

BURBERRY

BURBERRY GENDER PAY GAP REPORT 2016/17

FOREWORD

MARCO GOBBETTI
CEO Burberry plc

At Burberry, we recognise the importance of attracting and retaining a diverse employee talent pool and fostering an inclusive culture. With more than 10,000 employees in thirty-five countries, we continue to benefit from the different perspectives, experiences and ideas our people offer, bound together by our core values. We believe this is key to ensuring Burberry's long-term success.

We are proud of our strong track record of attracting female talent. Women make up 40% of our Executive Team and 40% of our Board of Directors, which includes one female Executive Director. This was recognised in the 2017 'Hampton-Alexander Review FTSE 100 for Women on Boards and in Leadership' where Burberry was ranked in the top five best performers.

While we continue to take steps to ensure employees at all levels are able to fulfil their potential and further their careers at Burberry, and are recognised for their contribution, we know we can do more. This report shows that we have a gender pay gap in the UK. The gap is influenced by the fact that we have fewer women in senior positions. With women making up 70% of our 3,500 employees in the UK, we are committed to narrowing this gap as we work to develop more women leaders to drive the growth and success of our business.

MARCO GOBBETTI,
CEO, Burberry plc



DEFINITIONS

The Gender Pay Gap looks at average pay differences between men and women across all roles in a company. It is distinct from equal pay, which considers pay differences between men and women who carry out the same or similar jobs.

The median is the middle number or the mid-point in a group of people, in this context, employees working for Burberry in the UK. If all the men and all the women working there were lined up, the median is the difference in the hourly pay between the "middle" woman and the "middle" man.

The mean is the difference between the average hourly pay of men and women working across our UK business.

The overall Gender Pay Gap is calculated using a snapshot of base pay on 5th April 2017 and any variable pay received in the twelve months prior to this date.

The Bonus Gap is based on variable pay received in the twelve months prior to 5th April 2017. This includes any bonus, commissions, incentives and proceeds from shares that were exercised during that period. 'Exercising' shares means that someone has chosen to sell shares that have already been awarded to them at a time that suits them. This includes Sharesave and Freeshares as well as shares acquired under other company plans.

In this report, we show the Gender Representation across our UK business, splitting it into 4 equal parts called quartiles. The lower quartile consists of the people who received the lowest pay in Burberry; the upper quartile consists of those who were paid the most, including the Executive Team. The Mid-lower and Mid-upper fall between these.

UNDERSTANDING OUR NUMBERS

Our overall pay gap as seen here in figure 1, is influenced by the fact that we have more men than women currently occupying senior roles immediately below the Executive Team.

This factor is more pronounced in some areas of our business than others. For example, in manufacturing and distribution, the majority of senior roles (including those that report directly to the Executive Team) are held by men, reflecting the demographics of the broader manufacturing industry.

Variable pay also influenced our overall pay gap and is represented here in figure 2.

Everyone at Burberry is eligible to earn some element of variable pay. Variable pay is based on a mix of personal and company performance, depending on a person's role, and can include sales commission, incentives or discretionary bonuses.

The proportion of men and women who received variable pay or who exercised share options in the twelve months prior to 5th April 2017 was 36% and 33% respectively.

During this time, Burberry's overall financial performance was below the threshold required for the company to pay bonuses to employees under our discretionary Annual Bonus Plan.

The majority of employees who received variable pay that year were sales associates working in our stores, who benefited from sales incentives and collected commission.

EMPLOYEE POPULATION BY PAY QUARTILE

The charts in figure 3 set out our Gender Representation across our UK business, showing the proportion of women and men in each quartile, as well as the most common role in each quartile.

Sales Associate is the most common role across the whole of our UK population. A sales associate's pay will vary based on the location of the store they work in and the payments they receive from sales incentives and commissions.

OUR NUMBERS

FIGURE 1

PAY GAP

Mean pay gap

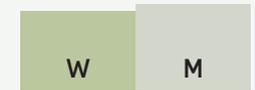
25.9%



Our mean Pay Gap of 25.9% in favour of male employees compares to a UK national average of 17.4%.

Median pay gap

7.8%



Our median Pay Gap of 7.8% in favour of male employees compares to the UK national average of 18.4%.

FIGURE 2

BONUS GAP

Mean bonus pay gap

34.4%



Median bonus pay gap

15.9%

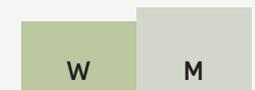
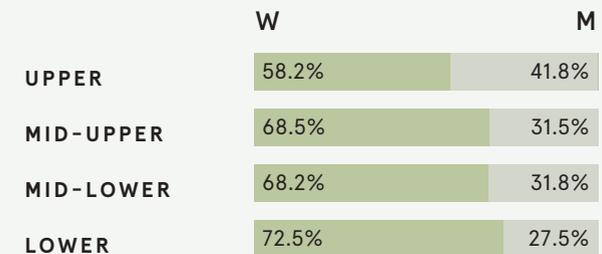


FIGURE 3

EMPLOYEE POPULATION BY PAY QUARTILE

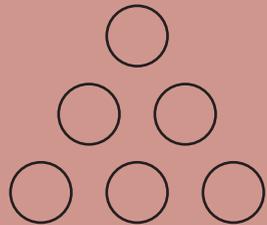


MOST COMMON ROLES

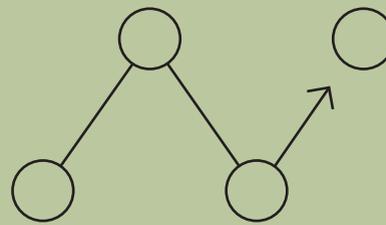
Upper: Store Manager
 Mid-Upper and Mid-Lower: Sales Associate
 Lower: Production Operative

CLOSING THE GAP

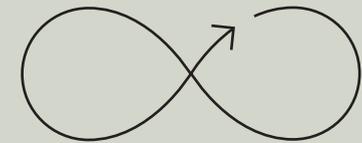
While we have increased the gender diversity of our Board and our Executive Team in recent years, we recognise that there is more to do to develop a pipeline of female leaders, particularly in our most senior roles. To support this and narrow our gender pay gap, we will take the following steps:



We are reviewing our leadership development programmes to ensure they support all our people and reinforce diversity and inclusion across the business.



We will continue to provide our line managers with guidance on conducting reward conversations and making decisions that are free from unconscious gender bias, 80% of our line managers have already taken part in a coaching programme to support their professional development.



We will continually review our approach to reward, which includes our variable pay plans. We will identify and address any design features that may have impacted our gender pay gap and steps we can take to remedy them. Pay and bonus proposals will continue to be reviewed by senior leaders as part of the Annual Review process.