AS A GLOBAL LUXURY RETAILER AND MANUFACTURER, EMPLOYING NEARLY 11,000 PEOPLE IN 52 COUNTRIES AND OPERATING NEARLY 500 RETAIL LOCATIONS WORLDWIDE, WE ARE ACUTELY AWARE OF OUR RESPONSIBILITY TOWARDS OUR PEOPLE, OUR PARTNERS, OUR CUSTOMERS AND OUR ENVIRONMENT.

TO MAKE OUR PRODUCTS WE SOURCE MATERIALS FROM ALL OVER THE WORLD. THROUGH OUR FINISHED GOODS SUPPLIERS ALONE WE TOUCH THE LIVES OF TENS OF THOUSANDS OF WORKERS AND THEIR FAMILIES.

TO CONTINUE TO FLOURISH LONG INTO THE FUTURE, WE DEPEND ON SPECIALIST TALENT, A HEALTHY NATURAL ENVIRONMENT AND A STABLE SUPPLY CHAIN. WE ARE THEREFORE COMMITTED TO LEVERAGING OUR BRAND TO DRIVE POSITIVE SOCIAL AND ENVIRONMENTAL CHANGE GLOBALLY.

THE FOLLOWING PAGES SUMMARISE HOW WE ARE TRYING TO ACHIEVE THIS AND THERE IS MORE DETAIL AVAILABLE ON OUR WEBSITE.
BUILD AND NURTURE A CULTURE THAT STRENGTHENS OUR BRAND THROUGH ITS PURPOSE AND VALUES GLOBALLY

– Core values: Protect, Explore, Inspire
– Global team mind-set and pioneering spirit
– Commitment to social and environmental responsibility

FOCUSED ON

– Nurturing and rewarding talent
– Connecting and engaging teams globally
– Promoting fair and responsible employment practices
– Investing in our communities
– Driving environmental sustainability
<table>
<thead>
<tr>
<th>Key Indicator</th>
<th>Value</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of group profit before tax donated to charitable causes</td>
<td>1%</td>
<td>^</td>
</tr>
<tr>
<td>Number of audits and assessments in the supply chain</td>
<td>548^</td>
<td></td>
</tr>
<tr>
<td>Number of training and engagement activities in the supply chain</td>
<td>217^</td>
<td></td>
</tr>
<tr>
<td>Hours dedicated by employees to impactful volunteering projects in 74 cities</td>
<td>12,000^</td>
<td>approximately 67% were female, with women in 40% of senior management roles</td>
</tr>
<tr>
<td>Listed by LinkedIn as 12th most sought-after employer in the UK and 29th in Europe, Middle East and Africa</td>
<td>12th</td>
<td></td>
</tr>
<tr>
<td>Out of 10,613 employees worldwide, approximately 67% were female, with women in 40% of senior management roles</td>
<td>67%</td>
<td></td>
</tr>
</tbody>
</table>

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OUR PRODUCT
GLOBAL ENVIRONMENTAL IMPACT ASSESSMENT (2012)
- Nearly half of our overall environmental impacts occur at raw material stage
- Set 15 targets to reduce impacts and improve traceability
  - Owned and monitored by members of the senior leadership team
- Underpinned by Burberry’s Responsible Business Principles including:
  - Global Environmental and Responsible Sourcing Policies (available here)
- Review supply chain partners’ performance regularly

HERITAGE RAW MATERIALS
- Cotton
- Cashmere
- Leather

RESPONSIBLE SOURCING

CHEMICALS

ENVIRONMENTAL BASELINE ASSESSMENT
AW12 and SS13 as % of CO₂e

* Data represents CO₂e emissions arising from materials, energy, water and chemical inputs as well as waste. DEFRA 2011 and Ecoinvent v.2.2 conversion factors are used throughout
HERITAGE RAW MATERIALS

COTTON
– In 2012 introduced a three year farmers’ training programme in Peru in partnership with Cotton Connect to:
  • Increase awareness amongst farmers
  • Encourage adoption of more sustainable cotton farming practices
– In 2015 farmers involved in the programme reported (compared with a control group):
  • 26% reduction in chemical fertiliser use
  • 68% reduction in chemical pesticide use
  • 16% higher yield
– Ban on use of Uzbek cotton

CASHMERE
– Founding partner of the Sustainable Fibre Alliance (SFA-an NGO working with key stakeholders in Mongolia)
– In 2015 the Alliance:
  • Drafted an Animal Welfare and Land Management Code of Practice, with the aim of creating a certified source of sustainable cashmere
  • Established a training programme for herders, covering agricultural practices and goat husbandry
**HERITAGE RAW MATERIALS (II)**

**LEATHER**
- Leather accessories account for >10% of Burberry’s total greenhouse gas emissions
- Over 55% of leather used in Burberry’s accessories is sourced from tanneries holding one or more of the LWG, ICEC and ISO certifications*
- Working with tanneries supplying 70% of our accessories leather to:
  - Monitor water, energy and chemical consumption
  - Validate effectiveness of waste water treatment processes and air emissions management
- Traceability
  - Working to improve visibility and promote accountability for environmental impacts and animal welfare across the supply chain
  - Burberry will not knowingly use leather from the Amazon Biome

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**Progress against 2017 raw materials targets:**

<table>
<thead>
<tr>
<th>2017 Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Raw materials</strong></td>
<td></td>
</tr>
<tr>
<td>Improve the environmental and social impacts of how we source:</td>
<td></td>
</tr>
<tr>
<td>• Cotton</td>
<td>On plan*</td>
</tr>
<tr>
<td>• Cashmere</td>
<td>On plan*</td>
</tr>
<tr>
<td>Reduce the environmental impact of:</td>
<td></td>
</tr>
<tr>
<td>• Leather</td>
<td>On plan*</td>
</tr>
</tbody>
</table>

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* Data refers to FY 2015/16
* Leather Working Group (LWG), Italian Istituto di Certificazione della Qualita per L’Industria Conciaria (ICEC) and International Organisation for Standardisation (ISO)
RESponsible sourcing (I)

RESPONSIBLE SOURCING POLICY
– Commitment to preserving natural resources, ensuring animal welfare and protecting people and communities
– Burberry will never knowingly source raw materials if there have been any concerns over animal welfare and we actively engage welfare experts to ensure good husbandry of animals in our supply chain

EXOTIC SKINS
– Founding member of the Responsible Ecosystem Sourcing Platform (RESP)
  • Involved in pilot project testing innovative traceability technology to track skins
  • Additional workstream focusing on reptile welfare
– Fully compliant with CITES*

DOWN
– Only use responsibly sourced down (Responsible Down Standard developed by Textile Exchange in 2014)
– Down suppliers required to complete annual self-declaration of humane practices

FUR
– Only sourced from regulated farms within the EU and Norway
– Well-established traceability programme
– Founding member of BSR** coordinated Fur Luxury Industry Roundtable

WOOL
– Working to support promotion and adoption of The Responsible Wool Standard

BEAUTY
– Finished product beauty blacklist and fragrance concentrate blacklist implemented
  • Risk management and commitment to phase out or reduce use of controversial compounds globally in finished product formulas

PVC
– Using bio alternatives to PVC in key lines
– Working with major suppliers and wider industry to develop alternative materials
– Strongly committed to removing PVC from products and actively pursuing research to accelerate that outcome

PACKAGING
– 100% of paper and baseboard used in retail packaging is from certified sources
  • Baseboard made from 100% post-consumer waste (PCW)
– 100% of ribbon used from certified recycled polyester
– Continue to explore opportunities to reduce volume of packaging and increase recycled content
– In 2014 we engaged our key paper supplier
  • Enrolled them in the HIGG Index*
  • Mapped their full supply chain and reviewed against the World Wildlife Fund Water Risk Tool.

Progress against 2017 targets:

<table>
<thead>
<tr>
<th>2017 Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging</td>
<td></td>
</tr>
<tr>
<td>100% of point of sale packaging to be sustainably sourced (where alternatives are available)</td>
<td>On plan</td>
</tr>
</tbody>
</table>

Reduce the environmental impact of:

• PVC

* Environmental assessment tool launched by the Sustainable Apparel Coalition
REDUCING THE ENVIRONMENTAL IMPACT OF CHEMICAL USE IN OUR SUPPLY CHAIN

– Target to eliminate chemicals that have a negative impact on the environment, beyond legal limits, by 2020
– Testing effluent, product and raw materials and piloting testing of chemical formulations
– Adopted the latest Manufacturing Restricted Substances List “MRSL” released in 2015 by the Zero Discharge of Hazardous Chemicals “ZDHC” Group
  • With an addendum banning the use of perfluorinated compounds “PFCs”
– Further information can be found here

Progress against 2017 environmental targets:

<table>
<thead>
<tr>
<th>2017 Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical use in manufacturing</td>
<td></td>
</tr>
<tr>
<td>Eliminate chemicals from use that have a negative impact on the environment, beyond legal limits</td>
<td>On plan*</td>
</tr>
</tbody>
</table>

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OUR OPERATIONS
OUR OPERATIONS - SUMMARY

COMMITTED TO MINIMISING THE ENVIRONMENTAL IMPACTS OF OUR OPERATIONS WORLDWIDE

BY REDUCING ENERGY CONSUMPTION ACROSS RETAIL AND OFFICE SITES

BY REDUCING WASTE TO LANDFILL OR INCINERATION BY GIVING IT A SECOND LIFE

BY ENSURING A SUSTAINABLE APPROACH TO THE CONSTRUCTION AND REFURBISHMENT OF STORES

SEOUL FLAGSHIP, KOREA
ENERGY REDUCTION AND RENEWABLE SOURCES

ENERGY USED ACROSS OUR RETAIL LOCATIONS REPRESENTS C.75% OF OUR DIRECT GREENHOUSE GAS EMISSIONS
- Since 2014 all new builds and full store refurbishments have used LED lighting
- Energy KPIs have been introduced into teams’ objectives
- In 2015/16 absolute energy reductions were achieved at 75 retail locations

RENEWABLE ENERGY
- 42% of total energy consumption came from renewable sources
- All offices, stores, warehouses and internal manufacturing sites in the UK and Italy as well as 25 locations in the Americas (representing 37% of our global net selling space) are powered by renewable energy
  • Solar panels installed at UK head office, US distribution centre and LA flagship store generate >1m kWh per year

ENERGY SAVING AND REDUCING EMISSIONS
- 11% reduction in energy consumption at Horseferry Campus by energy saving schemes in 2015/16
- Reduced Scope 1 emissions by 9% and Scope 2 by 5%

Progress against 2017 energy targets:

<table>
<thead>
<tr>
<th>2017 Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy use reduction</td>
<td>Behind plan</td>
</tr>
<tr>
<td>Reduce Burberry controlled store and office energy usage by up to 15%*</td>
<td>Behind plan</td>
</tr>
<tr>
<td>LED lighting</td>
<td>Achieved</td>
</tr>
<tr>
<td>75% of lighting is LED or energy efficient in new concept stores</td>
<td></td>
</tr>
<tr>
<td>Renewable energy</td>
<td>Behind plan</td>
</tr>
<tr>
<td>All Burberry controlled stores and offices to be powered either on site or green tariff renewable energy (where available)</td>
<td></td>
</tr>
</tbody>
</table>

* When normalised by a relevant productivity factor.
OFFICE CONSUMABLES AND WASTE MANAGEMENT
– While not a major impact, important for engaging teams
– 43% of all corporate office consumables sustainably sourced in 2015/16
– >95% of general waste from UK sites is diverted from landfill, majority is recycled
– For information on waste recycling in the supply chain see our website

SUSTAINABLE CONSTRUCTION
– 85% recycling rate across major construction projects in 2015/16
– All newly built stores are certified against internationally recognised sustainability schemes
  • Seoul flagship (2015) G-SEED, Green 3
  • London headquarter expansion (2014) BREEAM, Excellent
  • Chicago flagship (2012) LEED, Silver
– >60% of wood used in furniture, flooring and in-store fixtures certified from responsibly-managed forests

Progress against 2017 construction targets:

<table>
<thead>
<tr>
<th>2017 Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build certifications</td>
<td></td>
</tr>
<tr>
<td>All new builds will be sustainable build certified LEED (silver), BREEAM (very good) or Greenmark (silver)</td>
<td></td>
</tr>
<tr>
<td>Sustainable construction materials</td>
<td></td>
</tr>
<tr>
<td>30% of wood by spend is either recycled materials or sourced from certified supply chains</td>
<td>Achieved*</td>
</tr>
<tr>
<td>Construction waste recycling</td>
<td></td>
</tr>
<tr>
<td>30% of construction waste to be recycled for global major projects</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

*Selected information denoted by this symbol has received limited assurance by Ernst & Young LLP. See External Assurance for more information.
OUR SUPPLY CHAIN
MINIMISING ENVIRONMENTAL IMPACTS AND MAXIMISING POSITIVE SOCIAL IMPACTS
– Both internal and third-party manufacturing sites
– Majority of production in Europe
  • Italy largest sourcing country
– Heritage trench manufactured in house in England
  • Burberry Mill at Cross Hills, Yorkshire
  • Factory in Castleford, Yorkshire
– Heritage cashmere scarf manufactured in Scotland

UPHOLDING LABOUR AND HUMAN RIGHTS
– Ethical Trading Programme
– Training and engagement
– Modern Slavery Statement (available here)

REDUCING ENERGY AND WATER USE

IMPROVING WASTE MANAGEMENT

REDUCING TRANSPORT EMISSIONS
GLOBAL SUPPLY CHAIN A KEY AREA OF POTENTIAL RISK

– Human Rights Impact Assessment in 2014, confirmed many priorities and also identified new areas of focus e.g.
  • Workers’ health in leather tanneries and workers’ welfare on construction projects
  • New mitigation measures and KPIs have been developed to address potential human risks in these areas

– We require all our supply chain partners, whether they are providing products or services, to agree with our Responsible Business Principles, including:
  • Burberry Ethical Trading Code of Conduct, Migrant Worker and Homeworker Policy (available here)
  • The Ethical Trading Code of Conduct is underpinned by the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization and the Ethical Trading Initiative Base Code

– Suppliers are audited against international labour standards
  • Particularly important in places where local labour laws are weak, absent or poorly enforced
  • Where non-compliances are identified, Burberry works with suppliers to resolve these

– Targets to promote fair and responsible employment practices have been set and integrated into the performance objectives of our sourcing teams as well as at an individual level

– Burberry’s Ethical Trading Programme operates a strict sourcing approval process which currently does not authorise sourcing from certain countries including but not limited to Bangladesh, Pakistan and Cambodia

– Modern Slavery Statement (available here)

* For more information on Human Rights beyond our supply chain, please see Our People section
ETHICAL TRADING PROGRAMME

ANNOUNCED AND UNANNOUNCED AUDITS, MONITORING AND IMPROVEMENT PROGRAMMES
– Covering vendors and including all manufacturing sites, subcontractors and licensees
– Extended in 2015 to cover key raw material, fragrance, make-up and leather suppliers
– Verifies compliance with local and international labour and environmental laws as well as Burberry’s Responsible Business Principles

ETHICAL TRADING TEAM
– Based in London, Florence, Hong Kong and Tokyo
– Visiting supply chain partners on a regular basis, engaging with both management and workers to review performance and drive improvements

2015/16
– 548 audits and assessments
– Overall positive shift in performance by apparel and non-apparel partners^)
– Manufacturers not meeting key requirements rejected

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IMPLEMENTING TRAINING AND ENGAGEMENT RATHER THAN INCREASING AUDITS

VENDOR OWNERSHIP PROGRAMME
- Capacity building programme with strategic Italian vendors
- Increasing their ability to manage working conditions within sub-contractors and introduce own monitoring programmes

SKILLS ENHANCEMENT AND PRESERVATION
- Pioneering innovative skills building in supply chain
- Supporting artisanal skills development and relevant reward

FACTORY IMPROVEMENT PROGRAMMES
- Identifying and addressing areas for improvement such as increasing productivity and efficiency, reducing average working hours and increasing average worker wages

WORKERS’ ACCESS TO REMEDY
- Confidential, NGO-run hotlines
- In 2015/16 hotlines provided almost 20,000 workers across 33 Asian factories with confidential support

WORKERS’ WELFARE AND HEALTH PROGRAMMES
- Implemented tailored welfare and health programmes
- Partnered with BSR’s* HER Project and local specialist academic institutions, such as the medical faculty at Sun Yat Sen University

Number of training and engagement activities

<table>
<thead>
<tr>
<th>Year</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>217</td>
</tr>
<tr>
<td>2014/15</td>
<td>205</td>
</tr>
<tr>
<td>2013/14</td>
<td>142</td>
</tr>
</tbody>
</table>

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* Business for Social Responsibility
MORE EFFICIENT INTERNAL MANUFACTURING
– Lighting improvements and steam trap maintenance
  • 15% energy reduction per unit achieved in Castleford
  • 28% energy reduction per unit achieved at the Burberry Mill

FIVE KEY DISTRIBUTION CENTRES ACCOUNT FOR 7% OF GLOBAL GREENHOUSE GAS EMISSIONS
– Digital energy monitoring, passive infrared (PIR) sensors, lighting changes and temperature controls
  • 33% energy reduction per unit of throughput

SUPPLIERS AND MILLS
– Using the HIGG Index environmental tool for facilities, produced by the Sustainable Apparel Coalition “SAC”, to address energy and water consumption in the supply chain
  • 115 supply chain partners have completed the Index
– 20 key supply chain partners are now part of an ongoing impact reduction programme
  • Modelled on the Natural Resources Defence Council’s ‘Clean By Design’ programme
  • >70 supplier visits, identifying c.180 energy and water saving opportunities

Progress against 2017 energy and water targets:

<table>
<thead>
<tr>
<th>2017 Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Reduce the energy use from Burberry’s two UK manufacturing sites by 25%*</td>
<td>Behind plan*</td>
</tr>
<tr>
<td>Distribution centres</td>
<td></td>
</tr>
<tr>
<td>Reduce energy use in Burberry’s five third-party distribution centres by 10%*</td>
<td>Achieved*</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
</tr>
<tr>
<td>Work with key suppliers to assist them in reducing their energy use by up to 20%*</td>
<td>Behind plan*</td>
</tr>
<tr>
<td>Mills</td>
<td></td>
</tr>
<tr>
<td>Work with key mills to assist them to reduce their water consumption by up to 20%*</td>
<td>Behind plan*</td>
</tr>
</tbody>
</table>

* When normalised by a relevant productivity factor.

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COMMITTED TO GENERATING LESS WASTE
– Partner with Avena Environmental and John Cotton Group in the UK
  • Recycling damaged garments into insulation materials
  • Using defective textile waste in the home furnishings industry
– All cardboard and polythene waste from Blyth distribution centre now recycled
– Partner with Greenline to recycle textile waste from key Italian vendors into new yarns
  • >150 Italian supply chain partners participated, recycling 17 tonnes of textile waste

TRANSPORT REPRESENTS C.10% OF TOTAL GREENHOUSE GAS EMISSIONS
– Operate exclusively through third party carriers
  • Encourage involvement in groups, such as SmartWay and Green Freight Europe
– Carbon emissions from transport linked to volume rather than weight
  • 15% reduction in carbon emissions per unit by increasing the number of units transported per box, from distribution centres to stores

Progress against 2017 transport targets:

<table>
<thead>
<tr>
<th>2017 Targets</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td></td>
</tr>
<tr>
<td>Reduce carbon emissions from the transport of Burberry products by 10%*</td>
<td>On plan</td>
</tr>
</tbody>
</table>

* When normalised by a relevant productivity factor.
FOCUSED ON
– Attracting the best talent
– Providing meaningful development opportunities
– Rewarding and recognising high performance
– Building stronger connections between global teams
– Driving deeper engagement with the brand
– Ensuring a safe working environment
– Promoting and supporting employee health and well-being

DIVERSITY, TALENT AND REWARD

ONE TEAM ETHOS

HEALTH AND WELLBEING

HUMAN RIGHTS
DIVERSITY, TALENT AND REWARD

SUPPORTING DIVERSITY AND EQUAL OPPORTUNITIES
– 10,613 employees in 34 countries (as at 31 March 2016)
  • 112 nationalities, with an age span of 16-74 years
  • 67% female, with women occupying 40% of senior management roles (including Board level)
– Corporate member of OUTstanding

IDENTIFYING, DEVELOPING AND RETAINING HIGH-POTENTIAL TALENT
– Approximately 50 employees a year enrolled in Leadership Council
  • Internal 18 month leadership development programme
– Burberry Apprentices launched in 2015
  • First year opportunities in UK retail, internal manufacturing and distribution
– Listed by LinkedIn as 12th most sought-after employer in Europe, 29th in Europe, Middle East and Africa

A CULTURE OF RECOGNITION TO SUPPORT THE ATTRACTION, MOTIVATION AND RETENTION OF EMPLOYEES
– Burberry Icon Awards
  • Celebrating exceptional employee performance
– Long Service Awards
  • Recognising the loyalty and commitment of employees who reach milestone service anniversaries
– Seasonal programmes
  • Offering enhanced employee benefits
– All employees able to participate in a bonus or incentive scheme
– All-employee share plan for employees globally

* Data refers to FY 2015/16
A CONNECTED CULTURE, BASED ON OPEN AND TRANSPARENT COMMUNICATION

- A fully open-plan environment globally
- Monthly ‘Chat Live’ global video broadcasts on Burberry’s internal communications platform
  • Hosted by Christopher Bailey and members of the Senior Leadership Team
  • Enabling real-time communication through an interactive question and answer format
- Weekly global retail update
- First digital annual strategic offsite in 2016
  • Replacing regional conferences
- Comprehensive on-boarding programme for all new employees

* Data refers to FY 2015/16
HEALTH AND WELLBEING

GLOBAL HEALTH & SAFETY TEAM
– Occupational health and safety compliance formally audited
  • Every five years in stores
  • Annually in Regent Street flagship store, corporate offices, internal manufacturing and distribution sites
– Improvement plans monitored by Global Health and Safety Committee
  • Chaired by Chief People and Corporate Affairs Officer

EMPLOYEE BENEFITS
– Confidential helpline, healthcare, eye care vouchers
– Evolving schedule of initiatives including:
  • Complimentary healthy lunches and fruit
  • General health assessments
  • Group classes e.g. yoga and pilates
  • Third party discounts
  • Additional days holiday
  • Reduced summer working hours
HUMAN RIGHTS COMMITMENT
– Burberry recognises that as a business, it can affect the human rights of employees, workers within the supply chain, customers and host communities. These impacts may occur directly through corporate practices or indirectly through suppliers or other partners.

– Burberry respects all the rights referenced in the International Bill of Human Rights, is a signatory of the UN Global Compact and is committed to all its principles, including those covering human rights and labour standards. Burberry’s Human Rights Policy was developed with reference to the United Nations Guiding Principles on Business and Human Rights, and responsibility for it lies with Burberry’s Chief Creative and Chief Executive Officer.

EMPLOYEES
– Promoting fair and sustainable employment practices
– UK Living Wage:
  • First luxury retailer and manufacturer to achieve accreditation (2015)
  • Became Principal Partner of the Living Wage Foundation (2016)
– At a minimum, Burberry ensures that corporate conduct complies with all applicable local laws and regulations wherever the company operates
  • There is a global set of Human Resources standards and policies which underpin all operations
  • These are aligned to the core conventions of the International Labour Organisation.
HUMAN RIGHTS (II)

SUPPLY CHAIN
– As part of the ethical supply chain programme, Burberry communicates to suppliers its Ethical Trading Code of Conduct which is based on internationally recognised labour standards
  • Suppliers are audited against these standards
    – This is especially important in places where local labour laws are weak, absent or poorly enforced
    – Where non-compliances are identified, Burberry works with suppliers to resolve these
– Burberry’s Ethical Trading Programme operates a strict sourcing approval process which currently does not authorise sourcing from certain countries including but not limited to Bangladesh, Pakistan and Cambodia
– For more information on Human Rights in our supply chain please see our website

CUSTOMERS
– Employees trained to
  • Protect customer safety and welfare
  • Support customers with product aftercare

COMMUNITIES
– Mechanism for local stakeholders to report incidents and for the company to address and remedy in an appropriate and timely fashion
OUR COMMUNITIES
1% OF GROUP ADJUSTED PROFIT BEFORE TAX DONATED TO CHARITABLE CAUSES
- Supporting innovative youth charities through the Burberry Foundation (UK registered charity number 1154468)
- Nurturing emerging creative talent
  - Burberry Design Scholarship at the Royal College of Art
  - Apprenticeship programme at the British Fashion Council

LAUNCHED ‘BURBERRY APPRENTICES’ IN 2015
- One-year development programme
- Participants joined retail, internal manufacturing and distributions teams across the UK

EMPLOYEE VOLUNTEERING
- 2,300 employees
- 74 cities
- Dedicated nearly 12,000 hours

IN-KIND DONATIONS
- From one-off gifts of fabric and materials to assisting young people enrolled in creative courses, to donations of smart business clothing to support vulnerable people enrolled in employability programmes and preparing for interviews
GOVERNANCE, POLICIES
AND STAKEHOLDER ENGAGEMENT
BOARD
- Chairman is non-executive
- Three executive directors
- Seven independent non-executive directors
- Four female directors

ESG RISK MANAGEMENT
- Board regularly reviews
- Accords with Turnbull Committee guidance and UK Corporate Governance Code
- Group Risk Committee oversees business specific risk committees

ANTI-BRIBERY AND CORRUPTION POLICY
- Supported and endorsed by the Board
- Incorporated into its “Global Ways of Working”
  - Training for high risk areas of the business
  - Confidential helpline, managed by a third-party
  - Investigation function
- Online tool for all employees for reporting gifts and hospitality
- Any issues raised to Audit Committee

WHISTLEBLOWING
- Confidential helpline managed by third party, in appropriate local language
- Reports to Audit Committee
Corporate Responsibility Governance

CHIEF PEOPLE AND CORPORATE AFFAIRS OFFICER RESPONSIBLE FOR
- Our people and health & safety
- Ethical trading
- Community investment
- Environmental sustainability
- Reports on these to Group Risk Committee and the Board

RESPONSIBILITY WORKING GROUP
- Chaired by Chief People and Corporate Affairs Officer
  - Membership includes CFO and COO
- Input from Burberry Impact Advisory Committee
  - External expert advisors
**REMUNERATION**

**REMUNERATION POLICY PRINCIPLES**
– Linked to the success and strategy of business
– Aligned with shareholder value creation
– Competitive in global talent market

**ANNUAL BONUS LINKED TO ADJUSTED PROFIT**

**EXECUTIVE SHARE PLAN**
– 50-60% on adjusted profit growth
– 20-25% on revenue growth
– 20-25% on efficient use of capital
– Measured over three years
– Vest over three and four years

**ALL EMPLOYEE PLANS**
– Sharesave
– Free shares

**FY 2016**
– No annual bonus
– No performance-related share awards vested

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**Underlying growth**

- **2016:** £421m
  - **2015:** £456m
  - **Change:** -10%

**ADJUSTED PBT**

- **2016:** £2,515m
  - **2015:** £2,523m
  - **Change:** +11%

**REVENUE**

- **2016:** 14.8%
  - **2015:** 17.9%

**ADJUSTED RETAIL/WHOLESALE ROIC**

- Underlying growth
STAKEHOLDER ENGAGEMENT (I)

OUR PEOPLE
– Burberry believes employee communication is important in enhancing the company culture and connectivity and in motivating and retaining employees globally
– Robust communications programme, including innovative digital methods and channels
– Social media platform “Burberry Chat” is key internal communication platform

CUSTOMERS
– Burberry is committed to focus on customer service, driving consistency and productivity by better connecting with customers and cultivating personal relationships

SHAREHOLDERS
– Management presentations to investors following Interim and Preliminary results
– Management conference call with investors for trading updates
– Chairman and other non-executive directors maintain regular dialogue with major shareholders throughout the year and with all shareholders at the Annual General Meeting
– During 2015/16 the Chairman, the Chairman of the Remuneration Committee and other members of senior management participated in around 280 meetings with investors, including the Group’s 25 largest investors
– Active global investor relations programme managed by Investor Relations team (c.480 meetings in 2015/16)
– Regular updates on Investor Relations activity to the Board and independent investor audits

THE PRINCE’S ACCOUNTING FOR SUSTAINABILITY (A4S) PROJECT
– Active member of A4S Chief Financial Officer Leadership Network. Focusing on the role CFOs play in integrating environmental and social issues into financial decision making. For more information see: http://www.accountingforsustainability.org/cfos/network-of-chief-financial-officers/a4s-cfo-leadership-network-activities
STAKEHOLDER ENGAGEMENT (II)*

STRATEGIC COLLABORATIONS
- Better Cotton Initiative (BCI)
- Cosmetics Europe (EU)
- Cosmetic Toiletries Perfumery Association (CTPA UK)
- Ethical Trading Initiative (ETI)
  - First luxury brand to join (2010)
  - Fédération des entreprises de la beauté (FEBEA FRANCE)
- Forum for the Future
- Leather Working Group
- Living Wage Foundation (LWF)
  - Principal partner (2015)
- Natural Capital Coalition
- Natural Resource Defense Council (NRDC)
- Personal Care Products Council (PCPC USA)
- Responsible Ecosystem Sourcing Platform (RESP)
  - Chair of International working group - Reptile Skins
- Sustainable Apparel Coalition (SAC)
- Sustainable Fibre Alliance (SFA)
- Textile Exchange
- The Prince’s Accounting for Sustainability Project (A4S)
- Fair Factory Clearing House (FFC)
- UN Global Compact
  - Signatory
- Zero Discharge of Hazardous Chemicals (ZDHC)

* For more information see here
STAKEHOLDER ENGAGEMENT (III)*

BUSINESS PARTNERSHIPS
– Avena Environmental
– Greenline
– John Cotton Group
– HERHealth
– INNO and ICO hotline services

EXTERNAL RECOGNITION
– Achieved ‘Industry leader’ in the ‘Textiles, Apparel & Luxury Goods’ sector in the 2016 Dow Jones Sustainability Index
– Awarded ‘Gold Class’ distinction in the ‘Textiles, Apparel & Luxury Goods’ sector in RobecoSAM’s 2017 Sustainability Yearbook
– FTSE4Good Constituent
– Carbon Disclosure Project (CDP)~

* For more information see here
~ Publically available information regarding Burberry’s performance can be found on respective websites
KEY POLICY MATRIX*

- Ethical Trading Code of Conduct*
- Responsible Sourcing*
- Policy of No Animal Testing
- Human Rights*
- Transparency in the Supply Chain and Modern Slavery Statements*
- Global Environmental*
- Global Health and Safety
- Local Stakeholder Engagement*
- Data Protection
- Tax*
- Anti-Bribery and Anti-Harassment
- Global Equal Opportunity & Anti-Harassment
- Global Ways of Working

* For policies available online please see here
TAX

TAX STRATEGY
- The Group is committed to complying with global tax regulations in a responsible manner with due regard to governments and shareholders, and to engage in open and constructive relationships with tax authorities in the territories in which it operates. The Group’s tax planning is consistent with this responsible approach, and it will not enter into arrangements for the purpose of achieving a tax advantage. The Group tax strategy is implemented through the Group’s tax policy which directs and aligns the activities of the various functions within the Group in order to achieve the strategy’s objectives.

TAX GOVERNANCE FRAMEWORK
- The Chief Financial Officer is responsible for the Group’s tax policy which is implemented with the assistance of the finance leadership team. This is reviewed on an ongoing basis as part of the regular financial planning cycle. In addition, the Group’s tax status is reported regularly to the Group Risk and Audit Committees. The Audit Committee is responsible for monitoring all significant tax matters including the Group’s tax policy. Audit Committee meetings are attended by a number of Group officers and employees including the Chief Financial Officer, the Senior Vice President – Group Tax, the Company Secretary, the General Counsel, and the Chief People and Corporate Affairs Officer, who oversees all corporate responsibility matters.

For more information on Burberry’s Tax Policy and total tax contribution please see the following link.
ETHICAL SOURCING
– Policy of no animal testing
– No sandblasting
– Ban on use of Uzbek cotton
– Currently do not authorise sourcing from certain countries including but not limited to Bangladesh, Pakistan and Cambodia

COMPLIANCE WITH
– Truth in Fur labelling Act (2010)
– Kimberley Process Certification Scheme
EXTERNAL ASSURANCE

Burberry appointed Ernst & Young LLP to provide limited external assurance over selected statements relating to the environmental targets and 2015/16 performance data. The statements and data that formed part of the review are denoted with a ^.

For full independent assurance statement and Burberry's basis of reporting see here.
<table>
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