

**MANUFACTURING RESTRICTED
SUBSTANCES LIST IMPLEMENTATION
FRAMEWORK**

APRIL 2017

BURBERRY

CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION	3
METHODOLOGY AND RESULTS	3
1. BURBERRY MRSL AND GUIDELINES	3
2. ACTION PLAN TOOL	4
3. PARTNER PROGRESS TOOL	4
MONITORING REVIEW	5
PARTNERS' PROGRESS OVERVIEW	5
OUTCOMES AND NEXT STEPS	6

EXECUTIVE SUMMARY

Burberry identified the need to establish a Manufacturing Restricted Substances List (MRSL) Implementation Framework to effectively contribute to the cultural change required to encourage upfront chemical management practices across the apparel and footwear supply chain. Working with the same framework across the entire supply chain enables all parties to contribute and benefit from other's activities in an organised manner. Burberry and its partners can consistently monitor the progress of upstream partners and identify areas of improvement as well as having the ability to provide clear direction on areas of improvement in MRSL implementation.

The MRSL Implementation Framework is comprised of tools to enable all parties involved in manufacturing processes to implement the MRSL internally and upstream with a standardised and efficient approach. It is through this effective MRSL implementation Framework that Burberry partners are successfully able to implement chemical management practices in their supply chains.

INTRODUCTION

Partners can benefit from having a structured workflow inclusive of clear Key Performance Indicators (KPIs) to work towards in a consecutive manner, which are set for the entire supply chain. For example, Finished Goods Manufacturers can benefit from efforts made by other Finished Goods Manufacturers with their common upstream raw material suppliers. This reduces duplication of efforts, and accelerates the uptake of best implementation practices across the supply chain.

METHODOLOGY AND RESULTS

The framework is based on four pillars of implementation:

1. Commitment: Partners commit to appointing a Chemical Manager and implementing the MRSL
2. Internal Implementation: Partners implement the MRSL in their own production
3. Upstream Implementation: Partners manage their upstream suppliers MRSL Implementation
4. Achievement: the elimination of chemicals of concern is monitored and reviewed through analytical screening of raw materials and finished goods

The MRSL Implementation Framework proposes a series of tools which should be used progressively:

1. BURBERRY MRSL AND GUIDELINES

When Burberry first adopted the Zero Discharge Hazardous Chemicals (ZDHC) MRSL in October 2014 a section with Implementation Guidelines was added to explain what was expected from partners and to set the foundation of a standardised implementation framework; the guidelines include the following templates:

- Letter of Commitment to implement the MRSL

This is a statement from partners to declare their commitment to implementing the MRSL internally and with their upstream supply chain. They must assign a Chemical Manager responsible for

implementing a Chemical Management System (CMS), this is considered the first step of the implementation framework

- Chemical supplier statement of compliance

Partners must request a statement from their chemical suppliers listing which products they are purchasing are compliant to the MRSL. As all Partners will be using the same template, these requests will become more familiar to the chemical suppliers as they receive parallel requests from an increasing numbers of partners

- Chemical inventory minimum requirements

A skeleton chemical inventory is provided for partners in order to help them build their own chemical inventories. This is a useful tool particularly for partners who may not directly use chemicals or have insufficient knowledge about chemical inventories. As it can help them ensure that their upstream suppliers are working with suitable chemical inventories.

- Self-Assessment Questionnaire

The Self-Assessment Questionnaire encourages a reflection on the four pillars of the MRSL Implementation Framework (commitment, internal implementation, upstream implementation and monitor & review) and enables all Partners to identify gaps in their chemical management systems. This simple set of questions is distributed by Partners to their upstream suppliers contributing to promoting a common understanding across the Supply Chain.

All of the above guidelines are included in Burberry's contractual language.

2. ACTION PLAN TOOL

The Action Plan Tool addresses the gaps identified with the Self-Assessment Questionnaire and provides a framework to plan and execute a sequential flow of actions to progressively fill such gaps. Each activity is connected to a specific KPI which is monitored and rated to reflect the progress achieved so far through the Partner Progress Tool. Moving from foundational steps (for instance appointing a Chemical Manager) to advanced activities (such as performing a chemical formulation replacement) in the same sequence of implementation recommended by the Action Plan Tool, allows the entire supply chain to progress as one extended team.

3. PARTNER PROGRESS TOOL

The Partner Progress Tool (PPT) is a monitoring tool that tracks the progress of 29 KPIs grouped into the four implementation pillars outlined in the MRSL Implementation Guidelines.

The PPT includes transparent scoring criteria which assigns a score from 0 to 4 to the KPI, reflective of the partners' progress made on the actions required to implement the KPI. Additional weighting is given to some KPIs according to effort required to implement them. This clear scoring framework allows partners to monitor and communicate to others their own implementation progress as well monitor upstream suppliers progress. This means that Burberry and its Partners can monitor others' progress and can actively encourage actions that will contribute to improvements.

The scores from this tool are reported back to the business to provide a holistic overview of the progress of the supply chain, enabling the team to make strategic decisions and set improvement targets. Each Partner will do the same, driving a self-sustaining cycle of improvement, within a

framework which encourages the supply chain to work on actions that will ensure the MRSL is effectively implemented.

The PPT scores are regularly shared and reviewed with the Partners in the Chemical Manager Community¹ this is a forum where Chemical Managers from different Finished Goods Manufacturers and Raw Materials Manufacturers collaborate on driving chemical management improvements in their shared upstream supply chains. Chemical Managers regularly visit common upstream suppliers together to correlate the PPT scores that they have assigned to their common suppliers, in order to ensure an aligned approach. This further strengthens the collaborative spirit of the implementation framework and ensures that partners are collectively working in the same, logical structure.

MONITORING REVIEW

In June 2016, Burberry was monitoring the progress of 38 partners through the PPT. By January 2017, the number of partners monitored increased to 94, with 79 additional Partners progress data being reviewed for final validation.

Burberry performs analytical screening on raw materials and finished goods every season and this forms part of the final PPT score assigned to a partner, taking into consideration their testing performance over the latest 3 seasons. For all tests performed, Burberry has observed falling detection rates and data from over 2000 test reports has been included in partners' progress monitoring on MRSL Implementation.

PARTNERS' PROGRESS OVERVIEW

Figure 1 below shows Burberry's partners' performance in January 2017 under the four main pillars of MRSL Implementation. The MRSL Implementation Framework secured the commitment of 87% of Burberry's key Partners. Approximately 60% are managing their internal implementation well and approximately 83% are performing well in the analytical screening of products. Upstream implementation is the area with biggest margin for improvement in line with the sequence of implementation recommended by the Action Plan Tool.

¹ http://www.burberryplc.com/documents/corporate_responsibility/burberry_capacity_building_report.pdf

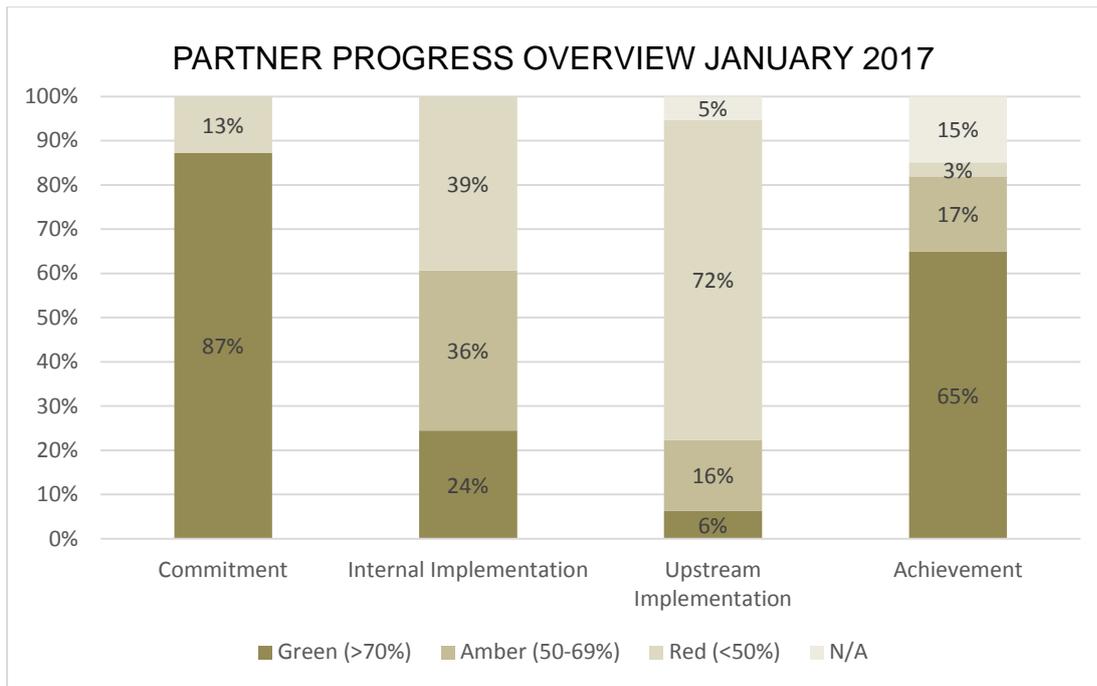


Fig. 1 Partner Performance in the four main pillars of MRSL Implementation

OUTCOMES AND NEXT STEPS

The MRSL Implementation Framework provides a systemic, organised and scalable approach to chemical management in the Burberry Supply Chain that can be driven autonomously by partners using the tools that Burberry has developed. By having a consistent approach across the Burberry supply chain, complexities related to unclear objectives, direction, timeframes and responsibilities can be avoided.

The ways of working outlined in the MRSL Implementation Framework have become commonplace with Burberry partners; they are very familiar with what is expected of them and actively contribute to a clear and efficient MRSL implementation.

Through utilising a recognisable implementation framework, partners can benefit from the effort of others, including competitors, because they have worked with the same framework. This encourages collaboration in the supply chain.

Industry organizations such as ZDHC would benefit from creating a similar MRSL Implementation Framework as it may contribute to simplification and system change in the Industry.