

# SUSTAINABILITY BOND USE OF PROCEEDS REPORT

Burberry is committed to using its position and influence to drive social and environmental improvements and foster sustainable 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, sterling Sustainability Bond on 21 September 2020 for £300 million at 1.125% (the "Sustainability Bond"). As part of the Sustainability Bond Framework<sup>1</sup> (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 first 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 and waste recycling)

Burberry's 2022 Responsibility targets are owned by senior leadership across all regions and key functions and progress is reviewed by the Sustainability Steering Committee.

The Sustainability Steering Committee was established in 2019 to review and oversee the Group's strategy on environmental and social issues related to our supply chain. The Sustainability Steering Committee convenes at least three times a year and is chaired by the CEO, who is accountable for ensuring oversight of climate-related risks and opportunities of the Group. The CO&FO, the Chief Supply Chain Officer and the Vice President of Corporate Responsibility are permanent members of the Sustainability Steering Committee.

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

Burberry's Sustainability Bond Committee (the "Committee") includes representatives from Corporate Responsibility, Group Treasury, and other parties nominated as subject matter experts. The Committee has considered the Eligibility Criteria in the Framework and reviewed the spend on projects eligible for financing under the Sustainability Bond and has 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 have been completed within the three-year period preceding 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	Cumulative total £m	UN SDG
Green buildings	4.6	4.1	8.7	
Environmentally sustainable management of living natural resources and land use	42.4	17.8	60.2	
Pollution prevention and control	23.1	11.1	34.2	
<b>Total</b>	<b>70.1</b>	<b>33.0</b>	<b>103.1<sup>^</sup></b>	

1. The Sustainability Bond documentation and Framework can be found at: [www.burberryplc.com/en/investors/debt.html](http://www.burberryplc.com/en/investors/debt.html)

### **Unallocated proceeds**

The unallocated proceeds under the bond are £193.6 million. The cash is kept on deposit in line with Burberry's Treasury Policy.

### **Project examples**

#### **Green buildings**

Projects include the financing or refinancing of properties which 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

For existing buildings, certification has been received within the last three years.

#### **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 has 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 passionate about driving positive change and building a more sustainable future. Our sustainable packaging materials commitment aims 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. This commitment applies to all Burberry customer-facing and transit packaging.

As signatories of the 2025 Global Plastics Commitment, we will minimise and phase out the use of unnecessary single-use plastics by redesigning packaging, using recyclable alternative materials and/or enabling reuse schemes. Where plastic packaging is used, it must be made from recyclable plastic with a minimum of 20% recycled content.

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 <sup>^</sup>. The assurance statement is available on [Burberryplc.com](https://www.burberryplc.com).