

BURBERRY

LONDON ENGLAND

GENDER PAY GAP REPORT 2019/2020



MARCO GOBBETTI
Chief Executive Officer

FOREWORD

At Burberry, we believe diversity, equity and inclusion are essential to fulfilling our purpose and are core to our values. Attracting and retaining diverse talent and fostering an inclusive culture enables us to be more creative in everything we do, while opening new spaces for our colleagues, customers and communities. We are focused on valuing and embracing differences and creating an environment where everyone feels they belong, has a voice and can reach their full potential.

This report outlines our gender pay gap in the UK in 2020 and the actions we are taking to close it, in line with our purpose and values. Our median gender pay gap decreased to 8.5% and for a third straight year we had no gender pay gap among our retail colleagues. However, we saw a slight increase in our mean pay gap and our bonus gap widened on a mean and median basis in the reporting period.

Our gap is driven by the composition of our UK workforce. There remains a higher proportion of our total population of men in the upper pay quartile and a greater proportion of women in the lower quartiles. We are committed to addressing this by increasing the number of women in leadership positions, while continuing to challenge ourselves to find new ways to create a more equitable and inclusive future.

Our ambition is to close our gender pay gap, significantly narrowing it in the UK by 2025. In the past 12 months, we have taken steps to target the drivers of our gap as part of our global Diversity and Inclusion Strategy. This has included implementing an industry-leading parental leave policy as well as enhancing our training programmes and diversifying our talent pipeline.

Burberry was included in the Bloomberg Gender-Equality Index (GEI) for the first time in 2021, welcome recognition of our continuing efforts to foster equity and inclusion, both within our own organisation and across our communities globally. At a senior level, we have maintained a leading position in the FTSE 100 for women in leadership according to the latest Hampton-Alexander Review, with 50.4% women in leadership positions across the organisation.

While the full impact of COVID-19 fell outside of the 2020 gender pay gap reporting period, we understand how challenging this time has been for our colleagues. As part of measures to ensure the health, safety and wellbeing of everyone at Burberry, we have introduced more flexible work arrangements, recognising that many of our teams have additional caring responsibilities, particularly those who have children. Where colleagues have been in need of further support, we have provided additional paid leave.

As we have navigated these evolving circumstances, we have maintained our ambition around gender pay. Building on our commitment to transparency, in next year's report, we will also disclose our UK ethnicity pay gap data.

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

MARCO GOBBETTI
CEO

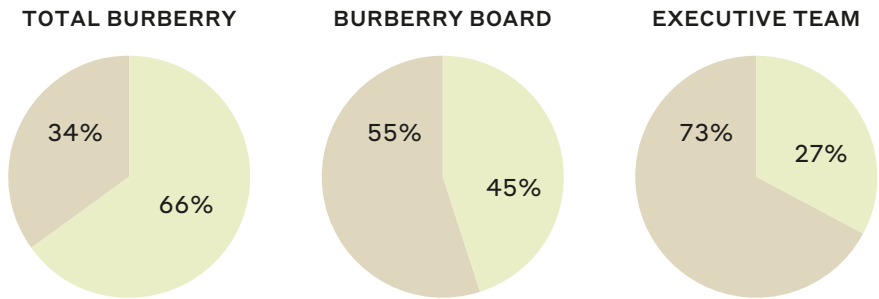
ABOUT THE REPORT

Since 2017, the UK Government has required public and private sector employers with 250 or more colleagues to publish key data on the gender pay gap within their organisations in the UK. This must be based on figures taken on 5th April each year.

This report provides a snapshot of Burberry's gender pay gap in the UK on that date in 2020 and the actions we are taking to close it. From next year, we will also report our UK ethnicity pay gap data.

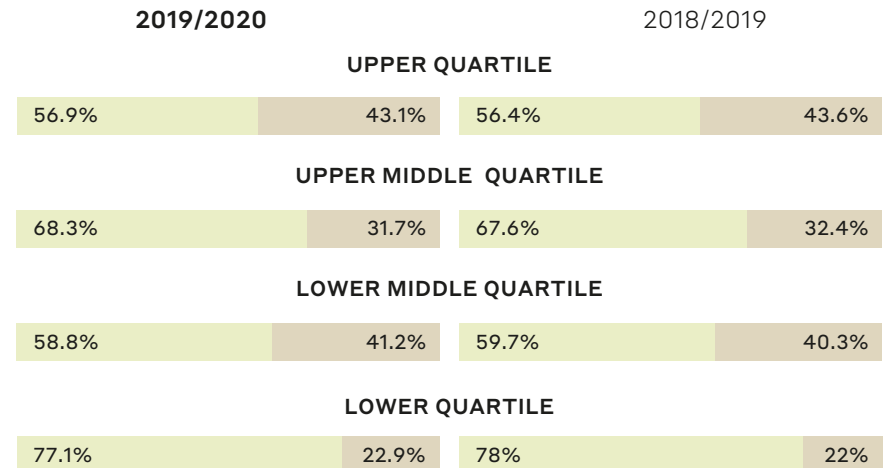
GENDER DIVERSITY AT BURBERRY¹

Women Men



¹Global data

PROPORTION OF MEN AND WOMEN IN EACH PAY QUARTILE²



²UK data

OUR GENDER PAY GAP

The gender pay gap is a measure of the difference between the average earnings of men and women. We are required to disclose our median and mean pay gap:

- The median pay gap is calculated by ranking all men and women's earnings from lowest to highest, with the median pay gap being the differential between the hourly pay of the 'middle' man and woman if all colleagues were assembled in a row, shown as a percentage of men's earnings.
- The mean pay gap is calculated by comparing the average hourly earnings for men and women, shown as a percentage of men's earnings.

The gender pay gap is distinct from equal pay:

- Equal pay is our legal obligation as an employer to pay men and women equally for the same or similar work.
- Compliance with equal pay legislation will not mean that there will be no gender pay gap. This is because the gender pay gap reflects the composition of the workforce.

Our reward policy is to pay our colleagues fairly and at a market competitive level for their role.

MEDIAN PAY GAP
2019/2020

8.5%

2018/19: 10.3%

MEAN PAY GAP
2019/2020

33.4%

2018/19: 33.1%





The current guidelines require us to segment our colleague population by men and women, however we recognise that gender identity is not binary, and some may identify differently. You can learn more about our commitment to fostering an inclusive environment at Burberry [here](#).

Burberry's UK gender pay gap at 5th April 2020 decreased on a median basis by 1.8% compared to the previous year (from 10.3% to 8.5%), while the mean slightly increased by 0.3%.

While more than 50% of overall leadership positions across Burberry in the UK continue to be held by women, there remains a higher proportion of the total population of men in the upper pay quartile, and we have a greater proportion of women in the lower quartiles.

This is reflected in the data by pay quartile. The largest median and mean pay gap is found in the upper pay quartile of the organisation. The other quartiles have little to no gender pay gap. For a third consecutive year, we maintained having no gender pay gap among our retail colleagues.

| UK PAY QUARTILE | MEDIAN PAY GAP | MEAN PAY GAP |
|-----------------------|----------------|--------------|
| Upper Quartile | 16% | 28.5% |
| Upper Middle Quartile | -1.4% | -0.5% |
| Lower Middle Quartile | -2% | -0.6% |
| Lower Quartile | 0.5% | 4% |

OUR GENDER BONUS GAP

The gender bonus gap looks specifically at bonus pay, as defined in the reporting requirements, over a 12-month period (6th April 2019 to 5th April 2020).

The bonus gap is calculated using actual payments received by colleagues, which means that pro-rated amounts (rather than full-time equivalents) are used for part-time colleagues. We have over three times more part-time women than men. A higher proportion of men were in the upper pay quartile, where higher bonuses were paid. Both of these factors contributed to our bonus gap.

For the reporting period, we saw an increase in bonus funding compared to the previous year, and this is also reflected in the increased bonus gap.

**MEDIAN BONUS GAP
2019/2020**

40.8%

2018/19: 23.2%

**MEAN BONUS GAP
2019/2020**

58.1%

2018/19: 40%

**WOMEN RECEIVING
BONUSES 2019/2020**

81.7%

2018/19: 78.7%

**MEN RECEIVING
BONUSES 2019/2020**

83.6%

2018/19: 76.3%



OUR COMMITMENTS AND PROGRESS

Our ambition is to close the gender pay gap at Burberry, significantly narrowing it in the UK by 2025. We are committed to achieving this by increasing the number of women in leadership positions, while continuing to challenge ourselves to find new ways to create a more equitable and inclusive future.

In line with our purpose and values, we are creating an environment where everyone feels they belong, has a voice and can reach their full potential. Our key commitments that will help us close the gap and our progress are outlined below, aligned to the pillars of our global Diversity and Inclusion Strategy.

All members of our Executive Committee are accountable for attracting and retaining diverse talent and fostering an inclusive culture and D&I objectives are formally included in their goals.

ATTRACTING NEW TALENT

Broadening how and where we find our future leaders will positively contribute to fostering an inclusive workplace and closing our gap. As part of our commitment to recruiting diverse candidates and including more colleagues from underrepresented groups at Burberry, our aim is that all our hiring and internal succession planning shortlists will consist of at least a 50/50 gender split and at least 25% ethnic diversity.

To help achieve this goal, we are:

- Piloting anonymous screening of CVs and including diversity data monitoring forms in candidate applications for voluntary and anonymous disclosure. In the interview process, we have standardised questions to ensure an equitable experience.

- Consistently reviewing where and how we look for prospective talent. We collaborate closely with organisations running diverse leadership networks around the globe, and Historically Black Colleges and Universities (HBCUs) in the US, so we can identify and engage with a wide range of candidates at all levels.





DEVELOPING TOP TALENT

Developing and creating a pipeline of diverse talent is integral to our Talent Management Approach. We have three key leadership development programmes, all designed to elevate leadership capability, reinforce behaviours in line with our purpose and values, and support the continued diversification of our workforce.

- Our New Manager Development Programme (NMDP) focuses on the principles of good leadership for people managers. Core to this offering 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 D&I agenda.
- Our Executive Development Programme (EDP) is designed to deepen leadership capability building on learnings from NMDP and our existing allyship training. Participants are challenged to elevate and reaffirm their commitment to fostering an inclusive culture and take accountability for diversifying our workplace. This programme is accompanied by three months of executive coaching and access to insights that give the cohort a detailed picture of their abilities in different areas.
- To support the development of diverse and underrepresented talent, we are introducing a mentorship programme and piloting reverse mentorship later this year. These programmes will support career progression, further developing our talent pipeline.

EDUCATION AND AWARENESS

Through education and awareness, we believe we can reduce bias and foster more inclusive hiring and reward decisions. In the past year, we have implemented a number of training programmes for our teams so we can mitigate bias across decision-making and ensure everyone is equipped to contribute to an inclusive culture:

- All members of our talent acquisition teams have undertaken specialised training on mitigating bias in recruitment.
- We have provided training for all line managers as part of our annual reward review to ensure all reward decisions made by managers are fair and balanced.
- In their first week, all new starters now experience our global Diversity and Inclusion Strategy as part of their onboarding process.
- All senior leaders globally, including store managers, have completed inclusive leadership training. Last year, we also introduced allyship training, which we expect all colleagues to complete by the end of 2021.
- We continue to deliver mandatory unconscious bias training to all colleagues.





FOSTERING AN OPEN AND INCLUSIVE CULTURE

We continue to challenge ourselves through listening, learning and embracing different perspectives to ensure our actions are impactful, fulfil our ambitions and reflect the values we uphold. In the past year, we have focused on three key areas:

1. Our D&I councils
2. Transparency and benchmarking
3. Global data monitoring

OUR D&I COUNCILS

Our Internal D&I Council held meetings throughout the year and their feedback has informed key decisions, including the production of this report. We also introduced large-scale open forums for colleagues to share their experiences, perspectives and ideas. More than 30 forums have taken place, engaging more than 1,700 Burberry colleagues and we are including additional questions relating to inclusion at Burberry into all colleague surveys.

TRANSPARENCY AND BENCHMARKING

We have also committed to greater disclosure so we can measure progress and benchmark ourselves against our peers:

- Burberry maintained a leading position in the FTSE 100 for women in leadership, as detailed in the Hampton-Alexander Review with 50.4% women in the Combined Executive Committee and Direct Reports team.
- We were recognised in the Bloomberg Gender-Equality Index for the first time in 2021 for our continuing efforts to foster equity and inclusion, both within our own organisation and across our communities globally. The index is the global benchmark for measuring companies' progress across five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-women brand. We scored 10 percentage points more than the company average, with high scores across equal pay and gender pay parity.

GLOBAL DATA MONITORING

Next year, we will report our UK ethnicity pay gap data. As part of this, we are upgrading our HR systems to enable colleagues to voluntarily and confidentially self-identify. This data will enhance our diversity dashboard, which will be shared quarterly with the Executive Committee and bi-annually with the Board.

INCLUSIVE POLICIES

Last year, we implemented new, inclusive policies to further our global D&I agenda and to create global standards. Together, these policies help towards our journey to achieve gender equality at Burberry and live by our purpose and values.

GLOBAL D&I POLICY

We introduced our global D&I policy. This policy, which we expect all colleagues to adhere to, is accompanied by a guide for managers to help them fully integrate the standards within their teams, lead inclusively and create a diverse team.

REWARD POLICY

We believe that having a simple and transparent reward strategy will drive fairness and parity in all reward decisions across the business, ensuring we provide the right level of salary and benefits for all roles. To support these commitments, we introduced a new commission and incentive plan for retail colleagues across a number of our markets and a new global long-term incentive plan (the Burberry Share Plan).

PARENTAL LEAVE POLICY

Our industry-leading parental leave policy offers all colleagues becoming parents 18 weeks of parental leave at full pay and the opportunity to work 80% of their normal hours at full pay for a further four weeks on their return. This has supported hundreds of parents around the world to balance returning to work with caring for their families.

Many colleagues balance professional responsibilities with being caregivers or parents. We continue to support all men and women at Burberry in developing flexible or part-time working arrangements, so they feel equipped to find the balance that is most beneficial to them and we can continue to create a more equitable workplace.





SUPPORTING OUR COMMUNITIES

Our commitment to diversity, equity and inclusion extends beyond Burberry, enabling creativity to flourish and opening new spaces for communities around the world. We believe that nurturing the next generation of voices is vital to creating a better, more inclusive future and diversifying our talent pipeline.

- Last year, we expanded Burberry Inspire internationally. Funded by the Burberry Foundation, Burberry Inspire is the first in-school arts and culture programme of its scope and scale designed to understand how exposure to the arts can have a positive effect on young people's lives. The programme has helped more than 5,500 students across Yorkshire, UK and New York, USA since 2018.
- We have also expanded our creative arts scholarships. The scholarships provide more equal access to higher education for more than 50 students over five years at renowned 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.
- We continue to invest in these initiatives to support the next generation of talent. This year, the Burberry Foundation welcomes London Youth as a partner with a new flagship programme providing resources for youth centres across the city.