Second-Party Opinion

Burberry Sustainability Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Burberry Sustainability Bond Framework is credible and impactful and aligns with the Green Bond Principles 2018 (GBP), the Social Bond Principles 2020 (SBP), and the Sustainability Bond Guidelines 2018. This assessment is based on the following:

**USE OF PROCEEDS** The eligible categories for the use of proceeds: (i) Green Buildings, (ii) Environmentally Sustainable Management of Living Natural Resources, and Land Use, and (iii) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDG 11, 12, and 15.

**PROJECT EVALUATION / SELECTION** Burberry Group plc’s internal process in evaluating and selecting projects is managed by the Sustainability Steering Committee, which is chaired by the CEO. The Committee is responsible for ensuring the selected projects are aligned with internal policies and the eligibility criteria for the use of proceeds. The Committee will also approve the appropriate changes to the Eligible Sustainable Projects pool if a project no longer meets the eligibility criteria. Sustainalytics considers the project selection process in line with market practice.

**MANAGEMENT OF PROCEEDS** Burberry Group plc’s processes for management of proceeds is handled by the Treasury and Finance teams. Burberry will track allocations of proceeds in a bespoke register. Unallocated proceeds will be held in cash, cash equivalents and/or invested in other short-term liquid instruments on a temporary basis in accordance with the Company’s internal policies. Based on these elements, Sustainalytics considers this process to be in line with market practice.

**REPORTING** Burberry intends to report allocation of proceeds on its website, on an annual basis, until full allocation. The allocation reporting will include the total amount of proceeds allocated, and the balance of unallocated proceeds. In addition, Burberry plans to report on relevant sustainability impact metrics where feasible. Sustainalytics views Burberry’s allocation and impact reporting as aligned with market practice.
Introduction

Burberry Group plc (“Burberry”, or the “Company”) is a luxury brand headquartered in London, UK. Burberry offers men’s, women’s and children’s clothing, accessories, fragrance, and beauty products. The Company’s principal activities consist of design, sourcing, manufacturing, wholesaling, retailing, and licensing. Founded in 1856, Burberry has 9,892 employees at 400 locations across 34 countries.

Burberry has developed the Burberry Sustainability Bond Framework (the "Framework") under which it intends to issue a sustainability bond and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that drive social and environmental improvements and foster sustainability innovation, from the sourcing of raw materials to the manufacturing of finished products in the fashion industry. The Framework defines eligibility criteria in three areas:

1. Green Buildings
2. Environmentally Sustainable Management of Living Natural Resources and Land Use
3. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes

Burberry engaged Sustainalytics to review the Burberry Sustainability Bond Framework, dated August 2020, and to provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018 (SBG).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.5.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Burberry’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Burberry representatives have confirmed (1) they understand it is the sole responsibility of Burberry to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Burberry.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

¹ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/
² The Burberry Sustainability Bond Framework is available on Burberry Group plc’s website at: https://www.burberryplc.com/
³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.
projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Burberry has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics’ Opinion

Section 1: Sustainalytics’ Opinion on the Burberry Sustainability Bond Framework

Sustainalytics is of the opinion that the Burberry Sustainability Bond Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP), the Social Bond Principles 2020 (SBP), and the Sustainability Bond Guidelines 2018. Sustainalytics highlights the following elements of Burberry’s Sustainability Bond Framework:

- Use of Proceeds:
  - The eligible categories: (i) Green Buildings, (ii) Environmentally Sustainable Management of Living Natural Resources, and Land Use, and (iii) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes are aligned with those recognized by the GBP and SBP. Sustainalytics is of the opinion that the expenditures under the Framework will contribute to circularity in the fashion industry and produce positive environmental and social impacts.
  - Burberry may finance or refinance investments into the renovation and refurbishment of Green Buildings with a minimum level of LEED “Gold” or BREEAM “Outstanding”. Sustainalytics recognizes these as credible building certification schemes and considers the minimum certification levels to be aligned with market practice. For Sustainalytics’ assessment of these schemes, please refer to Appendix 1.
  - Burberry may finance or refinance the costs of sourcing cotton or products containing cotton as a main material, in each case such cotton certified to the Better Cotton Initiative (BCI) standard. Sustainalytics notes that the procurement of BCI-certified cotton promotes sustainable practices by providing capacity building and support to farmers. The BCI Standard addresses principles which capture material sustainability issues related to cotton, such as crop protection practices, water stewardship, and labour rights. Through its multi-stakeholder approach, BCI aims to drive positive overall outcomes across the industry; the organization has published data suggesting that, overall, cotton produced under the programme uses less pesticides and synthetic fertilizer (ranging from 5-40%) than comparable non-certified crops. Nevertheless, Sustainalytics notes that in contrast to most credible certification schemes, BCI does not require adherence to specific performance standards, focusing instead on encouraging the attainment of improved performance over time. Sustainalytics also notes that BCI allows for the use of genetically modified organisms. Notwithstanding these drawbacks, and noting the positive ambition of the BCI scheme, Sustainalytics does not consider the use of BCI as an eligibility criterion that detracts from the credibility of the Framework. For Sustainalytics’ assessment of BCI, please refer to Appendix 2.

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6 The use of GMO crops is widespread within the cotton sector. Proponents note that higher yields can be attained, while other observers cite the potential dependency imposed upon farmers and the impacts on biodiversity. BCI has “adopted a position of being ‘technology neutral’ with respect to GM cotton”. See: https://bettercotton.org/about-bci/frequently-asked-questions/
Burberry may also finance, or refinance expenditures related to the procurement of sustainable and recycled packaging materials, including sourcing of Forest Stewardship Council (FSC) certified paper packaging materials as well as the sourcing of 100% recycled polyester. Sustainalytics recognizes FSC as a credible and robust certification scheme, for Sustainalytics’ assessment of FSC, please refer to Appendix 3. Additionally, Sustainalytics positively views the sourcing of recycled materials as contributing to a more circular economy.

- Burberry has defined a look-back period of 36 months for refinancing activities.

- Burberry has established the Sustainability Steering Committee (the “Committee”), which is chaired by the CEO, to oversee the project evaluation and selection process. The Committee is responsible for ensuring the selected projects are aligned with internal policies and the eligibility criteria for the use of proceeds. The Committee will also approve the appropriate changes to the Eligible Sustainable Projects pool if a project no longer meets eligibility criteria. Based on these elements, Sustainalytics considers this process to be in line with market practice.

- Burberry’s process for management of proceeds is handled by the Treasury and Finance teams. Burberry will track allocations of proceeds in a bespoke register. Unallocated proceeds will be held in cash, cash equivalents and/or invested in other short-term liquid instruments on a temporary basis in accordance with the Company’s internal policies. Sustainalytics considers market practice to allocate within 24 months of issuance, and notes that Burberry intends to allocate proceeds until the bond’s maturity.

- Burberry intends to report allocation proceeds on its website, on an annual basis, until full allocation. The allocation reporting will include the total amount of proceeds allocated, the balance of unallocated proceeds and the share for financing vs refinancing. In addition, Burberry plans to report on relevant sustainability impact metrics where feasible. Sustainalytics views Burberry’s allocation and impact reporting as aligned with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Burberry Sustainability Bond Framework aligns to the four core components of the Green Bond Principles (2018), the Social Bond Principles (2020), and the Sustainability Guidelines 2018. For detailed information please refer to Appendix 4: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Burberry

Contribution of the Framework to Burberry Group plc’s sustainability strategy

Burberry’s sustainability efforts are guided by its Responsibility Agenda and supervised by the Sustainability Steering Group. Burberry is dedicated to reducing its environmental footprint and driving social progress for stakeholders in its supply chain and communities. The Responsibility Agenda is focused on three areas: (i) company – become carbon neutral and revalue waste, (ii) product – drive positive change throughout all products, and (iii) community – positively impact one million people. Burberry has set several performance goals across the three areas to steer the implementation of the Responsibility Agenda by 2022.

The Company has demonstrated a commitment to create positive social and environmental impact from its core business through the following efforts:

- Burberry has the goal to achieve zero-carbon footprint from operational energy use, reduce absolute emissions by improving energy efficiency, and use 100% of electricity from renewable sources. By FY 2019/20, Burberry reduced 86% of market-based emissions compared to the FY 2016/17 baseline, and 90% of electricity was sourced from renewable energy. These efforts will be further
enhanced by Burberry’s Sustainability Bond Framework via which the Company intends to finance green buildings.

- The Company plans to enhance its waste reduction and re-valuation efforts. Currently Burberry has achieved zero waste-to-landfill in the majority of its UK and Italy operations, additionally, shopping bags have a minimum 40% of upcycled coffee cups. Activities financed via the Framework may aid the reduction of waste generated and disposed.

- Sustainable cotton accounts for 75% of cotton content in Burberry products in FY2019/20 and the Company is working towards 100% of cotton (for items where cotton is the main material) procured more sustainably throughout the supply chain by 2022. The Company’s investments into the procurement of BCI cotton will further contribute to this goal.

- By 2022, the Company aims to have 100% of its products with more than one positive attribute. By FY2019/20, 89% of products had at least one positive attribute and 67% had more than one. Positive attributes relate to a range of social and environmental programmes, which drive improvements in the raw material and manufacturing stages of the supply chain.

Sustainalytics is of the opinion that the Burberry Sustainability Bond Framework is aligned with the Company’s overall sustainability strategy and initiatives and will further the Company’s action on its key environmental and social priorities.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics acknowledges that the Framework will be directed towards eligible projects and activities that have positive environmental and social impact. However, Sustainalytics is aware that some environmental and/or social risks might be associated with such eligible projects and activities. Some key environmental and social risks potentially associated with the eligible projects and activities, could include occupational health and safety, pollution and waste, and human rights issues.

Sustainalytics is of the opinion that Burberry is able to manage and/or mitigate potential risks through implementation of the following:

- A large proportion of the manufacturing of products occurs at Burberry-owned and third-party locations in Europe, as the EU Directive on Worker Health and Safety ensures minimum safety and health requirements throughout Europe. Employers “have a duty to ensure the safety and health of workers in every aspect related to the work.” Necessary measures due to be taken by the employers include “prevention of occupational risks and provision of information and training, as well as provision of the necessary organization and means.”

- Burberry is committed to providing a safe, healthy environment for employees; therefore, the Global Health and Safety Policy is intended to ensure the highest standards of health and safety throughout the Company’s global operations.

- Burberry’s Human Rights Policy sets out the procedures to uphold human rights across stakeholder groups, and the mechanisms to identify and address any instances of potential infringement. Responsibility for the policy lies with Burberry’s CEO. To ensure compliance with the policy, the Company assesses human rights impacts and monitors labour conditions across its own operations and extended supply chain on a regular basis.

- Burberry’s Global Environmental Policy focuses on the improvement of waste, chemicals, asbestos, water, effluent treatment, raw material sourcing and packaging management. The standards set by the Policy are mandatory and apply to all internal and supply chain partners’ activities.

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that Burberry has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

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Section 3: Impact of Use of Proceeds

The three use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on one below where the impact is specifically relevant in the local context.

Importance of Sustainability in the Global Fashion Industry

The fashion industry accounts for 10% of annual carbon emissions globally and is the second-largest consumer of water supply. Additionally, fabric dyeing and treatment produces nearly 20% of global wastewater, and it is estimated that half a million tonnes of plastic microfiber pollution reaches the ocean annually. Moreover, the industry is on track to increase greenhouse gas (GHG) emissions by 50% by 2030, driven by a projected global increase in consumption of 65% in the next decade. Additionally, the production and manufacturing of textiles and clothing are linked to dangerous working environments due to the use of hazardous substances, unfair labour and market practices, and water security issues.

In recent years, industry stakeholders and consumers have become increasingly aware of the negative environmental and social impacts of the fashion industry and consumer behaviour. This recent awareness has resulted in collective efforts such as the UN Alliance for Sustainable Fashion (the “Alliance”) to address sustainability in fashion. The Alliance advocates for a coordinated action to drive a major change throughout the value chain, production processes, distribution, consumption and disposal patterns to reduce fashion’s negative environmental and social impacts. In practice, designers and manufacturers are working to increase the durability of products, use materials closer to their raw state or innovative fabrics, replace synthetic fabrics, and source materials from certified suppliers. While current levels of commitments and efforts are not likely to achieve a net positive impact from the fashion industry they represent a signal for change.

Based on the above context, Sustainalytics is of the opinion that Burberry’s investments into sustainable practices in the production of clothing garments will contribute to sustainability in the fashion industry.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDG goals and targets:

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>SDG</th>
<th>SDG target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Buildings</td>
<td>11. Sustainable Cities and Communities</td>
<td>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</td>
</tr>
<tr>
<td>Environmentally Sustainable Management of Living Natural Resources and Land Use</td>
<td>15. Life on Land</td>
<td>15.A Increase financial resources to conserve and sustainably use ecosystem and biodiversity</td>
</tr>
<tr>
<td>Eco-efficient and/or Circular Economy Adapted Products,</td>
<td>12. Responsible Consumption and Production</td>
<td>12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse</td>
</tr>
</tbody>
</table>

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15 WEF, "These facts show how unsustainable the fashion industry is", (2020), at: https://www.weforum.org/agenda/2020/01/fashion-industry-carbon-unsustainable-environment-pollution/
20 UN Alliance for Sustainable Fashion, “The UN Alliance for Sustainable Fashion”, at: https://unfashionalliance.org/
Production Technologies, and Processes

Conclusion

Burberry has developed the Burberry Sustainability Bond Framework under which it will issue a sustainability bond and use the proceeds to finance projects that drive social and environmental improvements and foster sustainability innovation, from the sourcing of raw materials in its supply chain to the manufacturing of finished products in the fashion industry. Sustainalytics considers that the projects and activities funded by the sustainability bond proceeds will provide positive environmental and social impact.

The Burberry Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Burberry Sustainability Bond Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 11, 12, and 15. Additionally, Sustainalytics is of the opinion that Burberry has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Burberry Group plc is well-positioned to issue a sustainability bond and that the Burberry Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020).
Appendix 1: Sustainalytics assessment of green building certification schemes

<table>
<thead>
<tr>
<th></th>
<th>LEED</th>
<th>BREEAM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background</strong></td>
<td>Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.</td>
<td>BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.</td>
</tr>
<tr>
<td><strong>Certification levels</strong></td>
<td>Certified, Silver, Gold, Platinum</td>
<td>Pass, Good, Very Good, Excellent, Outstanding</td>
</tr>
</tbody>
</table>
| **Areas of Assessment: Environmental Performance of the Building** | • Energy and atmosphere  
• Sustainable Sites  
• Location and Transportation  
• Materials and resources  
• Water efficiency  
• Indoor environmental quality  
• Innovation in Design  
• Regional Priority  | • Energy  
• Land Use and Ecology  
• Pollution  
• Transport  
• Materials  
• Water  
• Waste  
• Health and Wellbeing  
• Innovation  |
| **Requirements**       | Prerequisites (independent of level of certification) + Credits with associated points  
These points are then added together to obtain the LEED level of certification  
There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance). | Prerequisites depending on the levels of certification + Credits with associated points  
This number of points is then weighted by item and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.  
BREAAAM has two stages/ audit reports: a ‘BREEAM Design Stage’ and a ‘Post Construction Stage’, with different assessment criteria. |

Performance display

![LEED Ratings](image1) ![BREEAM Ratings](image2)
Appendix 2: Sustainalytics’ assessment of Better Cotton Initiative certification scheme

<table>
<thead>
<tr>
<th>Better Cotton Initiative (BCI)</th>
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<tbody>
<tr>
<td><strong>Background</strong></td>
</tr>
<tr>
<td>The Better Cotton Initiative (BCI) is a global non-profit cotton sustainability program that seeks to (i) reduce the environmental impact of cotton products, (ii) improve livelihoods and economic development in cotton producing areas, (iii) improve commitment to and flow of Better Cotton through supply chain, and iv) ensure credibility and sustainability of the Better Cotton Initiative.</td>
</tr>
<tr>
<td><strong>Clear positive impact</strong></td>
</tr>
<tr>
<td>Transforming cotton production worldwide by developing ‘Better Cotton’ as a sustainable mainstream commodity.</td>
</tr>
<tr>
<td><strong>Minimum standards</strong></td>
</tr>
<tr>
<td>In order to receive a license to grow ‘Better Cotton’, farmers must comply with a set of minimum requirements and “improvement” criteria across seven key principles: crop protection, water stewardship, soil health, biodiversity enhancement &amp; land use, fibre quality, decent work and effective management. The principles and criteria form the global definition of what is considered ‘Better Cotton’. In recognition of the differences in production methods and workforces, BCI distinguishes between the minimum requirements for three categories of farmers (smallholders, medium farms and large farms).</td>
</tr>
<tr>
<td><strong>Directly addressing social and environmental risk</strong></td>
</tr>
<tr>
<td>BCI addresses key risks through its requirements, including human rights, child labour, biodiversity use, water stewardship and pesticide use.</td>
</tr>
<tr>
<td><strong>Verification of standards and risk mitigation</strong></td>
</tr>
<tr>
<td>BCI conducts supply chain monitoring and audits to ensure that companies sourcing cotton as Better Cotton comply with relevant Chain of Custody requirements, and to ensure continuous improvement.</td>
</tr>
<tr>
<td><strong>Third party expertise and multi-stakeholder process</strong></td>
</tr>
<tr>
<td>The WWF founded the Better Cotton Initiative in 2005. BCI partners with the following standards, which are all recognized by BCI as being equivalent to the Better Cotton Standard System: myBMP (My Best Management Practice) in Australia, ABRAPA (Associação Brasileira dos Produtores de Algodão) in Brazil, ‘Cotton made in Africa’ (CmiA) and ‘Smallholder Cotton Standard’ (SCS) of Aid by Trade Foundation (AbTF).</td>
</tr>
<tr>
<td><strong>Performance Display</strong></td>
</tr>
<tr>
<td><img src="image" alt="Better Cotton Initiative" /></td>
</tr>
<tr>
<td><strong>Accreditation</strong></td>
</tr>
<tr>
<td>Standard setting is aligned with the ISEAL Standard Setting Code.</td>
</tr>
<tr>
<td><strong>Qualitative considerations</strong></td>
</tr>
<tr>
<td>Global recognition across 21 countries. In 2018, 2 million licensed BCI Farmers produced 5.1 metric tonnes of Better Cotton, accounting for 19% of global cotton product. Some observers have cited the BCI’s lack of commitment to a full phase out of synthetic chemicals among other social and environmental challenges.</td>
</tr>
</tbody>
</table>

Appendix 3: Sustainalytics’ assessment of Forest Stewardship Council

<table>
<thead>
<tr>
<th>Forest Stewardship Council (FSC)</th>
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</thead>
<tbody>
<tr>
<td><strong>Background</strong></td>
</tr>
<tr>
<td>The Forest Stewardship (FSC) is a non-profit organization established in 1993 that aims to promote sustainable forest management practice by evaluating forest management planning and practices independently against FSC’s standards.</td>
</tr>
</tbody>
</table>

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23 Forest Stewardship Council, FSC Principles and Criteria for Forest Stewardship: [https://ca.fsc.org/preview.principles-criteria-v5.a-1112.pdf](https://ca.fsc.org/preview.principles-criteria-v5.a-1112.pdf)
| **Basic Principles** | • Compliance with laws and FSC principles  
• Tenure and use rights and responsibilities  
• Indigenous peoples’ rights  
• Community relations and workers’ rights  
• Benefits from the forests  
• Environmental impact  
• Management plans  
• Monitoring and assessment  
• Special sites – high conservation value forests (HCVF)  
• Plantations |
| **Types of standards and benchmarks** | • Forest Management certification (for single/multiple applicant(s) – industrial or private forest owners, forest license holders, community forests, and government-managed forests)  
• Small and Low Intensity Management Forests (SLIMFs) program (for small forests and forests that are managed at low intensity would be eligible)  
• Chain of Custody (CoC) certification (for supply chain companies’ planning, practices and products – all operations that want to produce or make claims related to FSC-certified products must possess this certificate)  
• Controlled Wood verification (for assurance that 100% virgin fibre mixed with FSC-certified and recycled fibre originates from a verified and approved source) |
| **Governance** | The General Assembly is comprised of all FSC members and constitutes the highest decision-making body. Members can apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers. Each chamber maintains 33.3% of the weight in votes, and votes are weighted so that the North and South hold an equal portion of authority in each chamber, to ensure influence is shared equitably between interest groups and countries with different levels of economic development. |
| **Scope** | FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards. |
| **Chain-of-Custody** | • The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards  
• CoC standard includes procedures for tracking wood origin  
• CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products  
• CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC |
| **Non-certified wood sources** | FSC’s Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:  
  a. Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others,  
  b. Wood harvested in violation of traditional and civil rights,  
  c. Wood harvested in forests where high conservation values are threatened by management activities,  
  d. Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses, |
Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Burberry Group plc

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: Burberry Sustainability Bond Framework

Review provider’s name: Sustainalytics

Completion date of this form: August 25, 2020

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW
The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

☒ Use of Proceeds  ☒ Process for Project Evaluation and Selection

☒ Management of Proceeds  ☒ Reporting

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25 Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: [https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed](https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed)
26 EIA, PEFC: A Fig Leaf for Stolen Timber: [https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber](https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber)
ROLE(S) OF REVIEW PROVIDER

☒ Consultancy (incl. 2nd opinion)  ☐ Certification

☐ Verification  ☐ Rating

☐ Other (please specify):

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds: Green Buildings, Environmentally Sustainable Management of Living Natural Resources, and Land Use, and Eco-efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 11, 12, and 15.

Use of proceeds categories as per GBP:

☐ Renewable energy  ☐ Energy efficiency

☐ Pollution prevention and control  ☐ Environmentally sustainable management of living natural resources and land use

☐ Terrestrial and aquatic biodiversity conservation  ☐ Clean transportation

☐ Sustainable water and wastewater management  ☐ Climate change adaptation

☒ Eco-efficient and/or circular economy adapted products, production technologies and processes  ☐ Green buildings

☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs  ☐ Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs:
Use of proceeds categories as per SBP:

☐ Affordable basic infrastructure  ☐ Access to essential services

☐ Affordable housing  ☐ Employment generation (through SME financing and microfinance)

☐ Food security  ☐ Socioeconomic advancement and empowerment

☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP  ☐ Other (please specify):

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Burberry’s internal process in evaluating and selecting projects is managed by the Sustainability Steering Committee, which is chaired by the CEO. The Committee is responsible for ensuring the selected projects are aligned with internal policies and the eligibility criteria for the use of proceeds. The Committee will also approve the appropriate changes to the Eligible Sustainable Projects pool if a project no longer meets eligibility criteria. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

☒ Credentials on the issuer’s social and green objectives  ☒ Documented process to determine that projects fit within defined categories

☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds  ☐ Documented process to identify and manage potential ESG risks associated with the project

☐ Summary criteria for project evaluation and selection publicly available  ☐ Other (please specify):

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification  ☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Burberry’s processes for management of proceeds is handled by the Treasury and Finance teams. Burberry will track allocations of proceeds in a bespoke register. Unallocated proceeds will be held in cash, cash equivalents and/or invested in other short-term liquid instruments on a temporary basis in accordance the
Company's internal policies. Based on these elements, Sustainalytics considers this process to be in line with market practice.

**Tracking of proceeds:**
- ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

**Additional disclosure:**
- ☐ Allocations to future investments only
- ☒ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements
- ☐ Allocation to a portfolio of disbursements
- ☐ Disclosure of portfolio balance of unallocated proceeds
- ☐ Other (please specify):

### 4. REPORTING

Overall comment on section (if applicable):

Burberry intends to report allocation proceeds on its website, on an annual basis, until full allocation. The allocation reporting will include the total amount of proceeds allocated, and the balance of unallocated proceeds. In addition, Burberry plans to report on relevant sustainability impact metrics where feasible. Sustainalytics views Burberry's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**
- ☐ Project-by-project
- ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s)
- ☐ Other (please specify):

**Information reported:**
- ☒ Allocated amounts
- ☐ Sustainability Bond financed share of total investment
- ☐ Other (please specify):

**Frequency:**
- ☒ Annual
- ☐ Semi-annual
- ☐ Other (please specify):
Impact reporting:
- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other (please specify):

Information reported (expected or ex-post):
- GHG Emissions / Savings
- Decrease in water use
- Target populations
- Energy Savings
- Number of beneficiaries
- Other ESG indicators (please specify):

Frequency:
- Annual
- Semi-annual
- Other (please specify):

Means of Disclosure
- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (please specify):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)


SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:
- Consultancy (incl. 2nd opinion)
- Certification
- Verification / Audit
- Rating
- Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP
i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer’s adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been
implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer’s internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.

iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework, or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.
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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.
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