences. Supported by innovative campaigns, we also made further progress in our focus categories of outerwear and leather goods. Full-price outerwear and leather goods sales grew by 39% and 28%, respectively, versus FY 2019/20 as a pre-pandemic comparator year.

I salute the efforts of our colleagues around the world, consistently going above and beyond to achieve success across our agenda. They have shown continued resilience, determination and a collaborative spirit, consistent with the values we uphold in the organisation.

ESG

We are committed to protecting our planet and driving a sustainable future. Burberry has already implemented a range of initiatives to address climate change and we have taken industry-leading steps to advance progress across the decarbonisation agenda. Since 2016 we have had a programme to cut our own market-based emissions and we were one of the first companies to set 1.5°C Science Based Targets across all scopes.

This year, we have substantially met the targets set out in our five-year Responsibility strategy. We are proud to be carbon neutral and use 100% renewable electricity in our own operational footprint. In our ambitious goal of driving positive change through all our products, 99% have delivered social and/or environmental improvements at the raw material sourcing or product manufacturing stage.

However, this is only the beginning and we will continue to evolve our ambitions and collaborate with our supply chain and wider industry to create a more sustainable future for luxury. In FY 2021/22, we became the first luxury brand to pledge to being Climate Positive by 2040. More information on our progress on ESG is set out on pages 52 to 97.

Our forward-thinking approach is reflected in our remuneration arrangements; both the annual bonus and Burberry Share Plan (BSP) awards for the Executive Directors include a link to our ESG priorities. For FY 2021/22, a portion of the CO&FO's bonus was based on ESG priorities, including making progress against our long-term carbon reduction goals and meeting stretching internal diversity and inclusion goals. Since its introduction in 2020, the BSP has had a performance underpin linked to our strategy to build a more sustainable future. By linking our reward to our ESG strategy, we can appropriately incentivise management to keep pushing boundaries and drive real change in our sustainability agenda.

CEO transition

In October 2021, we announced the appointment of Jonathan Akeroyd as our new CEO. Jonathan joined Burberry on 15 March 2022 and his remuneration arrangements were set in accordance with the Remuneration Policy. Jonathan's salary was set at £1,100,000. Jonathan will be entitled to our standard benefits and will receive an annual cash benefits allowance of £50,000. His pension entitlement has been set at 10% of salary, which is aligned with the arrangements for the majority of the UK workforce. There have been no changes to the annual bonus and BSP opportunities, which have been set at a maximum of 200% and 162.5% of salary, respectively.

Jonathan was also granted cash and share awards to compensate him for incentives from his previous employer that he forfeited on joining Burberry. These awards were granted in accordance with the Remuneration Policy and took into account all relevant factors, including the form, value and vesting timeframe of the forfeited awards. The buy-out awards vest over the next three years in line with when awards would have vested at Jonathan's previous employer. Further details are set out on pages 202 to 203.

Marco Gobbetti ceased to be a Director of Burberry on 31 December 2021. He received salary, benefits, allowances and pension until this date, as well as a payment in lieu of untaken accrued annual leave. He was not entitled to an annual bonus for FY 2021/22 and all outstanding share awards lapsed on his departure, with the exception of certain awards under our all-employee share plans. Marco will also receive reasonable assistance to prepare and file his tax returns in respect of the tax years 2020/21 and 2021/22. He will not receive any other payment(s) including for loss of office. In accordance with the post-employment shareholding guidelines, Marco will be required to hold 21,393 Burberry shares until 31 December 2023. Further details regarding Marco's leaving arrangements are set out on page 202.

Remuneration outcomes for FY 2021/22

Annual bonus for FY 2021/22

Following the use of a modified approach for FY 2020/21, FY 2021/22 was the first year of operation for the revised bonus approach set out in the Remuneration Policy approved at the 2020 AGM. The annual bonus for FY 2021/22 was based 75% on adjusted operating profit and 25% on performance against strategic objectives linked to progress against (i) our strategy and our brand; (ii) sustainability targets; and (iii) diversity, inclusion and leadership goals.

As set out on page 44, the Group performed well in the year and adjusted operating profit was £523 million (+38% at CER). This performance exceeded targets for the year and resulted in a payout for this element of 100% of maximum. The Group made good progress against all of the strategic objectives, including the reduction of carbon emissions and our long-term aspiration to be net-zero by 2040. Taking our performance into account, the total payout for the strategic objectives element was 19% out of 25%. Further detail is provided on pages 196 to 197.

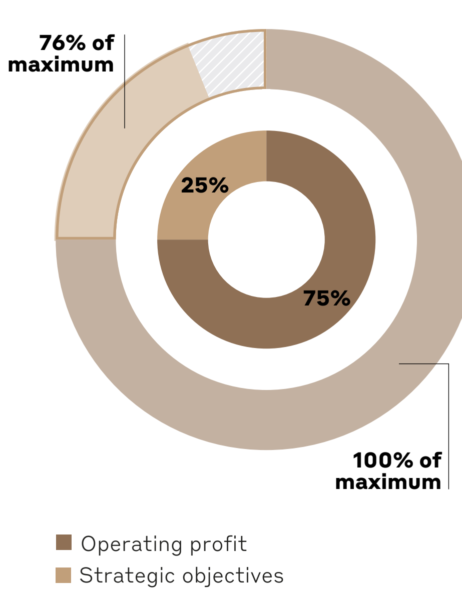
The final bonus for the CO&FO in respect of FY 2021/22 was 94% of maximum. The Committee considers this outcome to be appropriate in the context of performance for the year and has not applied discretion in respect of the outcome. As already set out, Marco forfeited his entitlement to an annual bonus following his departure and Jonathan was not eligible for an annual bonus.

2019 Executive Share Plan (ESP) award

The 2019 ESP award was based on three performance metrics, measured over the three-year period to 2 April 2022. Financial performance over the period was impacted by the COVID-19 pandemic and consequently growth in revenue was below the threshold target. None of this element will therefore vest. Despite the impact of the pandemic, the three-year average Adjusted Retail/Wholesale ROIC was 14.3% and growth in Adjusted PBT (at CER) was 5.1%, which both exceeded their threshold targets. As a result, 22% of the 2019 ESP award will vest. The shares to be received by the CO&FO on vesting will be subject to a post-vesting holding period. The Committee believes that the ESP outcome appropriately reflects the broader performance context and therefore no discretion was exercised by the Committee in respect of the outcome of the 2019 ESP award.

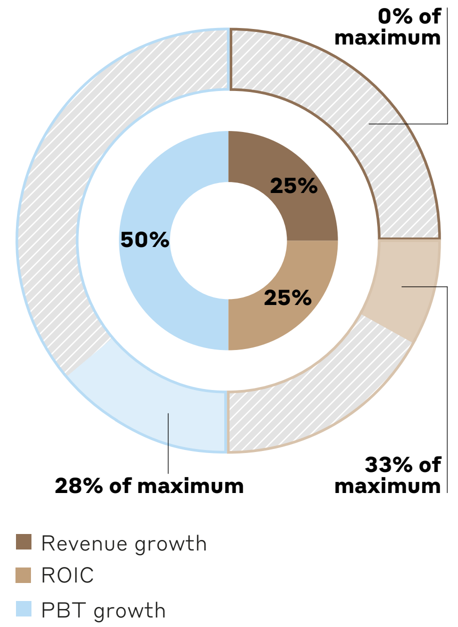
Annual bonus for FY 2021/22

The chart below shows outturns in respect of the annual bonus for FY 2021/22.



2019 ESP award

The chart below shows vesting levels for the 2019 ESP award.



Total outturn

94% of maximum

Total vesting

22% of maximum

Approach to remuneration for FY 2022/23

Salary and Board fees

Taking into account his appointment date, Jonathan Akeroyd will not receive a salary increase for FY 2022/23. Julie Brown will receive a salary increase of 3% with effect from 1 July 2022, which aligns with the approach across the broader UK employee population. There will be no increase in fees for the Chair or the Non-Executive Directors.

Annual bonus

The annual bonus will operate on broadly the same basis as FY 2021/22. Executive Directors will be eligible for a maximum bonus of 200% of salary. The annual bonus will be based 75% on adjusted operating profit and 25% on performance against strategic objectives linked to progress against our strategy and brand and ESG targets (including sustainability and diversity). Further details are provided on page 198. For FY 2022/23, recognising the importance of continued progress on the execution of our strategy, the Committee has increased the weighting of the strategy and brand metric.

BSP awards

BSP awards for FY 2022/23 will be granted in line with the normal approach. Awards will vest in equal tranches after three, four and five years following the date of award, subject to a holding period to the fifth anniversary of award. The Committee considers that the performance underpins that applied to the 2020 and 2021 awards continue to reflect a good overall balance of safeguarding the financial stability of the business, delivery of the strategy and elevation of the brand. Therefore the 2022 BSP awards will be subject to the same performance underpins: (i) revenue, (ii) ROIC and (iii) brand and sustainability. Having reviewed our internal budget and relevant forecasts the Committee has increased the revenue underpin relative to the 2021 BSP awards.

In line with the normal approach, the CEO will receive a 2022 BSP award of 162.5% of salary. During the year, Julie Brown's remit as CO&FO was widened to include responsibility for our sustainability agenda. Taking into account the increase in responsibilities and her performance to date, the Committee decided to increase Julie's ongoing BSP award to 162.5% of salary (from 150% of salary) to align with the award level for the CEO. The Committee carefully considered the entire package and has determined that an increase to the long-term opportunity is the most appropriate way to recognise the expanded scope of Julie's role.

Reward at Burberry

At Burberry our reward philosophy is to provide colleagues with competitive total reward packages. Guided by this philosophy, we operate a remuneration framework that is designed to support our culture, values and purpose, and to ensure that our colleagues continue to be inspired to deliver outstanding results. Our framework is cascaded across the Group and consists of the following key components:

Base salary	+	**Benefits**	+	**Short-term incentives**	+	**Long-term share awards**
Fair and equitable market-driven salary for all roles		Global and local market-driven benefits to promote colleague wellbeing and support saving for retirement		All colleagues are eligible for short-term performance-related pay to recognise and reward their contribution		All colleagues are eligible to participate in Burberry share plans to recognise and reward their contribution and to enable them to share in our future success

Our reward framework

Burberry's remuneration framework has been designed to support our culture, values and purpose. The framework, which consists of fixed pay, short-term incentives and long-term share awards, is applied across the Group.

Broader employee reward

We are committed to fair and responsible employment and are proud to be a principal partner of The Living Wage Foundation and an accredited UK Living Wage employer. Following a review of our pension arrangements we have enhanced the offering for the majority of our UK workforce. We have increased the maximum employer contributions from 6% to 10% of salary to improve the package we offer our colleagues and to enable them to increase their retirement savings. This move has been positively received by colleagues.

We operate discretionary annual bonus plans and commission plans across the business. We also grant annual awards of free shares (or equivalent cash-based awards where required) to all of our colleagues. In addition, we offer Sharesave in a number of our locations. BSP awards are also granted annually to colleagues in leadership positions.

Since 2019, the Global Workforce Advisory Forum, made up of colleagues representing a range of roles and locations around the world, has acted as a direct channel between the Board and our workforce. My fellow Board members and I value the opportunity to attend meetings and listen directly to colleagues' perspectives on their experiences. This year, Gerry Murphy, Matthew Key and I attended these sessions. I also ensure that the views of the workforce are duly taken into account at Committee meetings. During the year, we continued to seek feedback from our colleagues through a number of programmes and channels. This included our engagement and pulse surveys, which allow us to track work happiness and satisfaction through questions covering the whole colleague experience. We have also developed our first company-wide culture survey, and a framework for tracking progress against key cultural measures, designed to help our Board and leadership team understand more about how our purpose, values and leadership standards are being embedded across the organisation.

Engagement with shareholders and 2023 Remuneration Policy

The Committee values the views of our shareholders and takes them into account when considering our approach to remuneration at Burberry. The current Policy was approved at the 2020 AGM and, in accordance with the normal three-year cycle, is due to expire at the 2023 AGM. In advance of this, the Committee will undertake a full review of the Policy next year and will engage with shareholders in respect of any proposed changes.

I look forward to discussing our approach with shareholders during the year and hope that you will be supportive of this year's Directors' Remuneration Report at the AGM in July.

Orna NíChionna
Chair, Remuneration Committee

AREAS OF FOCUS FOR FY 2021/22

- **Executive reward**
- **Shareholder engagement and external environment**
- **Broader employee reward**
- **External reporting**

Fuller details of agenda items discussed at each Committee meeting are set out on page 212.

AT A GLANCE: REMUNERATION APPROACH FOR FY 2021/22 AND FY 2022/23

The Remuneration Policy was approved by shareholders at the AGM on 15 July 2020 and is set out in full in the Directors' Remuneration Report FY 2019/20, which can be found in the Annual Report FY 2019/20 at Burberryplc.com.

Element	Approach for FY 2021/22	Approach for FY 2022/23
Salary	Salaries from 1 July 2021: • Marco Gobbetti[1] (CEO) – £1,140,000 • Jonathan Akeroyd[2] (CEO) – £1,100,000 • Julie Brown (CO&FO) – £725,500 1. Marco Gobbetti stepped down as CEO on 31 December 2021. 2. Jonathan Akeroyd was appointed as CEO from 15 March 2022.	Following a review, the Committee awarded the CO&FO a salary increase of 3% in line with the approach for the wider UK workforce. Salaries from 1 July 2022: • Jonathan Akeroyd (CEO) – £1,100,000 • Julie Brown (CO&FO) – £747,300
Pension	Pensions for FY 2021/22: • Marco Gobbetti (CEO) – 20% of salary • Jonathan Akeroyd (CEO) – 10% of salary • Julie Brown (CO&FO) – 20% of salary • Any new appointment – in line with the maximum employer pension contribution available to the majority of the UK workforce (currently 10% of salary)	Pensions for FY 2022/23: • Jonathan Akeroyd (CEO) – 10% of salary • Julie Brown (CO&FO) – 20% of salary until 31 December 2022 and 10% of salary thereafter • Any new appointment – no change for FY 2022/23, i.e. in line with the maximum employer pension contribution available to the majority of the UK workforce (currently 10% of salary)
Benefits	The cash benefits allowance rates for FY 2021/22 were: • Marco Gobbetti (CEO) – £80,000 • Jonathan Akeroyd (CEO) – £50,000 • Julie Brown (CO&FO) – £30,000 The allowances for Marco Gobbetti and Jonathan Akeroyd were pro-rated to reflect the portion of the year during which they were employed by Burberry. Non-cash benefits principally include private medical, long-term disability insurance and life assurance.	No change for FY 2022/23.
Annual bonus	Maximum annual bonus of 200% of salary. Performance measures: • 75% adjusted operating profit • 25% strategic objectives Executives are required to invest 50% of any net bonus into shares until shareholding guidelines are met. Malus and clawback provisions apply.	No change for FY 2022/23.

Element	Approach for FY 2021/22	Approach for FY 2022/23
BSP	Maximum annual award levels: • Marco Gobbetti (CEO) – 162.5% of salary • Julie Brown (CO&FO) – 150% of salary Awards vest one third after three years, one third after four years and one third after five years. Awards subject to a holding period to fifth anniversary of award. Malus and clawback provisions apply.	The Committee determined to increase Julie Brown's ongoing BSP award size to 162.5% of salary to reflect her increased responsibilities. Maximum annual award level for the CEO and the CO&FO of 162.5% of salary. Awards vest one third after three years, one third after four years and one third after five years. Awards subject to a holding period to fifth anniversary of award. Malus and clawback provisions apply.
	The performance underpins for the 2021 awards are as follows: • Revenue – the level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £2,400 million • ROIC – the level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC (currently c.9%) in the year of vesting • Brand and sustainability – reasonable progress having been achieved in respect of our strategy to elevate our brand and build a more sustainable future	The performance underpins for the 2022 awards are as follows: • Revenue – the level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £2,800 million • ROIC – the level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC (currently c.9%) in the year of vesting • Brand and sustainability – reasonable progress having been achieved in respect of our strategy to elevate our brand and build a more sustainable future
Shareholding guidelines	300% of salary Post-employment shareholding guideline whereby Executive Directors will be expected to retain a shareholding of 300% of salary (or actual shareholding if lower) for two years after stepping down as an Executive Director.	No change for FY 2022/23.

Details of the principles the Committee took into account when developing the Remuneration Policy, including Provision 40 of the UK Corporate Governance Code, are set out on page 161 of the FY 2019/20 Annual Report.

The Committee considers that the Remuneration Policy operated as intended during FY 2021/22.

ANNUAL REPORT ON REMUNERATION

FY 2021/22 total single figure remuneration for Executive Directors (audited)

The table below sets out the single figure of total remuneration received or receivable by the Executive Directors in respect of FY 2021/22 (and the prior financial year). The subsequent sections detail additional information for each element of remuneration.

	Salary £'000	Allowances and benefits £'000	Pension £'000	Bonus £'000	ESP[3,4] £'000	All-employee share plans[5] £'000	Prior company buy-out awards[6] £'000	**Total £'000**	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors										
Jonathan Akeroyd[1]										
Year to 2 April 2022	55	25	6	–	–	–	4,342	**4,428**	86	4,342
Julie Brown										
Year to 2 April 2022	726	88	145	1,364	392	1	–	**2,716**	960	1,756
Year to 27 March 2021	689	78	163	363	120	6	–	**1,419**	936	483
Former Executive Directors										
Marco Gobbetti[2]										
Year to 2 April 2022	855	178	171	–	–	1	–	**1,205**	1,205	–
Year to 27 March 2021	1,083	155	257	570	205	–	–	**2,270**	1,495	775

1. The table above shows remuneration in relation to Jonathan Akeroyd's employment as CEO from 15 March 2022.
2. The table above shows remuneration in relation to Marco Gobbetti's employment as CEO to 31 December 2021.
3. The values shown in the ESP column in respect of FY 2020/21 represent the vesting of the 2018 ESP award for Julie Brown and Marco Gobbetti. The values have been updated to reflect the share price on the date of vesting (31 July 2021) of £20.640. The figures disclosed in last year's single figure table were £106k for Julie Brown and £180k for Marco Gobbetti. The amounts now include the value of dividends on these shares using a cumulative dividend per share of 96.3 pence. The share price used to calculate the number of shares at grant (31 July 2018) was £21.135. The share price on vesting of £20.640 was lower than this price and therefore no portion of the amount disclosed relates to share price growth.
4. The value shown in the ESP column in respect of FY 2021/22 represents the vesting of the 2019 ESP award for Julie Brown. The value has been calculated by multiplying the number of shares which will vest based on the performance outcome set out on page 199 (20,917 shares) by the three-month average share price to the end of the financial year (£18.09), plus the value of dividends on these shares (using a cumulative dividend per share of 65.4 pence). The share price used to calculate the number of shares at grant (31 July 2019) was £22.8917. Therefore, none of the 2019 ESP value disclosed in the single figure table is attributable to share price growth. The Committee did not exercise discretion in respect of the change in share price.
5. The values shown in the all-employee share plans column in respect of FY 2021/22 for Julie Brown and Marco Gobbetti represent the vesting of their 2018 award of free shares granted under the Share Incentive Plan (SIP). Further information about the value shown in the all-employee share plans column in respect of FY 2020/21 for Julie Brown is set out in the Directors' Remuneration Report FY 2020/21.
6. The value shown in the prior company buy-out awards column for Jonathan Akeroyd represents the value of certain buy-out awards granted to him on 15 March 2022. Further details are set out on pages 202 to 203.

Salary (audited)

The table below details annual salaries as at 2 April 2022 and those that will apply from 1 July 2022. Under the terms of his service agreement Jonathan Akeroyd will first be eligible for a salary review in 2023. When setting Julie Brown's salary, the Committee took into account a number of factors, including the approach for our wider employee population, individual performance and overall contribution to the business during the year, cost to the Company, the external economic climate and market positioning. The salary increase of 3% for Julie Brown aligns directly with the approach across the broader UK employee population while also reflecting both the ongoing need to remain competitive in the global luxury goods market and her performance during the year. Marco Gobbetti's annual salary when his employment with Burberry ended on 31 December 2021 was £1,140,000.

	As at 2 April 2022	As at 1 July 2022	% change
Jonathan Akeroyd	£1,100,000	£1,100,000	0%
Julie Brown	£725,500	£747,300	3%

Pension (audited)

In line with the approved Remuneration Policy for new appointments, Jonathan Akeroyd's pension cash allowance has been aligned to the maximum employer pension contribution available to the majority of the UK workforce at 10% of base salary.

Julie Brown's pension cash allowance was voluntarily reduced from 30% of base salary to 20% from 1 July 2020. It will be further reduced to 10% of base salary from 1 January 2023 to align with the maximum employer pension contribution available to the majority of the UK workforce.

No Director has a prospective entitlement to receive a defined benefit pension.

Allowances and benefits (audited)

The table below details the cash allowances and non-cash benefits received by the Executive Directors during FY 2021/22 in accordance with the Remuneration Policy and as disclosed in the single figure table.

FY 2021/22 (£'000)	Cash allowance	Private medical insurance	Life assurance	Long-term disability insurance	Tax and legal advice[3]	Other[4,5]
Executive Directors						
Jonathan Akeroyd[1]	2	1	1	–	21	–
Julie Brown	30	35	7	9	2	5
Former Executive Directors						
Marco Gobbetti[2]	60	12	43	4	20	39

1. Values shown above reflect the fact that Jonathan Akeroyd's employment commenced on 15 March 2022.
2. Values shown above reflect the fact that Marco Gobbetti's employment ended on 31 December 2021.
3. The value shown in the tax and legal advice column for Jonathan Akeroyd relates to legal fees incurred in respect of his appointment.
4. In line with our flexible benefits policy, Julie Brown received a cash payment in respect of the sale of two days of annual leave.
5. In accordance with our policy for the wider UK workforce, Marco Gobbetti received a payment of £39,462 in respect of nine days of untaken accrued annual leave.

There were no changes to benefits policies during the year.

Annual bonus outcomes for FY 2021/22 (audited)

Following the modified approach for FY 2020/21, the annual bonus for FY 2021/22 reverted to the structure set out in the Remuneration Policy approved by shareholders at the 2020 AGM. Executive Directors were eligible for a maximum bonus of 200% of base salary. The annual bonus for FY 2021/22 was based 75% on Group adjusted operating profit performance (at CER) and 25% on strategic objectives. The strategic objectives included strategy and brand (10% of the total bonus), sustainability (10% of the total bonus) and diversity, inclusion and leadership (5% of the total bonus).

The table below sets out the targets and the performance achieved for FY 2021/22 in relation to the Group adjusted operating profit performance measure:

	Maximum bonus opportunity (% of salary)	FY 2021/22 Group adjusted operating profit targets (£m)			FY 2021/22 Group adjusted operating profit achieved (CER*) (£m)
		Threshold	Target	Maximum	
Julie Brown	200%	£420m	£454m – £469m	£504m	£547m

* This measure removes the effect of changes in exchange rates and the 53rd week compared to the prior period.

Taking into account the uncertainty at the start of the year, the Committee decided to set target performance equal to a range of £454 million to £469 million, whereby any performance in this range would equate to a target payout of 50% of maximum.

Adjusted operating profit for bonus purposes is calculated using the average exchange rates of FY 2020/21 and on a pro forma basis. Details of pro forma results for FY 2021/22 are set out on page 44.

The table below sets out the progress achieved against each strategic objective during FY 2021/22 taking into account the context of our long-term objectives in these areas:

Strategic objective	Detail of strategic objective	Performance in FY 2021/22
Strategy and brand (10% of total bonus)	Our long-term strategy is to elevate the value of our brand and diversify our channels to market. When assessing performance in this area the Committee considered key measures linked to our brand and strategy progress, including: • digital revenue growth • full-price sales • leather and outerwear sales	The Group delivered double-digit growth in full-price revenue for both digital and mainline store channels year on year. FY 2021/22 full-price outerwear and leather goods sales grew 39% and 28% respectively compared to FY 2019/20. There was also a significant reduction in markdown sales as a result of a planned exit from markdown, which benefits the long-term brand equity and positions the brand well for future growth. The Committee assessed performance in the round and determined that the outcome for the strategy and brand metric would be 5% (out of 10%).
Sustainability (10% of total bonus)	Given the increasing importance of sustainability within our business as well as society, the Committee linked a portion of bonus to our progress against our long-term carbon reduction goals, specifically our objectives to reduce scope 3 emissions by 46% by 2030 and to become net-zero by 2040.	The Group made strong progress against our long-term sustainability objectives and during the year we accelerated our long-term scope 3 reduction target, increasing it to a 46% reduction by 2030 (from a previous target of 30%). Details of our scope 3 reduction for FY 2021/22 will be disclosed later in the year and will show a significant reduction from the FY 2018/19 baseline. This performance was driven by a reduction in the use of raw materials as well as a change in the mix of raw materials used, a reduction in product-related waste, the increased use of renewable energy in the supply chain and changes in our transportation strategy. In addition to the reduced scope 3 emissions, we also achieved carbon neutrality in our own operations through 100% renewable electricity and 93% absolute reduction in our scope 1 and 2 emissions compared to a FY 2016/17 baseline, offsetting the remaining unavoidable emissions. Further details on our broader sustainability performance is provided on pages 52 to 97. Taking into account the absolute reductions to emissions as well as the significant in-year progress made on our sustainability agenda the Committee determined that the outcome for the sustainability metric would be 9% (out of 10%).

Strategic objective	Detail of strategic objective	Performance in FY 2021/22
Diversity, inclusion and leadership (5% of total bonus)	Underpinning our strategy is a robust approach to diversity, inclusion and leadership. The Committee therefore considered that it was appropriate to base part of the bonus on measures related to succession planning and diversity and inclusion goals, as well as behaviours and values.	During FY 2021/22 we developed and executed a talent development plan to ensure we have the right talent in place to deliver on our long-term ambitions, with a particular focus on talent in the digital space. This involved a high-potential assessment of senior leaders including targeted development and succession planning. We also took meaningful steps to improve the diversity in our organisation at senior levels, with a significant number of promotions and external appointments being female and/or from an ethnic minority background. Further details on the progress against our diversity goals is provided on pages 84 to 91. In assessing performance for the diversity, inclusion and leadership metric the Committee considered not only the achievements for the year but also the manner in which this performance had been delivered, in particular alignment with our behaviours and values. The Committee determined that the outcome for this metric would be 5% (out of 5%).

As set out in the table above, the Committee determined that the overall outcome for the strategic objectives would be 19% (out of 25%). Accordingly, Julie Brown will receive an annual bonus for FY 2021/22 of £1,363,940. This represents a bonus payment of 94% of her maximum bonus.

Under the Remuneration Policy, the Executive Directors are required to invest 50% of any net bonus earned into Burberry shares until their shareholding guideline of 300% of salary is met. Julie Brown had already met her shareholding guideline and therefore this requirement does not apply to her bonus for FY 2021/22.

Marco Gobbetti forfeited his entitlement to an annual bonus for FY 2021/22 on departure. Jonathan Akeroyd was not eligible to receive a pro-rated bonus for the portion of FY 2021/22 during which he was employed by Burberry.

Annual bonus for FY 2022/23

For FY 2022/23 the Executive Directors will be eligible for a maximum bonus of 200% of salary. The annual bonus for FY 2022/23 will be based 75% on Group adjusted operating profit performance (at CER) and 25% on strategic objectives. The adjusted operating profit targets are considered to be commercially sensitive and will be disclosed in the FY 2022/23 Directors' Remuneration Report.

The Committee has reviewed the approach to strategic objectives and has simplified the structure for FY 2022/23. Performance will now be assessed based on measures under two headings: (i) strategy and brand; and (ii) ESG. In recognition of the importance of continued progress on the execution of our strategy the Committee has increased the weighting from 10% to 15% of the bonus. The strategic objectives will include the following measures:

- Strategy and brand (15%) – our long-term strategy is to elevate the value of our brand and diversify our channels to market. When assessing performance in this area the Committee will consider key measures linked to our strategy and brand progress, including digital revenue growth and growth in key product categories
- ESG (10%) – sustainability is an integral element of Burberry's strategy. This measure will include an assessment of progress against our long-term carbon reduction goals (specifically our objectives to reduce scope 3 emissions by 46% by 2030 and to become net-zero by 2040) and our stretching internal diversity and inclusion goals

For each strategic area, the Committee will determine the payout in the round taking into account our progress in the year against our long-term objectives in these areas. Details of the progress achieved and the Committee determination of bonus outcomes will be provided in the FY 2022/23 Directors' Remuneration Report.

Under the Remuneration Policy, the Executive Directors are required to invest 50% of any net bonus earned into Burberry shares until their shareholding guideline of 300% of salary is met.

Long-term incentive plan awards

The following sets out details of:

- 2019 ESP awards vesting based on performance to FY 2021/22
- 2021 BSP awards granted during FY 2021/22
- 2022 BSP awards to be granted in FY 2022/23

2019 ESP awards vesting based on performance to FY 2021/22 (audited)

Julie Brown holds a 2019 ESP award, which will vest 50% on 31 July 2022 and 50% on 31 July 2023 based on performance over the period from 31 March 2019 to 2 April 2022. The table below sets out the targets and actual performance achieved.

Outcome of 2019 ESP award	Weighting	Threshold (15% of maximum)	Maximum	Actual performance	Vesting (% of maximum)
Annual growth in Adjusted PBT[1,3]	50%	4.0%	12.0%	5.1%	28%
Annual growth in Revenue[1,3]	25%	3.0%	8.0%	1.9%	0%
Average Adjusted Retail/Wholesale ROIC[2,3]	25%	13.5%	17.0%	14.3%	33%
Final vesting outcome					22%

1. The outcomes for the Adjusted PBT and Revenue measures are calculated using the average exchange rates for FY 2018/19, as set out in the performance conditions to the awards.
2. The outcome for Average Adjusted Retail/Wholesale ROIC is measured over the three-year period on a reported currency basis.
3. Performance was measured on a like-for-like basis against the targets, taking into account three changes in accounting treatment over the period (the adoption of IFRS 15 and IFRS 16 and the move to retail calendar reporting). The adoption of IFRS 16 Leases has impacted the measurement of ROIC and Adjusted PBT. The adoption of IFRS 15 and retail calendar reporting has impacted the measurement of Revenue, Adjusted PBT and ROIC. Performance for the three-year period was measured on a pro forma basis reflecting results excluding the impact of these changes.

Adjusted PBT (at CER) growth of 5.1% per annum and three-year Average Adjusted Retail/Wholesale ROIC of 14.3% both exceeded the threshold vesting targets set by the Committee. However, growth in Revenue was below threshold (impacted by management's decision in 2020 to accelerate our exit from markdown) and therefore there was no vesting on this metric. This performance will result in overall vesting of the 2019 ESP award for Julie Brown of 22%. The Committee did not exercise any discretion in relation to the 2019 ESP outcome for Executive Directors.

In line with the Remuneration Policy, vested shares may not be sold until five years from grant (31 July 2024), other than to meet tax liabilities.

Marco Gobbetti's 2019 ESP award lapsed on 31 December 2021 when his employment with Burberry ended.

2021 BSP awards granted during FY 2021/22 (audited)

The Committee granted a 2021 BSP award to Julie Brown at the normal award level as set out in the Remuneration Policy approved by the shareholders at the 2020 AGM, taking into account the recovery in the share price since the 2020 grant date. Accordingly, a BSP award of 150% of base salary was granted to Julie Brown on 27 July 2021.

The table below summarises the BSP share awards granted to the Executive Directors during FY 2021/22.

	Type of award	Basis of award	Shares awarded	Face value at grant (£'000)	Performance underpin period
Julie Brown	BSP share award	150% of salary	52,111	£1,088	3, 4 and 5 financial years starting from FY 2021/22

Following his resignation, Marco Gobbetti was not granted a 2021 BSP award.

Julie Brown's BSP award will vest one third after three years, one third after four years and one third after five years from the grant date, subject to the performance underpins outlined on page 200. Each tranche is subject to a holding period so that the total time horizon before any sale of shares (except to cover any tax liabilities arising from the award) is five years for the entire award. Awards are granted in the form of conditional share awards.

The face value of each award is calculated using the three-day average price prior to the date of grant (£20.8833), which was the price used to determine the number of shares awarded.

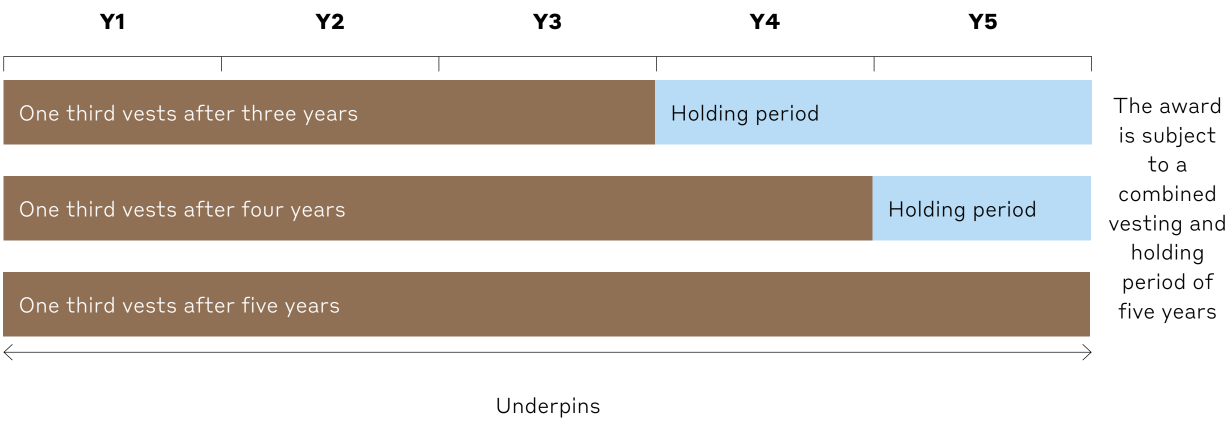
BSP awards granted in 2021 are subject to the following underpins:

Performance underpin	Details
Revenue	The level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £2,400 million
ROIC	The level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC (currently c.9%) in the year of vesting
Brand and sustainability strategies	Reasonable progress having been achieved over the vesting period in respect of our strategy to elevate our brand and to build a more sustainable future: • Brand – when assessing the brand underpin the Committee will consider performance against a range of relevant brand KPIs. It is intended that this will include full-price sales, outerwear and leather goods sales and progress on brand elevation, but it may also include other relevant metrics. These metrics are all considered to be strongly aligned with our strategy of elevating the brand to generate long-term value for shareholders • Sustainability – when assessing the sustainability underpin, the Committee will consider whether reasonable progress has been delivered against our carbon reduction goals to reduce scope 3 emissions by 30%[1] by 2030 and to become net-zero by 2040

1. In 2021, Burberry announced an acceleration of its scope 3 emissions target. The new target is to achieve a reduction of 46% by 2030. The underpin for the 2021 award was set by reference to the previous target which was to achieve a reduction of 30% by 2030.

If the Company does not meet one or more of the performance underpins outlined above for the year of vesting then the Committee would consider whether it was appropriate to scale back the level of payout under the BSP award. The intention of the performance underpins is to provide a "safeguard" to ensure that the BSP awards do not pay out if the Company has under-performed and vesting is not justified; the Committee will take this intention into account when assessing the underpins.

In addition to the underpins described above, the Committee also retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where underpins are no longer considered appropriate or where the vesting outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.



2022 BSP awards to be granted in FY 2022/23

The Committee intends to grant 2022 BSP awards to the Executive Directors at the maximum award level as set out in the 2020 Remuneration Policy (162.5% of salary). As set out in the Committee Chair's statement, the Committee decided to increase Julie Brown's BSP award from 150% to 162.5% to reflect the increased scope of her role. The Committee is conscious that, reflecting the current macroeconomic environment, the current share price is lower than the share price used to determine BSP awards last year. Given that the CEO only recently joined and the ongoing need to retain and motivate the Executive Directors to deliver the business strategy, the Committee currently does not intend to reduce the 2022 BSP award levels. The Committee will keep this approach under review prior to the grant date in July taking into account the share price at the time of grant and will review outcomes at vesting to ensure they remain appropriate. The awards will vest in equal tranches after three, four and five years following the date of grant, subject to the performance underpins. Tranches will be subject to a holding period so that the total time horizon before any sale of shares (except to cover any tax liabilities arising from the award) is five years for the entire award.

If the Company does not meet one or more of the performance underpins outlined below for the year of vesting then the Committee would consider whether it was appropriate to scale back the level of payout under the BSP award. The Committee would retain discretion to determine the appropriate level of scale-back. The Committee has reviewed the performance underpins and determined that the underpins that applied to previous awards continue to reflect a good overall balance of safeguarding the financial stability of the business, delivery of the strategy and elevation of the brand. Having considered the forecasts that are applicable and relevant to our sector, the Committee has determined to increase the Revenue underpin compared to the 2021 awards. The following performance underpins will apply for the 2022 awards:

Performance underpin	Details
Revenue	The level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £2,800 million
ROIC	The level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC (currently c.9%) in the year of vesting
Brand and sustainability strategies	Reasonable progress having been achieved over the vesting period in respect of our strategy to elevate our brand and to build a more sustainable future: • Brand – when assessing the brand underpin the Committee will consider performance against a range of relevant brand KPIs. This may include full-price sales, outerwear and leather goods sales and progress on brand elevation, but it may also include other relevant metrics. These metrics are all considered to be aligned with our strategy of elevating the brand to generate long-term value for shareholders • Sustainability – when assessing the sustainability underpin the Committee will consider whether reasonable progress has been delivered against our sustainability and carbon reduction goals to reduce scope 3 emissions by 46% by 2030 and to become net-zero by 2040 as set out on pages 52 to 97

In addition to the underpins described above, the Committee also retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where underpins are no longer considered appropriate or where the vesting outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Payments to past Directors

There were no payments to past Directors during the year.

Leaving arrangements for Marco Gobbetti

Marco Gobbetti left Burberry on 31 December 2021. He was paid salary, allowances and pension and received contractual benefits up to that date. These are shown in the single figure table on page 194. He did not receive any bonus in respect of FY 2021/22 and all unvested share awards lapsed on his departure, with the exception of the following, which he retained in line with the rules of the relevant share plans:

- 17 shares (net of tax) in respect of his 2018 award under the all-employee Burberry Group plc Share Incentive Plan
- an option over 1,472 shares with an exercise price of £15.62 per share under the Burberry Group plc Sharesave Plan, which he can exercise, to the extent of savings made to the date of exercise, at any time until 30 June 2022, as shown in the share interests table on page 204

Marco was provided with reasonable assistance to prepare and file his tax returns in respect of the tax year 2020/21 and will be provided with similar assistance in respect of the tax year 2021/22.

In addition, in accordance with our policy for the wider UK workforce, Marco received a payment of £39,462 in respect of nine days of untaken accrued annual leave.

He will not receive any other payment(s) including for loss of office or in lieu of outstanding notice.

As a former Executive Director, Marco is required to comply with Burberry's post-employment shareholding guideline in respect of share awards that vested on or after the date of the AGM in July 2020. Under this guideline he will be expected to retain a shareholding of 21,393 shares in Burberry Group plc until 31 December 2023. As at 2 April 2022 Marco complied with his obligation.

Joining arrangements for Jonathan Akeroyd

Jonathan Akeroyd joined the Board as an Executive Director and CEO on 15 March 2022. His remuneration package has been set in line with the remuneration policy approved by shareholders at the July 2020 AGM and comprises an annual base salary of £1,100,000, a cash allowance of £50,000 per annum and a pension cash allowance of 10% of base salary. Jonathan is eligible to receive a maximum discretionary annual cash bonus of 200% of his base salary and will be required to invest 50% of any net bonus payment into Burberry Group plc shares until he has satisfied his shareholding guideline of 300% of salary. Jonathan is also eligible for a maximum BSP award of 162.5% of salary. In addition, Jonathan receives other benefits including private medical insurance, life assurance, long-term disability insurance, an employee discount, reasonable assistance with his tax returns and participation in our all-employee share plans.

Buy-out awards

As set out in the announcement on 20 October 2021, in order to secure Jonathan's appointment and to allow him to join Burberry at the earliest opportunity, the Committee agreed to buy out certain cash and share incentives that he forfeited on leaving his previous employer. In line with the Remuneration Policy, the Committee took into account all relevant factors, including the form of awards, expected value and vesting timeframes of the forfeited awards. The following buy-out awards were granted to Jonathan on 15 March 2022 and the Committee is satisfied that they represent a like-for-like basis with the forfeited awards:

- A gross cash payment of £769k to compensate Jonathan for his forfeited FY 2021/22 bonus. Taking into account the payment date of the forfeited award, this amount will be paid in July 2022. This award is reported in the single figure table for FY 2021/22 on page 194
- To replace forfeited restricted stock awards, on 15 March 2022 Jonathan was granted a share award of 224,479 Burberry shares. To reflect the original vesting dates of the forfeited awards, the share awards will vest on the following dates:
  - 71,106 shares vest on 15 June 2022
  - 79,439 shares vest on 15 June 2023
  - 49,291 shares vest on 3 January 2024
  - 24,643 shares vest on 15 June 2024

In line with the forfeited awards these buy-out share awards are not subject to performance conditions but are subject to continued employment. The value of these awards of £3,574k based on the Burberry share price on the grant date of £15.92 is reported in the single figure table for FY 2021/22 on page 194
- To replace a forfeited performance share award, on 15 March 2022 Jonathan was granted a share award of 101,377 Burberry shares. This award will vest subject to the performance of his previous employer for FY 2021/22 on 30 June 2022 or as soon as reasonably practical thereafter. The award will be reported in the single figure table for FY 2022/23

The number of Burberry shares awarded was determined based on the three-day average share price for Burberry and Jonathan's previous employer and the three-month average USD:GBP exchange rate to the date of the announcement of Jonathan's appointment on 20 October 2021 (Burberry: £18.73, Capri Holdings Limited: $52.16, USD:GBP 0.727).

Dividend equivalents are payable on the share-based buy-out awards to the extent they vest, and no time pro-rating would be applied in the event of a change of control or (for certain awards) a "good leaver" event. No post-vesting holding periods apply.

In addition to more general malus and clawback provisions, the Committee has retained discretion to claw back any or all of the buy-out awards if Jonathan's former employer operates clawback on comparable awards.

Additional information on buy-out awards granted under FCA Listing Rule 9.4.2(2) to facilitate recruitment
Two buy-out awards (the award of 71,106 shares that vests on 15 June 2022 and the award of 101,377 shares that vests, subject to performance, on 30 June 2022) were granted on bespoke terms pursuant to FCA Listing Rule 9.4.2(2) similar to the terms of the Burberry Share Plan 2020 except as described below. The Committee carefully considered these awards and was satisfied that the circumstances were sufficiently unusual (in light of the forfeited awards' underlying terms) that it would be fair and reasonable to compensate Jonathan for them on such terms:

- The awards will normally only vest to the extent Jonathan remains employed by Burberry to the relevant vesting dates. However, if Jonathan leaves as a "good leaver" before the relevant vesting dates or where corporate events apply (such as a change of control of Burberry), awards will be capable of vesting and no time pro-rating will apply. This is to reflect the underlying terms of the forfeited awards and/or (where applicable) their shorter vesting period
- If Jonathan resigns (other than as a result of constructive dismissal) or his employment is summarily terminated by Burberry for cause on or before 15 March 2023, he will be required to immediately repay to Burberry any amounts received under the buy-out awards
- Malus and clawback provisions will not apply if there is a material misstatement of Burberry's results, or errors in calculations by Burberry, as these are not relevant given the nature of the buy-out awards

The number of shares under the buy-out awards, the basis for determining Jonathan's entitlement to shares and the terms relating to adjustment on any capitalisation issue, rights issue or open offer, subdivision or consolidation or reduction of capital or any other variation of capital cannot be altered to Jonathan's advantage without the prior approval of shareholders in a general meeting (except for minor amendments to benefit the administration of the award, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Jonathan or Burberry). The buy-out awards are not pensionable.

Share interests and shareholding guideline (audited)

Executive Directors are subject to a shareholding guideline of 300% of base salary. There is no specific timeline in which shareholding guidelines must be achieved. However, there is an expectation that Executive Directors make annual progress towards their guideline, regardless of any annual bonus paid or shares vesting. In line with the Investment Association best practice guidance, our shareholding guideline permits any incentive shares that have vested but are unexercised or that have not yet vested but are not subject to any further performance conditions to count towards the shareholding requirement at 50% of their face value. Members of the Executive Committee are also subject to a shareholding guideline.

The following table sets out the total beneficial interests of the Executive Directors (and their connected persons) in ordinary shares of Burberry Group plc as at 2 April 2022, as well as their progress against the shareholding guidelines. The table also summarises conditional interests in share or option awards, with further detail of the underlying awards in the subsequent table.

Based on the three-month average share price to 2 April 2022 (our standard approach to assessing the guideline), Julie Brown had met the guideline. Given that he only recently joined the Company, Jonathan Akeroyd has not yet met the guideline.

	Beneficially held shares				Share/option awards			
Executive Director	Number of shares beneficially owned as at 2 April 2022[1]	As % of salary[2]	Shareholding guideline (% of salary)	Guideline met as at 2 April 2022	Vested but unexercised awards	Unvested – subject to performance measures (ESP/ buy-out)	Unvested – subject to performance underpins (BSP)	Unvested – subject to continued employment[5]
Jonathan Akeroyd	0	185%	300%	No	0	101,377	0	224,479
Julie Brown[3]	132,549	334%	300%	Yes	0	95,078	123,434	2,864
Former Executive Director								
Marco Gobbetti[4]	239,800	381%	300%	Yes	1,495	0	0	0

1. There have been no changes in the period up to and including 17 May 2022.
2. Based on the three-month average share price as at 2 April 2022 of £18.09.
3. On 2 August 2021, Julie Brown exercised a nil-cost option over 2,787 shares granted to her on 31 July 2018 under the Executive Share Plan and retained these shares (post tax liabilities). The market value of Burberry shares on the date of exercise was £21.25. On the same day she also transferred 2,047 shares between her nominee accounts with no change to her beneficial ownership other than the sale of two shares to fund the fees arising from the transfer. On 18 August 2021, Julie Brown sold 23,000 shares.
4. The table shows Marco Gobbetti's shareholding on 31 December 2021 when his employment ended. On 13 August 2021, Marco Gobbetti exercised nil-cost options over 53,829 shares granted to him on 30 January 2017, 34,696 shares granted to him on 8 February 2018 and 4,744 shares granted to him on 31 July 2018; he retained these shares (post tax liabilities). The market value of Burberry shares on the date of exercise was £21.30.
5. In line with the shareholding guideline, only 50% of the face value of these shares count towards the Executive Director's shareholding guideline calculation (other than shares under the all-employee SIP which are held beneficially and count towards the Executive Director's shareholding guideline calculation).

The following table provides further underlying detail on the unvested awards at 2 April 2022 included in the table on page 204.

Director	Type of award	Date of grant	Maximum number of shares/ options	Performance period	Vesting date(s)[6]
Jonathan Akeroyd[1]	Buy-out	15 March 2022	101,377[2]	N/A	30 June 2022
	Buy-out	15 March 2022	71,106	N/A	15 June 2022
	Buy-out	15 March 2022	79,439	N/A	15 June 2023
	Buy-out	15 March 2022	49,291	N/A	3 January 2024
	Buy-out	15 March 2022	24,643	N/A	15 June 2024
Julie Brown	2019 ESP[3]	31 July 2019	95,078	3 years to 2 April 2022	50% on 31 July 2022/50% on 31 July 2023
	2020 BSP[4]	20 August 2020	71,323	3 years to 1 April 2023/4 years to 30 March 2024/5 years to 29 March 2025	⅓ on 20 August 2023/ ⅓ on 20 August 2024/ ⅓ on 20 August 2025
	2021 BSP[5]	27 July 2021	52,111	3 years to 30 March 2024/4 years to 29 March 2025/5 years to 28 March 2026	⅓ on 27 July 2024/ ⅓ on 27 July 2025/ ⅓ on 27 July 2026
	SIP	31 July 2019	22	N/A	31 July 2022
	SIP	11 December 2020	27	N/A	11 December 2023
	SIP	10 December 2021	27	N/A	10 December 2024

1. Further details in relation to the buy-out awards granted to Jonathan Akeroyd are set out on pages 202 to 203.
2. Vesting of Jonathan Akeroyd's buy-out award of 101,377 shares is subject to the performance of his previous employer to 2 April 2022.
3. The performance conditions and final vesting outcome for the 2019 ESP award are set out on page 199.
4. The performance underpins for the 2020 BSP award are set out in the Directors' Remuneration Report FY 2020/21.
5. The performance underpins for the 2021 BSP award are set out on page 200.
6. ESP awards are structured as nil-cost options and vested awards may be exercised in the period until 10 years from grant. Vested ESP and BSP awards may not normally be sold until five years from the date of grant, other than to meet tax liabilities.

Director remuneration relative to employees

The table below summarises the change in each Director's base salary/fee, benefits and bonus received for FY 2021/22 and FY 2020/21 compared to the prior year. The regulations require disclosure of the same data for employees of the parent company. However, Burberry Group plc does not have any employees and therefore the table below includes data in respect of the UK employee population for reference.

	FY 2020/21			FY 2021/22		
Year-on-year change (%)	Salary/fee	Allowances and benefits	Bonus	Salary/fee	Allowances and benefits	Bonus
Executive Directors						
Jonathan Akeroyd	–	–	–	N/A	N/A	N/A
Julie Brown	-4.6%	-3.1%	N/A	5.3%	14.6%	276%
Former Executive Directors						
Marco Gobbetti	-4.6%	9.9%	N/A	5.3%	15.0%	-100%
Non-Executive Directors						
Gerry Murphy	-5.0%	-93.3%	–	5.3%	-21.4%	–
Fabiola Arredondo	-5.0%	-100%	–	5.3%	N/A	–
Sam Fischer	-5.0%	-100%	–	5.3%	N/A	–
Ron Frasch	-5.0%	-100%	–	5.3%	N/A	–
Matthew Key	-3.5%	-100%	–	3.6%	N/A	–
Debra Lee	-5.0%	-100%	–	5.3%	N/A	–
Dame Carolyn McCall	12.8%	-100%	–	10.8%	N/A	–
Orna NíChionna	-3.5%	-66.3%	–	3.6%	-21.7%	–
Antoine de Saint-Affrique	N/A	N/A	N/A	0%	N/A	–
Danuta Gray	–	–	–	N/A	N/A	N/A
UK Employees	0%	0%	-7.7%	0%	0%	233.3%

1. The comparator group includes all UK employees. As noted above, Burberry Group plc does not have any employees and therefore this group has been chosen to align with the location of the Executive Directors and with the pay ratio reporting. For the comparator group of employees, the year-on-year salary changes include the annual salary review from July 2021 but exclude any additional changes made in the year, for example, on promotion. For benefits, the maximum employer pension contribution available to the majority of the UK workforce was increased from 6% of salary to 10% of salary with effect from 1 January 2022; there were no other changes to benefit policies or levels during the year. The change in the value of benefits shown for the Executive Directors reflects the market cost of the same benefits.
2. In order to provide a meaningful comparison, the figures in the table above have been calculated on a full-year equivalent basis where Directors have served for part of the year only.
3. Where a Director was appointed during a financial year it is not possible to calculate a percentage change for them and they are shown as N/A.
4. The Executive Directors did not receive an annual bonus for FY 2019/20 and therefore it is not possible to calculate a percentage change on bonus in respect of FY 2020/21.
5. The Directors in role at the time voluntarily agreed to waive 20% of their salary/base fee for a three-month period between April and June 2020.This is reflected in the negative changes shown in respect of FY 2020/21 and the corresponding positive changes shown in respect of FY 2021/22.
6. The change in fee for Dame Carolyn McCall in respect of FY 2020/21 and FY 2021/22 reflects that she was appointed as Senior Independent Director with effect from 15 July 2020.
7. The allowances and benefits figures for FY 2020/21 for Gerry Murphy and Orna NíChionna were low due to the impact of COVID-19. In order to provide a meaningful comparison the percentage change figure for FY 2021/22 has been calculated relative to the allowances and benefits figure for FY 2019/20.

CEO pay ratios

The ratios set out in the table below compare the total remuneration of the CEO (as included in the single figure table on page 194) to the remuneration of the median UK employee as well as the UK employees at the lower and upper quartiles. The disclosure will build up over time to cover a rolling 10-year period.

Year	Method	25th percentile pay ratio (P25)	Median pay ratio (P50)	75th percentile pay ratio (P75)
FY 2021/22	Option A	225:1	167:1	105:1
FY 2020/21	Option A	92:1	71:1	44:1
FY 2019/20	Option A	68:1	48:1	31:1
FY 2018/19	Option A	170:1	127:1	82:1

Notes regarding calculation

The ratios are calculated using option A in the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50 and P75, respectively) were determined based on total remuneration using a valuation methodology consistent with that used for the CEO in the single figure table on page 194. The employees were identified based on all UK employees as at year end. This option was selected on the basis that it provided the most accurate means of identifying the median, lower and upper quartile employees. The calculation is undertaken on a full-time equivalent basis. In line with the regulations, the CEO's total remuneration in respect of FY 2021/22 has been calculated as the total of Marco Gobbetti's remuneration (to 31 December 2021) and Jonathan Akeroyd's remuneration (from 15 March 2022).

The total remuneration in respect of FY 2021/22 for the employees identified at P25, P50 and P75 is £25k, £34k and £54k, respectively. The base salary in respect of FY 2021/22 for the employees identified at P25, P50 and P75 is £22k, £28k and £49k, respectively.

The Committee considers pay ratios as one of many reference points when considering remuneration. Throughout the Group, pay is positioned to be fair and market-competitive in the context of the talent market for the relevant role, fairly reflecting local market data and other relevant benchmarks (such as the UK Living Wage). The Committee notes the limited comparability of pay ratios across companies and sectors, given the diverse range of business models and employee population profiles which exist across the market.

A significant proportion of the CEO's total remuneration is delivered in variable remuneration, and particularly via long-term share incentives, historically under the ESP and since 2020 under the BSP. In order to drive alignment with investors, the value ultimately received from ESP and BSP awards is linked to long-term share price movement. As a result, the pay ratio is likely to be driven largely by the CEO's incentive outcomes and may therefore fluctuate significantly on a year-to-year basis.

The pay ratio for FY 2021/22 has increased compared to the ratio for FY 2020/21. This is primarily driven by the fact that Jonathan Akeroyd's single figure for FY 2021/22 includes the majority of his buy-out award. The inclusion of the buy-out award is partially offset by the fact that neither Jonathan Akeroyd nor Marco Gobbetti received an annual bonus for the year and Marco Gobbetti's 2019 ESP award lapsed on his departure. The Committee considers that the median pay ratio for FY 2021/22 and the recent trends in the pay ratios are consistent with Burberry's remuneration framework and reflect the variable nature of the CEO's total remuneration. The Committee believes the pay ratio is consistent with our pay policies in the UK.

The pay ratios in the table above have been calculated in accordance with the relevant regulations and therefore include the value of Jonathan Akeroyd's buy-out awards that are shown in his single figure for FY 2021/22. Excluding the value of the one-off buy-out awards granted to Jonathan Akeroyd, the median CEO pay ratio for FY 2021/22 would have been 38:1.

Relative importance of spend on pay for FY 2021/22

The table below sets out the total payroll costs for all employees over FY 2021/22 compared to total dividends payable for the year and amounts paid to buy back shares during the year. The average number of full-time equivalent employees is also shown for context.

Relative importance of spend on pay		FY 2021/22	FY 2020/21
Dividends paid during the year (total)	£m	219	–
	% change	100%	
Amounts paid to buy back shares during the year	£m	150	–
	% change	100%	
Payroll costs for all employees	£m	547	513
	% change	7%	
Average number of full-time equivalent employees		8,979	9,234
	% change	-3%	

Service agreements

The table below sets out information on service agreements for the current Executive Directors. Executive Directors are subject to annual re-election by shareholders at each AGM of the Company.

	Date of current service agreement	Date employment commenced	Notice period to and from the Company
Jonathan Akeroyd	19 October 2021	15 March 2022	12 months
Julie Brown	11 July 2016	18 January 2017	12 months

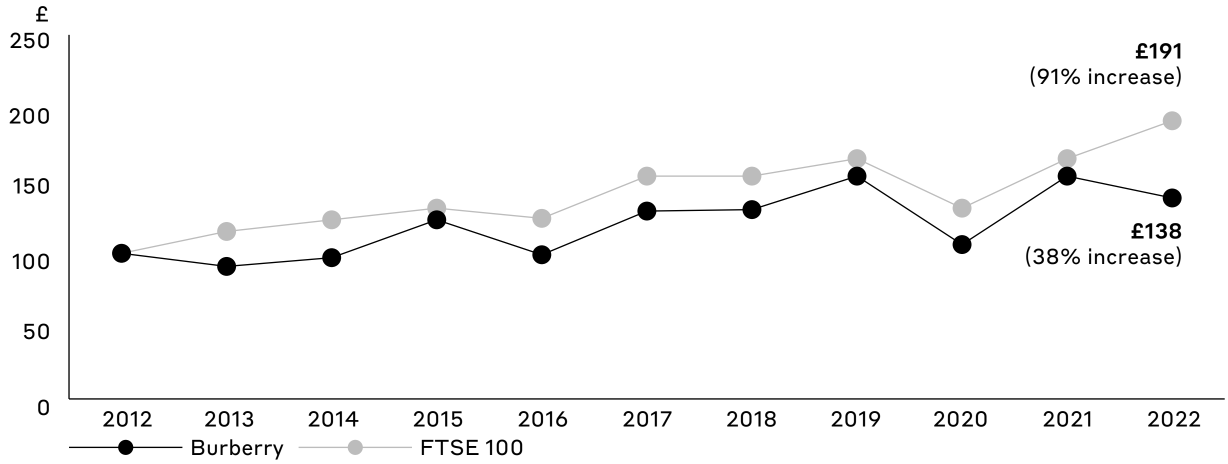
The Non-Executive Directors serve under Letters of Appointment with the Company. Non-Executive Directors may continue to serve subject to annual re-election by shareholders at each AGM of the Company, subject to six months' notice by either party.

External appointments

Executive Directors may take up non-executive roles at other companies with the prior agreement of the Board in order to support their development and broaden their business experience. Julie Brown serves as a Non-Executive Director of Roche Holding Limited and it was agreed that fees earned in connection with this appointment can be retained by her. For the period 28 March 2021 to 2 April 2022, Julie's fees for this appointment were CHF 360,000 gross.

Ten-year performance graph and Chief Executive Officer's remuneration

The following graph shows the Total Shareholder Return (TSR) for Burberry Group plc compared to the FTSE 100 Index assuming £100 was invested on 31 March 2012. The FTSE 100 Index has been selected as the comparator because Burberry is a constituent of the index. Data is presented on a spot basis and sourced from Datastream. The table below shows the total remuneration earned by the incumbent CEO over the same 10-year period, along with the percentage of maximum opportunity earned in relation to each type of incentive. The total amounts are based on the same methodology as used for the single figure of total remuneration for FY 2021/22 on page 194.



FY[1]	2012/13 (AA)	2013/14 (AA)	2014/15 (AA)	2014/15 (CB)	2015/16 (CB)	2016/17 (CB)	2017/18 (CB)	2017/18 (MG)	2018/19 (MG)	2019/20 (MG)	2020/21 (MG)	2021/22 (MG)	2021/22 (JA)
Total remuneration (£'000)	10,901	8,007	157	7,508	1,894	3,508	1,091	6,330	4,078	1,618	2,245	1,205	4,428
Bonus (% of maximum)	75%	70%	–	81%	0%	0%	51%	51%	60%	0%	25%	–	–
ESP (% of maximum)	–	–	–	–	–	–	5%	–	25%	0%	5.5%	–	–
Legacy incentive plans (no longer in operation):													
CIP[2] (% of maximum)	100%	100%	–	75%	0%	0%	–	–	–	–	–	–	–
RSP (% of maximum)	–	–	–	–	0%	19.3%	–	–	–	–	–	–	–
Exceptional award[3] (% of maximum)	–	–	–	–	–	61.7%	59.9%	–	–	–	–	–	–

1. Angela Ahrendts (AA, CEO to 30 April 2014), Christopher Bailey (CB, Chief Creative Officer and CEO from 1 May 2014 to 4 July 2017), Marco Gobbetti (MG, CEO from 5 July 2017 to 31 December 2021), Jonathan Akeroyd (JA, CEO from 15 March 2022).
2. The CIP was the Burberry Co-Investment Plan, a long-term incentive plan under which the final performance-based awards were granted in 2014. Details of this plan can be found in the relevant Directors' Remuneration Reports.
3. The Exceptional award for Christopher Bailey relates to vesting of his 2014 exceptional share award as previously disclosed.

Non-Executive Director remuneration (audited)

The table below sets out the single figure of total remuneration received or receivable by the Non-Executive Directors in respect of FY 2021/22 (and the prior financial year).

	Year to 2 April 2022			Year to 27 March 2021		
	Fees[1] £'000	Benefits & allowances[2] £'000	Total £'000	Fees[1] £'000	Benefits & allowances[2] £'000	Total £'000
Gerry Murphy[3]	425	4	429	403	1	404
Fabiola Arredondo	80	–	80	76	–	76
Sam Fischer	80	2	82	76	–	76
Ron Frasch	80	8	88	76	–	76
Danuta Gray[4]	27	1	28	–	–	–
Matthew Key	115	2	117	111	–	111
Debra Lee	80	–	80	76	–	76
Dame Carolyn McCall	100	1	101	90	–	90
Orna NíChionna	115	1	116	111	1	112
Antoine de Saint-Affrique[5]	80	7	87	20	–	20

1. Fees include the base fee and additional Committee fees in line with the 2020 Remuneration Policy.
2. Allowances include an attendance allowance of £2,000 for each meeting attended outside a Non-Executive Director's country or territory of residence and the reimbursement of certain expenses incurred by the Non-Executive Directors in the performance of their duties, which are deemed by HM Revenue & Customs (HMRC) to be subject to UK income tax. Any tax liabilities arising on the reimbursement of these costs will be settled by the Company. Amounts disclosed have been estimated and have been grossed up at the appropriate tax rate, where necessary.
3. Following Marco Gobbetti's departure on 31 December 2021, Gerry Murphy chaired the Executive Committee until 14 March 2022. He did not receive any additional remuneration in respect of this period.
4. Fees for Danuta Gray relate to the period from 1 December 2021 when she joined the Board.
5. Fees for Antoine de Saint-Affrique in FY 2020/21 relate to the period from 1 January 2021 when he joined the Board.

Summary of Non-Executive Director fees for FY 2022/23

The fee structure for the Non-Executive Directors for FY 2022/23 is set out in the table below. There are no changes from the prior year.

	Fee level £'000
Chair	425
Non-Executive Director	80
Senior Independent Director	20
Audit Committee Chair	35
Remuneration Committee Chair	35
Attendance allowance	2

1. The Chair is not eligible for Committee-related fees or attendance allowances.
2. Non-Executive Directors (other than the Chair) receive an attendance allowance for each meeting attended outside their country or territory of residence.
3. Expenses incurred in the normal course of business are reimbursed and, as these are considered by HMRC to be taxable benefits, the tax due on these will also be met by the Company.

Non-Executive Director shareholdings (audited)

The table below summarises the total interests of the Non-Executive Directors (and their connected persons) in ordinary shares of Burberry Group plc as at 2 April 2022 (or as at the date of stepping down, if earlier).

The shareholding guideline for the Non-Executive Directors is to hold shares with a market value of £6,000 for each year of their appointment. As at 2 April 2022 (or as at the date of stepping down, if earlier), all of the Non-Executive Directors who had served more than one year since their appointment had fulfilled this guideline.

	Total number of shares owned
Gerry Murphy	10,000
Fabiola Arredondo	30,000
Sam Fischer	3,000
Ron Frasch	2,738
Danuta Gray	3,000
Matthew Key	9,040
Debra Lee	970
Dame Carolyn McCall	2,773
Orna NíChionna	3,067
Antoine de Saint-Affrique	1,100

There have been no changes in the period up to and including 17 May 2022.

Remuneration Committee in FY 2021/22

Committee membership

Orna NíChionna, Fabiola Arredondo, Sam Fischer, Ron Frasch and Matthew Key served as members of the Committee throughout the year ended 2 April 2022. Danuta Gray served as a member of the Committee from her appointment on 1 December 2021.

Committee remit

The Committee's terms of reference are published on Burberryplc.com.

In addition to setting the remuneration of the Executive Directors, the Committee continues to directly oversee the remuneration arrangements for the Executive Committee, the Company Secretary and other members of senior management within its remit as determined from time to time.

Summary of meetings

The Committee typically meets four times a year. During FY 2021/22, the Committee met four times at scheduled meetings and held other ad hoc discussions as required. Details of attendance at Committee meetings are set out on page 162. If any Committee members are unable to attend a meeting, they are given the opportunity to discuss any of the agenda items with the Committee Chair in advance of the meeting. The agenda items discussed at these four meetings are summarised below.

May 2021	• Update on external environment from independent advisors • FY 2020/21 incentive outcomes • FY 2021/22 performance targets and incentive awards • BSP 2021 awards, including underpins for Executive Directors • FY 2021/22 senior executive remuneration • Chair fees for FY 2021/22 • 2019 ESP awards performance update • Approval of Directors' Remuneration Report FY 2020/21 • New all-employee share plan rules • Update on share plan dilution • Appointment of Remuneration Committee advisors
November 2021	• Update on external environment from independent advisors • 2021 AGM season shareholder and proxy body feedback • Incentives performance update • All-employee share plan awards 2021 • Disclosure requirements for Chief Executive Officer's departure • Remuneration Committee annual planner
February 2022	• Update on external environment from independent advisors • Shareholder engagement strategy • Incentives performance update • Overview of broader employee reward and proposed engagement with the Global Workforce Advisory Forum
March 2022	• Update on external environment from independent advisors • Incentives performance update • FY 2022/23 annual bonus plan proposals and 2022 BSP award underpins • Approach to Directors' Remuneration Report FY 2021/22 • Gender and Ethnicity Pay Gap Report FY 2020/21 • Feedback from the March 2022 meeting of the Global Workforce Advisory Forum • Review Committee terms of reference

Advisors to the Committee

At the invitation of the Committee, except where their own remuneration is being discussed, the following roles may attend meetings and provide advice to the Committee: the Chair, the CEO, the CO&FO, the Chief People Officer, the VP Head of Reward, the General Counsel and the Company Secretary.

Deloitte was reappointed as an independent advisor to the Committee in 2021 following a competitive tender process and continued in that role during the year. Deloitte is a founding member of the Remuneration Consultants' Group (RCG), which is responsible for the development and maintenance of the voluntary Code of Conduct that clearly sets out the role of executive remuneration consultants and the professional standards by which they advise their clients. Fees are charged on a time and expenses basis and totalled £158,900 (plus VAT) during FY 2021/22. During the year Deloitte also provided other consulting services (including programme management, operating model design, technology implementation and analytics), tax compliance and advisory and transfer pricing services. The Committee is satisfied that advice received from Deloitte during the year was objective and independent and that all individuals who provided remuneration advice to the Committee had no connections with Burberry or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Linklaters LLP also provided advice to the Committee in relation to the operation of the Company's share plans, employment law considerations and compliance with legislation.

Remuneration voting results

The table below shows the results of the latest remuneration-related shareholder votes on the Directors' Remuneration Report (at the 2021 AGM) and the Directors' Remuneration Policy (at the 2020 AGM).

We have continued to engage with and listen to our shareholders during FY 2021/22 as part of our commitment to build on the constructive dialogue we have established. The Committee and I would like to thank all of you who have invested time with us, as it has helped to inform our thoughts on executive remuneration at Burberry going forward. We look forward to engaging with you again later this year as we develop our remuneration proposals for 2023.

AGM voting results	Votes for	Votes against	Votes withheld
To approve the Directors' Remuneration Report for the year ended 27 March 2021 – 2021 AGM	302,288,454 (94.45%)	17,750,177 (5.55%)	7,725,006
To approve the Directors' Remuneration Policy – 2020 AGM	305,504,279 (94.91%)	16,370,393 (5.09%)	7,360,521

Approval

This report has been approved by the Board and signed on its behalf by:

Orna NíChionna
Chair, Remuneration Committee

17 May 2022

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated Financial Statements of the Company for the year ended 2 April 2022. For the purposes of the Companies Act 2006, the following are incorporated by reference and shall be deemed to form part of this Directors' Report:

- Strategic Report on pages 2 to 149
- Corporate Governance Statement, which includes the Board of Directors, the Corporate Governance Report and the Directors' Remuneration Report, on pages 152 to 213
- Global GHG emissions disclosure on page 66

The Directors consider that the Annual Report and Accounts, taken as a whole, provide a fair, balanced and understandable assessment of the Group's business necessary for shareholders and wider stakeholders to assess:

- development and performance during the year
- its position at the end of the financial year
- strategy
- likely developments
- any principal risks and uncertainties

For the purposes of compliance with the Disclosure Guidance and Transparency Rules 4.1.5R(2) and 4.1.8R, the required content of the management report can be found in the Strategic Report together with sections of the Annual Report incorporated by reference.

Share capital

Details of the issued share capital, together with details of movement in the issued share capital of the Company during the year, are shown in note 25 to the Financial Statements. This is incorporated by reference and deemed to be part of this report. The Company has one class of ordinary share, which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

As at 2 April 2022, the Company had 405,107,301 ordinary shares in issue including 8,402,720 ordinary shares held in treasury. At the AGM in 2021, shareholders approved resolutions to allot shares up to an aggregate nominal value of £67,478, and to allot shares for cash other than pro rata to existing shareholders. In order to retain maximum flexibility, resolutions will be proposed at this year's AGM to renew these authorities.

Substantial shareholdings

As at 2 April 2022, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the following major interests in its issued ordinary share capital:

	Number of ordinary shares	% of total voting rights[1]
BlackRock Inc.	27,729,908	6.62
Lindsell Train Limited	21,928,267	5.00
Massachusetts Financial Services Company	20,668,065	5.10
Schroders plc	19,614,407	4.92

1. As at the date in the notification to the Company.

Since 2 April 2022, the Company was notified on 6 April 2022 by Schroders plc that it holds 19,851,368 shares representing 5.00% of the total voting rights. The Company was further notified by Schroders plc on 10 May 2022 that it holds 20,612,104 shares representing 5.20% of the total voting rights.

Interests in own shares

Details of the Group's interests in its own shares are set out in note 25 to the Financial Statements.

Share buyback
In line with our capital allocation priorities and the authority granted by the shareholders at the AGM in 2021, we launched a £150 million share buyback, beginning in December 2021 and completed the programme in March 2022, repurchasing a total of 8,402,720 shares with a nominal value of 0.05p each which are currently held in treasury. Further details of the share buyback can be found in note 25 to the Financial Statements.

Transfer of shares
There are no specific restrictions on the size of holding or on the transfer of shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights. The Directors have no current plans to issue shares other than in connection with employee share schemes.

Voting
Each ordinary share of the Company carries one vote at general meetings of the Company. Any ordinary shares held in treasury have no voting rights. A shareholder entitled to attend, speak and vote at a general meeting may exercise their right to vote in person, by proxy, or, in relation to corporate members, by corporate representatives. To be valid, notification of the appointment of a proxy must be received not less than 48 hours before the relevant general meeting at which the person named in the Form of Proxy proposes to vote. The Directors may in their discretion determine that, in calculating the 48-hour period, no account be taken of any part of a day which is not a working day. Employees who participate in the Share Incentive Plan (SIP) whose shares remain in the SIP's trusts may give directions to the trustees to vote on their behalf by way of a Form of Direction.

Dividend
The Directors recommend that a final dividend of 35.4p per ordinary share (FY 2020/21:42.5p) in respect of the year ended 2 April 2022 be paid on 5 August 2022 to those persons on the Register of Members as at 1 July 2022.

An interim dividend of 11.6p per ordinary share was paid to shareholders on 28 January 2022 (FY 2020/21: nil). This will make a total dividend of 47.0p per ordinary share in respect of the financial year to 2 April 2022. The aggregate dividends paid and recommended in respect of the year to 2 April 2022 total £187 million (FY 2020/21: £172 million).

The Burberry Group plc ESOP Trust has waived all dividends payable by the Company in respect of the ordinary shares it holds.

Revenue and profit
Revenue from continuing business during the year amounted to £2,826 million (2021: £2,344 million). The adjusted operating profit for the year was £523 million (2021: £396 million).

The profit for the year attributable to equity holders of the Company was £396 million (2021: £376 million) up 5% with the year-on-year increase predominantly related to the increase in operating profit partially offset by the reversal of impairment of assets recorded in the prior year.

Financial instruments and risks
The Group's financial risk management objectives and policies are set out within note 28 of the Financial Statements. Note 28 also details the Group's exposure to foreign exchange, share price, interest, credit, capital and liquidity risks. This note is incorporated by reference and deemed to form part of this report.

Going concern and viability

The going concern statements for the Group and the Company are set out on pages 241 and 301 of the Financial Statements and are incorporated by reference and shall be deemed to be part of this report. The Directors' assessment of the prospects and viability of the Group over the next three years is set out in the Strategic Report on pages 146 to 149. The Risk and Viability Report can be found on pages 107 to 149.

Significant contracts – change of control

Pursuant to the Companies Act 2006, the Directors disclose that, in the event of a change of control, the Company's borrowings under the Group's £300 million RCF, dated 26 July 2021, could become repayable.

On 3 April 2017, Burberry entered into an exclusive licensing agreement with Coty pursuant to which Coty develops, manufactures, markets, distributes and sells Burberry Beauty products. The agreement took effect in October 2017, from which time ongoing royalty payments have been payable to Burberry. Pursuant to the Companies Act 2006, the Directors disclose that a change in control of Burberry will, in limited circumstances, result in Coty having a right of termination of the licence agreement. A small number of leases contain certain rights that may entitle landlords to terminate or approve continuation of the leases in the event that a Burberry subsidiary is transferred out of the Group or there is a change of control of Burberry Group plc; none of these is considered to be significant in terms of the potential impact on the business as a whole.

There are no arrangements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover, merger or amalgamation. There are provisions in the Company's share plans which could result in options or awards vesting or becoming exercisable on a change of control. For further information on the change of control provisions in the Company's share plans refer to page 203 and to the Directors' Remuneration Policy, which was approved by shareholders at the AGM on 15 July 2020 and is set out in full in the Directors' Remuneration Report FY 2019/20, which can be found in the Annual Report 2019/20 on Burberryplc.com.

Independent auditor

In accordance with section 418(2) of the Companies Act 2006, each of the Company's Directors in office at the date of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's external auditor is unaware
- The Director has taken all appropriate steps to ensure they are aware of any relevant audit information, and to establish that the Company's external auditor is aware of that information

The Group's current external auditor is Ernst & Young LLP (EY) and note 7 of the Financial Statements states their fees both for audit and non-audit work. EY was appointed as the external auditor of the Company at the 2020 AGM following an independent audit tender. A resolution to re-appoint EY as external auditor to the Company for FY 2022/23 will be proposed at the forthcoming AGM. The Independent Auditor's Report starting on page 221 sets out the information contained in the Annual Report which has been audited by the external auditor.

Employee share schemes and share ownership

The Company is committed to employee share ownership with two all-employee share plans available to employees at all levels of the organisation. Further details of these share plans are set out in the Directors' Remuneration Report on page 191. The Group intends to operate these all-employee share plans during FY 2022/23 to grant awards of free shares (or equivalent cash-based awards as appropriate) to all eligible employees globally and to invite eligible employees where possible to participate in the Sharesave Scheme. The Directors review the operation of these plans to ensure that they effectively support the Group's strategy and encourage alignment by employees with the Group's performance. Details of employee share schemes are set out in note 29 to the Financial Statements.

Employee engagement

Burberry is an open, inclusive and caring employer that strives to open spaces for our people so they can express their creativity and grow both personally and professionally. Our colleagues represent 129 nationalities across 34 countries and territories and we are proud of the diversity of our people and the rich variety of skills and experiences they bring to our brand from the many cultures and backgrounds they represent. We continue to focus on evolving strategies for attracting and retaining diverse top talent within the business that promote our cultural values and ensure diverse representation across the business.

Further details about our people and our commitment to diversity and inclusion can be found on pages 84 to 91.

Stakeholder engagement

An explanation of the steps taken by the Directors to foster business relationships with partners, including suppliers, customers and other stakeholders is set out on pages 99 to 105.

Global GHG emissions

The Directors understand they have a responsibility to consider the impact on the environment and the likely consequences of any business decisions in the long term. Disclosure in line with the recommendations of the Financial Stability Board's TCFD is set out on pages 130 to 143.

Health and safety

The Company has a global Health and Safety Policy approved by the CEO on behalf of the Board. A safety-first approach is firmly embedded in all operational activities at Burberry and we have further strongly reinforced this approach as we navigated through the global pandemic. Governance of our health and safety strategy is maintained through a Global Health and Safety Committee, which is chaired by the General Counsel. Health and safety issues are also considered by the Risk Committee and Audit Committee. Each region has a local committee, which reports to the regional president. These committees assist with the implementation of our health and safety strategy and help to ensure all local regulatory and Burberry standards are achieved and maintained.

Strategic direction on health and safety matters is provided by the Director of Health and Safety, who is supported by a global team. In line with industry best practice, our health and safety goals and objectives are set each year to continually analyse our performance and support a process for continuous improvement.

Our unannounced global assurance audit programme continues to measure health and safety performance within our managed operations at a set frequency and tracks improvement actions and risk reduction strategies through to closure.

Political donations

The Company did not make any political donations during the year in line with its policy (FY 2020/21: £nil). In keeping with the Group's approach in prior years, shareholder approval is being sought at the forthcoming AGM, as a precautionary measure, for the Company and its subsidiaries to make donations and/or incur expenditure, which may be construed as political by the wide definition of that term included in the relevant legislation. Further details are provided in the Notice of Meeting (the Notice).

Directors

The names and biographical details of the Directors as at the date of this report are set out on pages 154 to 158 and are incorporated by reference into this report. With regard to the appointment and resignation of Directors, the Company follows the Code, and is governed by its Articles of Association, the Companies Act 2006 and related legislation. At the 2022 AGM, all Directors will stand for election or re-election as appropriate. The Notice sets out the contributions and reasons for the election or re-election of each Director. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office on request. Brief details of these are also included on page 208 of the Directors' Remuneration Report. For information on the Directors' professional development, see page 171.

Directors' share interests

The interests of the Directors holding office as at 2 April 2022 in the shares of the Company are shown within the Directors' Remuneration Report on pages 203 to 211. There were no changes to the beneficial interests of the Directors between the period 2 April 2022 and 17 May 2022.

Directors' powers and responsibilities

Subject to the Company's Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Group will be managed by the Board who may exercise all the powers of the Group, including powers relating to the issue and/or buying back of shares by the Group (subject to any statutory restrictions or restrictions imposed by shareholders at the AGM).

Directors' insurance and indemnities

The Company maintains Directors' and Officers' liability insurance, which gives cover for legal actions brought against its Directors and Officers. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the financial year ended 2 April 2022 and through to the date of this report.

Branches

In accordance with the Companies Act 2006, the Group discloses below the subsidiary companies that have branches outside the UK:

- Burberry Limited: Hong Kong S.A.R., China and Republic of Korea
- Burberry Brasil Comércio de Artigos de Vestuário e Acessórios Ltda: Brazil
- Burberry Saudi Company Limited: Kingdom of Saudi Arabia
- Burberry Qatar W.L.L: Qatar
- Sandringham Bahrain SPC W.L.L: Bahrain
- Burberry (Spain) Retail S.L: Portugal
- Burberry (Shanghai) Trading Co., Ltd: China

Annual General Meeting (AGM)

The AGM of the Company will be held on Tuesday, 12 July 2022 at Horseferry House 2, 1a Page Street, London, SW1P 4PQ. Further to shareholder approval at the 2021 AGM, this will be the first hybrid meeting allowing shareholders to choose whether to physically attend the meeting or to fully participate virtually including asking live questions and voting, via our online platform. Shareholders should refrain from attending the meeting if they have COVID-19, are feeling unwell or are experiencing symptoms of COVID-19 or have recently been in contact with anyone who has tested positive for COVID-19.

Amendments to Articles of Association

The Company's Articles of Association were adopted at the 2021 AGM. No changes to the Articles of Association are being proposed at this year's AGM.

Disclosures pursuant to Listing Rule 9.8.4

Listing Rule	Description of Listing Rule	Reference
9.8.4(4)	Details of any long-term incentive schemes are required by LR 9.4.3 R	See page 203 of the Annual Report
9.8.4(12)	Waivers of dividends	See 'Dividends' paragraph on page 215

The Strategic Report from pages 2 to 149 and Directors' Report from pages 214 to 219 have been approved by the Board on 17 May 2022 in accordance with the Companies Act 2006.

By order of the Board
Gemma Parsons
Company Secretary

17 May 2022

Burberry Group plc
Registered Office:
Horseferry House
Horseferry Road
London
SW1P 2AW

Registered in England and Wales
Registered number: 03458224

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report, which includes the Strategic Report; the Directors' Report; the Directors' Remuneration Report; and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group consolidated financial statements in accordance with the UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and the Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed on pages 154 to 158 confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with the UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

These statements were approved by the Board on 17 May 2022 and signed on its behalf by:

Jonathan Akeroyd
Chief Executive Officer

Julie Brown
Chief Operating and Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURBERRY GROUP PLC

Opinion

In our opinion:

- Burberry Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 2 April 2022 and of the Group's profit for the 53-week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Burberry Group plc (the 'Company') and its subsidiaries (the 'Group') for the 53 weeks ended 2 April 2022 which comprise:

Group	Company
Balance sheet as at 2 April 2022	Balance sheet as at 2 April 2022
Income statement for the 53-week period then ended	Statement of changes in equity for the 53-week period then ended
Statement of comprehensive income for the 53-week period then ended	Related notes A to M to the financial statements including a summary of significant accounting policies
Statement of changes in equity for the 53-week period then ended	
Statement of cash flows for the 53-week period then ended	
Related notes 1 to 32 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the risk around going concern at the planning and year end phases of the audit.
- In conjunction with our walkthrough of the Group's financial statement close process, we confirmed our understanding of management's going concern assessment process and engaged with management early to understand and assess the key assumptions made in their assessment.
- We checked the logic and arithmetical integrity of management's going concern model that includes the cash forecasts for the going concern assessment period covering the period up to 30 September 2023.
- We considered the appropriateness of the assumptions used to calculate the cash forecasts under base and plausible downside case scenarios and that the downside scenarios utilised were sufficiently severe for a going concern assessment.
- We reviewed the group's debt agreements to check the covenant requirements and tested to check that no covenants have been breached and there is no forecasted covenant breach in either the base or plausible downside case scenarios during the going concern assessment period.
- We agreed the 2 April 2022 cash balances included in the going concern assessment to the Group's year end cash balances.
- We assessed the reasonableness of the cashflow forecasts included in the going concern assessment by analysing management's historical forecasting accuracy and understanding potential impact of principal risks such as COVID-19, current geopolitical matters and the impact of climate change have been reflected in the forecasts.
- We evaluated the key assumptions by searching for contrary evidence to challenge these assumptions, including third party sector forecasts and analyst expectations. Further, we ensured these assumptions were consistent with the budget approved by Burberry's Board.
- We also challenged the measurement and completeness of the downside scenario modelled by management, whether the risks considered are sufficiently severe, and how these compare with the principal risks and uncertainties of the Group.
- We considered the mitigating factors included in the cash forecasts that are within control of the Group. This includes review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required.
- We considered whether the Group's forecasts in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including goodwill impairment, retail store impairment and deferred tax asset recognition.
- We performed reverse stress testing to identify the magnitude of decline in revenue that would lead to the Group utilising all liquidity during the going concern assessment period and we have considered the likelihood of such a decline.
- We reviewed the Group's going concern disclosures included in the Annual Report to assess that they were accurate, sufficiently detailed and in conformity with the reporting standards.

We observe that in management's base case and severe but plausible downside scenarios, there is significant headroom without taking the benefit of any identified mitigations.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period up to 30 September 2023.

In relation to the Group and Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of seven components and audit procedures on specific balances for a further one component. • The components where we performed full or specific audit procedures accounted for 94% of adjusted profit before tax (on an absolute basis), 83% of revenue and 82% of total assets.
Key audit matters	• Valuation of Finished Goods inventory provision. • Impairment and impairment reversals of retail store right-of-use assets and property, plant and equipment. • Provision for uncertain tax positions.
Materiality	• Overall Group materiality of £24m which represents 4.9% of adjusted profit before tax.

An overview of the scope of the Company and Group audits

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal Audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected eight components covering entities within the United Kingdom, Mainland China, Japan, Korea, the United States and Hong Kong S.A.R., China, which represent the principal business units within the Group.

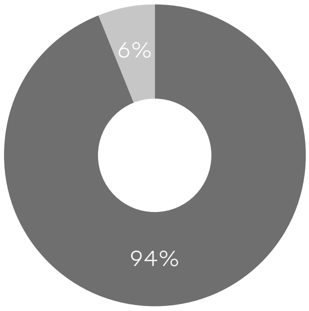
Of the eight components selected, we performed an audit of the complete financial information of seven components ("full scope components") which were selected based on their size or risk characteristics or to ensure that, at an overall group level, we reduced and appropriately covered the residual risk of error. For one component ("the specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 94% (2021: 84%) of the Group's adjusted profit before tax (on an absolute basis), 83% (2021: 82%) of the Group's revenue and 82% (2021: 83%) of the Group's total assets. For the current year, the full scope components contributed 94% (2021: 84%) of the Group's adjusted profit before tax (on an absolute basis), 79% (2021: 82%) of the Group's revenue and 78% (2021: 83%) of the Group's total assets. The coverage obtained from the specific scope component is 4% (2021: 0%) of the Group's revenue and 4% (2021: 0%) of the Group's total assets. We have not taken any coverage of the Group's adjusted profit before tax for the specific scope component. The audit scope of this component may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

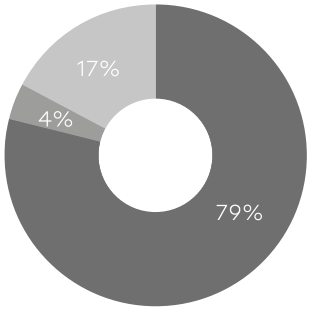
Of the remaining components that together represent 6% of the Group's adjusted profit before tax (on an absolute basis), none are individually greater than 5% of the Group's adjusted profit before tax (on an absolute basis). For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

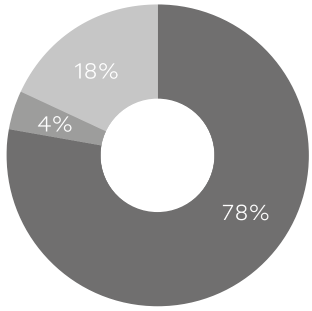
Adjusted profit before tax (on an absolute basis)



Revenue



Total assets



- Full scope components
- Specific scope component
- Other procedures

Changes from the prior year

The only change in component scoping compared to the prior year is a reduction in the scope for Japan from a full scope component to a specific scope component as it represented a lower proportion of the Group's adjusted profit before tax (on an absolute basis) than in the previous year.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the seven full scope components, audit procedures were performed on four of these directly by the primary audit team. For the three full scope components not audited by the primary audit team and for the specific scope component (where the work was performed by component auditors), we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

As was the case in the prior period, physical visits to the component teams were not possible due to travel restrictions arising from the COVID-19 pandemic. We performed alternative procedures, including virtual visits and live reviews of our component audit teams' working papers.

The Group audit team continued to follow a programme of planned virtual visits that has been designed to ensure that the Senior Statutory Auditor virtually visited all full and specific scope audit locations at least once in the year. During the current year's audit cycle, virtual visits were undertaken by the Group audit team to the component teams in Mainland China, Korea, Japan and Hong Kong S.A.R., China. These visits involved video calls with local management, including members of finance, supply chain, marketing and property teams depending on the component. During the visits we held discussions on the audit approach and understood any issues arising from their work and were responsible for the scope and direction of the audit process. We reviewed the component team's working papers remotely to validate that the required procedures had been performed to the appropriate quality. We also virtually attended year end closing meetings at all components and interacted regularly with the component teams throughout the year.

As the primary team, we perform the audit for the components in the United Kingdom and the United States. We also met in person where possible, or virtually, with local management for these components. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group has determined that the most significant future impact from climate change on their operations is expected to be from transitional policy and market risks. These are explained on pages 130 to 143 in the required Task Force for Climate-related Financial Disclosures and on pages 127 to 129 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in Basis of Preparation note, the key areas of the financial statements that may be impacted by climate change have been described and the Group concluded there is no material financial statement impact from climate change. Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK-adopted International Accounting Standards.

Our audit effort in considering climate change was focused on considering that the effects of material climate risks disclosed in the TCFD report on pages 130 to 143 have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, this primarily being impairment assessments. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of Finished goods Inventory provision As described in the Audit Committee Report (page 180); Accounting Policies (page 250); and Note 17 of the Consolidated Financial Statements (page 271) management raises a finished goods inventory provision to reflect where the expected net realisable value is lower than the carrying value of finished goods inventory at the balance sheet date. The Group has £83m of inventory provisions, representing 16.3% of the gross value of inventory of £509m as at 2 April 2022. Of the net inventory of £426m, £413m relates to finished goods. The Group determines the inventory provision considering the aging of inventory by season, identifying problem inventory and considering historical loss rates and future sales forecasts and the expected channel by which the inventory will be exited. This process is inherently judgmental and there is therefore potential for management bias in relation to its allocation of inventory to certain sales channels. Additionally, we have determined there is also a risk that any reversal of the COVID-19 related provision is inappropriately recorded through underlying trading rather than as adjusting items.	The primary audit team, full scope components teams and specific scope component team performed the audit procedures over the Group's inventory valuation. The principal procedures performed are described below. We performed a walkthrough of each provisioning process (i.e. loss rate, specific and slow-moving provisions) and identified key controls. We also evaluated the appropriateness of the Group's inventory provisioning policy. We assessed the inventory provisioning model for each component for consistency with the Group's accounting policy. We tested the integrity and accuracy of the provisioning model and inputs (such as loss rates, seasonality, and categorisation of inventory), considering the source of information being used by management. We considered the completeness of provisioned inventory by considering sell-through data. We understood the planned sales channels and exit routes for problem stock and challenged whether these were consistent with prior periods, the overall sales profile of the Group and comparable to the Board approved forecasts used elsewhere across the Group. We considered whether there was any evidence of management bias in the exit routes used. We performed analytical procedures around key assumptions and corroborated to our work performed across other accounts to identify and consider if any contrary evidence existed. We used data analytics to corroborate explanations from management and to consider any contrary evidence of slow-moving inventory items.	We are satisfied the finished goods inventory provisions are appropriate and the Group's disclosures are appropriate. We are also satisfied with the classification of the inventory provision charges and reversals in relation to the COVID-19 provision.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of Finished goods Inventory provision continued	We performed sensitivity analysis to assess the significance and risk of changed assumptions on the provision. This included consideration of the possible impact of COVID-19, geopolitical matters, and climate change. We considered the impact of the COVID-19 restrictions in Mainland China and whether that gave rise to any further inventory risk. For inventory identified with COVID-19 related provisions, we assessed the utilisation or reversal of the corresponding provision to validate that it was appropriately recorded in the income statement. We reviewed disclosures in the financial statements for appropriateness including consideration of the presentation of COVID-19 provision releases of £16m in the financial statements and the sensitivity analysis disclosed.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment and impairment reversals of retail store right-of-use assets and property, plant and equipment As described in the Audit Committee Report (page 180); Accounting Policies (page 250); and Notes 13 and 14 of the Consolidated Financial Statements (pages 267 and 269) management assess the retail store right-of-use assets and property, plant and equipment for impairment charges and reversals of previous impairment charges. The Group has £880m of retail store right-of-use assets and £739m of property, plant and equipment as at 2 April 2022. As described in Notes 13 and 14, the Group recognised an impairment charge of £157 million for impairment of retail store right-of-use assets and property, plant and equipment due to the impact of COVID-19 during the 52 weeks to 28 March 2020. During the 53 weeks to 2 April 2022, the Group recorded a net impairment charge of £7 million on right-of-use assets and £1 million on property, plant and equipment. There is judgement and estimation uncertainty involved in determining the store forecast cash flows to measure impairment charges and reversals, in particular, revenue growth, profit margin and discount rate assumptions. Additionally, we have determined there is also a risk that any reversal of the COVID-19 related impairment provision is inappropriately recorded through underlying trading rather than as adjusting items.	Our procedures on the carrying value of retail store right-of-use assets and property, plant and equipment were performed centrally by the primary team. Our procedures included, among others, performing a walkthrough of the retail store impairment process and evaluating the design of controls. We also reviewed and challenged the appropriateness of the Group's impairment policy. Management considered whether indicators of impairment charges or reversals were present for the Group's retail store portfolio based on the Group's latest forecast. We assessed the completeness of the factors considered and assessed the accuracy of the forecast information in conjunction with our testing of the Group's forecasts further outlined below. For the stores identified with indicators of impairment charge or reversal, the Group prepared value-in-use impairment models. Our procedures over the value-in-use calculation included: i) Assessing the methodology against the requirements of IAS36; ii) Testing the integrity of the model and data inputs used back to source data, for example agreeing store right of use asset and property plant and equipment values back to accounting records; iii) Involving our valuations specialists to conclude on the appropriateness of the discount rate used; iv) Challenging assumptions used in cash flow forecasts such as revenue growth and profit margins assumptions against historical results and third party luxury sector forecasts; and v) Performing sensitivity analysis on key assumptions.	We are satisfied that the consideration of indicators of impairment, value-in-use impairment model methodology, significant underlying assumptions and judgements applied are reasonable and support management's conclusion to recognise a net impairment charge totalling £8 million against the retail store right-of-use assets and property, plant and equipment. We are also satisfied with the disclosure and classification of the impairment charges and reversals.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment and impairment reversals of retail store right-of-use assets and property, plant and equipment continued	We challenged whether cash flow forecasts adequately factored in known costs associated with physical and transition climate-related risks and any cash flows required to meet Burberry's publicly stated climate commitments. We assessed the disclosures in the financial statements, including the requirement to disclose sensitivities where a reasonably possible change in a key assumption would result in a material change to the impairment charge or reversal recorded. We tested management's sensitivity analysis and re-calculated the sensitivities disclosed as a result of changing revenue assumptions. We reviewed disclosures to the financial statements for appropriateness, including the presentation of any COVID-19 charges or releases in the financial statements.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Provision for uncertain tax positions As described in the Audit Committee Report (page 181); Accounting Policies (page 250); and Note 9 of the Consolidated Financial Statements (page 263) the Group is subject to tax regulation in multiple jurisdictions and the centralised operating structure of the Group requires management to exercise judgement in making determinations as to the amount of tax that is payable. The Group is subject to tax authority audits and has a number of open tax enquiries in multiple jurisdictions at any point in time. As a result, the Group has recognised a number of provisions against uncertain tax positions, the valuation of which requires significant assumptions and judgement. We focused on this area due to the complexity, subjectivity, quantification of the provision and the judgement around the trigger for recognition or release impacting the provision and the effective tax rate.	Our procedures on the uncertain tax position provisions were performed centrally by the primary team supported subject matter specialists (UK transfer pricing team) and supported by overseas teams with expertise in local tax regulations where appropriate. Our procedures included: • Performing a walkthrough of the tax provisioning process and identifying key controls. We also evaluated the appropriateness of the Group's transfer pricing and uncertain tax provisioning policies. • Reviewing and challenging the appropriateness of the Group's tax policy in the current year. • Meeting with tax management to understand the group cross-border transactions, status of all significant matters, including those provided for, and any changes to management's judgements in the year. • Reviewing correspondence with tax authorities and external advisors to inform our assessment of recorded estimates and evaluate the completeness of the provisions recorded, directly contacting external advisors where appropriate. • Independently assessing management's significant assumptions and judgements to record or release provisions following tax audits, settlements and the expiry of timeframes. • Testing the accuracy of the calculation of the year end provisions by inspecting underlying documentation and supporting schedules. Evaluating the adequacy of tax disclosures.	We are satisfied that management's judgements in relation to the extent of provisions for uncertain tax positions are appropriate. We are also satisfied that the tax disclosures are appropriate.

In the prior year, our auditor's report included a key audit matter in relation to alternative performance measures. The impact of adjusting items has decreased in the current period as the COVID-19 related items have reduced. Therefore we no longer consider this to be a key audit matter. However, we continue to address the risk of adjusting items within the inventory valuation and carrying value of retail store right-of-use asset and property, plant and equipment as described in the key audit matters above.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £24m (2021: £17.5m), which is 4.9% (2021: 4.8%) of adjusted profit before tax. We believe that adjusted profit before tax provides us with the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Company to be £21.5m (2021: £20.5m), which is 1% (2021: 1%) of total assets. For any Company balances that are consolidated into the Group financial statements, an allocation of Group performance materiality was used.

Starting basis	Adjustments	Materiality
• Profit before tax - £511m	• Retail store cash generating units impairment - £5m • Reveral of inventory provisions - £(16m) • Reversal of receivables impairment - £(1m) • COVID-19 related rent concessions - £(18m) • Restructuring Costs - £11m • COVID-19 related government grants - £(2m) • Revaluation of deferred consideration liability - £1m • Interest Unwind on financing items - £1m	• Total £492m Adjusted Profit before tax • Materiality of £24m (4.9% of Adjusted Profit before tax)

During the course of our audit, we reassessed initial materiality with the only change in the final materiality from our original assessment at planning being to reflect the actual reported performance during the year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality for the Group should be 75% (2021: 50%) of our planning materiality, namely £18m (2021: £8.75m). We have increased our assessment of performance materiality from 50% to 75% during the year due to our assessment of the Group's overall control environment, the likelihood of undetected misstatements and the reduced uncertainty around COVID-19 relative to the prior year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £3.3m to £14.8m (2021: £1.5m to £7.7m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.2m (2021: £0.875m), which is set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report as set out on pages 2 to 219, including the Strategic Report and Corporate Governance Statement, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement
We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 216;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 146;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 149;
- Directors' statement on fair, balanced and understandable set out on page 220;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 183;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 183; and
- The section describing the work of the Audit Committee set out on pages 180 and 181.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 220, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK-adopted International Accounting Standards, UK GAAP, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax laws and regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employee matters, environmental and bribery and corruption practices.
- We understood how the Group is complying with those frameworks by making enquiries of management, Internal Audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee and observation in Audit Committee meetings, as well as consideration of the results of our audit procedures across the Group.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur and met with finance and operational management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their potential to influence management to manage earnings or influence the perceptions of analysts. We have determined there is a risk of fraud associated to inventory provisions and a risk of management override in manual revenue journals that do not follow the expected process. We considered the policies, processes and controls that the Group has established to address the risks identified, including the design of controls over each significant revenue stream and inventory provisions. We also considered the controls that the Group has that otherwise prevent, deter and detect fraud, and how senior management monitors those controls. We performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with laws and regulations, including specific instructions to full scope and specific scope component teams. Our procedures included journal entry testing, with a focus on manual journal entries, consolidation journals and journal entries indicating large or unusual transactions using data analytics. We based this testing on our understanding of the business; enquiries of legal counsel, Group management, Internal Audit and local management. We performed specific searches derived from forensic investigations experience and leveraged our data analytics platform in performing our testing. We have also reviewed the whistleblower reporting issued during the year.
- In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with all applicable requirements. Any instances of non-compliance with laws and regulations were communicated by/to components and considered in our audit approach, if applicable.

A further description of our responsibilities for the audit of the financial statements is located on the A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Company at its annual general meeting on 15 July 2020 to audit the financial statements of the Company for the period ending 27 March 2021 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is two years, covering the periods from our appointment through to the period ending 2 April 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Rudberg (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 May 2022

GROUP INCOME STATEMENT

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Revenue	3	**2,826**	2,344
Cost of sales		**(815)**	(682)
Gross profit		**2,011**	1,662
Net operating expenses	4	**(1,468)**	(1,141)
Operating profit		**543**	521
Financing			
Finance income		**3**	3
Finance expense		**(34)**	(33)
Other financing charge		**(1)**	(1)
Net finance expense	8	**(32)**	(31)
Profit before taxation	5	**511**	490
Taxation	9	**(114)**	(114)
Profit for the year		**397**	376
Attributable to:			
Owners of the Company		**396**	376
Non-controlling interest		**1**	–
Profit for the year		**397**	376
Earnings per share			
Basic	10	**98.2p**	93.0p
Diluted	10	**97.7p**	92.7p

		£m	£m
Reconciliation of adjusted profit before taxation:			
Profit before taxation		**511**	490
Adjusting operating items:			
Cost of sales income	5	**(16)**	(22)
Net operating income	5	**(4)**	(103)
Adjusting financing items	5	**1**	1
Adjusted profit before taxation – non-GAAP measure		**492**	366
Adjusted earnings per share – non-GAAP measure			
Basic	10	**94.5p**	67.5p
Diluted	10	**94.0p**	67.3p

Dividends per share			
Interim	11	**11.6p**	–
Proposed final (not recognised as a liability at 2 April/27 March)	11	**35.4p**	42.5p

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
Profit for the year		**397**	376
Other comprehensive income[1]:			
Cash flow hedges	25	**(1)**	–
Foreign currency translation differences		**22**	(51)
Actuarial gains on post-employment benefit plans		**–**	1
Tax on other comprehensive income:			
Foreign currency translation differences	9	**–**	2
Other comprehensive (loss)/income for the year, net of tax		**21**	(48)
Total comprehensive income for the year		**418**	328
Total comprehensive income attributable to:			
Owners of the Company		**417**	328
Non-controlling interest		**1**	–
		418	328

1. All items included in other comprehensive income, with the exception of actuarial gains on post-employment benefit plans, may subsequently be reclassified to profit and loss in a future period.

GROUP BALANCE SHEET

	Note	As at 2 April 2022 £m	As at 27 March 2021 £m
ASSETS			
Non-current assets			
Intangible assets	12	**240**	237
Property, plant and equipment	13	**322**	280
Right-of-use assets	14	**880**	818
Investment properties		**–**	3
Deferred tax assets	15	**175**	137
Trade and other receivables	16	**45**	45
		1,662	1,520
Current assets			
Inventories	17	**426**	402
Trade and other receivables	16	**283**	277
Derivative financial assets	18	**5**	2
Income tax receivables		**86**	40
Cash and cash equivalents	19	**1,222**	1,261
Assets held for sale	13	**13**	–
		2,035	1,982
Total assets		**3,697**	3,502
LIABILITIES			
Non-current liabilities			
Trade and other payables	20	**(91)**	(99)
Lease liabilities	21	**(849)**	(810)
Borrowings	24	**(298)**	(297)
Deferred tax liabilities	15	**(1)**	(1)
Retirement benefit obligations		**(1)**	(1)
Provisions for other liabilities and charges	22	**(36)**	(32)
		(1,276)	(1,240)
Current liabilities			
Trade and other payables	20	**(481)**	(393)
Bank overdrafts	23	**(45)**	(45)
Lease liabilities	21	**(209)**	(210)
Derivative financial liabilities	18	**(2)**	(2)
Income tax liabilities		**(39)**	(28)
Provisions for other liabilities and charges	22	**(28)**	(24)
		(804)	(702)
Total liabilities		**(2,080)**	(1,942)
Net assets		**1,617**	1,560
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary share capital	25	**–**	–
Share premium account		**227**	223
Capital reserve	25	**41**	41
Hedging reserve	25	**4**	5
Foreign currency translation reserve	25	**218**	196
Retained earnings		**1,123**	1,092
Equity attributable to owners of the Company		**1,613**	1,557
Non-controlling interest in equity		**4**	3
Total equity		**1,617**	1,560

The consolidated financial statements of Burberry Group plc (registered number 03458224) on pages 220 to 294 were approved and authorised for issue by the Board on 17 May 2022 and signed on its behalf by:

Jonathan Akeroyd
Chief Executive Officer

Julie Brown
Chief Operating and Financial Officer

GROUP STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Note	Ordinary share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance as at 28 March 2020		**–**	**221**	**291**	**702**	**1,214**	**5**	**1,219**
Profit for the year		–	–	–	376	376	–	376
Other comprehensive income:								
Foreign currency translation differences	25	–	–	(51)	–	(51)	–	(51)
Actuarial gains on post-employment benefit plans		–	–	–	1	1	–	1
Tax on other comprehensive income	25	–	–	2	–	2	–	2
Total comprehensive income for the year		–	–	(49)	377	328	–	328
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	12	12	–	12
Tax on share awards		–	–	–	1	1	–	1
Exercise of share options		–	2	–	–	2	–	2
Acquisition of additional interest in subsidiary		–	–	–	–	–	(2)	(2)
Balance as at 27 March 2021		–	**223**	**242**	**1,092**	**1,557**	**3**	**1,560**
Profit for the year		–	–	–	396	396	1	397
Other comprehensive income:								
Cash flow hedges		–	–	(1)	–	(1)	–	(1)
Foreign currency translation differences	25	–	–	22	–	22	–	22
Total comprehensive income for the year		–	–	21	396	417	**1**	418
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	16	16	–	16
Equity share awards transferred to liabilities		–	–	–	(1)	(1)	–	(1)
Exercise of share options		–	4	–	–	4	–	4
Purchase of own shares								
Share buyback		–	–	–	(153)	(153)	–	(153)
Held by ESOP trusts		–	–	–	(8)	(8)	–	(8)
Dividends paid in the year		–	–	–	(219)	(219)	–	(219)
Balance as at 2 April 2022		–	**227**	**263**	**1,123**	**1,613**	**4**	**1,617**

GROUP STATEMENT OF CASH FLOWS

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Cash flows from operating activities			
Operating profit		**543**	521
Amortisation of intangible assets	12	**39**	33
Depreciation of property, plant and equipment	13	**86**	71
Depreciation of right-of-use assets	14	**188**	172
COVID-19-related rent concessions	1	**(18)**	(54)
Impairment charge of intangible assets	12	**–**	9
Net impairment charge/(reversal) of property, plant and equipment	13	**1**	(7)
Net impairment charge/(reversal) of right-of-use assets	14	**7**	(34)
Gain on disposal of property, plant and equipment and intangible assets		**(3)**	(23)
Gain on disposal of right-of-use assets		**–**	(1)
(Gain)/loss on derivative instruments		**(4)**	4
Charge in respect of employee share incentive schemes		**16**	12
Payment of settlement of equity swap contracts		**–**	(1)
(Increase)/decrease in inventories		**(22)**	21
Increase in receivables		**(5)**	(39)
Increase/(decrease) in payables and provisions		**81**	(7)
Cash generated from operating activities		**909**	677
Interest received		**2**	3
Interest paid		**(32)**	(30)
Taxation paid		**(180)**	(58)
Net cash generated from operating activities		**699**	592
Cash flows from investing activities			
Purchase of property, plant and equipment		**(124)**	(73)
Purchase of intangible assets		**(37)**	(42)
Proceeds from sale of property, plant and equipment		**8**	27
Initial direct costs of right-of-use assets		**(4)**	(3)
Payment in respect of acquisition of subsidiary		**(7)**	–
Net cash outflow from investing activities		**(164)**	(91)
Cash flows from financing activities			
Dividends paid in the year	11	**(219)**	–
Payment of deferred consideration for acquisition of non-controlling interest	20	**(3)**	(3)
Proceeds from borrowings	24	**–**	595
Repayment of borrowings	24	**–**	(600)
Payment of lease principal	21	**(202)**	(151)
Payment on termination of lease		**–**	–
Payment to acquire additional interest in subsidiary from non-controlling interest		**–**	(2)
Issue of ordinary share capital		**4**	2
Purchase of own shares through share buyback	25	**(150)**	–
Purchase of own shares through share buyback – stamp duty and fees	25	**(3)**	–
Purchase of own shares by ESOP trusts		**(8)**	–
Net cash outflow from financing activities		**(581)**	(159)
Net (decrease)/increase in cash net of overdrafts		**(46)**	342
Effect of exchange rate changes		**7**	(13)
Cash net of overdrafts at beginning of year		**1,216**	887
Cash net of overdrafts		**1,177**	1,216

	Note	53 weeks to 2 April 2022 £m	As at 27 March 2021 £m
Cash and cash equivalents	19	**1,222**	1,261
Bank overdrafts	23	**(45)**	(45)
Cash net of overdrafts		**1,177**	1,216

1. Basis of preparation

Burberry Group plc and its subsidiaries (the Group) is a global luxury goods manufacturer, retailer and wholesaler. The Group also licenses third parties to manufacture and distribute products using the 'Burberry' trademarks. All of the companies which comprise the Group are controlled by Burberry Group plc (the Company) directly or indirectly.

The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards. These consolidated financial statements have been prepared under the historical cost convention, except as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit or loss.

The consolidated financial statements are presented in £m in order to align external reporting with the information presented to the Chief Operating Decision Maker. Financial ratios are calculated using unrounded numbers. Prior year comparatives have been rounded accordingly.

Consideration of climate-related matters

The Group has performed a climate-related scenario analysis as required by the Task Force for Climate Related Financial Disclosures. This scenario analysis takes into consideration different climate-related scenarios, including a 2°C or lower scenario. Based on this scenario analysis, consideration has been given to the impact of climate-related risks on management's judgements and estimates, including inventory provisions and the impairment of property, plant and equipment and right-of-use assets.

The impact of climate-related risks on the consolidated financial statements for the 53 weeks to 2 April 2022 is not material.

The incurred costs and investments associated with our sustainability strategy are reflected in the Group's financial statements, including within inventories, property, plant and equipment, and operating profit.

The committed future financial investments associated with our sustainability strategy are included within our budget and three year forward looking financial plans. These financial plans have been used to support our impairment reviews and going concern and viability assessment. Future plans may incur additional investment on research and development and higher expenditure on raw materials.

Going concern

The impact of the COVID-19 pandemic on the global economy and the operating activities of many businesses, including the luxury market, has resulted in a volatile business environment and continued uncertainty. The future impact of this pandemic and the challenging economic conditions is uncertain at the date of signing these financial statements. In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the directors have assessed the potential cash generation of the Group and considered a range of downside scenarios. This assessment for any indicators that the going concern basis of preparation is not appropriate covers the period from the date of signing the financial statements up to 30 September 2023.

The directors have assessed the potential cash generation of the Group against a range of projected scenarios (including a severe but plausible downside). These scenarios were informed by a comprehensive review of the macroeconomic scenarios using third party projections of scientific, epidemiological and macroeconomic data for the luxury fashion industry:

- The Group central planning scenario reflects a balanced projection with a continued focus on growing markets and maintaining momentum built as part of the strategy
- As a sensitivity, this central planning scenario has been flexed to reflect a 15% downgrade to revenues in FY 2022/23, as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern

1. Basis of preparation continued

The severe but plausible downside considered the Group's principal risks and aggregated:

- A longer term significant impact of the COVID-19 pandemic on revenue to September 2023 compared to the central planning scenario
- A significant reputational incident such as negative sentiment propagated through social media
- A reduction in the GDP growth assumptions in the Eurozone and Americas materialising in the second half of FY 2022/23
- The impact of a 1 month interruption in one of our channels arising from a technology vulnerability
- The introduction of carbon taxes in FY 2023/24 in line with a scenario reflecting a 2°C global temperature increase compared to pre-industrial levels
- A short term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

The directors have considered mitigating actions, which may be taken to reduce discretionary and other operating cash outflows. The directors have also considered the Group's current liquidity and available facilities. Details of cash, overdrafts, borrowings and facilities are set out in notes 19, 23 and 24 respectively of these financial statements, which includes access to a £300 million revolving credit facility, currently undrawn and not relied upon in this going concern assessment.

In all the scenarios assessed, taking into account current liquidity and available facilities, the Group was able to maintain sufficient liquidity to continue trading. On the basis of the assessment performed, the directors consider it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements for the 53 weeks ended 2 April 2022.

New standards, amendments and interpretations adopted in the period

There have been no new standards or interpretations issued and made effective for the financial period commencing 28 March 2021 that have had a material impact on the financial statements of the Group. The following amendment to IFRS 16 was applied in the financial statements for the 52 weeks to 27 March 2021 and continued to be applied in the financial statements for the 53 weeks to 2 April 2022.

IFRS 16 Leases – COVID-19-Related Rent Concessions

The COVID-19-Related Rent Concessions amendment to IFRS 16 Leases was adopted by the IASB on 28 May 2020 and endorsed by the United Kingdom on 12 October 2020. The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment allows for a simplified approach to accounting for rent concessions occurring as a direct result of COVID-19 and for which the following criteria are met:

- The revised consideration is substantially the same, or less than, the consideration prior to the change
- The concessions affect only payments originally due on or before 30 June 2022 and
- There is no substantive change to other terms and conditions of the lease

Lessees are not required to assess whether eligible rent concessions are lease modifications, allowing the lessee to account for eligible rent concessions as if they were not lease modifications. During the period, the Group has agreed rent concessions both in the form of rent forgiveness in which the landlord has agreed to forgive all or a portion of rents due with no obligation to be repaid in the future, and rent deferrals in which the landlord has agreed to forego rents in one period with a proportional increase in rents due in a future period.

The Group has chosen to account for eligible rent forgiveness as negative variable lease payments. The rent concession has been recognised once a legally binding agreement is made between both parties by derecognising the portion of the lease liability that has been forgiven and recognising the benefit in the Income Statement. As a result, the Group has recognised £18 million (last year: £54 million) in COVID-19-related rent concessions in the Income Statement within "net operating expenses" in the current period. This has been presented as an adjusting item (refer to note 6). In the Statement of Cash Flows, the forgiveness results in lower payments of lease principal. The negative variable lease payments in the Income Statement is a non-cash item which is added back to calculate cash generated from operating activities.

1. Basis of preparation continued

Rent deferrals do not change the total consideration due over the life of the lease. Deferred rent payments are recognised as a payable until the period the original rent payment is due. As a result, the Group has recognised £nil million (last year: £4 million) within other payables. Payments relating to rent deferrals are recognised as payments of lease principal when the payment is made.

Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 53 weeks to 2 April 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The Group's annual financial statements comprise those of Burberry Group plc (the Company) and its subsidiaries, presented as a single economic entity. The results of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies across the Group.

The financial year is the 53 weeks ended 2 April 2022 (last year: 52 weeks ended 27 March 2021).

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the portion of the reporting period during which the Group had control. Intra-Group transactions, balances and unrealised profits on transactions between Group companies are eliminated in preparing the Group financial statements. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of additional interests in subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interests in subsidiaries to non-controlling interests are also recorded in equity.

Key sources of estimation uncertainty

Preparation of the consolidated financial statements in conformity with IFRS requires that management make certain estimates and assumptions that affect the measurement of reported revenues, expenses, assets and liabilities and the disclosure of contingent liabilities.

If in the future such estimates and assumptions, which are based on management's best estimates at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The COVID-19 pandemic continued to have an impact on the global economy throughout the current year. While the adverse impact on the Group's operations and financial position has significantly diminished during the course of the financial year, at the date of signing these financial statements, there remains significant uncertainty regarding the timing of any global recovery from COVID-19, and the return to previous levels of footfall in city centres, travel and tourism in some locations. As a result, the impact of COVID-19 on the Group's assets remains a significant source of estimation uncertainty.

The key areas where the estimates and assumptions applied have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below. Further details of the Group's accounting policies in relation to these areas are provided in note 2.

1. Basis of preparation continued

Key sources of estimation uncertainty continued

Impairment, or reversals of impairment, of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash generating unit is determined based on value in use calculations prepared using management's best estimates and assumptions at the time.

Impairment, or reversals of impairment, of property, plant and equipment and right-of-use assets continued

In March 2020, management recorded impairments of retail property, plant and equipment and right-of-use assets, based on the estimated impact of COVID-19 on the Group. At that time, the impact of COVID-19 was at its highest and many of the Group's retail stores worldwide were closed. Since March 2020, the rate of recovery has exceeded management estimates, and a partial reversal of this initial impairment was recognised at March 2021. Management has updated these assumptions again as at 2 April 2022, reflecting their latest plans over the next three years to March 2025, followed by longer-term growth rates of mid-single digits and inflation rates appropriate to each store's location.

Management has also reviewed the remaining retail property, plant and equipment and right-of-use assets, not covered by the above reassessment, for any indications of impairment.

Refer to notes 13 and 14 for further details of retail property, plant and equipment, right-of-use assets and impairment reviews carried out in the period and for sensitivities relating to this key source of estimation uncertainty.

Inventory provisioning

The Group manufactures and sells luxury goods and is subject to changing consumer demands and fashion trends. The recoverability of the cost of inventories is assessed every reporting period, by considering the expected net realisable value of inventory compared to its carrying value. Where the net realisable value is lower than the carrying value, a provision is recorded. When calculating inventory provisions, management considers the nature and condition of the inventory, as well as applying assumptions in respect of anticipated saleability of finished goods and future usage of raw materials.

In March 2020, management recorded provisions against inventory, based on the estimated impact of COVID-19 on the Group. As noted above, performance since March 2020 has exceeded the estimates made at the time. Management has updated their assumptions regarding future performance as part of the current year estimate. This has resulted in a release of inventory provisions, both relating to inventory sold during the current year, where this was for a higher net realisable value than had been assumed, and relating to assumptions regarding the net realisable value of inventory held at both 27 March 2021 and 2 April 2022.

Management has also reviewed the remaining inventory, not covered by the above reassessment, and provisions have been recorded where appropriate based on future trading expectations.

Refer to note 17 for further details of the carrying value of inventory and inventory provisions and for sensitivities relating to this key source of estimation uncertainty.

Uncertain tax positions

In common with many multinational companies, Burberry faces tax audits in jurisdictions around the world in relation to transfer pricing of goods and services between associated entities within the Group. These tax audits are often subject to inter-government negotiations. The matters under discussion are often complex and can take many years to resolve. Tax liabilities are recorded based on management's estimate of either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty. Given the inherent uncertainty in assessing tax outcomes, the Group could, in future periods, experience adjustments to these tax liabilities that have a material positive or negative effect on the Group's results for a particular period.

1. Basis of preparation continued

Refer to note 9 for further details of management estimates surrounding the outcome of all matters under dispute or negotiation between governments in relation to current tax liabilities recognised at 2 April 2022, and for sensitivities relating to this key source of estimation uncertainty.

Key judgements in applying the Group's accounting policies

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Group financial statements. Further details of the Group's accounting policies are provided in note 2. Key judgements that have a significant impact on the amounts recognised in the Group financial statements for the 53 weeks to 2 April 2022 and the 52 weeks to 27 March 2021 are as follows:

Where the Group is a lessee, judgement is required in determining the lease term at initial recognition where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Considerations include, but are not limited to, the period assessed by management when approving initial investment, together with costs associated with any termination options or extension options. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Where the lease term has been extended by assuming an extension option will be recognised, this will result in the initial right-of-use assets and lease liabilities at inception of the lease being greater than if the option was not assumed to be exercised. Likewise, assuming a break option will be exercised will reduce the initial right-of-use assets and lease liabilities.

Refer to note 21 for further details surrounding the judgements regarding the impact of breaks and options on lease liabilities.

2. Accounting policies

The principal accounting policies of the Group are:

a) Revenue

The Group obtains revenue from contracts relating to sales of luxury goods to retail and wholesale customers. Retail purchases are paid at time of purchase while wholesale and licensing purchases are paid on short-term credit terms. The Group also obtains revenue through licences issued to third parties to produce and sell goods carrying 'Burberry' trademarks. Revenue is stated excluding Value Added Tax and other sales related taxes.

Retail and wholesale revenue

For retail and wholesale revenue, the primary performance obligation is the transfer of luxury goods to the customer. For retail revenue this is considered to occur when control of the goods passes to the customer. For in-store retail revenue, control transfers when the customer takes possession of the goods in store and pays for the goods. For digital retail revenue, control is considered to transfer when the goods are delivered to the customer. The timing of transfer of control of the goods in wholesale transactions depends upon the terms of trade in the contract. Principally for wholesale revenue, revenue is recognised either when goods are collected by the customer from the Group's premises, or when the Group has delivered the goods to the location specified in the contract. Provision for returns and other allowances are reflected in revenue when revenue from the customer is first recognised. Retail customers typically have the right to return product within a limited time frame while wholesale customers typically have the right to return damaged products. Returns are initially estimated based on historical levels and adjusted subsequently as returns are incurred.

Some wholesale contracts may require the Group to make payments to the wholesale customer, for services directly relating to the sale of the Group's goods, such as the cost of staff handling the Group's goods at the wholesaler. Payments to the customer directly relating to the sale of goods to the customer are recognised as a reduction in revenue, unless in exchange for a distinct good or service. These charges are recognised in revenue at the later of when the sale of the related goods to the customer is recognised or when the customer is paid, or promised to be paid, for the service. Payments to the customer relating to a service which is distinct from the sale of goods to the customer are recognised in operating costs.

2. Accounting policies continued

The Group sells gift cards and similar products to customers, which can be redeemed for goods, up to the value of the card, at a future date. Revenue relating to gift cards is recognised when the card is redeemed, up to the value of the redemption. Unredeemed amounts on gift cards are classified as contract liabilities. Typically, the Group does not expect to have significant unredeemed amounts arising on its gift cards.

a) Revenue continued

Licensing revenue

The Group's licences entitle the licensee to access the Group's trademarks over the term of the licence. Hence revenue from licensing is recognised over the term of access to the licence. Royalties receivable under licence agreements are usually based on production or sales volumes and are accrued in revenue as the subsequent production or sale occurs. Any amounts received which have not been recognised in revenue are classified as contract liabilities.

b) Segment reporting

As required by IFRS 8 Operating Segments, the segmental information presented in the financial statements is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance, has been identified as the Board of Directors.

The Group has centralised activities for designing, making and sourcing, which ensure a global product offering is sold through retail and wholesale channels worldwide. Resource allocation and performance is assessed across the whole of the retail/wholesale channel globally. Hence the retail/wholesale channel has been determined to be an operating segment.

Licensed products are manufactured and sold by third-party licensees. As a result, this channel is assessed discretely by the Chief Operating Decision Maker and has been determined to be an operating segment.

The Group presents an analysis of its revenue by channel, by product division and by geographical destination.

c) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent payments are remeasured at fair value through the Income Statement. All transaction costs are expensed to the Income Statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests in subsidiaries are identified separately from the Group's equity, and are initially measured either at fair value or at a value equal to the non-controlling interests' share of the identifiable net assets acquired. The choice of the basis of measurement is an accounting policy choice for each individual business combination. The excess of the cost of acquisition together with the value of any non-controlling interest over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

d) Share schemes

The Group operates a number of equity-settled share-based compensation schemes, under which services are received from employees (including executive directors) as consideration for equity instruments of the Company.
The cost of the share-based incentives is measured with reference to the fair value of the equity instruments awarded at the date of grant, including share awards and options. Appropriate option pricing models, including Black-Scholes, are used to determine the fair value of the option awards made. The fair value takes into account the impact of any market performance conditions, but the impact of non-market performance conditions is not considered in determining the fair value on the date of grant. Vesting conditions which relate to non-market conditions are allowed for in the assumptions used for the number of share awards or options expected to vest. The estimate of the number of share awards or options expected to vest is revised at each balance sheet date.

2. Accounting policies continued

d) Share schemes continued

In some circumstances, employees may provide services in advance of the grant date. The grant date fair value is estimated for the purposes of recognising the expense during the period between the service commencement period and the grant date.

The cost of the share-based incentives is recognised as an expense over the vesting period of the share awards, or options, with a corresponding increase in equity.

When share awards or options are exercised, they are settled either via issue of new shares in the Company, or through shares held in an Employee Share Option Plan (ESOP) trust, depending on the terms and conditions of the relevant scheme. The proceeds received from the exercises, net of any directly attributable transaction costs, are credited to share capital and share premium accounts.

e) Leases

The Group is both a lessee and lessor of property, plant and equipment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be specifically or implicitly specified. Control exists when the lessee has both the right to direct the use of the identified asset and the right to obtain substantially all of the economic benefits from that use.

Lessee accounting

The Group's principal lease arrangements where the Group acts as the lessee are for property, most notably the lease of retail stores, corporate offices and warehouses. Other leases are for office equipment, vehicles, and supply chain equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group recognises all lease liabilities and the corresponding right-of-use assets on the Balance Sheet, with the exception of certain short-term leases (12 months or less) and leases of low value assets, which are expensed as incurred. Leases and the corresponding right-of-use assets are initially recognised when the Group obtains control of the underlying asset. Leases for new assets are presented as additions to lease liabilities and right-of-use assets.

Lease liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any incentives
- Variable lease payments that are based on a future index or rate
- Amounts expected to be payable by the lessee under residual value guarantees and
- The cost of exercising a purchase option if the lessee is reasonably certain to exercise that option

Where the lease contains an extension option or a termination option which is exercisable by the Group, as lessee, an assessment is made as to whether the Group is reasonably certain to exercise the extension option, or not exercise the termination option, considering all relevant facts and circumstances that create an economic incentive. Considerations may include the contractual terms and conditions for the optional periods compared to market rates, costs associated with the termination of the lease and the importance of the underlying asset to the Group's operations.

Variable lease payments dependent upon a future index or rate are measured using the amounts payable at the commencement date until the index or rate is known. Variable lease payments not dependent on an index or rate, including lease payments based on a percentage of turnover, are excluded from the calculation of lease liabilities.

Payments are discounted at the incremental borrowing rate of the lessee, unless the interest rate implicit in the lease can be readily determined.

2. Accounting policies continued

e) Leases continued

Lessee accounting continued

Right-of-use assets are classified as property or non-property. The Group has elected not to apply the short-term exemption to the property class of right-of-use assets. Where the exemption is applied to the non-property class of right-of-use assets, lease payments are expensed as incurred. The low value asset exemption has been applied to both the property and non-property class of assets on a lease-by-lease basis where applicable.

In circumstances where the Group is in possession of a property but there is no executed agreement or other binding obligation in relation to the property, rent is expensed until such time the obligation becomes binding, at which point, a right-of-use asset and lease liability will be recognised prospectively. These lease costs are disclosed as lease in holdover expenses. Refer to notes 5 and 21.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received and
- Any initial direct costs incurred in entering into the lease

The Group recognises depreciation of right-of-use assets and interest on lease liabilities in the Income Statement over the lease term. Repayments of lease liabilities are classified separately in the Statement of Cash Flows where the cash payments for the principal portion of the lease liability are presented within financing activities, and cash payments for the interest portion are presented within operating activities. Payments in relation to short-term leases and leases of low value assets which are not included on the Balance Sheet are included within operating activities.

Modifications to lease agreements, extensions to existing lease agreements and changes to future lease payments relating to existing terms in the contract, including market rent reassessments and index based changes, are presented as remeasurements of the lease liabilities. The related right-of-use asset is also remeasured. If the modification results in a reduction in scope of the lease, either through shortening the lease term or through disposing of part of the underlying asset, a gain or loss on disposal may arise relating to the difference between the lease liabilities and the right-of-use asset applicable to the reduction in scope.

Right-of-use assets are included in the review for impairment of property, plant and equipment and intangible assets with finite economic lives, if there is an indication that the carrying amount of the cash generating unit may not be recoverable.

Lessor accounting

The Group also acts as a lessor of properties. Each of these leases are classified as either a finance lease or an operating lease. Leases in which substantially all of the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee by the lessor are classified as finance leases. Leases which are not finance leases are classified as operating leases.

Gross rental income in respect of operating leases is recognised on a straight-line basis over the term of the leases.

f) Dividend distributions

Dividend distributions to Burberry Group plc's shareholders are recognised as a liability in the period in which the dividend becomes a committed obligation. Final dividends are recognised when they are approved by the shareholders. Interim dividends are recognised when paid.

g) Pension costs

Eligible employees participate in defined contribution pension schemes, the principal one being in the UK with its assets held in an independently administered fund. The cost of providing these benefits to participating employees is recognised in the Income Statement as they fall due and comprises the amount of contributions to the schemes.

2. Accounting policies continued

h) Intangible assets

Goodwill

Goodwill is the excess of the cost of acquisition together with the value of any non-controlling interest, over the fair value of identifiable net assets acquired. Goodwill on acquisition is recorded as an intangible asset. Fair values are attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are also made to align the accounting policies of acquired businesses with those of the Group.

Goodwill is assigned an indefinite useful life. Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses recognised on goodwill are not reversed in future periods.

Trademarks, licences and other intangible assets

The cost of securing and renewing trademarks and licences, and the cost of acquiring other intangible assets, is capitalised at purchase price and amortised by equal annual instalments over the period in which benefits are expected to accrue, typically ten years for trademarks, or the term of the licence. The useful life of trademarks and other intangible assets is determined on a case-by-case basis, in accordance with the terms of the underlying agreement and the nature of the asset.

Computer software

Computer software costs are capitalised during the development phase at the point at which there is sufficient certainty that it will deliver future economic benefits to the Group. The cost of acquiring computer software (including licences and separately identifiable development costs) is capitalised as an intangible asset at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software costs are amortised on a straight-line basis over their estimated useful lives, which may be up to seven years.

i) Property, plant and equipment

Property, plant and equipment, with the exception of assets in the course of construction, is stated at cost or deemed cost, based on historical revalued amounts prior to the adoption of IFRS, less accumulated depreciation and provision to reflect any impairment in value. Assets in the course of construction are stated at cost less any provision for impairment and transferred to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation of property, plant and equipment is calculated to write off the cost or deemed cost, less residual value, of the assets in equal annual instalments over their estimated useful lives at the following rates:

Type of asset	Category of property, plant and equipment	Useful life
Land	Freehold land and buildings	Not depreciated
Freehold buildings	Freehold land and buildings	Up to 50 years
Long life leasehold improvements	Leasehold improvements	Over the unexpired term of the lease
Short life leasehold improvements	Leasehold improvements	Up to 10 years
Plant and machinery	Fixtures, fittings and equipment	Up to 15 years
Retail fixtures and fittings	Fixtures, fittings and equipment	Up to 5 years
Office fixtures and fittings	Fixtures, fittings and equipment	Up to 5 years
Computer equipment	Fixtures, fittings and equipment	Up to 7 years
Assets in the course of construction	Assets in the course of construction	Not depreciated

Profit/loss on disposal of property, plant and equipment and intangible assets

Profits and losses on the disposal of property, plant and equipment and intangible assets represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

2. Accounting policies continued

j) Discontinued operations and assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continued use, and a sale within the next 12 months is considered to be highly probable. Assets classified as held for sale cease to be depreciated and they are stated at the lower of carrying amount and fair value less cost to sell.

k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets under construction are also tested annually. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows being individual stores (cash generating units). Non-financial assets, other than goodwill, for which an impairment has been previously recognised are reviewed for possible reversal of impairment at each reporting date.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost consists of all costs of purchase, costs of conversion, design costs and other costs incurred in bringing the inventories to their first point of sale location and condition. The cost of inventories is determined using a first-in, first-out (FIFO) method, taking account of the fashion seasons for which the inventory was offered. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

m) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax charge.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense which are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax is calculated using tax rates which have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, no deferred tax will be recognised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

2. Accounting policies continued

n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and where the amount of the obligation can be reliably estimated. When the effect of the time value of money is material, provision amounts are calculated based on the present value of the expenditures expected to be required to settle the obligation. The present value is calculated using forward market interest rates as measured at the balance sheet reporting date, which have been adjusted for risks specific to the future obligation.

Property obligations

A provision for the present value of future property reinstatement costs is recognised where there is an obligation to return the leased property to its original condition at the end of a lease term. The reinstatement cost at the end of a lease usually arises due to leasehold improvements and modifications carried out by the Group in order to customise the property during tenure of the lease. As a result, the cost of the reinstatement provision is recognised as a component of the cost of the leasehold improvements in property, plant and equipment when these are installed.

o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

p) Financial instruments

Financial instruments are initially recognised at fair value plus directly attributable transaction costs on the Balance Sheet when the entity becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

At initial recognition, all financial liabilities are stated at fair value. Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest rate method except for derivatives which are held at fair value and which are classified as fair value through profit and loss, except where they qualify for hedge accounting. Financial assets are classified as either amortised cost or fair value through profit and loss depending on their cash flow characteristics. Assets with cash flows that represent solely payments of principal and interest are measured at amortised cost. The fair value of the Group's financial assets and liabilities held at amortised cost mostly approximate their carrying amount due to the short maturity of these instruments. Where the fair value of any financial asset or liability held at amortised cost is materially different to the book value, the fair value is disclosed.

2. Accounting policies continued

p) Financial instruments continued

The Group classifies its instruments in the following categories:

Financial instrument category	Note	Classification	Measurement	Fair value measurement hierarchy[2]
Cash and cash equivalents	19	Amortised cost	Amortised cost	N/A
Cash and cash equivalents	19	Fair value through profit and loss	Fair value through profit and loss	2
Trade and other receivables	16	Amortised cost	Amortised cost	N/A
Trade and other receivables	16	Fair value through profit and loss	Fair value through profit and loss	2
Trade and other payables	20	Other financial liabilities	Amortised cost	N/A
Borrowings	24	Other financial liabilities	Amortised cost	N/A
Leases	21	Lease liabilities	Amortised cost	N/A
Deferred consideration	20	Fair value through profit and loss	Fair value through profit and loss	3
Forward foreign exchange contracts	18	Fair value through profit and loss	Fair value through profit and loss	2
Forward foreign exchange contracts used for hedging[1]	18	Fair value – hedging instrument	Fair value – hedging instrument[3]	2
Equity swap contracts	18	Fair value through profit and loss	Fair value through profit and loss	2

1. Cash flow hedge and net investment hedge accounting is applied to the extent it is achievable.
2. The fair value measurement hierarchy is only applicable for financial instruments measured at fair value.
3. Forward foreign exchange contracts used for hedging are classified as Fair value – hedging instruments under IFRS 9, however IAS 39 hedge accounting has been applied.

The measurements for financial instruments carried at fair value are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: includes unobservable inputs for the asset or liability.

Observable inputs are those which are developed using market data, such as publicly available information about actual events or transactions. The Group has an established framework with respect to measurement of fair values, including Level 3 fair values. The Group regularly reviews any significant inputs which are not derived from observable market data and considers, where available, relevant third-party information, to support the conclusion that such valuations meet the requirements of IFRS. The classification level in the fair value hierarchy is also considered periodically. Significant valuation issues are reported to the Audit Committee.

The fair value of those cash and cash equivalents measured at fair value through profit and loss, principally money market funds, is derived from their net asset value which is based on the value of the portfolio investment holdings at the balance sheet date. This is considered to be a Level 2 measurement.

The fair value of forward foreign exchange contracts, equity swap contracts and trade and other receivables, principally cash settled equity swaps, is based on a comparison of the contractual and market rates and, in the case of forward foreign exchange contracts, after discounting using the appropriate yield curve as at the balance sheet date. All Level 2 fair value measurements are calculated using inputs which are based on observable market data.

The fair value of the contingent payment component of deferred consideration is considered to be a Level 3 measurement and is derived using a present value calculation, incorporating observable and non-observable inputs. This valuation technique has been adopted as it most closely mirrors the contractual arrangement.

2. Accounting policies continued

p) Financial instruments continued

The Group's primary categories of financial instruments are listed below:

Cash and cash equivalents

Cash and short-term deposits on the Balance Sheet comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts, which are recorded under current liabilities on the Balance Sheet.

While cash at bank and in hand is classified as amortised cost, some short-term deposits are classified as fair value through profit and loss.

Cash and cash equivalents held at amortised cost are subject to impairment testing each period end.

Trade and other receivables

Trade and other receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. Most receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected credit losses on trade receivables is established at inception. This is modified when there is a change in the credit risk. The amount of the movement in the provision is recognised in the Income Statement.

Cash settled equity swaps are classified as fair value through profit and loss.

Trade and other payables

Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings (including overdrafts)

Borrowings are recognised initially at fair value, inclusive of transaction costs incurred. Borrowings are subsequently stated at amortised cost and the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Deferred consideration

Deferred consideration is initially recognised at the present value of the expected future payments. It is subsequently remeasured at fair value at each reporting period with the change in fair value relating to changes in expected future payments recorded in the Income Statement as an operating expense or income. Changes in fair value relating to unwinding of discounting to present value are recorded as a financing expense.

Derivative instruments

The Group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates arising on certain trading transactions. The principal derivative instruments used are forward foreign exchange contracts taken out to hedge highly probable cash flows in relation to future sales, and product purchases. The Group also may designate forward foreign exchange contracts or foreign currency borrowings as a net investment hedge of the assets of overseas subsidiaries.

When hedge accounting is applied, the Group documents at the inception of the transaction the relationship between the spot element of the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2. Accounting policies continued

p) Financial instruments continued

Derivative instruments continued

Derivatives are initially recognised at fair value at the trade date and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets and liabilities or a firm commitment (fair value hedge); (2) hedges of highly probable forecast transactions (cash flow hedges); (3) hedges of net investment of the assets of overseas subsidiaries (net investment hedges); or (4) classified as fair value through profit and loss.

The forward elements of the hedging instrument are recognised in operating expenses.

Changes in the fair value relating to the spot element of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value relating to the spot element of derivatives that are designated and qualify as cash flow hedges is deferred in other comprehensive income. The gain or loss relating to the ineffective portion of the gain or loss is recognised immediately in the Income Statement. Amounts deferred in other comprehensive income are recycled through the Income Statement in the periods when the hedged item affects the Income Statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement within 'net exchange gain/(loss) on derivatives – fair value through profit and loss'. If a derivative instrument is not designated as a hedge, the subsequent change to the fair value is recognised in the Income Statement within operating expenses or interest depending upon the nature of the instrument.

Where the Group hedges net investments in foreign operations through derivative instruments or foreign currency borrowings, the gains or losses on the effective portion of the change in fair value of derivatives that are designated and qualify as a hedge of a net investment, or the gains or losses on the retranslation of the borrowings are recognised in other comprehensive income and are reclassified to the Income Statement when the foreign operation that is hedged is disposed of.

q) Government grants

Government grants related to assets are recognised as deferred income when there is reasonable certainty that any conditions attached to the grant will be met and the grant will be received. They are amortised to operating income over the useful life of the asset. Government grants related to income are presented as operating income when it is reasonably certain that any conditions attached will be met and that the grant will be received.

2. Accounting policies continued

r) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling which is the Company's functional and the Group's presentation currency.

Transactions in foreign currencies

Transactions denominated in foreign currencies within each entity in the Group are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at the year end, are translated into the functional currency at the exchange rate ruling at the balance sheet date (closing rate). Exchange differences on monetary items are recognised in the Income Statement in the period in which they arise, except where these exchange differences form part of a net investment in overseas subsidiaries of the Group, in which case such differences are taken directly to the hedging reserve.

Translation of the results of overseas businesses

The results of overseas subsidiaries are translated into the Group's presentation currency of sterling each month at the weighted average exchange rate for the month according to the phasing of the Group's trading results. The weighted average exchange rate is used, as it is considered to approximate the actual exchange rates on the date of the transactions. The assets and liabilities of such undertakings are translated at the closing rates. Differences arising on the retranslation of the opening net investment in subsidiary companies, and on the translation of their results, are taken directly to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The principal exchange rates used were as follows:

	Average rate		Closing rate	
	53 weeks to 2 April 2022	52 weeks to 27 March 2021	**As at 2 April 2022**	As at 27 March 2021
Euro	**1.18**	1.12	**1.19**	1.17
US Dollar	**1.36**	1.30	**1.31**	1.38
Chinese Yuan Renminbi	**8.73**	8.85	**8.34**	9.02
Hong Kong Dollar	**10.63**	10.08	**10.26**	10.72
Korean Won	**1,596**	1,514	**1,592**	1,558

s) Adjusted profit before taxation

In order to provide additional consideration of the underlying performance of the Group's ongoing business, the Group's results include a presentation of Adjusted operating profit and Adjusted profit before taxation ('adjusted PBT'). Adjusted PBT is defined as profit before taxation and before adjusting items. Adjusting items are those items which, in the opinion of the directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature, including the impact of changes in fair value of expected future payments or receipts relating to these transactions. Adjusting items are identified and presented on a consistent basis each year and a reconciliation of adjusted PBT to profit before tax is included in the financial statements. Adjusting items and their related tax impacts, as well as adjusting taxation items, are added back to/deducted from profit attributable to owners of the Company to arrive at adjusted earnings per share. Refer to note 6 for further details of adjusting items.

3. Segmental analysis

The Chief Operating Decision Maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports used by the Board. The Board considers the Group's business through its two channels to market, being retail/wholesale and licensing.

Retail/wholesale revenues are generated by the sale of luxury goods through Burberry mainline stores, concessions, outlets and digital commerce as well as Burberry franchisees, prestige department stores globally and multi-brand specialty accounts. The flow of global product between retail and wholesale channels and across our regions is monitored and optimised at a corporate level and implemented via the Group's inventory hubs situated in Europe, the US, Mainland China and Hong Kong, S.A.R. China.

Licensing revenues are generated through the receipt of royalties from global licensees of beauty products, eyewear and from licences relating to the use of non-Burberry trademarks in Japan.

The Board assesses channel performance based on a measure of adjusted operating profit. This measurement basis excludes the effects of adjusting items. The measure of earnings for each operating segment that is reviewed by the Board includes an allocation of corporate and central costs. Interest income and charges are not included in the result for each operating segment that is reviewed by the Board.

	Retail/Wholesale		Licensing		Total	
	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
Retail	**2,273**	1,910	**–**	–	**2,273**	1,910
Wholesale	**512**	396	**–**	–	**512**	396
Licensing	**–**	–	**42**	39	**42**	39
Total segment revenue	**2,785**	2,306	**42**	39	**2,827**	2,345
Inter-segment revenue[1]	**–**	–	**(1)**	(1)	**(1)**	(1)
Revenue from external customers	**2,785**	2,306	**41**	38	**2,826**	2,344
Depreciation and amortisation	**(313)**	(277)	**–**	–	**(313)**	(277)
Impairment of intangible assets	**–**	(9)	**–**	–	**–**	(9)
Net impairment of property, plant and equipment[2]	**(2)**	(1)	**–**	–	**(2)**	(1)
Net impairment of right-of-use assets[3]	**(1)**	–	**–**	–	**(1)**	–
Other non-cash items:						
Share-based payments	**(16)**	(12)	**–**	–	**(16)**	(12)
Adjusted operating profit	**486**	361	**37**	35	**523**	396
Adjusting items[4]					**19**	124
Finance income					**3**	3
Finance expense					**(34)**	(33)
Profit before taxation					**511**	490

1. Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.
2. Net impairment charge relating to property, plant and equipment for the 53 weeks to 2 April 2022 is presented excluding a net reversal of £1 million (last year: reversal of £9 million) relating to charges as a result of the impact of COVID-19. These have been presented as adjusting items (refer to note 6).
3. Net impairment charge of right-of-use assets for the 53 weeks to 2 April 2022 is presented excluding a net charge of £6 million (last year: reversal of £38 million) relating to charges as a result of the impact of COVID-19 and a charge of £ nil (last year: charge of £4 million) relating to restructuring costs, which have been presented as adjusting items (refer to note 6).
4. Adjusting items relate to the Retail and Wholesale segment. Refer to note 6 for details of adjusting items.

3. Segmental analysis continued

	Retail/Wholesale		Licensing		Total	
	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
Additions to non-current assets	**400**	234	**–**	–	**400**	234
Total segment assets	**2,099**	1,952	**6**	7	**2,105**	1,959
Goodwill					**109**	105
Cash and cash equivalents					**1,222**	1,261
Taxation					**261**	177
Total assets per Balance Sheet					**3,697**	3,502

Additional revenue analysis

All revenue is derived from contracts with customers. The Group derives retail and wholesale revenue from contracts with customers from the transfer of goods and related services at a point in time. Licensing revenue is derived over the period the licence agreement gives the customer access to the Group's trademarks.

Revenue by product division	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
Accessories	**1,017**	841
Women's	**784**	653
Men's	**807**	668
Children's/Other	**177**	144
Retail/Wholesale	**2,785**	2,306
Licensing	**41**	38
Total	**2,826**	2,344

Revenue by destination	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
Asia Pacific	**1,276**	1,203
EMEIA[1]	**813**	628
Americas	**696**	475
Retail/Wholesale	**2,785**	2,306
Licensing	**41**	38
Total	**2,826**	2,344

1. EMEIA comprises Europe, Middle East, India and Africa.

Entity-wide disclosures

Revenue derived from external customers in the UK totalled £210 million for the 53 weeks to 2 April 2022 (last year: £145 million).

Revenue derived from external customers in foreign countries totalled £2,616 million for the 53 weeks to 2 April 2022 (last year: £2,199 million). This amount includes £626 million of external revenues derived from customers in the US (last year: £408 million) and £765 million of external revenues derived from customers in Mainland China (last year: £752 million).

The total of non-current assets, other than financial instruments, and deferred tax assets located in the UK is £439 million (last year: £477 million). The remaining £1,005 million of non-current assets are located in other countries (last year: £865 million), with £263 million located in the US (last year: £223 million) and £214 million located in Mainland China (last year: £115 million).

4. Net operating expenses

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Operating income		**(18)**	(16)
Selling and distribution costs		**1,113**	943
Administrative expenses		**377**	317
		1,472	1,244
Adjusting operating income	6	**(20)**	(81)
Adjusting operating expenses	6	**16**	(22)
		(4)	(103)
Net operating expenses		**1,468**	1,141

5. Profit before taxation

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Adjusted profit before taxation is stated after charging/(crediting):			
Depreciation of property, plant and equipment			
Within cost of sales		**2**	2
Within selling and distribution costs		**68**	56
Within administrative expenses		**16**	13
Depreciation of right-of-use assets			
Within selling and distribution costs		**171**	155
Within administrative expenses		**17**	17
Amortisation of intangible assets			
Within selling and distribution costs		**2**	2
Within administrative expenses		**37**	31
Gain on disposal of property, plant and equipment and intangible assets[1]		**(3)**	–
Gain on disposal of right-of-use assets		**–**	(1)
Net impairment charge relating to property, plant and equipment[2]	13	**2**	1
Net impairment charge relating to right-of-use assets[3]	14	**1**	–
Impairment of intangible assets	12	**–**	9
Employee costs[4]	29	**537**	488
Other lease expense			
Property lease variable lease expense	21	**122**	118
Property lease in holdover expense	21	**17**	15
Non-property short-term lease expense	21	**5**	5
Net exchange (gain) on revaluation of monetary assets and liabilities		**(10)**	(5)
Net loss on derivatives – fair value through profit and loss		**9**	7
Receivables net impairment charge/(reversal)[5]		**1**	(1)

1. Gain on disposal of property of £18 million was presented as an adjusting item last year (refer to note 6).
2. Net impairment charge relating to property, plant and equipment for the 53 weeks to 2 April 2022 is presented excluding a net reversal of £1 million (last year: reversal of £9 million) relating to charges as a result of the impact of COVID-19. These have been presented as adjusting items (refer to note 6).
3. Net impairment charge of right-of-use assets for the 53 weeks to 2 April 2022 is presented excluding a net charge of £6 million (last year: reversal of £38 million) relating to charges as a result of the impact of COVID-19 and a charge of £nil (last year: charge of £4 million) relating to restructuring costs, which have been presented as adjusting items (refer to note 6).
4. Employee costs for the 53 weeks to 2 April 2022 are presented excluding a charge of £10 million (last year: £21 million) arising as a result of the Group's restructuring programmes and a charge of £nil relating to employee profit sharing agreements (last year £4 million on the sale of property in France) , which have been presented as adjusting items (refer to note 6).
5. Receivables net impairment charge for the 53 weeks to 2 April 2022 is presented excluding reversal of £1 million (last year: reversal of £5 million) relating to charges as a result of the impact of COVID-19, which has been presented as an adjusting item (refer to note 6).

5. Profit before taxation continued

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Adjusting items			
Adjusting operating items			
Impact of COVID-19:			
Impairment charge/(reversal) relating to retail cash generating units	6	**5**	(47)
Impairment reversal relating to inventory	6	**(16)**	(22)
Impairment reversal relating to receivables	6	**(1)**	(5)
COVID-19-related rent concessions	6	**(18)**	(54)
COVID-19 related government grant income	6	**(2)**	(9)
Other adjusting items:			
Gain on disposal of property	6	**–**	(18)
Restructuring costs	6	**11**	30
Revaluation of deferred consideration liability	6	**1**	–
Total adjusting operating items		**(20)**	(125)
Adjusting financing items			
Finance charge on deferred consideration liability	6	**1**	1
Total adjusting financing items		**1**	1

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Analysis of adjusting operating items:			
Included in Cost of sales (Impairment reversal relating to inventory)		**(16)**	(22)
Included in Operating expenses	4	**(4)**	(103)
Total		**(20)**	(125)

6. Adjusting items

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Total adjusting operating items (pre-tax)	**(20)**	(125)
Tax charge on adjusting operating items	**5**	22
Total adjusting operating items (post-tax)	**(15)**	(103)

Impact of COVID-19

COVID-19 continued to impact both business operations and financial markets worldwide. COVID-19 has also had a significant impact on the financial results of the Group during the current and previous year.

As at the beginning of the last financial year, the Group had balances relating to COVID-19 impairment charges that had previously been charged as adjusting items in prior years, as they were considered to be material and one-off in nature. £246 million COVID-19 impairment charges were recognised at 28 March 2020. The charges related to impairments of retail cash generating units (£157 million), intangible assets (£10 million) and receivables (£11 million) and to inventory provisions (£68 million).

At 2 April 2022, these impairments and provisions have been reviewed and the assumptions updated where appropriate, to reflect management's latest expectations. The impact of changes in assumptions has been presented as an update to the adjusting item charge. Further details regarding the approach applied to measure these updates are set out below for each of the specific adjusting items.

Other items, where they are considered one-off in nature and directly related to the impact of COVID-19, have been presented as adjusting items. Income recorded in the year following application of the temporary COVID-19 Related Rent Concession amendment to IFRS 16 has been presented as an adjusting item. This is considered appropriate given that the amendment to IFRS 16 is only applicable for a limited period of time and it is explicitly related to COVID-19. Grant income recorded in the year, relating to government arrangements worldwide, has also been presented as an adjusting item, as it is also explicitly related to COVID-19, and the arrangements are expected to last for a limited period of time. In aggregate these items give rise to a material amount of income in the year. Further details of these adjusting items are set out below.

All other financial impacts of COVID-19 are included in adjusted operating profit. As a result, additional costs recorded in the year, including masks, other personal protection equipment, hand sanitisers, production inefficiencies due to social distancing, operating costs of retail stores during closure and the cost of voluntary payment of UK rates, have not been separately presented as adjusting items. The discrete impact of COVID-19 on these costs cannot be reliably measured, hence it is considered more appropriate to include these additional costs in adjusted operating profit.

Impairment of retail cash generating units

During the 53 weeks to 2 April 2022, the impairment provisions remaining have been reassessed, using management's latest expectations, with a charge of £5 million recorded (last year: £47 million net reversal). A related tax credit of £1 million (last year: charge of £5 million) has also been recognised in the year. Any charges or reversals which did not arise from the reassessment of the original impairment adjusting item, had they arisen, would not have been included in this adjusting item. Refer to notes 13 and 14 for details of impairment of retail cash generating units.

Impairment of inventory

During the 53 weeks to 2 April 2022, reversals of inventory provisions, relating to inventory which had been provided for as an adjusting item at the previous year end and has either been sold, or is now expected to be sold, at a higher net realisable value than had been assumed when the provision had been initially estimated, of £16 million (last year: £22 million) have been recorded and presented as an adjusting item. A related tax charge of £4 million (last year: £5 million) has also been recognised in the year. All other charges and reversals relating to inventory provisions have been recorded in adjusted operating profit. Refer to note 17 for details of inventory provisions.

6. Adjusting items continued

Impairment of receivables

During the 53 weeks to 2 April 2022, the expected credit loss rates have been reassessed, taking into account the experience of losses incurred during the year and changes in market conditions at 2 April 2022 compared to the previous year end. As a result of this reassessment, management has revised the expected credit loss rates, with a reversal of £1 million recorded as an adjusting item (last year: £5 million), resulting from the reduction in credit loss rate assumption. A related tax charge of £nil (last year: £1 million) has also been recognised in the year. All other charges and reversals relating to impairment of receivables, arising from changes in the value and aging of the receivables portfolio, have been included in adjusted operating profit. Refer to note 16 for details of impairment of receivables.

COVID-19-related rent concessions

Eligible rent forgiveness amounts have been treated as negative variable lease payments, resulting in a credit of £18 million (last year: £54 million) for the 53 weeks to 2 April 2022 being recorded in net operating expenses. This income has been presented as an adjusting item, as set out above. A related tax charge of £4 million (last year: £10 million) has also been recognised in the current year.

COVID-19-related grant income

The Group has recorded grant income of £2 million (last year: £9 million) within selling and distribution costs in net operating expenses for the 53 weeks to 2 April 2022, relating to government support for the retention of employees, as a result of COVID-19. These grants related to income received from a number of government arrangements worldwide. None of the income related to UK based employees. This income has been presented as an adjusting item, as set out above. A related tax charge of £1 million (last year: £2 million) has also been recognised in the current year.

Other adjusting items

Restructuring costs

Restructuring costs of £11 million (last year: £30 million) were incurred in the current year, arising primarily as a result of the organisational efficiency programme announced in July 2020 that included the creation of three new business units to enhance product focus, increase agility and elevate quality and, to further streamline of office-based functions and facilities. The costs for the 53 weeks to 2 April 2022 principally relate to redundancies and consulting costs and are recorded in operating expenses. They are presented as an adjusting item, in accordance with the Group's accounting policy, as the anticipated cost of the restructuring programme is considered material and discrete in nature. A related tax credit of £3 million (last year: £6 million) has also been recognised in the current year.

Items relating to the deferred consideration liability

On 22 April 2016, the Group entered into an agreement to transfer the economic right of the non-controlling interest in Burberry Middle East LLC to the Group in exchange for consideration of contingent payments to be made to the minority shareholder over the period to 2023.

A charge of £1 million in relation to the revaluation of this balance has been recognised in net operating expenses for the 53 weeks to 2 April 2022 (last year: £nil). A financing charge of £1 million in relation to the unwinding of the discount on the non-current portion of the deferred consideration liability has also been recognised for the 53 weeks to 2 April 2022 (last year: £1 million). These movements are unrealised.

No tax has been recognised on either of these items, as the future payments are not considered to be deductible for tax purposes. These items are presented as adjusting items in accordance with the Group's accounting policy, as they arise from changes in the value of the liability for expected future payments relating to the purchase of a non-controlling interest in the Group and acquisition of a subsidiary respectively.

6. Adjusting items continued

Adjusting items relating to prior years

Gain on disposal of property

During the 52 weeks to 27 March 2021, the Group completed the sale of an owned property in France for cash proceeds of £27 million resulting in a net gain on disposal of £23 million, recorded within administrative expenses in net operating expenses. A profit of £18 million was presented as an adjusting item, after deducting incremental costs of £4 million relating to employee profit sharing agreements. This charge was recognised as an adjusting item, in accordance with the Group's accounting policy, as this profit from asset disposal is considered to be material and one-off in nature. A related tax charge of £5 million was also recognised in the year.

7. Auditor remuneration

Fees incurred during the year in relation to audit and non-audit services are analysed below:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Audit services in respect of the financial statements of the Company and consolidation	**0.5**	0.4
Audit services in respect of the financial statements of subsidiary companies	**2.3**	2.3
Audit-related assurance services	**0.2**	0.1
Other non-audit-related services	**0.1**	0.1
Total	**3.1**	2.9

8. Financing

	Note	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
Bank interest income – amortised cost		**–**	1
Other finance income – amortised cost		**1**	–
Finance income – amortised cost		**1**	1
Bank interest income – fair value through profit and loss		**2**	2
Finance income		**3**	3
Interest expense on lease liabilities	21	**(27)**	(25)
Interest expense on overdrafts		**–**	–
Interest expense on borrowings		**(4)**	(5)
Bank charges		**(2)**	(1)
Other finance expense		**(1)**	(2)
Finance expense		**(34)**	(33)
Finance charge on deferred consideration liability	6	**(1)**	(1)
Net finance expense		**(32)**	(31)

9. Taxation

Analysis of charge for the year recognised in the Group Income Statement:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Current tax		
UK corporation tax		
Current tax on income for the 53 weeks to 2 April 2022 at 19% (last year: 19%)	**114**	48
Double taxation relief	**(7)**	(7)
Adjustments in respect of prior years[1]	**25**	(23)
	132	18
Foreign tax		
Current tax on income for the year	**28**	51
Adjustments in respect of prior years[1]	**(15)**	19
Total current tax	**145**	88
Deferred tax		
UK deferred tax		
Origination and reversal of temporary differences	**(3)**	23
Impact of changes to tax rates	**(4)**	–
Adjustments in respect of prior years[1]	**1**	9
	(6)	32
Foreign deferred tax		
Origination and reversal of temporary differences	**(27)**	(7)
Impact of changes to tax rates	**–**	–
Adjustments in respect of prior years[1]	**2**	1
Total deferred tax	**(31)**	26
Total tax charge on profit	**114**	114

1. Adjustments in respect of prior years relate mainly to tax return adjustments and a net increase in provisions for tax contingencies and tax accruals.

Analysis of charge for the year recognised in Other Comprehensive Income and directly in Equity:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Current tax		
Recognised in Other Comprehensive Income		
Current tax (credit)/charge on exchange differences on loans (foreign currency translation reserve)	**–**	(2)
Current tax charge on net investment hedges deferred in Equity (hedging reserve)	**1**	–
Total current tax recognised in Other Comprehensive Income	**1**	(2)
Deferred tax		
Recognised in Other Comprehensive Income		
Deferred tax credit on net investment hedges deferred in Equity (hedging reserve)	**(1)**	–
Total deferred tax recognised in Other Comprehensive Income	**(1)**	–
Recognised in Equity		
Deferred tax (credit)/charge on share options (retained earnings)	**–**	(1)
Total deferred tax recognised directly in Equity	**–**	(1)

9. Taxation continued

The tax rate applicable on profit varied from the standard rate of corporation tax in the UK due to the following factors:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Profit before taxation	**511**	490
Tax at 19% (last year: 19%) on profit before taxation	**97**	93
Rate adjustments relating to overseas profits	**3**	18
Permanent differences	**6**	(1)
Tax on dividends not creditable	**2**	1
Current year tax losses not recognised	**–**	–
Prior year temporary differences and tax losses recognised	**(3)**	(3)
Adjustments in respect of prior years	**13**	6
Adjustments to deferred tax relating to changes in tax rates	**(4)**	–
Total taxation charge	**114**	114

Total taxation recognised in the Group Income Statement arises on the following items:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Tax on adjusted profit before taxation	**109**	92
Tax on adjusting items	**5**	22
Total taxation charge	**114**	114

During the next year it is possible that some or all of the current disputes are resolved. Management estimates that the outcome across all matters under dispute or in negotiation between governments could be in the range of a decrease of £20 million to an increase of £20 million relative to the current tax liabilities recognised at 2 April 2022. This would have an impact of approximately (4%) to 4% on the Group's effective tax rate.

10. Earnings per share

The calculation of basic earnings per share is based on profit or loss attributable to owners of the Company for the year divided by the weighted average number of ordinary shares in issue during the year. Basic and diluted earnings per share based on adjusted profit before taxation are also disclosed to indicate the underlying profitability of the Group.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Attributable profit for the year before adjusting items[1]	**382**	273
Effect of adjusting items[1] (after taxation)	**14**	103
Attributable profit for the year	**396**	376

1. Refer to note 6 for details of adjusting items.

The weighted average number of ordinary shares represents the weighted average number of Burberry Group plc ordinary shares in issue throughout the year, excluding ordinary shares held in the Group's ESOP trusts and treasury shares held by the Company or its subsidiaries.

Diluted earnings per share is based on the weighted average number of ordinary shares in issue during the year. In addition, account is taken of any options and awards made under the employee share incentive schemes, which will have a dilutive effect when exercised. Refer to note 29 for additional information on the terms and conditions of the employee share incentive schemes.

10. Earnings per share continued

	53 weeks to 2 April 2022 Millions	52 weeks to 27 March 2021 Millions
Weighted average number of ordinary shares in issue during the year	**402.5**	404.1
Dilutive effect of the employee share incentive schemes	**2.3**	1.0
Diluted weighted average number of ordinary shares in issue during the year	**404.8**	405.1

11. Dividends paid to owners of the Company

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Prior year final dividend paid 42.5p per share (last year: nil)	**172**	–
Interim dividend paid 11.6p per share (last year: nil)	**47**	–
Total	**219**	–

A final dividend in respect of the 53 weeks to 2 April 2022 of 35.4p (last year: 42.5p) per share, amounting to £140 million, has been proposed for approval by the shareholders at the Annual General Meeting subsequent to the balance sheet date. The final dividend has not been recognised as a liability at the year end and will be paid on 5 August 2022 to the shareholders on the register at the close of business on 1 July 2022. The ex-dividend date is 30 June 2022 and the final day for dividend reinvestment plan ('DRIP') elections is 15 July 2022.

12. Intangible assets

Cost	Goodwill £m	Trademarks, licences and other intangible assets £m	Computer software £m	Intangible assets in the course of construction £m	Total £m
As at 28 March 2020	116	13	198	65	392
Effect of foreign exchange rate changes	(5)	–	(2)	–	(7)
Additions	–	1	25	11	37
Disposals	–	–	(15)	–	(15)
Reclassifications from assets in the course of construction	–	–	31	(31)	–
As at 27 March 2021	**111**	**14**	**237**	**45**	**407**
Effect of foreign exchange rate changes	4	–	1	–	5
Additions	–	–	12	25	37
Disposals	–	(1)	(7)	–	(8)
Reclassifications from assets in the course of construction	–	–	15	(15)	–
As at 2 April 2022	**115**	**13**	**258**	**55**	**441**
Accumulated amortisation and impairment					
As at 28 March 2020	7	6	121	12	146
Effect of foreign exchange rate changes	(1)	–	(2)	–	(3)
Charge for the year	–	1	32	–	33
Disposals	–	–	(15)	–	(15)
Impairment charge on assets	–	–	1	8	9
As at 27 March 2021	**6**	**7**	**137**	**20**	**170**
Effect of foreign exchange rate changes	**–**	**–**	**1**	**(1)**	**–**
Charge for the year	**–**	**1**	**38**	**–**	**39**
Disposals	**–**	**(1)**	**(7)**	**–**	**(8)**
Impairment charge on assets	**–**	**–**	**–**	**–**	**–**
As at 2 April 2022	**6**	**7**	**169**	**19**	**201**
Net book value					
As at 2 April 2022	**109**	**6**	**89**	**36**	**240**
As at 27 March 2021	**105**	**7**	**100**	**25**	**237**

12. Intangible assets continued

During the 52 weeks to 27 March 2021 an impairment charge of £8 million was recognised in relation to computer software assets under construction and £1 million was recognised in relation to computer software assets following a review of supply chain strategy and future software requirements. No such charge was incurred in the 53 weeks to 2 April 2022.

Impairment testing of goodwill

The carrying value of the goodwill allocated to cash generating units:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Mainland China	**50**	47
Korea	**26**	26
Retail and Wholesale segment[1]	**19**	19
Other	**14**	13
Total	**109**	105

1. Goodwill which arose on acquisition of Burberry Manifattura S.R.L. has been allocated to the group of cash generating units which make up the Group's Retail and Wholesale operating segment cash generating unit. This reflects the level at which the goodwill is being monitored by management.

The Group tests goodwill for impairment annually or when there is an indication that goodwill might be impaired. The recoverable amount of all cash generating units has been determined on a value-in-use basis. Value-in-use calculations for each cash generating unit are based on projected pre-tax discounted cash flows together with a discounted terminal value. The cash flows have been discounted at pre-tax rates reflecting the Group's weighted average cost of capital adjusted for country-specific tax rates and risks. Where the cash generating unit has a non-controlling interest which was recognised at a value equal to its proportionate interest in the net identifiable assets of the acquired subsidiary at the acquisition date, the carrying amount of the goodwill has been grossed up, to include the goodwill attributable to the non-controlling interest, for the purpose of impairment testing the goodwill attributable to the cash generating unit. The key assumptions contained in the value-in-use calculations include the future revenues, the margins achieved and the discount rates applied.

The value-in-use calculations have been prepared using management's cost and revenue projections for the next three years to 29 March 2025 and a longer-term growth rate of 4% to 27 March 2027. A terminal value has been included in the value-in-use calculation based on the cash flows for the year ending 27 March 2027 incorporating the assumption that growth beyond 27 March 2027 is equivalent to nominal inflation rates, assumed to be 2%, which are not significant to the assessment.

The value-in-use estimates indicated that the recoverable amount of the cash generating unit exceeded the carrying value for each of the cash generating units. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year.

For the material goodwill balances of Mainland China, Korea and the Retail and Wholesale segment, sensitivity analyses have been performed by management. The sensitivities include applying a 10% reduction in revenue and gross profit from management's base cash flow projections, considering the potential outcome from a more severe long-term impact of COVID-19. Under this scenario, the estimated recoverable amount of goodwill in Mainland China, Korea and the Retail and Wholesale segment still exceeded the carrying value.

The pre-tax discount rates for Mainland China, Korea and the Retail and Wholesale segment were 13%, 12% and 10% respectively (last year: Mainland China 14%, Korea 12%, and the Retail and Wholesale segment 10%).

The other goodwill balance of £14 million (last year: £13 million) consists of amounts relating to seven cash generating units none of which have goodwill balances individually exceeding £7 million as at 2 April 2022 (last year: £6 million).

13. Property, plant and equipment

Cost	Freehold land and buildings £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
As at 28 March 2020	147	497	373	24	1,041
Effect of foreign exchange rate changes	(12)	(30)	(22)	(1)	(65)
Additions	–	44	11	15	70
Disposals	(6)	(27)	(45)	–	(78)
Reclassifications from assets in the course of construction	–	9	12	(21)	–
As at 27 March 2021	129	493	329	17	968
Effect of foreign exchange rate changes	6	17	9	1	33
Additions	–	68	23	45	136
Disposals	–	(37)	(18)	(2)	(57)
Reclassifications from assets in the course of construction	–	9	5	(14)	–
Reclassifications to assets held for sale	(19)	–	–	–	(19)
As at 2 April 2022	**116**	**550**	**348**	**47**	**1,061**

Accumulated depreciation and impairment					
As at 28 March 2020	59	363	323	1	746
Effect of foreign exchange rate changes	(6)	(22)	(20)	–	(48)
Charge for the year	4	45	22	–	71
Disposals	(2)	(27)	(45)	–	(74)
Impairment charge on assets	1	2	–	–	3
Impairment reversal on assets	–	(8)	(2)	–	(10)
As at 27 March 2021	56	353	278	1	688
Effect of foreign exchange rate changes	3	14	8	–	25
Charge for the year	3	58	25	–	86
Disposals	–	(37)	(18)	–	(55)
Impairment charge on assets	–	1	1	–	2
Impairment reversal on assets	–	(1)	–	–	(1)
Reclassifications to assets held for sale	(6)	–	–	–	(6)
As at 2 April 2022	**56**	**388**	**294**	**1**	**739**

Net book value					
As at 2 April 2022	**60**	**162**	**54**	**46**	**322**
As at 27 March 2021	73	140	51	16	280

During the 53 weeks to 2 April 2022, management carried out a review of retail cash generating units for any indication of impairment or reversal of impairments previously recorded. Where indications of impairment charges or reversals were identified, the impairment review compared the value-in-use of the cash generating units to their net book values at 2 April 2022. The pre-tax cash flow projections used for this review were based on financial plans of expected revenues and costs of each retail cash generating unit, approved by management, reflecting their latest plans over the next three years to 29 March 2025, followed by longer-term growth rates of mid-single digits and inflation rates appropriate to each store's location. The pre-tax discount rates used in these calculations were between 9.9% and 18.4% (last year: between 9.6% and 14.1%) based on the Group's weighted average cost of capital adjusted for country-specific borrowing costs, tax rates and risks for those countries in which a charge or reversal was incurred. Where indicators of impairment have been identified and the value-in-use was less than the carrying value of the cash generating unit, an impairment of property, plant and equipment and right-of-use asset was recorded. Where the value-in-use was greater than the net book value, and the cash generating unit had been previously impaired, the impairment was reversed, to the extent that could be supported by the value-in use and allowing for any depreciation that would have been incurred during the period since the impairment was recorded. The fair value less cost to sell of the cash generating units was also considered, taking into account potential alternative uses for property, such as subletting of leasehold or sale of freehold. A review for any other indicators of impairment charges or reversals across the retail portfolio was also carried out.

13. Property, plant and equipment continued

In the financial statements for the 52 weeks to 27 March 2021 a net impairment reversal of £47 million was recorded, as an adjusting item within net operating expenses, relating to the impairment of retail cash generating units as a result of the impact of COVID-19. This net reversal reflected improved trading expectations compared to those assumed at 28 March 2020. During the 53 weeks to 2 April 2022, where these impairments, previously charged as an adjusting item, were reassessed and updated, any reversal or additional charge was also recorded as an adjusting item. This resulted in a net impairment charge of £5 million, which has also been presented as an adjusting item in the current year. A net impairment reversal of £1 million was recorded against property, plant and equipment (last year: net impairment reversal of £9 million) and a charge of £6 million was recorded against right-of-use assets (last year: net impairment reversal of £38 million). Refer to note 14 for further details of right-of-use assets. Refer to note 6 for details of adjusting items.

A net charge of £3 million (last year: £nil) was recorded within net operating expenses as a result of the annual review of impairment for all other retail store assets, excluding those impaired as a result of the impact of COVID-19. A charge of £2 million (last year: charge of £nil) was recorded against property, plant and equipment and a net charge of £1 million (last year: charge of £nil) was recorded against right-of-use assets.

The net impairment charge recorded in property, plant and equipment related to 13 retail cash generating units (last year: net impairment reversal related to 25 retail cash generating units) for which the total recoverable amount at the balance sheet date is £7 million (last year: £33 million).

Management has considered the potential impact of changes in assumptions on the impairment recorded against the Group's retail assets. Given the significant uncertainty regarding the impact of COVID-19 on the Group's retail operations and on the global economy, management has considered sensitivities to the impairment charge as a result of changes to the estimate of future revenues achieved by the retail stores. The sensitivities applied are an increase or decrease in revenue of 10% from the estimate used to determine the impairment charge or reversal. We have also considered retail cash generating units with no indicators of impairment but with a significant asset balance. It is estimated that a 10% decrease/increase in revenue assumptions for the 52 weeks to 1 April 2023, with no change to subsequent forecast revenue growth rate assumptions, would result in a less than £10 million increase / less than £10 million decrease in the impairment charge of retail store assets in the 53 weeks to 2 April 2022.

An impairment charge of £nil (last year: £1 million) was recognised in relation to non-retail property, plant and equipment. Refer to note 6 for details of adjusting items. As a result the total net impairment charge for property, plant and equipment was £1 million (last year: net impairment reversal of £7 million).

As of 2 April 2022 the Group had three freehold properties that met the criteria to be classified as held for sale. These assets were required to be recorded at the lower of carrying value or fair value less any costs to sell. As the fair value less any costs to sell exceeded the carrying value for each, the related assets and liabilities were recorded at their carrying value. The sale of these properties is expected to complete within the next 12 months.

14. Right-of-use assets

Net book value	Property right-of-use assets £m
As at 28 March 2020	834
Effect of foreign exchange rate changes	(39)
Additions	127
Remeasurements[1]	34
Depreciation for the year	(172)
Impairment charge on assets	(15)
Impairment reversal on assets	49
As at 27 March 2021	818
Effect of foreign exchange rate changes	9
Additions	227
Remeasurements[1]	21
Depreciation for the year	(188)
Impairment charge on assets	(10)
Impairment reversal on assets	3
As at 2 April 2022	**880**

1. Remeasurements of lease liabilities include COVID-19-related rent forgiveness of £18 million (last year: £54 million) which have been recognised as a credit in the Income Statement at 2 April 2022 (refer to note 21).

As a result of the assessment of retail cash generating units for impairment, a net impairment charge of £7 million (last year: net impairment reversal of £34 million) was recorded for impairment of right-of-use assets. Refer to note 13 for further details of impairment assessment of retail cash generating units. This net impairment charge comprises £6 million relating to the impact of COVID-19 on the value-in-use of retail cash generating units (last year: £38 million reversal) and £1 million relating to other trading impacts was recognised during the year (last year: £nil). The charge relating to COVID-19 has been presented as an adjusting item (refer to note 6).

The net impairment charge recorded in right-of-use assets relates to 12 retail cash generating units (last year: net impairment reversal related to 27 retail cash generating units) for which the total recoverable amount at the balance sheet date is £26 million (last year: £200 million).

In the prior year, an impairment charge of £4 million was recognised in relation to vacant office premises as part of restructuring costs in adjusting items.

As a result, the net impairment charge for right-of-use assets was, in total, £7 million (last year: net impairment reversal of £34 million).

15. Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and there is an intention to settle on a net basis, and to the same fiscal authority. The assets and liabilities presented in the Balance Sheet, after offset, are shown in the table below:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Deferred tax assets	**175**	137
Deferred tax liabilities	**(1)**	(1)
Net amount	**174**	136

The movement in the deferred tax account is as follows:	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
At start of year	**136**	171
Effect of foreign exchange rate changes	**6**	(10)
Credited/(charged) to the Income Statement	**31**	(26)
Credited to Other Comprehensive Income	**1**	–
Credited to Equity	**–**	1
At end of year	**174**	136

The movement in the net deferred tax balances during the year is as follows:

Deferred tax balances

	Capital allowances £m	Unrealised inventory profit and other inventory provisions £m	Share schemes £m	Derivative Instruments £m	Unused tax losses £m	Leases £m	Other[1] £m	Total £m
As at 28 March 2020	20	72	2	(1)	5	53	20	171
Effect of foreign exchange rate changes	(2)	(5)	–	–	–	(1)	(2)	(10)
(Charged)/credited to the Income Statement	(1)	(5)	1	–	(4)	(17)	–	(26)
Credited to Equity	–	–	1	–	–	–	–	1
As at 27 March 2021	17	62	4	(1)	1	35	18	136
Effect of foreign exchange rate changes	–	4	–	–	–	1	1	6
Credited/(charged) to the Income Statement	2	31	1	–	2	(4)	(1)	31
Credited to Other Comprehensive Income	–	–	–	1	–	–	–	1
As at 2 April 2022	**19**	**97**	**5**	**–**	**3**	**32**	**18**	**174**

1. Deferred balances within 'Other' category in the analysis above include temporary differences arising on other provisions and accruals of £18 million (last year: £18 million) and property provisions of £nil (last year: £nil).

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of £47 million (last year: £51 million) in respect of losses and temporary timing differences amounting to £185 million (last year: £197 million) that can be set off against future taxable income. There is a time limit for the recovery of £6 million of these potential assets (last year: £7 million) which ranges from one to seven years (last year: two to eight years).

Included within other temporary differences above is a deferred tax liability of £1 million (last year: £1 million) relating to unremitted overseas earnings. No deferred tax liability is provided in respect of any future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on the remittance. The aggregate amount of temporary differences in respect of unremitted earnings is £287 million (last year: £288 million).

16. Trade and other receivables

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Non-current		
Other financial receivables[1]	**42**	41
Other non-financial receivables[2]	**1**	1
Prepayments	**2**	3
Total non-current trade and other receivables	**45**	45
Current		
Trade receivables	**151**	155
Provision for expected credit losses	**(7)**	(8)
Net trade receivables	**144**	147
Other financial receivables[1]	**36**	33
Other non-financial receivables[2]	**63**	48
Prepayments	**32**	40
Accrued income	**8**	9
Total current trade and other receivables	**283**	277
Total trade and other receivables	**328**	322

1. Other financial receivables include rental deposits, cash settled equity swaps and other sundry debtors.
2. Other non-financial receivables relates to indirect taxes, other taxes and duties and COVID-19 related government grant receivables.

Included in total trade and other receivables are non-financial assets of £98 million (last year: £92 million).

The Group's impairment policies and the calculation of any allowances for credit losses are detailed in note 28 credit risk.

17. Inventories

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Raw materials	**12**	12
Work in progress	**1**	1
Finished goods	**413**	389
Total inventories	**426**	402

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Total inventories, gross	**509**	519
Provisions	**(83)**	(117)
Total inventories, net	**426**	402

Inventory provisions of £83 million (last year: £117 million) are recorded, representing 16.3% (last year: 22.5%) of the gross value of inventory. The provisions reflect management's best estimate of the net realisable value of inventory, where this is considered to be lower than the cost of the inventory.

The cost of inventories recognised as an expense and included in cost of sales amounted to £786 million (last year: £652 million).

17. Inventories continued

As at 28 March 2020, £68 million of the provision was included in cost of sales as a result of the estimated reduction in net realisable value of inventory due to COVID-19 and was presented as an adjusting item. This provision related to the current season and recent seasons that, under more normal circumstances, would be expected to sell through with limited loss. In the current year, £14 million of the provision has been utilised (last year: £4 million), where inventory previously provided for had been sold below cost in the current year and is recognised in cost of sales. An additional £16 million has been released upon re-assessment of the provision (last year: £22 million), where inventory previously provided for has been sold, or is now expected to be sold, for a higher net realisable value than has been estimated last year as performance during the current year has exceeded, and is expected to continue to exceed, the assumptions made at last year end. This reversal is presented as an adjusting item. Refer to note 6 for details of adjusting items. All other charges and reversals relating to inventory provisions have been included in adjusted operating profit.

Taking into account the significant uncertainty regarding the outcome of COVID-19 and its impact on retail operations and the global economy, as well as other factors impacting the net realisable value of inventory including trading assumptions being higher or lower than expected, management considers that a reasonable potential range of outcomes could result in an increase or decrease in inventory provisions of £17 million in the next 12 months. This would result in a potential range of inventory provisions of 13.1% to 19.8% as a percentage of the gross value of inventory as at 2 April 2022.

The net movement in inventory provisions included in cost of sales for the 53 weeks to 2 April 2022 was a release of £1 million (last year: release of £11 million). The total reversal of inventory provisions during the current year, which is included in the net movement, was £43 million (last year: reversal of £67 million). Both these amounts include the reversal of £16 million (last year: £22 million), referred to above, which has been presented as an adjusting item.

18. Derivative financial instruments

Master netting arrangements

The Group's forward foreign exchange contracts are entered into under International Swaps and Derivatives Association ('ISDA') master netting arrangements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single amount that is payable by one party to the other. In certain circumstances, such as when a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the Balance Sheet as the Group's right to offset is enforceable only on the occurrence of future events such as default. The Group has amended the ISDA agreement with three banks to require it to net settle its forward foreign exchange contracts. There were no derivatives subject to net settlement agreements and offset on the Balance Sheet at 2 April 2022 (last year: nil). The Group's Balance Sheet would not be materially different if it had offset its forward foreign exchange contracts and equity swap contracts subject to the standard ISDA agreements.

Derivative financial assets

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Forward foreign exchange contracts – fair value hedging instrument: cash flow hedges	**–**	–
Forward foreign exchange contracts – fair value through profit and loss[1]	**5**	2
Total position	**5**	2
Comprising:		
Total current position	**5**	2

1. Forward foreign exchange contracts classified as fair value through profit and loss are used for cash management and hedging monetary assets and liabilities. At 2 April 2022, all such contracts had maturities of no greater than three months from the balance sheet date (last year: two months from the balance sheet date).

18. Derivative financial instruments continued

Derivative financial liabilities

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Forward foreign exchange contracts – fair value hedging instrument: cash flow hedges	**(1)**	–
Forward foreign exchange contracts – fair value through profit and loss[1]	**–**	(3)
Equity swap contracts – fair value through profit and loss[2]	**(1)**	–
Total position	**(2)**	(3)
Comprising:		
Total current position	**(2)**	(3)

1. Forward foreign exchange contracts classified as fair value through profit and loss are used for cash management and hedging monetary assets and liabilities. At 2 April 2022, all such contracts had maturities of no greater than one month from the balance sheet date (last year: one month from the balance sheet date).
2. In September 2020 the Group entered into cash settled equity swaps, these instruments matured in September 2021 and were reported as trade and other receivables last year.

Net derivative financial instruments

The notional principal amounts of the outstanding forward foreign exchange and equity swap contracts at year end are:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Forward foreign exchange contracts – fair value hedging instrument: cash flow hedges	**65**	24
Forward foreign exchange contracts – fair value through profit and loss	**307**	394
Equity swap contracts – fair value through profit and loss	**5**	–

Effect of hedge accounting on the financial position and performance

The effects of the foreign currency cash flow hedging instruments on the Group's financial position and performance are as follows:

	53 weeks to 2 April 2022	52 weeks to 27 March 2021
Foreign currency forwards		
Carrying amount (assets)	**–**	–
Notional amount	**£15m**	–
Maturity date	**Dec 2022**	N/A
Hedge ratio	**1:1**	N/A
Change in spot value of outstanding hedging instruments since start of year	**–**	(£3m)
Change in value of hedged item used to determine hedge effectiveness	**–**	£3m
Weighted average hedged rate of outstanding contracts (including forward points) – EUR	**1.1812**	–
Carrying amount (liabilities)	**(£1m)**	(£0m)
Notional amount	**£50m**	£24m
Maturity date	**May 2022 – Nov 2022**	Oct 2021 – Nov 2021
Hedge ratio	**1:1**	1:1
Change in spot value of outstanding hedging instruments since start of year	**(£1m)**	£1m
Change in value of hedged item used to determine hedge effectiveness	**£1m**	(£1m)
Weighted average hedged rate of outstanding contracts (including forward points) – EUR	**1.1552**	1.1565

The foreign currency forwards are denominated in the same currency as the highly probable future inventory purchases (EUR and USD), therefore the hedge ratio is 1:1.

The contractual maturity profile of non-current financial liabilities is shown in note 28. For further details of cash flow hedging refer to note 28 market risk.

19. Cash and cash equivalents

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Cash and cash equivalents held at amortised cost		
Cash at bank and in hand	**124**	190
Short-term deposits	**73**	159
	197	349
Cash and cash equivalents held at fair value through profit and loss		
Short-term deposits	**1,025**	912
Total	**1,222**	1,261

Cash and cash equivalents classified as fair value through profit and loss relate to deposits held in low volatility net asset value money market funds. The cash is available immediately and, since the funds are managed to achieve low volatility, no significant change in value is anticipated. The funds are monitored to ensure there are no significant changes in value.

As at 2 April 2022 and 27 March 2021, no impairment losses were identified on cash and cash equivalents held at amortised cost.

20. Trade and other payables

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Non-current		
Other payables[1]	**5**	8
Deferred income and non-financial accruals	**18**	14
Contract liabilities	**64**	70
Deferred consideration[2]	**4**	7
Total non-current trade and other payables	**91**	99
Current		
Trade payables	**181**	129
Other taxes and social security costs	**60**	52
Other payables[1]	**6**	13
Accruals	**204**	169
Deferred income and non-financial accruals	**13**	7
Contract liabilities	**13**	13
Deferred consideration[2]	**4**	10
Total current trade and other payables	**481**	393
Total trade and other payables	**572**	492

1. Other payables are comprised of COVID-19 rent deferrals, interest and employee related liabilities.
2. Deferred consideration relates to the acquisition of Burberry Manifattura S.R.L. on 19 September 2018 and of the economic right to the non-controlling interest in Burberry Middle East LLC on 22 April 2016. The change in the deferred consideration liability in the period arises as a result of a financing cash outflow and non-cash movements. In the 53 weeks to 2 April 2022 payments of £3 million were made in relation to Burberry Middle East LLC (last year: £3 million) and £9 million was paid to the previous owners of Burberry Manifattura S.R.L.

Included in total trade and other payables are non-financial liabilities of £168 million (last year: £157 million).

20. Trade and Other Payables continued

Contract liabilities

Retail contract liabilities relate to unredeemed balances on issued gift cards and similar products, and advanced payments received for sales which have not yet been delivered to the customer. Licensing contract liabilities relate to deferred revenue arising from the upfront payment for the Beauty licence which is being recognised in revenue over the term of the licence on a straight-line basis reflecting access to the trademark over the licence period to 2032.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Retail contract liabilities	7	6
Licensing contract liabilities	70	77
Total contract liabilities	77	83

The amount of revenue recognised in the year relating to contract liabilities at the start of the year is set out in the following table. All revenue in the year relates to performance obligations satisfied in the year. All contract liabilities at the end of the year relate to unsatisfied performance obligations.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Retail revenue relating to contract liabilities	4	2
Deferred revenue from Beauty licence	7	7
Revenue recognised that was included in contract liabilities at the start of the year	11	9

21. Lease liabilities

	Property lease liabilities £m
Balance as at 28 March 2020	1,125
Effect of foreign exchange rate changes	(53)
Created during the year	125
Amounts paid[1]	(177)
Discount unwind	25
Remeasurements[2]	(21)
Transfers	(4)
Balance as at 27 March 2021	**1,020**
Effect of foreign exchange rate changes	16
Created during the year	222
Amounts paid[1]	(229)
Discount unwind	27
Remeasurements[2]	2
Balance as at 2 April 2022	**1,058**

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Analysis of total lease liabilities:		
Non-current	849	810
Current	209	210
Total	1,058	1,020

1. The amounts paid of £229 million (last year: £177 million) includes £202 million (last year: £151 million) arising as a result of a financing cash outflow and £27 million (last year: £25 million) arising as a result of an operating cash outflow.
2. Remeasurements include COVID-19-related rent forgiveness of £16 million (last year: £54 million) and other remeasurements of £20 million (last year: £33 million). COVID-19-related rent forgiveness has been recognised as a credit in the Income Statement at 2 April 2022. This credit is included as an adjusting item. Refer to note 6. Other remeasurements relate to changes in the lease liabilities that arises as a result of management's reassessment of the lease term, based on existing break or extension options in the contract.

21. Lease liabilities continued

The Group enters into property leases for retail properties, including stores, concessions, warehouse and storage locations and office property. The remaining lease terms for these properties range from a few months to 16 years (last year: few months to 17 years). Many of the leases include break options and/or extension options to provide operational flexibility. Some of the leases for concessions have rolling lease terms or rolling break options. Management assesses the lease term at inception based on the facts and circumstances applicable to each property including the period over which the investment appraisal was initially considered.

Potential future undiscounted lease payments related to periods following the exercise date of an extension or break option not included in the lease term, and therefore not included in lease liabilities, are approximately £423 million (last year: £425 million) in relation to the next available extension option which are assessed as not reasonably certain to be exercised and £157 million (last year: £125 million) in relation to break options which are expected to be exercised. During the 53 weeks to 2 April 2022, significant judgements regarding breaks and options in relation to individually material leases resulted in approximately £35 million in undiscounted future cash flows not being included in the initial right-of-use assets and lease liabilities.

Management reviews the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. Management may exercise extension options, negotiate lease extensions or modifications. In other instances, management may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. The most significant factor impacting future lease payments is changes management choose to make to the store portfolio.

Future increases and decreases in rent linked to an inflation index or rate review are not included in the lease liability until the change in cash flows takes effect. Approximately 20% (last year: 20%) of the Group's lease liabilities are subject to inflation linked reviews and 33% (last year: 37%) are subject to rent reviews. Rental changes linked to inflation or rent reviews typically occur on an annual basis.

Many of the retail property leases also incur payments based on a percentage of revenue achieved at the location. Changes in future variable lease payments will typically reflect changes in the Group's retail revenues, including the impact of regional mix.

The Group also enters into non-property leases for equipment, advertising fixtures and machinery. Generally, these leases do not include break or extension options. The most significant impact to future cash flows relating to leased equipment, which are primarily short-term, would be the Group's usage of leased equipment to a greater or lesser extent.

The Group's accounting policy for leases is set out in note 2. Details of income statement charges and income from leases are set out in note 5. The right-of-use asset categories on which depreciation is incurred are presented in note 14. Interest expense incurred on lease liabilities is presented in note 8. Commitments relating to off-balance sheet leases are presented in note 26. The maturity of undiscounted future lease liabilities are set out in note 28.

Total cash outflows in relation to leases in the 53 weeks ended 2 April 2022 are £376 million (last year: £312 million). This relates to payments of £202 million on lease principal (last year: £152 million), £27 million on lease interest (last year: £25 million), £124 million on variable lease payments (last year: £115 million), and £23 million other lease payments principally relating to short-term leases and leases in holdover (last year: £20 million).

22. Provisions for other liabilities and charges

	Property obligations £m	Other £m	Total £m
Balance as at 28 March 2020	36	6	42
Effect of foreign exchange rate changes	(2)	–	(2)
Created during the year	9	11	20
Discount unwind	1	–	1
Utilised during the year	(1)	(1)	(2)
Released during the year	(1)	(2)	(3)
Balance as at 27 March 2021	42	14	56
Effect of foreign exchange rate changes	1	–	1
Created during the year	9	8	17
Discount unwind	1	–	1
Utilised during the year	(3)	(2)	(5)
Released during the year	(1)	(5)	(6)
Balance as at 2 April 2022	**49**	**15**	**64**

The net charge in the year for property obligations is £8 million (last year: £8 million), relating to additional property reinstatements costs. The net charge in the year for other provisions of £3 million (last year: £9 million) relates to expected future outflows for property disputes, employee matters and tax compliance.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Analysis of total provisions:		
Non-current	**36**	32
Current	**28**	24
Total	**64**	56

The non-current provisions relate to property reinstatement costs which are expected to be utilised within 16 years (last year: 17 years).

23. Bank overdrafts

Included within bank overdrafts is £45 million (last year: £45 million) representing balances on cash pooling arrangements in the Group.

The Group has a number of committed and uncommitted arrangements agreed with third parties. At 2 April 2022, the Group held bank overdrafts of £nil (last year: £nil) excluding balances on cash pooling arrangements.

The fair value of overdrafts approximate the carrying amount because of the short maturity of these instruments.

24. Borrowings

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300 million and 1.125% coupon maturing on 21 September 2025 (the sustainability bond). Proceeds from the sustainability bond will allow the Group to finance projects which support the Group's sustainability agenda. There are no financial penalties for not using the proceeds as anticipated. Interest on the sustainability bond is payable semi-annually. The fair value of the bond at 2 April 2022 is £298 million (last year: £297 million), all movements on the bond are non-cash.

On 26 July 2021, the Group entered into a new £300 million multi-currency sustainability linked revolving credit facility (RCF) with a syndicate of banks, replacing the previous £300 million RCF that had been in place since 2014. In March 2020, the Group drew down on the RCF in full, and it was repaid in full in June 2020. There were no drawdowns or repayments of the RCF during the current year and at 2 April 2022, there were £nil outstanding drawings.

The Group is in compliance with the financial and other covenants within the facilities and has been in compliance throughout the financial period.

On 14 May 2020, Burberry Limited issued commercial paper with a face value of £300 million, issued at a discount with zero coupon, and a maturity of 17 March 2021. The commercial paper was issued under a £300 million facility the Group agreed under the UK Government sponsored COVID Corporate Finance Facility (CCFF). An increase to the Group's CCFF of £300 million to £600 million was made available from 29 May 2020 however no further commercial paper was issued. The CCFF was repaid in full on 10 February 2021 and the facility expired on 23 March 2021.

25. Share capital and reserves

Allotted, called up and fully paid share capital	Number	£m
Ordinary shares of 0.05p (as at 27 March 2021: 0.05p) each		
As at 28 March 2020	404,705,886	–
Allotted on exercise of options during the year	158,473	–
As at 27 March 2021	404,864,359	–
Allotted on exercise of options during the year	242,942	–
As at 2 April 2022	**405,107,301**	**–**

The Company has a general authority from shareholders, renewed at each Annual General Meeting, to repurchase a maximum of 10% of its issued share capital. During the 53 weeks to 2 April 2022, the Company entered into agreements to purchase £150 million of its own shares excluding stamp duty, as part of a share buyback programme (last year: £nil). Own shares purchased by the Company, as part of a share buyback programme, are classified as treasury shares and their cost offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. When treasury shares are cancelled, a transfer is made from retained earnings to the capital redemption reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled. In the 53 weeks to 2 April 2022, no treasury shares were cancelled (last year: no treasury shares were cancelled).

As at 2 April 2022 the Company held 8.4 million treasury shares (last year: nil), with a market value of £140 million based on the share price at the reporting date (last year: £nil).

The cost of shares purchased by ESOP trusts are offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. As at 2 April 2022, the amount of own shares held by ESOP trusts and offset against retained earnings is £11 million (last year: £13 million). As at 2 April 2022, the ESOP trusts held 0.6 million shares (last year: 0.8 million) in the Company, with a market value of £10 million (last year: £15 million). In the 53 weeks to 2 April 2022 the ESOP trusts and the Company have waived their entitlement to dividends.

The capital reserve consists of non-distributable reserves and the capital redemption reserve arising on the purchase of own shares.

Other reserves in the Statement of Changes in Equity consists of the capital reserve, the foreign currency translation reserve, and the hedging reserves. The hedging reserves consist of the cash flow hedge reserve and the net investment hedge reserve.

25. Share capital and reserves continued

	Capital reserve £m	Hedging reserves: Cash flow hedges £m	Hedging reserves: Net investment hedge £m	Foreign currency translation reserve £m	Total £m
Balance as at 28 March 2020	41	–	5	245	291
Other comprehensive income:					
Cash flow hedges – losses deferred in equity	–	(1)	–	–	(1)
Cash flow hedges – losses transferred to cost of sales	–	1	–	–	1
Foreign currency translation differences	–	–	–	(51)	(51)
Tax on other comprehensive income	–	–	–	2	2
Total comprehensive loss for the year	**–**	**–**	**–**	**(49)**	**(49)**
Balance as at 27 March 2021	41	–	5	196	242
Other comprehensive income:					
Cash flow hedges – losses deferred in equity	–	(1)	–	–	(1)
Foreign currency translation differences	–	–	–	22	22
Total comprehensive loss for the year	–	(1)	–	22	21
Balance as at 2 April 2022	**41**	**(1)**	**5**	**218**	**263**

As at 2 April 2022 the amount held in the hedging reserve relating to matured net investment hedges is £5 million net of tax (last year: £5 million).

26. Financial commitments

The Group leases various retail stores, offices, warehouses and equipment under non-cancellable lease arrangements. The liabilities for these leases are recorded on the Group's Balance Sheet when the Group obtains control of the underlying asset. The Group has additional commitments relating to leases where the Group has entered into an obligation but does not yet have control of the underlying asset. The future lease payments to which the Group is committed, over the expected lease term, but are not recorded on the Group's Balance Sheet are as follows:

	As at 2 April 2022 £m	As at 27 March 2021 £m
Amounts falling due:		
Within 1 year	**6**	6
Between 2 and 5 years	**31**	59
After 5 years	**30**	49
Total	**67**	114

27. Capital commitments

Contracted capital commitments represent contracts entered into by the year end and future work in respect of major capital expenditure projects where activity has commenced by the year end relating to property, plant and equipment and intangible assets.

	As at 2 April 2022 £m	As at 27 March 2021 £m
Capital commitments contracted but not provided for:		
Property, plant and equipment	**29**	25
Intangible assets	**2**	3
Total	**31**	28

28. Financial risk management

The Group's principal financial instruments comprise derivative instruments, cash and cash equivalents, borrowings (including overdrafts), deferred consideration, trade and other receivables, and trade and other payables arising directly from operations.

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital risk.

Risk management is carried out by the Group treasury department (Group Treasury) based on forecast business requirements to reduce financial risk and to ensure sufficient liquidity is available to meet foreseeable needs and to invest in cash and cash equivalents safely and profitably. The Group uses derivative instruments to hedge certain risk exposures. Group Treasury does not operate as a profit centre and transacts only in relation to the underlying business requirements. The policies of Group Treasury are reviewed and approved by the Board of Directors.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various non-sterling currencies.

The Group's Income Statement is affected by transactions denominated in foreign currency. To reduce exposure to currency fluctuations, the Group has a policy of hedging foreign currency denominated transactions by entering into forward foreign exchange contracts (refer to note 18). These transactions are recorded as cash flow hedges. The Group's foreign currency transactions arise principally from purchases and sales of inventory.

The Group's treasury risk management policy is to hedge, prior to market opening, 70-90% of its anticipated foreign currency exposure by currency, by season and where the net currency exposure is greater than £20 million. Currently, the Group does not hedge anticipated intercompany foreign currency transactions. The Group uses forward exchange contracts to hedge its currency risk, which have a maturity of less than 12 months.

The Group designates the spot component of foreign currency forwards in hedge relationships and applies a ratio of 1:1. The forward elements of the foreign currency forward are excluded from designation of the hedging instrument and are separately accounted for as a cost of hedging and recognised in operating expenses on a discounted basis.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the dollar offset method.

In these hedge relationships ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty. There was no ineffectiveness in the 53 weeks ending 2 April 2022 (last year: no ineffectiveness).

The Group monitors the desirability of hedging the net assets of overseas subsidiaries when translated into sterling for reporting purposes. The Group uses forward foreign exchange contracts to hedge net assets of overseas subsidiaries, relating to surplus cash whose remittance is foreseeable. There were no outstanding net investment hedges as at 2 April 2022 (last year: no outstanding net investment hedges).

At 2 April 2022, the Group has performed a sensitivity analysis to determine the effect of sterling strengthening/weakening by 10% (last year: 10%) against other currencies with all other variables held constant. The effect on translating foreign currency denominated net cash, trade, intercompany and other financial receivables and payables and financial instruments at fair value through profit or loss would have been to increase/decrease operating profit for the year by £3 million (last year: increase/decrease £1 million). The effect on translating forward foreign exchange contracts designated as cash flow hedges would have been to decrease/increase equity by £5 million (last year: decrease/increase £1 million) on a post-tax basis.

28. Financial risk management continued

Market risk continued

The following table shows the extent to which the Group has monetary assets and liabilities at the year end in currencies other than the local currency of operation, after accounting for the effect of any specific forward foreign exchange contracts used to manage currency exposure. Monetary assets and liabilities refer to cash, deposits, overdrafts, borrowings and other amounts to be received or paid in cash. Amounts exclude intercompany balances which eliminate on consolidation. Foreign exchange differences on retranslation of these assets and liabilities are recognised in 'Net operating expenses'.

	As at 2 April 2022			As at 27 March 2021		
	Monetary assets £m	**Monetary liabilities £m**	**Net £m**	Monetary assets £m	Monetary liabilities £m	Net £m
Sterling	**1**	**(10)**	**(9)**	–	(1)	(1)
US Dollar	**–**	**(13)**	**(13)**	2	(9)	(7)
Euro	**15**	**(47)**	**(32)**	24	(54)	(30)
Chinese Yuan Renminbi	**9**	**–**	**9**	4	–	4
Other currencies	**5**	**(32)**	**(27)**	7	(11)	(4)
Total	**30**	**(102)**	**(72)**	37	(75)	(38)

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to cash, borrowings, short-term deposits and overdrafts.

The floating rate financial liabilities at 2 April 2022 are £45 million (last year: £45 million) due to cash pool overdrafts. The fixed rate financial liabilities at 2 April 2022 are borrowings of £298 million (last year: £297 million). If interest rates on floating rate financial liabilities had been 100 basis points higher/lower (last year: 100 basis points), excluding the impact on cash pool overdraft balances and with all other variables held constant, post-tax profit for the year would have been £nil (last year: £nil) lower/higher, as a result of higher/lower interest expense.

The floating rate financial assets as at 2 April 2022 comprise short-term deposits of £1,097 million (last year: £1,072 million), interest bearing current accounts of £6 million (last year: £42 million) and cash pool asset balances of £41 million (last year: £48 million). At 2 April 2022, if interest rates on floating rate financial assets had been 100 basis points higher/lower (last year: 100 basis points), excluding the impact on cash pool asset balances and with all other variables held constant, post-tax profit for the year would have been £9 million (last year: £7 million) higher/lower, as a result of higher/lower interest income.

Credit risk

Trade receivables

The Group has no significant concentrations of credit risk. The trade receivables balance is spread across a large number of different customers with no single debtor representing more than 5% of the total balance due (last year: 4%). The Group has policies in place to ensure that wholesale sales are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. In some retail locations, where the Group's store is contained within a department store or mall, for example a concession, the sales proceeds may be initially held by the operator of the wider location, giving rise to retail debtors. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant and default rates have historically been very low.

The Group applies the simplified approach when measuring the trade receivable expected credit losses. The approach uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on segment, geographical region and the days past due. The expected loss rates are reviewed annually, or when there is a significant change in external factors potentially impacting credit risk, and are updated where management's expectations of credit losses change.

28. Financial risk management continued

Credit risk continued

At 28 March 2020, management increased the expected credit loss rates for trade receivables based on their judgement as to the impact of COVID-19 on the trade receivables portfolio. In addition, certain individual customers (where there is objective evidence of credit impairment) were identified as having a significantly elevated credit risk and were provided for on a specific basis. During the 53 weeks to 2 April 2022 and 52 weeks to 27 March 2021, the expected credit loss rates have been reassessed, taking into account the experience of losses incurred during the year and changes in market conditions at 2 April 2022 and 27 March 2021 compared to the previous year end. As a result of these reassessments, management has reduced some of the expected credit loss rates. A reversal to the impairment provision of £1 million (last year: £3 million), resulting from the reduction in credit loss rate assumption, has been recorded as an adjusting item. The remaining increase of £nil (last year: reduction £1 million), arising from changes in the value and quality of the receivables portfolio, has been included in adjusted operating profit.

The expected credit loss allowance for receivables was determined as follows:

As at 2 April 2022	Current £m	Less than 1 month overdue £m	Less than 2 months overdue £m	Less than 3 months overdue £m	Over 3 months overdue £m	Total £m
Trade receivables						
Expected loss rate %	**2%**	**5%**	**5%**	**5%**	**63%**	
Gross carrying amount trade receivables	**111**	**21**	**9**	**6**	**4**	**151**
Loss allowance	**(3)**	**(1)**	**(1)**	**–**	**(2)**	**(7)**

As at 27 March 2021						
Trade receivables						
Expected loss rate %	3%	6%	15%	19%	62%	
Gross carrying amount trade receivables	132	14	3	2	4	155
Loss allowance	(4)	(1)	(1)	–	(2)	(8)

The closing loss allowances for receivables reconcile as follows:

	Receivables £m
As at 28 March 2020	19
Effect of foreign exchange rate changes	(1)
Impairment provision recognised in profit or loss during the year	3
Receivables written off during the year as uncollectable	(4)
Unused amount reversed	(9)
As at 27 March 2021	**8**
Effect of foreign exchange rate changes	–
Impairment provision recognised in profit or loss during the year	1
Receivables written off during the year as uncollectable	–
Unused amount reversed	(2)
As at 2 April 2022	**7**

In aggregate, as at 2 April 2022 , the movement in the impairment provision on trade and other receivables and recorded in the Income Statement was a reversal of £1 million, of which £1 million relates to contracts with customers and £nil relates to other receivables (last year: reversal of £6 million of which £4 million related to contracts with customers and £2 million related to other receivables). A reversal of £1 million is presented as an adjusting item (last year: £5 million), being a partial reversal of the adjusting item charge of £11 million in the year ending 26 March 2020, relating to the one-off impact of COVID-19 on expected credit losses. Refer to note 6.

28. Financial risk management continued

Credit risk continued

The maximum exposure to credit risk at the reporting date with respect to trade and other receivables is approximated by the carrying amount on the Balance Sheet.

The expected loss allowance for trade receivables at 2 April 2022 of £7 million is 5% of the amounts receivable (last year: 5%). Due to the remaining uncertainty regarding the outcome of COVID-19 and its impact on the global economy, management considers that this expected loss allowance, while representing management's best estimate of the future outcome, may be required to be updated in future periods depending on actual circumstances. However any updates are not anticipated to result in a material change in the next 12 months.

Receivables excluding trade receivables

The counterparty credit risk of other receivables is reviewed on a regular basis and the impairment is assessed as follows:

At inception the receivable is recorded net of expected 12 month credit losses. If a significant change in the credit risk occurs during the life time of the receivable, credit losses are recorded in the profit and loss account and the effective interest is calculated using the gross carrying amount of the asset. If a loss event occurs, the effective interest is calculated using the amortised cost of the asset net of any credit losses.

During the year ended 31 March 2013 the Group entered into a retail leasing arrangement in the Republic of Korea. As part of this arrangement, a KRW 27 billion (£19 million) 15-year interest-free loan was provided to the landlord. The Group holds a registered mortgage over the leased property for the equivalent value of the loan which acts as collateral. At 2 April 2022, the discounted fair value of the loan is £14 million (last year: £15 million). The book value of the loan, recorded at amortised cost, is £13 million (last year: £14 million). Other than this arrangement, the Group does not hold any other collateral as security. Management considers that the security provided by the mortgage is sufficient risk mitigation and hence the credit loss relating to this receivable is not significant.

Other financial assets

With respect to credit risk arising from other financial assets, which comprise cash and short-term deposits and certain derivative instruments, the Group's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments. The Group has policies that limit the amount of credit exposure to any financial institution and only deposits funds with independently rated financial institutions with a minimum rating of 'A' other than where required for operational purposes. A total of £7 million (last year: £7 million) was held with institutions with a rating below 'A' at 2 April 2022. These amounts are monitored on a weekly basis by the Treasury Committee.

Liquidity risk

The Group's financial risk management policy aims to ensure that sufficient cash is maintained to meet foreseeable needs and close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. For further details, refer to notes 23 and 24.

All short-term trade and other payables, accruals, and bank overdrafts mature within one year or less. The carrying value of all financial liabilities due in less than one year is equal to their contractual undiscounted cash flows, with the exception of lease liabilities. The undiscounted contractual cash flows for lease liabilities due in less than one year is £218 million (last year: £225 million).

28. Financial risk management continued

Liquidity risk continued

The maturity profile of the contractual undiscounted cash flows of the Group's non-current financial liabilities, excluding derivatives used for hedging, is as follows:

	As at 2 April 2022			As at 27 March 2021		
	Lease liabilities £m	**Other £m**	**Total £m**	Lease liabilities £m	Other £m	Total £m
In more than 1 year, but not more than 2 years	**169**	**10**	**179**	165	6	171
In more than 2 years, but not more than 3 years	**158**	**–**	**158**	126	9	135
In more than 3 years, but not more than 4 years	**136**	**300**	**436**	116	–	116
In more than 4 years, but not more than 5 years	**112**	**–**	**112**	99	300	399
In more than 5 years	**362**	**–**	**362**	390	2	392
Total financial liabilities	**937**	**310**	**1247**	896	317	1,213

As at 2 April 2022, other non-current financial liabilities relate to borrowings of £298 million (refer to note 24) and other payables (last year: borrowings of £297 million and other payables).

Capital risk

The Board reviews the Group's capital allocation policy annually. The Group's capital allocation framework defines its priorities for uses of cash, underpinned by its principle to maintain a strong balance sheet with a solid investment grade credit rating. The framework has four priorities for the use of cash generated from operations:

- re-investment in the business to drive organic growth
- maintaining a progressive dividend policy
- continuing to pursue selective inorganic strategic investment and
- to the extent that there is surplus capital to these needs, provide additional returns to shareholders

At 2 April 2022, the Group had net cash of £1,177 million (last year: £1,216 million), borrowings of £298 million (last year: £297 million) and total equity excluding non-controlling interests of £1,611 million (last year: £1,557 million). The borrowings at 2 April 2022 relate to medium term notes with a face value of £300 million (last year: £300 million). For further details refer to note 24. Potential additional sources of funding available to the Group include additional bank facilities, longer-term debt and equity funding. The Group's current capital resources, together with the potential additional sources of funding, are considered sufficient to address the Group's capital risk.

Having considered the future cash generation, growth, productivity and investment plans, taking into consideration the current challenging external environment and relevant financial parameters, the Group decided to continue the share buyback programme it began in May 2016. During the year ended 2 April 2022, the Company entered into agreements to purchase £150 million (last year: £nil) of its own shares as part of the programme. For further details refer to note 23.

29. Employee costs

Staff costs, including the cost of directors, incurred during the year are as shown below. Directors' remuneration, which is separately disclosed in the Directors' Remuneration Report on pages 186 to 213 and forms part of these financial statements, includes, for those share options and awards where performance obligations have been met, the notional gains arising on the future exercise but excludes the charge in respect of these share options and awards recognised in the Group Income Statement.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Wages and salaries	**446**	420
Termination benefits	**10**	14
Social security costs	**57**	50
Share-based compensation (all awards and options settled in shares)	**16**	12
Pension costs	**18**	17
Total	**547**	513

Employee costs include a charge of £10 million (last year: charge of £21 million) arising as a result of the Group's restructuring programmes and a charge of £nil (last year: £4 million) relating to employee profit sharing agreements on the sale of property in France, which have been presented as adjusting items. Refer to note 6 for further details.

The average number of full-time equivalent employees (including executive directors) during the year was as follows:

	Number of employees	
	53 weeks to 2 April 2022	52 weeks to 27 March 2021
EMEIA[1]	**4,478**	4,819
Americas	**1,292**	1,410
Asia Pacific	**3,209**	3,005
Total	**8,979**	9,234

1. EMEIA comprises Europe, Middle East, India and Africa.

Pension costs include contributions to the Group's defined contribution plan for eligible employees.

Shares and share options granted to directors and employees

The Group operates a number of equity-settled share-based compensation schemes for its directors and employees. Details of each of these schemes are set out in this note. The share option schemes have been valued using the Black-Scholes option pricing model. The share awards have been valued using the closing price of an ordinary share at the date of grant.

The key inputs used in the Black-Scholes pricing model to determine the fair value include the share price at the commencement date; the exercise price attached to the option; the vesting period of the award; an appropriate risk-free interest rate; a dividend yield discount for those schemes that do not accrue dividends during the course of the vesting period; and an expected share price volatility, which is determined by calculating the historical annualised standard deviation of the market price of Burberry Group plc shares over a period of time, prior to the grant, equivalent to the vesting period of the option.

Where applicable equity swaps have been entered into to cover future employer's national insurance liability (or overseas equivalent) that may arise in respect of these schemes.

29. Employee costs continued

Shares and share options granted to directors and employees continued

The Burberry Share Plan 2020 ('the BSP')

The BSP was approved by shareholders and adopted by the Company in the year ended 27 March 2021 to replace the Burberry Group plc Executive Share Plan ('ESP') as the Group's main long-term incentive plan.

Under the BSP rules, participants may be awarded either conditional share awards or phantom awards, up to a maximum value of three times base salary per annum. Awards may be subject to performance underpins. If the Company does not meet one or more of the performance underpins over the relevant vesting period, the Remuneration Committee would consider whether it is appropriate to scale back the level of pay-out under the BSP award. For the BSP awards made to the executive directors, 1/3 of the award will vest on the third anniversary of the grant date, 1/3 of the award will vest on the fourth anniversary of the grant date and the remaining balance of the award will vest on the fifth anniversary of the grant date.

Awards made to senior employees will not be subject to performance conditions or underpins and will vest in full on the third anniversary of the grant date, subject to continued employment.

During the year, the following grants were made under the BSP:

					Targets	
Date of grant	Options granted	Fair value	Participant group	Performance conditions/underpins	Threshold	Maximum
27 July 2021	723,336	£20.85	Management	Continued service	N/A	N/A
27 July 2021	52,111	£20.85	Executive Directors	Underpins: Total revenue	£2,400m	N/A
				Brand and sustainability	Reasonable progress	N/A
18 November 2021	6,761	£19.50	Management	Continued service	N/A	N/A

The fair values for the above grants are equivalent to the closing price of an ordinary share on the grant date as follows:

	27 July 2021	18 November 2021
Share price at contract commencement date	£20.85	£19.50

Obligations under this plan will be met either by market purchase shares via the ESOP trust or by the issue of ordinary shares of the Company.

Movements in the number of BSP share awards outstanding are as follows:

	53 weeks to 2 April 2022
Outstanding at start of year	**1,424,090**
Granted during the year	**782,208**
Lapsed and forfeited during the year	**(350,708)**
Exercised in the year	**(153,780)**
Outstanding at end of year	**1,701,810**

29. Employee costs continued

Shares and share options granted to directors and employees continued

The Burberry Share Plan 2020 ('the BSP') continued

Share awards outstanding at the end of the year have the following terms:

Term of the award	Number of awards as at 2 April 2022
20 August 2020 – 20 August 2025	**71,323**
20 August 2020 – 23 July 2023	**772,852**
19 November 2020 – 19 November 2023	**6,933**
23 November 2020 – 23 November 2022	**117,453**
27 July 2021 – 27 July 2026	**52,111**
27 July 2021 – 27 July 2024	**674,377**
18 November 2021 – 23 July 2023	**884**
18 November 2021 – 18 November 2024	**5,877**
Total	**1,701,810**

The Burberry Group plc Executive Share Plan ('the ESP')

The ESP was approved by the shareholders and adopted by the Company in the year ended 31 March 2015 with the final grant made on 27 February 2020.

Under the ESP, participants were awarded shares, structured as either nil-cost options, conditional share awards or phantom awards, up to a maximum value of normally four times base salary per annum. Awards may be subject to a combination of non-market performance conditions, including compound annual Group adjusted PBT growth; compound annual Group revenue growth; and average retail/wholesale adjusted return on invested capital ('ROIC'). Performance conditions will be measured over a three-year period from the last reporting period prior to the grant date. Each performance condition will stipulate a threshold and maximum target. The portion of the scheme relating to each performance target will vest 25% if the threshold target is met, and then on a straight-line basis up to 100% if the maximum target is met. The portion of the scheme relating to each performance target for the Senior Leadership Team for awards made in the prior year will vest 15% if the threshold target is met. Dependent on the outcome of the performance conditions, 50% of the award will vest on the third anniversary of the grant date, and the remaining 50% of the award will vest on the fourth anniversary of the grant date.

Awards made to the Senior Leadership Team are subject to all three non-market performance conditions and are measured 50% based on annual Group adjusted PBT growth; 25% based on annual Group revenue growth; and 25% based on adjusted retail/wholesale ROIC.

The non-market performance conditions for 2018 ESP awards which have not vested are as follows: awards made to senior management are subject to two non-market performance conditions and will be measured 50% based on annual adjusted Group PBT growth and 50% based on annual Group revenue growth. The non-market performance conditions for 2019 ESP awards which have not vested are as follows: awards made to senior management are subject to three non-market performance conditions and will be measured 50% based on annual adjusted Group PBT growth and 25% based on annual Group revenue growth and 25% based on adjusted retail/wholesale ROIC.

Awards made to management will not be subject to performance conditions apart from continued service during the vesting period.

29. Employee costs continued

Shares and share options granted to directors and employees continued

The Burberry Group plc Executive Share Plan ('the ESP') continued

The threshold and maximum targets for the ESP awards that are still within the initial vesting period as at 2 April 2022 are:

Year of grant	Participant group	Performance conditions	Number of awards outstanding as at 2 April 2022	Targets Threshold	Targets Maximum
FY18/19	Management	Continued service	60,660	N/A	N/A
FY18/19	Senior	3-year growth in Group adjusted PBT		–	7.5%
	Management	3-year growth in Group revenue	2,771	1.0%	5.5%
FY18/19	Senior Leadership	3-year growth in Group adjusted PBT		–	7.5%
	Team	3-year growth in Group revenue		1.0%	5.5%
		3-year average retail/wholesale adjusted ROIC	8,138	13.5%	17.0%
FY19/20	Management	Continued service	142,840	N/A	N/A
FY19/20	Senior	3-year growth in Group adjusted PBT		4.0%	12.0%
	Management	3-year growth in Group revenue		3.0%	8.0%
		3-year average retail/wholesale adjusted ROIC	638,226	13.5%	17.0%
FY19/20	Senior Leadership	3-year growth in Group adjusted PBT		4.0%	12.0%
	Team	3-year growth in Group revenue		3.0%	8.0%
		3-year average retail/wholesale adjusted ROIC	277,875	13.5%	17.0%

Obligations under this plan will be met either by market purchase shares via the ESOP trust or by the issue of ordinary shares of the Company.

Movements in the number of ESP share awards outstanding are as follows:

	53 weeks to 2 April 2022	52 weeks to 27 March 2021
Outstanding at start of year	**2,691,413**	4,441,274
Granted during the year	**–**	–
Lapsed and forfeited during the year	**(1,259,441)**	(1,586,130)
Exercised during the year	**(172,931)**	(163,731)
Outstanding at end of year	**1,259,041**	2,691,413
Exercisable at end of year	**128,531**	164,017

Share awards outstanding at the end of the year have the following terms:

Term of the award	**Number of awards as at 2 April 2022**	Number of awards as at 27 March 2021
22 July 2015 – 22 July 2025	**15,141**	23,720
18 November 2015 – 18 November 2025	**395**	395
30 January 2017 – 30 January 2027	**30,007**	101,627
31 July 2017 – 31 July 2027	**53,407**	101,376
31 July 2018 – 31 July 2028	**96,361**	1,104,278
19 November 2018 – 19 November 2028	**4,561**	19,104
31 July 2018 – 31 July 2028	**–**	680
31 July 2019 – 31 July 2029	**1,030,596**	1,309,733
20 November 2019 – 20 November 2029	**5,932**	7,859
27 February 2020 – 27 February 2030	**22,641**	22,641
Total	**1,259,041**	2,691,413

29. Employee costs continued

Shares and share options granted to directors and employees continued

One-off awards

The Company grants conditional share awards as one-off awards. Some of these awards vest in tranches, which vary by award, and are dependent upon continued employment over the vesting period, as well as key strategic performance objectives linked to long-term growth for certain awards.

During the year, conditional share awards over 359,252 ordinary shares were granted as seven one-off awards.

On 18 November 2021, three conditional share awards over 19,874 ordinary shares were granted which vest between 11 March 2022 and 15 March 2024. On 15 March 2022, four conditional share awards over 339,378 ordinary shares were granted which vest between 15 June 2022 and 18 November 2024.

The fair values for the above grants have been determined by applying the closing price of an ordinary share on the grant date. The key factors used in determining the fair value were as follows:

	18 November 2021	15 March 2022
Share price at contract commencement date	£19.50	£15.92

Movements in the number of one-off share awards outstanding are as follows:

	53 weeks to 2 April 2022	52 weeks to 27 March 2021
Outstanding at start of year	**785,371**	865,473
Granted during the year	**359,252**	26,184
Lapsed and forfeited during the year	**(13,375)**	–
Exercised during the year	**(68,200)**	(106,286)
Outstanding at end of year	**1,063,048**	785,371
Exercisable at end of year	**31,311**	83,611

Share awards outstanding at the end of the year have the following terms:

Term of the award	**Number of awards as at 2 April 2022**	Number of awards as at 27 March 2021
18 November 2015 – 18 November 2025	**10,271**	17,974
30 January 2017 – 22 December 2026	**17,553**	22,539
08 February 2018 – 07 February 2028		34,696
31 July 2018 – 31 July 2028	**667,626**	667,626
12 February 2019 – 12 February 2029	**3,487**	24,937
19 February 2020 – 21 November 2022	**7,467**	17,599
18 November 2021 – 21 August 2023	**1,706**	
18 November 2021 31 January 2024	**11,041**	
18 November 2021 – 15 March 2024	**4,519**	
15 March 2022 – 20 March 2023	**3,412**	
15 March 2022 – 15 June 2024	**325,856**	
15 March 2022 – 18 November 2024	**10,110**	
Total	**1,063,048**	785,371

29. Employee costs continued

Shares and share options granted to directors and employees continued

Other schemes

The Group also grants to employees options under the Burberry Group plc Sharesave Plan 2011 ('Sharesave') and free shares under a Burberry Group plc Share Incentive Plan (SIP) for employees in the UK and the Burberry Group plc International Free Share Plan (IFSP) for employees outside the UK. In the 53 weeks to 2 April 2022 and the 52 weeks to 27 March 2021, options were granted under Sharesave with a three-year and five-year vesting period.

Additional awards were granted under a SIP and IFSP, offering employees awards of ordinary shares in the Company at a £nil exercise price. All awards vest after three years and the vesting of these share awards is dependent on continued employment over the vesting period.

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Total compensation in respect of key management, who are defined as the Board of Directors and certain members of senior management, is considered to be a related party transaction.

The total compensation in respect of key management for the year was as follows:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Salaries, short-term benefits and social security costs[1]	**8**	8
Termination benefits	**–**	1
Share-based compensation (all awards and options settled in shares)	**1**	1
Total	**9**	10

1. Pension cash allowance is included within salaries, short-term benefits and social security costs

There were no other material related party transactions in the year.

31. Subsidiary undertakings and investments

In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings as at 2 April 2022, including their country of incorporation and percentage share ownership, is disclosed below. Unless otherwise stated, all undertakings are indirectly owned by Burberry Group plc and operate in the country of incorporation. All the subsidiary undertakings have been consolidated as at 2 April 2022.

Company name	Country/territory of incorporation	Interest	Holding (%)	Registered Office
Burberry Pacific Pty Ltd	Australia	Ordinary shares	100	1
Burberry (Austria) GmbH	Austria	Ordinary shares	100	2
Sandringham Bahrain SPC W.L.L.[2]	Bahrain	Ordinary shares	100	3
Burberry Antwerp NV	Belgium	Ordinary shares	100	4
Burberry Brasil Comércio de Artigos de Vestuário e Acessórios Ltda	Brazil	Quota	100	5
Burberry Canada Inc	Canada	Common shares	100	6
Burberry (Shanghai) Trading Co., Ltd	Mainland China	Equity interest	100	7
Burberry Czech Rep s.r.o.	Czech Republic	Ordinary shares	100	8
Burberry France SASU	France	Ordinary shares	100	9
Burberry (Deutschland) GmbH	Germany	Ordinary shares	100	10
Burberry Asia Holdings Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry Asia Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry China Holdings Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry Hungary Kereskedelmi Korlátolt Felelősségű Társaság	Hungary	Ordinary shares	100	12
Burberry India Private Limited	India	Ordinary shares	51	13
Burberry Ireland Investments Unlimited Company	Ireland	Ordinary A shares Ordinary B shares	100 100	14
Burberry Ireland Limited	Ireland	Ordinary shares	100	15
Burberry Italy (Rome) S.R.L.	Italy	Quota	100	16
Burberry Italy S.R.L.[1]	Italy	Quota	100	16
Burberry Manifattura S.R.L.	Italy	Quota	100	17
Burberry Japan K.K.	Japan	Ordinary shares	100	18
Burberry Kuwait General Trading Textiles and Accessories Company \With Limited Liability[3]	Kuwait	Parts	49	19
Burberry Macau Limited	Macau S.A.R., China	Quota	100	20
Burberry (Malaysia) Sdn. Bhd.	Malaysia	Ordinary shares	100	21
Horseferry México S.A. de C.V.	Mexico	Ordinary (fixed) shares Ordinary (variable) shares	100 100	22
Horseferry México Servicios Administrativos, S.A. de C.V.	Mexico	Ordinary (fixed) shares	100	22
Burberry Netherlands B.V.	Netherlands	Ordinary shares	100	23
Burberry New Zealand Limited	New Zealand	Ordinary shares	100	24
Burberry Qatar W.L.L[3]	Qatar	Ordinary shares	49	25
Burberry Korea Limited	Republic of Korea	Common stock	100	26
Burberry Retail LLC	Russian Federation	Participatory share	100	27
Burberry Saudi Company Limited	Kingdom of Saudi Arabia	Ordinary shares	100	28
Burberry (Singapore) Distribution Company PTE Ltd	Singapore	Ordinary shares	100	29
Burberry (Spain) Retail S.L.	Spain	Ordinary shares	100	30
Burberry Latin America Holdings S.L.	Spain	Ordinary shares	100	31
Burberry (Suisse) SA[1]	Switzerland	Ordinary shares	100	32
Burberry (Taiwan) Co., Ltd	Taiwan Area, China	Common shares	100	33
Burberry (Thailand) Limited	Thailand	Common shares	100	34

31. Subsidiary undertakings and investments continued

Company name	Country of incorporation	Interest	Holding (%)	Registered Office
Burberry Turkey Giyim Toptan Ve Perakende Satış Limited Şirketi	Turkey	Ordinary shares	100	35
Burberry FZ-LLC	United Arab Emirates	Ordinary shares	100	36
Burberry Middle East LLC[3]	United Arab Emirates	Ordinary shares	49	37
Burberry (Espana) Holdings Limited	United Kingdom	Ordinary shares	100	38
Burberry (No. 7) Unlimited	United Kingdom	Ordinary shares	100	38
Burberry (UK) Limited	United Kingdom	Ordinary shares	100	38
Burberry Beauty Limited[1,4]	United Kingdom	Ordinary shares	100	38
Burberry Distribution Limited[,4]	United Kingdom	Ordinary shares	100	38
Burberry Europe Holdings Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry Finance Limited	United Kingdom	Ordinary shares	100	38
Burberry Haymarket Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry Holdings Limited	United Kingdom	Ordinary shares	100	38
Burberry International Holdings Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry Latin America Limited	United Kingdom	Ordinary shares	100	38
Burberry Limited	United Kingdom	Ordinary shares	100	38
Burberry London Limited	United Kingdom	Ordinary shares	100	38
Burberry Treasury Limited[,4]	United Kingdom	Ordinary shares	100	38
Burberrys Limited[1]	United Kingdom	Ordinary shares	100	38
Hampstead (UK) Limited[1, 4]	United Kingdom	Ordinary shares	100	38
Sweet Street Developments Limited	United Kingdom	Ordinary shares	100	38
The Scotch House Limited[1]	United Kingdom	Ordinary shares	100	38
Thomas Burberry Holdings Limited[1]	United Kingdom	Ordinary shares	100	38
Thomas Burberry Limited[1]	United Kingdom	Ordinary shares	100	38
Woodrow-Universal Limited[1]	United Kingdom	Ordinary shares	100	38
Woodrow-Universal Pension Trustee Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry (Wholesale) Limited	United States	Class X common stock	100	39
		Class Y common stock	100	
Burberry Limited	United States	Class X common stock	100	39
		Class Y common stock	100	
Burberry North America, Inc.	United States	Common stock	100	40
Burberry Warehousing Corporation[,5]	United States	Common stock	100	40
Castleford Industries, Ltd. [5]	United States	Series A common stock	100	40
Castleford Tailors, Ltd. [5]	United States	Common stock	100	40

1. Held directly by Burberry Group plc.
2. The Group has an indirect holding of 100% of the issued share capital through a nominee.
3. The Group has a 100% share of profits of Burberry Middle East LLC as well as a 100% and 88% share of profits in Burberry Middle East LLC's subsidiaries in Kuwait and Qatar respectively. The Group has the power to control these companies under the agreements relating to Burberry Middle East LLC.
4. An application for voluntary strike off was made on 25 March 2022.
5. Certificate of dissolution was filed on 28 March 2022.

31. Subsidiary undertakings and investments continued

Ref	Registered office address
1	Level 5, 343 George Street, Sydney NSW 2000, Australia
2	Kohlmarkt 2, 1010 Wien, Austria
3	Building 1A, Road 365, Manama Center 316, Unit 8, Moda Mall, Manama, Bahrain
4	Boulevard de Waterloo 16, Brussel, Belgium
5	City of São Paulo, State of São Paulo, at Rua do Rocio, 350, 3rd Pavement of Condominium Atrium IX, suites No. 31 and No. 32, 28th subdistrict, Vila Olímpia, CEP 04552-000, Brazil
6	100 King Street West, 1 First Canadian Place, Suite 1600, Toronto ON M5X 1G5, Canada
7	60th Floor (Actual Floor No.53), Wheelock Square, 1717 Nanjing West Road, Shanghai 200040, China
8	Praha 1, Pařížská 11/67, PSČ 11000, Czech Republic
9	56A rue du Faubourg Saint-Honoré, 75008, Paris, France
10	Königsallee 50, 40212, Düsseldorf, Germany
11	Suites 2201-02 & 11-14, 22/F Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
12	1124 Budapest, Csörsz utca 49-51, Hungary
13	3 A-1 Taj Apartment, Rao Tula Ram Marg, New Delhi, 110022, India
14	Suite 9, Bunkilla Plaza, Bracetown Business Park, Clonee, Co. Meath., D15 XR27, Ireland
15	Suite 9, Bunkilla Plaza, Bracetown Office Park, Clonee, Co. Meath., D15 XR27, Ireland
16	Via Manzoni n.20, 20121, Milan
17	Via delle Fonti n.10, 50018 Scandicci
18	5-14 Ginza 2-chome, Chuo-ku, Tokyo, Japan
19	Hawali, Street 276, Block 8, Plot 9301, Office No 12, Floor 7, Kuwait
20	Avenida Dr. Sun Yat Sen, One Central Building, 1st floor, Shops 125-127, Macau
21	Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia
22	Edgar Allan Poe 85-B, Col. Polanco, Delg. Miguel Hidalgo, Mexico City, 11560, Mexico
23	Pieter Cornelisz. Hooftstraat 48 H, -50, 1071BZ Amsterdam, Netherlands
24	Level 20, HSBC Tower, 188 Quay Street, Auckland, 1010, New Zealand
25	First Floor, Building No. 660, Street no. 364, Al Waab, Zone No.54, Al Marikh, Al Rayyan Municipality, Qatar
26	(Cheongdam-dong) 459, Dosan-daero, Gangnam-gu, Seoul, Republic of Korea
27	Ulitsa Petrovka, 16, floor 3, Premise I, rooms 47-53, 127051, Moscow, Russian Federation
28	Riyadh, Al Olaya District, Akaria Plaza, First Floor, P.O.Box 359, 11411, Kingdom of Saudi Arabia
29	391B Orchard Road, #15-02/03, Ngee Ann City, 238874, Singapore
30	Passeig de Gràcia, 56, 08007 Barcelona
31	Calle Valencia 640, 08026 Barcelona, Spain
32	Route de Chêne 30A, c/o L&S Trust Services SA, 1208 Genève, Switzerland
33	(105) 5F, No. 451, Changchun Rd., Taipei City, Taiwan
34	No. 989 Siam Piwat Tower, 12A Floor, Unit B1, B2, Rama I Road, Pathumwan Sub-district, Pathumwan District, Bangkok, Thailand
35	Reşitpaşa Mahallessi Eski Büyükdere Cad. Windowist Tower Sit. No: 26/1 Sariyer/Istanbul, Turkey
36	Dubai Design District, Premises: 301, 312, 313, 314 & 315, Floor: 03, Building: 08, Dubai, United Arab Emirates
37	Owned by Dubai Design District, Building 8, Level 3, PO Box 333266, Dubai, United Arab Emirates
38	Horseferry House, Horseferry Road, London, SW1P 2AW, United Kingdom
39	CT Corporation System, 28 Liberty St., New York, New York, 10005, United States
40	The Corporation Trust Company, Corporation Trust Center 1209 Orange St, Wilmington, New Castle, DE 19801, United States

32. Contingent liabilities

The Group is subject to claims against it and to tax audits in a number of jurisdictions which arise in the ordinary course of business. These typically relate to Value Added Taxes, sales taxes, customs duties, corporate taxes, transfer pricing, payroll taxes, various contractual claims, legal proceedings and other matters. Where appropriate, the estimated cost of known obligations have been provided in these financial statements in accordance with the Group's accounting policies. The Group does not expect the outcome of current similar contingent liabilities to have a material effect on the Group's financial position.

FIVE-YEAR SUMMARY (UNAUDITED)

To end of year Revenue by channel	2018 £m	2019 £m	Pro forma[5] 2020 £m	2020 £m	2021 £m	**2022 £m**
Retail	2,176	2,186	2,110	2,110	1,910	**2,273**
Wholesale	527	488	476	476	396	**512**
Retail/Wholesale	2,703	2,674	2,586	2,586	2,306	**2,785**
Licensing	30	46	47	47	38	**41**
Total revenue	2,733	2,720	2,633	2,633	2,344	**2,826**
Profit by channel	£m	£m	£m	£m	£m	**£m**
Retail/Wholesale[1]	441	396	361	390	361	**486**
Licensing	26	42	43	43	35	**37**
Adjusted operating profit[1]	467	438	404	433	396	**523**
Segmental analysis of adjusted profit[1]	%	%	%	%	%	**%**
Retail/Wholesale gross margin	69.1	67.9	66.8	66.8	69.5	**70.2**
Retail/Wholesale operating expenses as a percentage of sales	52.8	53.1	52.8	51.7	53.8	**52.7**
Retail/Wholesale operating margin	16.3	14.8	14.0	15.1	15.7	**17.5**
Licensing operating margin	86.0	91.2	91.9	91.9	90.8	**90.2**
Total operating margin	17.1	16.1	15.3	16.4	16.9	**18.5**
Summary profit analysis	£m	£m	£m	£m	£m	**£m**
Adjusted operating profit[1]	467	438	404	433	396	**523**
Net finance income/(expense)[1]	4	5	6	(19)	(30)	**(31)**
Adjusted profit before taxation[1]	471	443	410	414	366	**492**
Adjusting items	(58)	(2)	(245)	(245)	125	**19**
Profit before taxation	413	441	165	169	491	**511**
Taxation	(119)	(102)	(46)	(47)	(115)	**(114)**
Non-controlling interest	–	–	–	–	–	**(1)**
Attributable profit	294	339	119	122	376	**396**
Retail/Wholesale revenue by product division	£m	£m	£m	£m	£m	**£m**
Accessories	1,047	1,013	948	948	841	**1,017**
Women's	808	837	797	797	653	**784**
Men's	647	698	715	715	668	**807**
Children's/Other[2]	201	126	127	127	145	**177**
Retail/Wholesale revenue by destination	£m	£m	£m	£m	£m	**£m**
Asia Pacific	1,089	1,104	1,041	1,041	1,203	**1,276**
EMEIA[3]	975	957	961	961	628	**813**
Americas	639	612	585	585	475	**696**
Financial KPIs	%	%	%	%	%	**%**
Total revenue growth[4]	-1	-1	-4	-4	-10	**+23**
Adjusted operating profit growth[1, 4]	+5	+0	-8	-1	-8	**+38**
Adjusted Group return on invested capital (ROIC)[1, 6]	16.3	15.5	13.5	20.0	17.0	**24.6**
Comparable store sales growth	+3	+2	-3	-3	-9	**+18**
Adjusted operating profit margin[1]	17.1	16.1	15.3	16.4	16.9	**19.0**
Adjusted diluted EPS growth[1]	+6	+0	-5	-4	-14	**+49**

1. Excludes the impact of adjusting items. Refer to note 2s for the Group's policy on adjusting items.
2. Includes Beauty wholesale revenue up to the disposal of Beauty operations during the year ended 31 March 2018.
3. EMEIA comprises Europe, Middle East, India and Africa.
4. Growth rate is year-on-year underlying change, i.e. at constant exchange rates.
5. The pro forma income statement for 2020 is an estimation of the results for 2020 applying the previous accounting standard for leases, IAS 17 Leases. The actual results for 2020 are reported applying IFRS 16 Leases.
6. Prior to 2020, reported ROIC was measured on a retail/wholesale basis. From 2020 onwards, reported ROIC is measured on a Group basis and reflects the impact of the adoption of IFRS 16 on the measure.

To end of year **Earnings and dividends**	2018 pence per share	2019 pence per share	Pro forma 2020 pence per share	2020 pence per share	2021 pence per share	**2022** **pence** **per share**
Adjusted earnings per share – diluted[1]	82.1	82.1	77.9	78.7	67.3	**94.0**
Earnings per share – diluted	68.4	81.7	29.0	29.8	92.7	**97.7**
Diluted weighted average number of ordinary shares (millions)	429.4	415.1	409.0	409.0	405.1	**404.8**
Dividend per share						
Interim	11.0	11.0	11.3	11.3	–	**11.6**
Final	30.3	31.5	–	–	42.5	**35.4**

To end of year **Net cash flow**	2018 £m	2019 £m	2020 £m	2021 £m	**2022** **£m**
Adjusted operating profit	467	438	433	396	**523**
Adjusting items	(56)	(1)	(244)	125	**20**
Operating profit	411	437	189	521	**543**
Depreciation and amortisation	130	116	331	277	**313**
Employee share scheme costs	17	16	3	12	**16**
Decrease/(increase) in inventories	37	(59)	27	21	**(22)**
Decrease/(increase) in receivables	68	(55)	(10)	(39)	**(5)**
Increase/(decrease) in payables and provisions	28	55	(84)	(7)	**81**
Other cash items	1	2	–	(1)	**–**
Other non-cash items	11	4	169	(107)	**(17)**
Cash flow from operations	703	516	625	677	**909**
Net interest	5	6	(19)	(27)	**(30)**
Tax paid	(118)	(111)	(150)	(58)	**(180)**
Net cash flow from operations[2]	590	411	456	592	**699**
Capital expenditure	(106)	(111)	(149)	(115)	**(161)**
Proceeds from disposal of non-current assets	–	–	3	27	**8**
Initial direct costs of right-of-use assets	–	–	(6)	(3)	**(4)**
Payment of lease principal and other lease outflows	–	–	(238)	(152)	**(202)**
Free cash flow	484	300	66	349	**340**
Proceeds on disposal of Beauty operations and related licence	150	1	–	–	**–**
Acquisitions	(3)	(26)	(3)	(4)	**(10)**
Dividends	(169)	(171)	(175)	–	**(219)**
Purchase of shares through share buyback	(355)	(151)	(151)	–	**(153)**
Proceeds from borrowings	–	–	300	595	**–**
Repayment of borrowings	–	–	–	(600)	**–**
Other	(9)	(11)	4	2	**(4)**
Exchange difference	(15)	2	9	(13)	**7**
Total movement in net cash	83	(56)	50	329	**(39)**
Net cash	892	837	887	1,216	**1,777**

1. Excludes the impact of adjusting items. Refer to note 2s for the Group's policy on adjusting items.
2. Following the adoption of IFRS 16 in the year ending 28 March 2020, Net cash flow from operations excludes cash outflows for lease principal and other lease payments. Free cash flow is presented including these lease payments and hence free cash flow is on a comparable basis to prior years.

At end of year Balance Sheet	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Intangible assets	180	221	247	237	**240**
Property, plant and equipment	314	307	295	280	**322**
Right-of-use assets	–	–	834	818	**880**
Inventories	412	465	451	402	**426**
Trade and other receivables	276	321	306	322	**328**
Trade and other payables	(629)	(702)	(550)	(492)	**(572)**
Lease liabilities	–	–	(1,126)	(1,020)	**(1,058)**
Taxation (including deferred taxation)	85	98	214	148	**221**
Net cash	892	837	887	1,216	**1,177**
Borrowings	–	–	(300)	(297)	**(298)**
Other net assets	(104)	(87)	(39)	(54)	**(49)**
Net assets	1,426	1,460	1,219	1,560	**1,617**

Reconciliation of Adjusted Group ROIC as reported under IFRS 16	2019 £m	2020 £m	2021 £m	**2022 £m**
Adjusted operating profit[1]		433	396	**523**
Adjusted profit effective tax rate[1]		22.3%	25.4%	**22.2%**
Adjusted net operating profit after tax[1]		336	295	**407**
Net assets	1,460	1,219	1,560	**1,617**
Adjustments to net assets on adoption of IFRS 16 and IFRIC 23	(62)	–	–	**–**
Deduct cash net of overdrafts	(837)	(887)	(1,216)	**(1,177)**
Add back borrowings	–	300	297	**298**
Add back lease debt	1,045	1,125	1,019	**1,058**
Deduct tax assets	(98)	(214)	(148)	**(221)**
Operating assets	1,508	1,543	1,512	**1,575**
Add back net liabilities related to adjusting items:				
Deferred consideration	22	18	17	**8**
Restructuring liabilities/other	27	253	128	**63**
Adjusted operating assets	1,557	1,815	1,657	**1,646**
Average adjusted operating assets	–	1,686	1,736	**1,651**
Adjusted Group ROIC	–	20.0%	17.0%	**24.6%**

1. Excludes the impact of adjusting items. Refer to note 2s for the Group's policy on adjusting items.

COMPANY BALANCE SHEET

	Note	As at 2 April 2022 £m	As at 27 March 2021 £m
Fixed assets			
Investments in subsidiaries	D	**1,535**	1,651
		1,535	1,651
Current assets			
Trade and other receivables – amounts falling due after more than one year	E	**609**	301
Trade and other receivables – amounts falling due within one year	E	**1**	95
Cash at bank and in hand		**1**	–
		611	396
Creditors – amounts falling due within one year	F	**(60)**	(175)
Net current assets		**551**	221
Total assets less current liabilities		**2,086**	1,872
Creditors – amounts falling due after more than one year	F	**(123)**	–
Provisions for liabilities		**–**	(1)
Borrowings	G	**(298)**	(297)
Net assets		**1,665**	1,574
Equity			
Called up share capital	I	**–**	–
Share premium account		**227**	223
Capital reserve		**1**	1
Hedging reserve		**–**	5
Profit and loss account		**1,437**	1,345
Total equity		**1,665**	1,574

Profit for the year was £456 million (last year: £15 million). The directors consider that, at 2 April 2022, £701 million (last year: £686 million) of the profit and loss account is non-distributable.

The financial statements on pages 298 to 307 were approved and authorised for issue by the Board on 17 May 2022 and signed on its behalf by:

Jonathan Akeroyd
Chief Executive Officer

Julie Brown
Chief Operating and Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Called up share capital £m	Share premium account £m	Capital reserve £m	Hedging reserve £m	Profit and loss account £m	Total equity £m
Balance as at 28 March 2020		–	221	1	5	1,318	1,545
Profit for the year		–	–	–	–	15	15
Total comprehensive income for the year		–	–	–	–	15	15
Employee share incentive schemes							
Equity share awards		–	–	–	–	12	12
Exercise of share options		–	2	–	–	–	2
Balance as at 27 March 2021		–	223	1	5	1,345	1,574
Profit for the year		–	–	–	–	456	456
Total comprehensive income for the year		–	–	–	–	456	456
Employee share incentive schemes							
Equity share awards		–	–	–	–	16	16
Exercise of share options		–	4	–	–	–	4
Purchase of own shares							
Share buyback	I	–	–	–	–	(153)	(153)
Held by ESOP trusts		–	–	–	–	(8)	(8)
Dividends paid in the year	J	–	–	–	–	(219)	(219)
Gains recognised in income		–	–	–	(5)	–	(5)
Balance as at 2 April 2022		**–**	**227**	**1**	**–**	**1,437**	**1,665**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

A. Basis of preparation

Burberry Group plc ('the Company') is the parent Company of the Burberry Group. Burberry Group plc is a public company which is limited by shares and is listed on the London Stock Exchange. The Company's principal business is investment and it is incorporated and domiciled in the UK. The Company is registered in England and Wales and the address of its registered office is Horseferry House, Horseferry Road, London, SW1P 2AW. The Company is the sponsoring entity of The Burberry Group plc ESOP Trust and The Burberry Group plc SIP Trust (collectively known as the ESOP trusts). These financial statements have been prepared by including the ESOP trusts within the financial statements of the Company. The purpose of the ESOP trusts is to purchase shares of the Company in order to satisfy Group share-based payment arrangements.

Burberry Group plc and its subsidiaries ('the Group') is a global luxury goods manufacturer, retailer and wholesaler. The Group also licenses third parties to manufacture and distribute products using the 'Burberry' trademarks. All of the companies which comprise the Group are controlled by the Company directly or indirectly. The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards. These consolidated financial statements have been prepared for public use and can be obtained at Horseferry House, Horseferry Road, London, SW1P 2AW.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by derivative financial assets and derivative financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (refer to note C).

Financial Reporting Standard 101 – reduced disclosure exemptions

The Company has taken advantage of the applicable disclosure exemptions permitted by FRS 101 in the financial statements, which are summarised below:

Standard	Disclosure exemption
IFRS 7, 'Financial Instruments: Disclosures'	• Full exemption
IFRS 13, 'Fair Value Measurement'	• para 91-99 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
IAS 1, 'Presentation of the Financial Statements'	• para 10(d) – statement of cash flows • para 10(f) – a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statements, or when it reclassifies items in its financial statements • para 16 – statement of compliance with all IFRS • para 38 – present comparative information in respect of paragraph 79(a)(iv) of IAS 1 • para 38A – requirement for minimum of two primary statements, including cash flow statements • para 38B-D – additional comparative information • para 111 – cash flow statement information • para 134-136 – capital management disclosures
IAS 7, 'Statement of Cash Flows'	• Full exemption
IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'	• para 30-31 – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective
IAS 24, 'Related Party Disclosures'	• para 17 – key management compensation • The requirements to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
IAS 36, 'Impairment of Assets'	• para 134(d)-134(f) and 135(c)-135(e)

B. Accounting policies

The following principal accounting policies have been applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated:

Going concern

The Company financial statements are prepared on a going concern basis as set out in note 1 of the Group consolidated financial statements of Burberry Group plc.

Share schemes

The Group operates a number of equity-settled share-based compensation schemes, under which services are received from employees (including executive directors) as consideration for equity instruments of the Company. Instruments used include awards and options. The cost of the share-based incentives is measured with reference to the fair value of the equity instruments awarded at the date of grant. Appropriate option pricing models, including Black-Scholes, are used to determine the fair value of the option awards made.

The fair value takes into account the impact of any market performance conditions, but the impact of non-market performance conditions is not considered in determining the fair value on the date of grant. Vesting conditions which relate to non-market conditions are allowed for in the assumptions used for the number of share awards or options expected to vest. The estimate of the number of options expected to vest is revised at each balance sheet date.

In some circumstances, employees may provide services in advance of the grant date. The grant date fair value is estimated for the purpose of recognising the expense during the period between the service commencement period and the grant date.

The grant by the Company of share awards or options over its equity instruments to employees of subsidiary undertakings in the Group is treated as a capital contribution. In the Company's financial statements, the cost of the share-based incentives is recognised over the vesting period of the awards as an increase in investment in subsidiary undertakings, with a corresponding increase in equity. Where amounts are received from Group companies in relation to equity instruments granted to the employees of the subsidiary undertaking, the amount is derecognised from investments in Group companies.

When options and awards are exercised, they are settled either via issue of new shares in the Company, or through shares held in the ESOP trusts, depending on the terms and conditions of the relevant scheme. The proceeds received from the exercises, net of any directly attributable transaction costs, are credited to share capital and share premium. Share-based payments disclosures relevant to the Company are presented within note 29 to the consolidated financial statements.

Dividend distribution

Dividend distributions to Burberry Group plc's shareholders are recognised as a liability in the year in which the dividend becomes a committed obligation. Final dividends are recognised when they are approved by the shareholders. Interim dividends are recognised when paid.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provisions to reflect impairment in value.

Impairment of investments in subsidiaries

Investments in subsidiaries are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Investments for which an impairment has been previously recognised are reviewed for possible reversal of impairment at each reporting date.

B. Accounting policies continued

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax charge.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit because it excludes items of income or expense which are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The current tax liability is calculated using tax rates which have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, no deferred tax will be recognised.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Financial instruments

A financial instrument is initially recognised at fair value on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, all financial liabilities are stated at fair value. Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest rate method except for derivatives which are held at fair value and which are classified as fair value through profit and loss. Financial assets are classified as either amortised cost or fair value through profit and loss depending on their cash flow characteristics. Assets with cash flows that represent solely payments of principal and interest are measured at amortised cost. The fair value of the financial assets and liabilities held at amortised cost approximate their carrying amount due to the use of market interest rates.

The Company classifies its instruments in the following categories:

Financial instrument category	Note	Classification	Measurement
Cash and cash equivalents		Amortised cost	Amortised cost
Trade and other receivables	E	Amortised cost	Amortised cost
Trade and other receivables	E	Fair value through profit and loss	Fair value through profit and loss
Trade and other payables	F	Other financial liabilities	Amortised cost
Borrowings	G	Other financial liabilities	Amortised cost
Equity swap contracts		Fair value through profit and loss	Fair value through profit and loss

The Company's primary categories of financial instruments are listed below:

Cash at bank and in hand

On the Balance Sheet, cash at bank and in hand comprises cash held with banks. Cash at bank and in hand held at amortised cost is subject to impairment testing each period end.

B. Accounting policies continued

Financial instruments continued

Trade and other receivables

Trade and other receivables are included in current assets. Trade and other receivables with maturities greater than 12 months after the balance sheet date are classified in trade and other receivables amounts falling due after more than one year. The assessment of maturities of loan receivables takes into consideration any intention to renew the loan, where the loan is provided under a facility which has a maturity of more than 12 months from the balance sheet date. Most receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected loss on receivables is established at inception. This is modified when there is a change in the credit risk. The amount of the movement in the provision is recognised in the Income Statement.

Cash settled equity swaps are classified as fair value through profit and loss.

Trade and other payables

Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Borrowings are recognised initially at fair value, inclusive of transaction costs incurred. Borrowings are subsequently stated at amortised cost and the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest rate method. Borrowings are classified in creditors amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative instruments

The Company uses equity swap contracts to economically hedge its exposure to fluctuations in the Company's share price which impacts the social security costs payable by Group companies in relation to share-based compensation schemes.

The equity swap contracts are initially recognised at fair value at the trade date and classified as fair value through profit and loss. All subsequent changes in fair value are recognised in the Income Statement up to the maturity date.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in sterling which is the Company's functional and presentation currency.

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at the year end, are translated into the functional currency at the exchange rate ruling at the balance sheet date (closing rate). Exchange differences on monetary items are recognised in the Income Statement in the period in which they arise.

B. Accounting policies continued

Called up share capital

Called up share capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

C. Key sources of estimation uncertainty and judgements

Key sources of estimation uncertainty

Preparation of the financial statements in conformity with FRS 101 requires that management make certain estimates and assumptions that affect the reported revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best estimates at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no key sources of estimation uncertainty for the 53 weeks to 2 April 2022.

Key judgements in applying the Company's accounting policies

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Company's financial statements. Further details of the Company's accounting policies are provided in note B. There were no key judgements arising in the current year or prior year that have a significant impact on the amounts recognised in the Company's financial statements for the 53 weeks to 2 April 2022 and the 52 weeks to 27 March 2021.

D. Investments in subsidiaries

	£m
As at 27 March 2021	1,651
Additions	15
Distributions received	(131)
As at 2 April 2022	**1,535**

During the year, the Company's investment of £131 million in Burberry Beauty Limited was recovered in full through a dividend distributed as part of the corporate simplification activities. The Company also increased its investments in Burberry Limited by £15 million.

The Company has reviewed the recoverable value of its investments to identify if there is any indication of impairment of the carrying value. Where applicable, the value in use has been estimated using management's best estimates of future cash generation of its investments.

The Company has not impaired the carrying value of its investments, other than as noted above, as their cash generation in the long-term is considered sufficient to support the carrying value. The subsidiary undertakings and investments of the Burberry Group are listed in note 31 of the Group financial statements.

E. Trade and other receivables

	As at 2 April 2022 £m	As at 27 March 2021 £m
Amounts owed by Group companies	**608**	300
Prepayments	**1**	1
Trade and other receivables – amounts falling due after more than one year	**609**	301
Amounts owed by Group companies	**1**	91
Other financial receivables	**–**	3
Prepayments	**–**	1
Trade and other receivables – amounts falling due within one year	**1**	95
Total trade and other receivables	**610**	396

All amounts owed by Group companies are interest bearing and unsecured.

Included within amounts owed by Group companies falling due after more than one year are interest bearing loans receivable of £300 million with a facility maturity date of 21 September 2025 and £308 million with a facility maturity date of 1 March 2024. The interest rates applied to these loans are 1.125% and SONIA + adjustment spread +0.9%, respectively.

The Company's impairment policies and the calculation of the loss allowances under IFRS 9 are detailed in note H.

F. Creditors

	As at 2 April 2022 £m	As at 27 March 2021 £m
Amounts owed to Group companies	**123**	–
Creditors – amounts falling due after more than one year	**123**	–

	As at 2 April 2022 £m	As at 27 March 2021 £m
Amounts owed to Group companies	**59**	175
Other payables	**1**	–
Creditors – amounts falling due within one year	**60**	175
Total creditors	**183**	175

Amounts owed to Group companies falling due after more than one year include interest bearing loans of £123 million (last year: £nil). The interest rate earned is set annually and was based on LIBOR plus 0.9% at the most recent update. These loans are unsecured and repayable on 17 June 2024.

Amounts owed to Group companies falling due within one year are unsecured, interest free and repayable on demand (last year: £122 million of interest bearing loans repayable on 17 June 2021, LIBOR plus 0.9%).

G. Borrowings

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300 million maturing on 21 September 2025 (the sustainability bond). Proceeds from the sustainability bond will allow the Group to finance projects which support the Group's sustainability agenda. There are no financial penalties for not using the proceeds as anticipated. Interest on the sustainability bond is payable semi-annually.

During the year ending 2 April 2022 the non-cash changes to borrowings amounted to £1 million.

H. Credit risk

The Company's principal financial instruments comprise cash, borrowings, trade and other receivables and trade and other payables arising directly from operations.

Trade and other receivables

The trade and other receivables balance comprises of intercompany loans with companies within the Group. These Group companies are assessed at each reporting date as to their ability to repay outstanding balances. The amounts owed by Group companies at 2 April 2022 comprise £609 million owed by Burberry Limited, and £1 million owed by other Group companies (last year: £391 million owed by Burberry Limited).

The counterparty credit risk of trade and other receivables is reviewed on a regular basis and assessed for impairment as follows:

At inception the receivable is recorded net of expected 12 month credit losses. If a significant increase in the credit risk occurs during the life time, credit losses are recorded in the profit and loss account and the effective interest is calculated using the gross carrying amount of the asset. If a loss event occurs, the effective interest is calculated using the amortised cost of the asset net of any credit losses.

The Company's most significant debtor, Burberry Limited, is the holder of the Burberry brand and the main operating company of the Group. Based on its liquidity and expected cash generation, the expected 12 months credit loss for Burberry Limited trade and other receivables is not considered to be significant. As a result, no impairment has been recorded for amounts owed by Group companies as at 2 April 2022.

Other financial assets

With respect to credit risk arising from other financial assets, which comprise cash and certain other receivables, the Company's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments. The Company has policies that limit the amount of credit exposure to any financial institution and only deposits funds with independently rated financial institutions with a minimum rating of 'A' other than where required for operational purposes.

I. Called up share capital

Allotted, called up and fully paid share capital	Number	£m
Ordinary shares of 0.05p (last year: 0.05p) each		
As at 27 March 2021	404,864,359	–
Allotted on exercise of options during the year	242,942	–
As at 2 April 2022	**405,107,301**	**–**

The Company has a general authority from shareholders, renewed at each Annual General Meeting, to repurchase a maximum of 10% of its issued share capital. During the 53 weeks to 2 April 2022, the Company entered into agreements to purchase £150 million of its own shares, excluding stamp duty, as part of a share buyback programme (last year: £nil). Own shares purchased by the Company, as part of a share buyback programme, are classified as treasury shares and their cost offset against the profit and loss account. When treasury shares are cancelled, a transfer is made from the profit and loss account to the capital redemption reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled. In the 53 weeks to 2 April 2022, no treasury shares were cancelled (last year: nil).

As at 2 April 2022 the Company held 8.4 million treasury shares (last year: nil), with a market value of £140 million based on the share price at the reporting date (last year: £nil).

The cost of shares purchased by ESOP trusts are offset against the profit and loss account, as the amounts paid reduce the profits available for distribution by the Company.

I. Called up share capital continued

As at 2 April 2022, the amount of own shares held by ESOP trusts and offset against retained earnings is £11 million (last year: £13 million). As at 2 April 2022, the ESOP trusts held 0.6 million shares (last year: 0.8 million) in the Company, with a market value of £10 million (last year: £15 million). In the 53 weeks to 2 April 2022 the ESOP trusts and the Company have waived their entitlement to dividends.

The capital reserve consists of the capital redemption reserve arising on the purchase of own shares.

J. Dividends

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Prior year final dividend paid 42.5p per share (prior year: nil)	**172**	–
Interim dividend paid 11.6p per share (prior year: nil)	**47**	–
Total	**219**	–

A final dividend in respect of the 53 weeks to 2 April 2022 of 35.4p (last year: 42.5p) per share, amounting to £140 million, has been proposed for approval by the shareholders at the Annual General Meeting subsequent to the balance sheet date. The final dividend has not been recognised as a liability at the year end and will be paid on 5 August 2022 to the shareholders on the register at the close of business on 1 July 2022. The ex-dividend date is 30 June 2022 and the final day for dividend reinvestment plan ('DRIP') elections is 15 July 2022.

K. Financial guarantees

On 26 July 2021, the Group entered into a new £300 million multi-currency sustainability linked revolving credit facility (RCF) with a syndicate of banks replacing the previous £300 million RCF that had been in place since 2014. In March 2020, the Group drew down on the RCF in full and it was repaid in full in June 2020. There were no drawdowns or repayments of the RCF during the current year and at 2 April 2022, there were £nil outstanding drawings.

The Group is in compliance with the financial and other covenants within the facilities and has been in compliance throughout the financial period.

The companies acting as guarantor to the facility consist of Burberry Group plc, Burberry Limited, Burberry Asia Limited, Burberry (Wholesale) Limited (US) and Burberry Limited (US). Based on the liquidity and expected cash generation of Burberry Limited, the expected credit loss in respect of these financial guarantees, as at 2 April 2022, is not considered to be significant. As a result, no liability has been recorded (last year: £nil).

A potential liability may arise in the future if one of the Group members defaults on these loan facilities. Each guarantor, including Burberry Group plc, would be liable to cover the amounts outstanding, including principal and interest elements.

L. Audit fees

The Company has incurred audit fees of £0.1 million for the current year which are borne by Burberry Limited (last year: £0.1 million).

M. Employee costs

The Company has no employees and therefore no employee costs are included in these financial statements for the 53 weeks to 2 April 2022 (last year: £nil).

SHAREHOLDER INFORMATION

General shareholder enquiries

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's registrar at:

Equiniti
Aspect House
Spencer Road, Lancing West Sussex, BN99 6DA
Tel: 0371 384 2839 (Lines are open 8.30am to 5.30pm, Monday to Friday.)
Please dial +44 121 415 0804 if calling from outside the UK or see help.shareview.co.uk for additional information.

American Depositary Receipts

We have a sponsored Level 1 American Depositary Receipt (ADR) programme to enable USA investors to purchase ADRs in US Dollars. Each ADR represents one Burberry ordinary share.

For queries relating to ADRs in Burberry, please use the following contact details:

BNY Mellon Shareowner Services
P.O. BOX 505000 Louisville, KY 40233-5000
Tel: toll free within the USA: +1 888 269 2377
Tel: international: +1 201 680 6825
Email enquiries: shrrelations@cpushareownerservices.com
Website: www.mybnymdr.com

Managing your shares online

Shareholders and employees can manage their Burberry holdings online by registering with Shareview, a secure online platform provided by Equiniti. Registration is a straightforward process and allows shareholders to:

- access information on their shareholdings, including share balance and dividend information
- sign up for electronic shareholder communications
- buy and sell shares
- update their records following a change of address
- have dividends paid into their bank account
- vote by proxy online in advance of general meetings of the Company

Burberry encourages shareholders to sign up for electronic communication as it allows information to be disseminated quickly and efficiently and also reduces paper usage, which makes a valuable contribution to our global footprint.

Website

The investor section of Burberry Group plc's website, Burberryplc.com, contains a wide range of information including:

- Regulatory news
- Share price information
- Dividend history, share analysis and the investment calculator
- Financial results announcements
- Frequently asked questions
- Financial calendar

It is also possible to sign up to receive email alerts for RNS news and press releases relating to Burberry Group plc at www.burberryplc.com/en/alerts.html.

Annual General Meeting

Our AGM will be held at Horseferry House 2, 1a Page Street, London, SW1P 4PQ, on Tuesday, 12 July 2022. The Notice of Meeting, which includes details of the business to be conducted at the meeting, is available on our Company website at Burberryplc.com.

Further to shareholder approval at the 2021 AGM, this will be our first hybrid meeting allowing shareholders to choose whether to physically attend the meeting or to fully participate virtually including asking live questions and voting, via our online platform. Shareholders should refrain from attending the meeting if they have COVID-19, are feeling unwell or are experiencing symptoms of COVID-19 or have recently been in contact with anyone who has tested positive.

The voting results for the 2022 AGM will also be accessible on Burberryplc.com shortly after the meeting.

Our privacy policy

Please see the privacy policy on www.burberryplc.com/en/investors/shareholder-centre/shareholder-privacy-notice.html for details on how Burberry collects and uses shareholder personal information.

Dividends

An interim dividend for FY 2021/22 of 11.6p per ordinary share was paid on 28 January 2022. A final dividend of 35.4p per share has been proposed and, subject to approval at the AGM on 12 July 2022, will be paid according to the following timetable:

Ex-dividend date:	30 June 2022
Final dividend record date:	1 July 2022
Deadline for return of DRIP mandate forms:	15 July 2022
Final dividend payment date:	5 August 2022

The ADR local payment date will be approximately five business days after the proposed dividend payment date for ordinary shareholders.

Dividends can be paid by BACS directly into a UK bank account, with the dividend confirmation being sent to the shareholder's address. This is the easiest way for shareholders to receive dividend payments and avoids the risk of lost or out-of-date cheques. A dividend mandate form is available from Equiniti or online at www.shareview.co.uk/info/directdividends.

If you are a UK taxpayer, please note that you are eligible for a tax-free Dividend Allowance of £2,000 in each tax year.

Any dividends received above this amount will be subject to taxation. Dividends paid on shares held within pensions and Individual Savings Accounts (ISAs) will continue to be tax-free. Further information can be found at www.gov.uk/tax-on-dividends.

Dividends payable in foreign currencies

Equiniti is able to pay dividends to shareholder bank accounts in over 30 currencies worldwide through the Overseas Payment Service. An administrative fee will be deducted from each dividend payment. Further details can be obtained from Equiniti or online at www.shareview.co.uk/info/ops.

Dividend Reinvestment Plan

Our Dividend Reinvestment Plan (DRIP) enables shareholders to use their dividends to buy further Burberry shares. Full details of the DRIP can be obtained from Equiniti or online at www.shareview.co.uk/info/drip.

Duplicate accounts

Shareholders who have more than one account due to inconsistency in account details may avoid duplicate mailings by contacting Equiniti and requesting the amalgamation of their share accounts.

Electronic communication

Shareholders may at any time choose to receive all shareholder documentation in electronic form via the internet, rather than in paper format. Shareholders who decide to register for this option will receive an email each time a shareholder document is published on the internet. Shareholders who wish to receive documentation in electronic form should register online at www.shareview.co.uk.

Equiniti offers a range of shareholder information and services online at www.shareview.co.uk. A textphone facility for those with hearing difficulties is available by calling: 0371 384 2255. Lines are open 8.30am to 5.30pm, Monday to Friday.

Financial calendar

AGM:	12 July 2022
First quarter trading update:	15 July 2022
Interim results announcement:	November 2022
Third quarter trading update:	January 2023
Preliminary results announcement:	May 2023

Registered office

Burberry Group plc
Horseferry House
Horseferry Road
London SW1P 2AW
Registered in England and Wales
Registered Number 03458224
Burberryplc.com

Share dealing

Burberry Group plc shares can be traded through most banks, building societies or stock brokers. Equiniti offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request.

For telephone dealing, please telephone 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing visit www.shareview.co.uk/dealing.

Shareholders will need their reference number which can be found on their share certificate.

ShareGift

Shareholders with a small number of shares, the value of which makes them uneconomical to sell, may wish to consider donating their shares to charity through ShareGift, a donation scheme operated by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Equiniti. Further information is available at www.sharegift.org or by telephone on 0207 930 3737.

Tips on protecting your information

- Keep any documentation that contains your shareholder reference number in a safe place and shred any unwanted documentation
- Inform our registrar, Equiniti, promptly when you change address
- Be aware of dividend payment dates and contact the registrar if you do not receive your dividend cheque or, better still, make arrangements to have the dividend paid directly into your bank account
- Consider holding your shares electronically in a CREST account via a nominee

Unauthorised brokers (boiler room scams)

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free company reports. These are typically from overseas-based “brokers” who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in USA or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice, get the correct name of the person and organisation, and check that they are properly authorised by the FCA before getting involved. This can be done by visiting www.fca.org.uk/register/.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

If you think you have been approached by an unauthorised firm, you should contact the FCA consumer helpline on 0800 111 6768.

More detailed information can be found on the FCA website at www.fca.org.uk/consumers/protect-yourself/unauthorised-firms.

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WWW.BURBERRYPLC.COM