BASIS OF REPORTING: FY2022 SCOPE 3 KPIs
FY2021/22 SCOPE 3 EMISSIONS AND PERCENTANGE CHANGE FROM BASELINE

Introduction

This document sets out the key processes, data inputs and assumptions used in preparing the following datapoints for limited assurance:

1. FY 2021/22 Scope 3 emissions (measured in tonnes of carbon dioxide equivalency, tCO2e); and
2. Percent change from baseline to FY2021/22 (FY 2021/22 Scope 3 emissions vs. FY 2018/19 Scope 3 emissions baseline).

Summary of results

1. FY2021/22 Scope 3 emissions: 513,243 tCO2e; and
2. FY 2021/22 Scope 3 emissions vs. FY 2018/19 Scope 3 emissions baseline: reduction of 245,299 tCO2e (-32.3%)

FY 2021/22 Scope 3 emissions methodology

Unless otherwise noted in Table 1 below which summarises changes between the baseline and FY2021/22 calculations, all information included in Burberry's basis of reporting for the 2021/22 Annual Report, available at burberryplc.com (linked here) is also relevant for the FY2021/22 calculation. This includes data sources, emissions factors, key assumptions, and calculation methods for each category and sub-category of emissions.

In addition, all emissions factors have been updated to reflect the period for which data was collected and this is therefore not outlined in detail below as it applies to all categories. (See table 2 at the end of this document for a summary of emissions factors applied.)

Table 1. Summary of changes in data sources and methodology from baseline to FY2021/22

Category	Summary of changes in data sources since baseline	Summary of changes to methodology since baseline
01. Purchased goods and services – Product-related waste	• Actual spend data on product development costs are used for estimating sample excess in FY2021/22, as opposed to baseline estimates based on raw material excess volumes • Damaged and defective items in the baseline used average product weight; in FY2021/22, real weight data is used from internal sources • Calendar Year 2021 (January – December 2021) is used as a proxy for Financial Year 2022 (April 2021 – March 2022) due to timeframe needed to collect data and perform calculations for all waste	• Spend data on sample excess is used to calculate a per-GBP weight which is then used to estimate total tonnage of sample excess used to quantify emissions. In the baseline, sample excess was estimated based on internal discussions. • Composition of waste comes from internal production database for all relevant waste categories except for raw material excess (RMX) where the composition is taken directly from an internal RMX database. In the baseline year, waste composition for RMX was applied to all product waste categories.

	streams except for raw material excess ● Finished goods waste data from Burberry Manifattura was not available for January to March 2022, therefore January to March 2021 data was used as a proxy	
01. Purchased goods and services – Raw materials	N/A	In FY2021/22, the use of acrylic, PVC, and rubber is classified as 'Other' and average emissions factors of these materials are used to quantify carbon impact. These materials were calculated separately in the baseline due to different internal methodology for materials groupings. As the associated emissions account for one percent of the total raw materials emissions in FY2021/22 we consider this an immaterial change.
01. Purchased goods and services – Manufacturing	Calendar Year 2021 (January – December 2021) is used as a proxy for Financial Year 2022 (April 2021 – March 2022) due to timeframe needed to collect data and perform calculations	N/A
01. Purchased goods and services – Packaging	Data for the final month of the Financial Year (March 2022) was projected using average April 2021 – February 2022 data and extrapolated using linear progression	N/A
01. Purchased goods and services – Other	Data for the final month of the Financial Year (March 2022) was projected using the March 2022 budgeted spend calculated by Burberry's group finance team	N/A
02. Capital goods	Data for the final month of the Financial Year (March 2022) was projected using the March 2022 budgeted spend calculated by Burberry's group finance team	N/A
03. Fuel- and energy-related activities	N/A	N/A

04. Upstream transportation & distribution	Distance and weight from transportation provider UPS was available in FY2021/22 and was used in lieu of financial spend data as in baseline. Calendar Year 2021 (January – December 2021) is used as a proxy for Financial Year 2022 (April 2021 – March 2022) due to timeframe needed to collect data and perform calculations	N/A
05. Waste generated in operations	● Spend data on relevant product development costs are taken as a proxy for sample excess. ● Damaged and defective items in the baseline used average product weight; in FY2021/22, real weight data is used ● Calendar Year 2021 (January – December 2021) is used as a proxy for Financial Year 2022 (April 2021 – March 2022) due to timeframe needed to collect data and perform calculations for all waste streams except for raw material excess	Confidence levels for the following waste streams have been modified from the baseline due to changes to available data in FY2021/22: • **Customer packaging waste** confidence was increased from low to medium due to an improved data collection procedure including a template form sent to and filled by suppliers • **Events waste** confidence increase from low to medium due to the inclusion of one major event (Burberry's Imagined Landscapes Experience event in Republic of Korea) in financial period where data was available, compared to baseline where estimates were used based on internal knowledge • **Unsaleable goods waste** was increased from low to medium due to inclusion of an improved internal database
06. Business travel	Data for the final month of the Financial Year (March 2022) was projected using average April 2021 – February 2022 data and extrapolated using linear progression	N/A
07. Employee commuting	N/A	Assumption of employees working in office five days per week has been updated to two days per week given impact of office closures in FY22
12. End-of-life treatment of sold products	Data for the final month of the Financial Year (March 2022) for the packaging component of calculations was projected using average April 2021 – February 2022 data and extrapolated using linear progression	N/A

14. Franchises	Financial periods vary across Burberry licensees. FY2020/21 data was used as a proxy of latest data available as full FY2021/22 data was not available at time of reporting	N/A

Change in Scope 3 emissions: Baseline to FY 2021/22

The following information outlines the drivers behind the emissions reduction achieved from baseline (FY2018/19) to FY2021/22.

Total emissions:
- Change in emissions: -245,299 tCO2e (-32%)
- Rationale: Detailed below.

01. Purchased goods and services (Product-related waste)
- Change in emissions: -47%
- Rationale: Product-related waste is linked closely to raw materials; lower material procurement therefore results in less total waste. Reductions in finished goods volume resulted in less waste from production. We also achieved a decrease in raw material excess and sampling excess volumes.

01. Purchased goods and services (Raw materials)
- Change in emissions: -41%
- Rationale: Reduced emissions was largely driven by a reduction in cashmere use, which has the highest carbon intensity of all our raw materials used in Burberry products. The reduction in overall raw material volume is linked to reduction in production across the business, resulting in significant decline in emissions. Lower production is linked to both economic slowdown coming out of the COVID-19 pandemic restrictions, as well as the intentional shift in business to higher retail pricing and higher sell-through rates (i.e., the amount of inventory sold in a period of time as a share of total inventory received from vendors over the same period).

01. Purchased goods and services (Packaging)
- Change in emissions: -4%
- Rationale: Not applicable as minor change reported

01. Purchased goods and services (Manufacturing)
- Change in emissions: -80%
- Rationale: Increase in the use of renewable energy particularly in EMEA region; lower total production volumes also accounts for less energy use attributable to Burberry overall and therefore fewer emissions (see Raw Materials section above).

01. Purchased goods and services (Other purchased goods & services)
- Change in emissions: +89%
- Rationale: Increased spending on goods and services not tied directly to finished goods production. Increase driven by higher spend on property maintenance in FY2021/22 compared to previous years due to COVID-19 pandemic.

02. Capital goods
- Change in emissions: +12%
- Rationale: Increased spending not tied directly to finished goods production. Driven by higher spend on display costs and costs of IT services.

03. Fuel- and energy- related activities

- Change in emissions: +71%
- Rationale: In FY21/22, we took a simplified approach in selecting emissions factors, following guidance from a third-party, as the original emission factors were bespoke and it was not feasible to recreate the approach. As this is an immaterial category (<1% of total Scope 3 emissions), this approach was deemed appropriate and credible, and will also be followed in future years until baseline is re-calculated in the future.

04. Upstream transportation and distribution

- Change in emissions: -27%
- Rationale: Reduction in shipments due to decreased volumes, as well as strategic interventions such as:
    - Asia Stock Point project: cutover of Asian production to Hong Kong hub for Asia market (i.e., vendors based in HK ship by road to HK hub, where previously these would ship by air to Italian hub).
    - Improved route optimisation through weekly review of production between Transport, Customer Ops & Order Management team, where production was downgraded to Sea where possible to save costs (for example when replenishment stock is available in hub or product is on-time by sea).

05. Waste generated in operations

- Change in emissions: -44%
- Rationale: Less shipping and activities within offices and retail locations, as well as less activity in internal sites due to decreased production, led to less overall waste generation and therefore fewer emissions.

06. Business travel

- Change in emissions: -81%
- Rationale: Significant decline in events and conferences requiring travel due to pandemic and associated slowdown in domestic and international business travel.

07. Employee commuting

- Change in emissions: -59%
- Rationale: Decline in emissions driven by reduction in days coming into office.

12. End-of-life treatment of sold products

- Change in emissions: -30%
- Rationale: Fewer products produced and sold resulted in fewer emissions from treatment.

14. Franchises

- Change in emissions: 0%
- Rationale: Not applicable as minor change reported.

Table 2. Emissions factors used in emissions calculations

Category	Emissions factor source	Further details (if applicable)
01. Purchased goods and services – Product-related waste	• Higg Materials Sustainability Index (Higg MSI), with the exception of brass which comes from Ecoinvent materials impact database	Impact factors measure the cradle-to-gate carbon impacts of textiles, plastics, metals, and leather based on data submitted to MSI from industry and other external lifecycle assessment databases. Carbon impact figures (i.e., emissions factors) are specific to each raw material and provide a CO2e for each kilogram of material used. The embodied carbon from the extraction of materials from the farm level, transportation, refining, processing and fabrication through to finished material used in finished goods are all accounted for.
01. Purchased goods and services – Raw materials	• See above. • Note that the average emissions factors for wool, nylon, polyester, and cotton are used for generic fabric emissions as these are the highest volume of materials used in reporting year.	See above.
01. Purchased goods and services – Manufacturing	• UK Department for Business, Energy and Industrial Strategy (UK BEIS), *Government conversion factors for company reporting of greenhouse gas emissions, 2021* • International Energy Agency, 2021	
01. Purchased goods and services – Packaging	• UK BEIS, *Government conversion factors for company reporting of greenhouse gas emissions, 2021*	
01. Purchased goods and services – Other	• Spend-based factors from academic research (University of Leeds, UK Footprint Results (1990 - 2017) and UK BEIS indirect supply chain emissions factors	
02. Capital goods	• Spend-based factors from academic research (University of Leeds, UK Footprint Results	

	(1990 - 2017) and UK BEIS indirect supply chain emissions factors	
03. Fuel- and energy-related activities	• Specific factors applied for each included energy type, as sourced from UK BEIS, *Government conversion factors for company reporting of greenhouse gas emissions, 2021*	
04. Upstream transportation & distribution	• UK BEIS, *Government conversion factors for company reporting of greenhouse gas emissions, 2021*	
05. Waste generated in operations	• UK BEIS, *Government conversion factors for company reporting of greenhouse gas emissions, 2021* • Third-party adjusted emissions factors from Ecoinvent	
06. Business travel	• UK BEIS, *Government conversion factors for company reporting of greenhouse gas emissions, 2021*	
07. Employee commuting	• UK BEIS, *Government conversion factors for company reporting of greenhouse gas emissions, 2021*	
12. End-of-life treatment of sold products	• UK BEIS, *Government conversion factors for company reporting of greenhouse gas emissions, 2021* • Third-party adjusted emissions factors from Ecoinvent	
14. Franchises	• N/A – calculation utilises already-calculated emissions and extrapolates based on other factors	