

**BURBERRY**  
LONDON ENGLAND

**PARTNER NON-COMPLIANCE POLICY**

REVIEWED: JUNE 2021

## **OUR COMMITMENT**

Burberry strives to work with its Business Associates to ensure compliance with the Responsible Business Principles and, where applicable, any Letter of Undertaking. Burberry may take action in respect of Business Associates that do not demonstrate sufficient commitment to, or are in breach of (or reasonably suspected of being), the standards of the Responsible Business Principles or, where applicable, the terms of any Letter of Undertaking. This action may include terminating Burberry's business relationship with the Business Associate or requiring that the relevant Business Associate is no longer used by other Business Associates in any part of the supply of products or services to Burberry.

Burberry's Partner Non-Compliance Policy is designed to give a Business Associate a reasonable amount of time to rectify the critical issues to minimise any potential and/or detrimental impact on the workers' livelihoods, subject always to and without prejudice to, any rights which Burberry may have in contract or otherwise.

## **SCOPE OF THE POLICY**

The Partner Non-Compliance Policy applies to all Business Associates involved in the manufacture of "Burberry-branded goods" including without limitation Business Associates involved in the manufacture of raw materials for incorporation into any Burberry-branded goods.

As set out in the Letter of Undertaking and notwithstanding anything to the contrary herein, Burberry shall be entitled to terminate the business relationship should the Business Associate breach any of the terms of the Letter of Undertaking including any failure to comply with the Responsible Business Principles and the Asset and Profit Protection Minimum Standards.

This Policy will be applied to the Business Associate where the non-compliance has been identified. In the case of Unauthorised Subcontracting where the Business Associate outsourced production of goods or services, the Business Associate who outsourced the production will be subject to the Burberry Partner Non-Compliance Policy. In both cases the communication will be directly with the Business Associate.

## **DEFINITIONS**

"Business Associates" refers to any individual, entity, business, company, partnership or any other body or group associated with Burberry including, without limitation, any such individual, entity, business, company, partnership or any other body or group supplying products, goods, raw materials, components, services, real estate or anything else,

directly or indirectly, to any member of the Burberry Group or otherwise working directly or indirectly with or on behalf of any member of the Burberry Group. This also includes any person (an “Indirect Supplier”) providing products, goods, raw materials, components, services or anything else to (i) a direct supplier of Burberry or any other member of the Burberry Group or (ii) any other Indirect Supplier.

Burberry Associates include, without limitation, the following:

- finished goods vendors
- raw material and/or component suppliers
- people or entities who carry out any processing on any goods directly or indirectly supplied to Burberry
- all production sites of any Business Associate
- non-stock vendors
- construction contractors (and their construction sites)
- franchisees
- licensees
- joint-venture partners
- consultants
- contractors
- wholesale customers
- service providers
- agents
- landlords, and
- any subcontractor of the above

“First Tier Business Associate” refers to a Business Associate that directly contracts with Burberry for supplying products, goods, raw materials, components, services, real estate or anything else (but, for the avoidance of doubt, excludes Indirect Suppliers).

References to ‘unauthorised subcontracting’ applies to any situation in which any part of Burberry production has been outsourced to a Business Associate that has not been previously approved in writing by the Burberry Responsibility team (“Unauthorised Subcontracting”)

“Burberry-branded goods” refers to the manufacture or the manufacturing processes relating to fabric, materials, trimmings, raw materials, clothing accessories and finished goods, including Beauty and Fragrance.

## **IMPLEMENTATION**

Burberry seeks to work with Business Associates that demonstrate continuous improvement and transparency in their compliance with the Responsible Business Principles. In some cases, where a Business Associate fails to show continuous improvement or transparency with regard to the Responsible Business Principles and/or in the event of a critical issue, Burberry retains sole discretion to implement a number of actions including, but not limited to: suspension of orders, reduction of orders, cancellation of existing orders, removing all current production and even terminating its business relationship with the Business Associate (as it deems appropriate in the circumstances), in accordance with the process set out below.

Burberry expects all instances of non-compliance, regardless of the seriousness thereof, to be rectified within such specific period of time as may be set by Burberry in its sole discretion.

Without prejudice to any other rights or remedies available to Burberry, the following is the usual process that shall be followed, other than in exceptional circumstances, in the event that critical issues are identified at the Business facilities of or in respect of the Business Associate:

### **1. 1<sup>st</sup> non-compliance**

1.1 If Burberry identifies a critical non-compliance(s) in respect of the Business Associate., the Business Associate will be sent an audit report and/or correction action plan report (“**CAP**”).

1.2 If Burberry identifies a severe critical non-compliance(s) in respect of the Business Associate, he Business Associate will be sent an audit report and/or correction action plan report (“**CAP**”). In this instance Burberry may also request that all production and raw materials is immediately removed.

1.3 In the case of Unauthorised Subcontracting, the Business Associate will receive a correction letter. The audit report and/or CAP and/or correction letter will be the first warning for the relevant Business Associate to comply with Burberry’s Responsible Business Principles.

1.4 Burberry expects the Business Associate to remedy the non-compliance within the time frame set by Burberry and, in the case of Unauthorised Subcontracting, all production and raw materials should be immediately removed<sup>1</sup>.

## **2. 2<sup>nd</sup> non-compliance**

2.1 If during a follow up visit, the same or new critical non-compliance is identified at the Business Associate's facility, Burberry may, in its discretion, issue a notice of exit. If a notice of exit is issued, the Business Associate will not be considered for re-audit within 18 months.

2.2 Facilities owned by a First Tier Business Associate may receive an additional follow up visit before notice to exit is issued.

2.3 In the case of Unauthorised Subcontracting, all production and raw materials should be immediately removed. All decisions will be escalated to the General Counsel, Chief Supply Chain Officer and Vice President of Sourcing and Vice President of Responsibility.

## **RESULTING IMPLICATIONS FOR DIRECT BUSINESS ASSOCIATES**

Burberry strives to create a culture of responsibility within its supply chain, with direct Business Associates held accountable for the ethical trading performance of the facilities they source from. First Tier Business Associates are expected to cascade Burberry's Responsible Business Principles throughout its supply chain. Where critical findings are identified, Burberry expects all Business Associates to work in partnership with Burberry to rectify issues in a timely manner.

If critical findings are identified at a subcontractor's facility, this may impact the business allocated to the First Tier Business Associate.

## **BRIBERY**

In the case of any bribery allegation reported to Burberry, the case will be escalated to Burberry's General Counsel and the Burberry Asset and Profit Protection team and be

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<sup>1</sup> In addition, the Business Associate should confirm the below, in writing, to the relevant Burberry contact

- 1) Information including address and contact details of the unauthorised subcontractor
- 2) Reasons for unauthorised subcontracting
- 3) Current and future PO history of the Business Associate if relevant
- 4) Number of units manufactured by and type of production at the unauthorised subcontractor if relevant
- 5) Percentage of the Business Associate's orders which have been outsourced to the subcontractor
- 6) Details of the Business Associate's subcontracting policy. If no policy exists the Business Associate should develop and establish one within their company

investigated, the outcome of which may result in immediate termination of business. Burberry's Anti-Bribery and Corruption Policy can be found at <https://www.burberryplc.com/en/responsibility/policies.html> and in Burberry's Responsible Business Principles.