MODERN SLAVERY ACT 2015 AND TRANSPARENCY IN SUPPLY CHAINS ACT OF 2010

BURBERRY GROUP PLC STATEMENT

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and California Transparency in Supply Chains Act of 2010 (SB 657). It sets out the steps we have taken during the financial year 2017/18 (the “Year”) to prevent slavery and human trafficking from taking place in our supply chains or in any part of our business.

INTRODUCTION

As a global luxury retailer and manufacturer, with more than 10,000 employees, 449 retail locations and a supply chain touching the lives of thousands of people worldwide, we are acutely aware of our responsibilities as well as the opportunities to drive positive change.

In 2017, we launched our new five-year responsibility strategy called ‘Creating Tomorrow’s Heritage’. It sets out ambitious goals to address our most material social and environmental impacts, while supporting the Burberry Foundation (UK registered charity number 1154468) in creating long-term partnerships that fuel innovation and transform communities.

We published our second Modern Slavery Statement in June 2017 and over the past year have continued to increase the depth and breadth of our ethical trading programme, building further awareness and understanding throughout the business, delving deeper into our modern slavery risks and collaborating with cross-industry groups, such as the Business Against Slavery Forum, to target modern slavery.

OUR BUSINESS AND SUPPLY CHAIN

We design, develop, make and sell luxury products under the Burberry brand and our business model is focused on creating long term sustainable value for all our stakeholders.

DESIGN

At our London headquarters, our design studio acts as the creative hub for our business. A team of highly talented, artistic designers create authentic and distinctive luxury products. Bringing new fashion-forward offerings and reinvigorating core heritage categories.

DEVELOP

When bringing designs to life, we are continuously looking for ways to innovate within both new and heritage assortments. We develop and explore new materials, techniques and combinations with sustainability in mind.
MAKE
We carefully source the best fabrics, materials and finished products based on their high quality and sustainability. Expert craftsmen and women combine traditional techniques with modern technology to create best in class, desirable collections.

DISTRIBUTE & SELL
Our products are sold globally through our directly operated store network, and online at Burberry.com, as well as through franchisees and multi-brand, third-party partners, both offline and online. In a few selected areas, such as Eyewear and Beauty, we use the product and distribution expertise of licensing partners.

OUR SUPPLY CHAIN
We have a supply chain network that exists to support the production of our apparel and accessories products, as well as networks relating to our day-to-day business operations.

APPAREL & ACCESSORIES
Finished products are manufactured at both company-owned facilities in the UK and through an external supplier network. A large proportion of our finished goods production takes place in Europe, where Burberry has many long-standing relationships, many lasting over 15 years. We believe that these strong supplier relationships are the key to ensuring continuous improvement in supply chain working conditions and avoiding supplier turnover where possible.

RAW MATERIALS
In addition to the supply chain for finished goods, we are also aware of the importance of our raw material supply chain and the sustainability of raw material suppliers. This year, we continued to expand our responsibility programme to also include the assessment of mills, tanneries and trim suppliers and their sub-contractors.

LICENSEEES
We have granted two product category licences under the Burberry brand to third parties, namely to Coty to produce beauty products and to Luxottica to produce eyewear.

Our Responsibility team works with Coty and Luxottica to ensure they apply consistent standards which are aligned with those applied across the rest of Burberry’s supply chain.

BUSINESS OPERATIONS
As a large global organisation, we have many other supply chains across EMEIA, Americas and Asia Pacific related to general business operations, including but not limited to retail stores, our website, offices, marketing and transport. We continue to communicate our commitments and policies designed to prevent forced, bonded and trafficked labour through our Responsible Business Principles (the “Principles”). Further details are set out below.
POLICIES

We believe that respect for human rights is integral to being a responsible company. The prevention of forced, bonded and trafficked labour is a key element of Burberry’s Human Rights Policy and Ethical Trading Code of Conduct: Burberry Policies.

To promote Human Rights across our direct and indirect business operations, we require our network of business associates and extended supply chain to comply with our Responsible Business Principles (“Principles”) (formerly known as the Ethical Trading Policy).

The Principles have been developed and informed by our longstanding membership of the United Nations Global Compact and the Ethical Trading Initiative (ETI), and are underpinned by the International Bill of Human Rights and the Fundamental Conventions of the International Labour Organization. The Principles apply to all our business associates, which include, but are not limited to: finished goods suppliers, raw material suppliers, non-stock suppliers, construction contractors, licensees and franchisees.

The Principles were reviewed in 2016 to better address modern slavery risks and ensure that modern slavery provisions are contractually covered in all our business partnerships. The Principles are overseen by Burberry’s Ethics Committee, chaired by our Chief People, Strategy and Corporate Affairs Officer. The policies are monitored by our Responsibility and Supply Chain teams and enforced according to the Burberry Non-Compliance Policy, detailed below.

The Principles include the following policies, as well as Burberry’s Code of Ethical Business Principles, Anti-Bribery and Anti-Corruption Policy and Global Environmental Policy:

**ETHICAL TRADING CODE OF CONDUCT**
This outlines requirements which all our business associates must uphold in relation to their own employees and throughout their own supply chain. The code includes, amongst other standards, the following requirements: that employment is freely chosen, child labour is not used, freedom of association is respected and no harsh or inhumane treatment occurs.

The full Code of Conduct is available here: Burberry Ethical Trading Code of Conduct

**BURBERRY MIGRANT WORKER POLICY**
This is specifically intended to protect workers who may be potentially vulnerable to exploitation in the course of international migration. The Policy contains requirements in relation to, but not limited to, the withholding of passports and similar documents and the levying of recruitment fees.

The full Migrant Worker Policy is available here: Burberry Migrant Worker Policy

**BURBERRY HUMAN RIGHTS POLICY**
Burberry’s Human Rights Policy sets out our four key stakeholder groups – our people, workers in our supply chain, our customers and our communities – and the procedures we have put in place to protect and uphold human rights, including mechanisms in place to address any instances of potential infringement. The policy was developed with reference to the United Nations Guiding Principles on Business and Human Rights. We assess human rights impacts and monitor labour conditions in both our own operations and our supply chain on a regular basis to ensure the policy is upheld. Further details of Burberry’s Human Rights Policy are available here: Burberry Human Rights Policy
RESPONSIBLE SOURCING POLICY
This outlines Burberry’s commitment to responsible and sustainable business principles throughout the supply chain, including at the sourcing stage of raw materials. The policy outlines specific prohibited sourcing regions, where the risk of modern slavery and other labour rights issues is recognised. For example, the policy prohibits any sourcing of cotton from Uzbekistan.

Further details of the Responsible Sourcing Policy are available here: Burberry Responsible Sourcing Policy

PARTNER NON-COMPLIANCE POLICY
Where breaches of our standards and policies are identified, Burberry collaborates to find solutions to address the non-compliance. Where improvements are not made within a given time or there is an unwillingness to address the issue, we may consider terminating a particular business relationship.

However, the policy is designed to allow partners a reasonable amount of time to rectify any non-compliance with the Principles, to minimise any potential detrimental impact on workers’ livelihoods.

In addition to the Responsible Business Principles, Burberry’s Ways of Working provide a set of guidelines which all employees must abide by, relating to a wide range of matters including personal conduct and whistleblowing.

We continue to implement additional risk management of our non-stock procurement supply chain, to gain more visibility of areas of greater risk, such as labour suppliers globally and construction contractors. All stock and non-stock suppliers are required to take responsibility for the prevention of forced, bonded and trafficked labour in their supply chain and certify that neither they nor any of their affiliates, contractors or sub-contractors engage or have engaged in any form of modern slavery.

Compliance with the Principles is a requirement of doing business with Burberry. We work with our business associates to support their compliance, and may act against those that do not demonstrate sufficient commitment to the Principles or are in breach of them. In the event of a business associate being found to be involved in modern slavery, we would act to first help safeguard the workers’ wellbeing and then to support the business associate with its remediation process including any actions to identify and address root cause issues.

GOVERNANCE

We continue to promote the management of modern slavery risks within and external to Burberry. In October 2017, the Home Secretary invited some of the UK’s largest companies, including Burberry, to join the Business Against Slavery Forum. Alongside Burberry’s CEO, Marco Gobbetti, seven founding members have begun to share intelligence and best practice to help businesses, inside and outside the forum, to identify, tackle and prevent slavery in their supply chains.

We have a global Responsibility team consisting of around 30 specialists, based in key product supply chain locations such as the UK, Italy and Hong Kong. Although ethical trading activities are coordinated by our Responsibility team, targets relating to working conditions in the supply chain are owned by our Supply Chain and relevant sourcing teams. Burberry employees, who are responsible for supply chain partner relationships and sourcing, also have personal KPIs related to labour conditions, recognising the potential impact of fair purchasing practices on labour conditions throughout our supply chain.

Our Ethical Trading Programme is supported and monitored internally by a number of management committees. The Programme aims to ensure that the potential risks to labour and human rights are considered at all appropriate levels and areas of the business.
In the event that any labour or human rights risks are identified, the Chief People, Strategy and Corporate Affairs Officer will report on such issues to the Group Risk Committee, which meets at least three times a year.

Additionally, our ethical trading targets and sustainability strategy are reviewed by the Burberry Responsibility Advisory Committee (BRAC), including international NGOs Forum for the Future and Oxfam. This forum provides an important opportunity to gain an outside perspective on our programmes and determine whether we are focusing our actions and resources on the most salient labour rights’ risks throughout our operations.

DUE DILIGENCE & ASSESSMENT OF OUR SUPPLY CHAIN

For almost 15 years, we have had a programme aimed at safeguarding the labour conditions in our product supply chains.

Monitoring and verification activities are carried out throughout our finished goods and key raw material supply chain to support compliance with the Principles. To ensure our supply chain mapping stays up to date, we operate a strict approval process and conduct a transparency analysis with our vendors and commercial teams each season.

New raw material suppliers are required to confirm they will adhere to the Principles and comply with applicable local laws. They agree that we may visit and assess their own compliance as well as that of their suppliers. Before any new supplier is approved to participate in the Burberry supply chain, they are risk assessed for social compliance and any indication of forced, bonded or trafficked labour.

In addition, before a factory is approved to produce Burberry finished goods, its compliance with the Principles and applicable local laws is assessed and the Burberry Responsibility Team must be satisfied of the factory’s commitment to the Principles. Audits, announced or unannounced, consist of worker interviews, document reviews and site tours, and are repeated periodically to confirm ongoing compliance and continuous improvement. The frequency of these audits depends on the level of performance in the last audit – better performing factories are audited less frequently. Worker interviews are always conducted confidentially and workers are selected at random, whilst at the same time ensuring a fair representation of the workforce, including, for example, union and worker representatives, first aiders and migrant workers. Between audits, our Responsibility Team works closely with facilities to implement preventative systems and improve the management of human rights and safety risks, amongst others. During the period 2017/18, 446 audits and 263 engagement visits were conducted.
ASSESSING OUR HUMAN RIGHTS IMPACT
In 2014, we conducted a Human Rights Impact Assessment, developed with human rights specialists Ergon Associates. This assessment highlighted some areas of our business operations where there was a potential human rights risk was reviewed by Ergon and discussed with Oxfam. Following this, we have implemented several action plans in both our direct operations and supply chain, including for example the construction of retail stores and office space, as the construction industry is known for potentially high human rights risks in relation to both local and migrant workers.

Since the exercise, we have been working with internal teams to promote transparency and, this year, have conducted our first ethical trading assessment at a construction site. We are now developing a strategy based on the modern slavery risks identified, to ensure all future construction projects have appropriate management systems in place to mitigate any potential modern slavery risks.

Other areas identified in the assessment include recruitment practices in all owned and third-party distribution centres globally, promotion of access to remedy in our key supply chain locations, and upholding of labour rights in our raw material supply chains.

Where we have identified a salient forced labour risk in our raw material supplier facilities, ethical trading assessments have been conducted by a local NGO to identify any labour rights risks and remediate these with the help of local expertise.

We are conscious that monitoring alone does not drive improvements in labour conditions and therefore have several other programmes in place to support our supply chain partners:

WORKER GRIEVANCE MECHANISM
In China, labour rights issues can include inadequate access to remedy. We have worked with three local Non-Governmental Organisations to establish a hotline providing over 10,000 workers with improved access to remedy.

In 2017/18, the hotline was rolled out to all factories in China with regular production of Burberry products. The effectiveness of the hotline is continuously reviewed and, during 2017/18, 588 calls (42 complaints, 469 consulting and 77 psychological support) and their resolutions were monitored closely by our local Responsibility team.

WORKER WELLBEING
We continue to work on programmes to capture comments and grievances from workers in our supply chain globally.

This year, we have worked with Oxfam to develop a series of metrics to measure worker wellbeing in our supply chain and capture comments and feedback from workers.

The new tool has been tested in our own factory in Yorkshire, England, and is now being piloted in a further three, key manufacturing facilities.
**TRAINING & RESOURCES**

Our Responsibility team includes specialists on labour and human rights, including modern slavery. All Burberry employees are introduced to Burberry’s Corporate Responsibility policies and programmes during their induction training, to ensure a general understanding of Burberry’s responsibilities in this area.

Informed by Burberry’s Human Rights Impact Assessment, a bespoke modern slavery and labour rights training programme has been developed in collaboration with ethical trade, human rights and labour standards consultancy, Impactt. The training has been delivered to key employee groups who interact with Burberry’s supply chain networks. The targeted training is intended to support those travelling to supply chain facilities, to ensure they are familiar with the risk areas, likely indications of human rights abuses (including instances of modern slavery) and possible actions to take if an incident of modern slavery is identified. In addition, we have trained members of our human resources, health and safety, construction and fulfilment functions on modern slavery, on how to identify it and appropriate actions to take. The training has helped to embed Burberry’s policy of zero tolerance for modern slavery and respect for human rights throughout the business. An online training programme designed to boost awareness is now being rolled out to relevant employee groups at all levels. We plan to provide a refresher training every two years.

In 2016/17, we provided tailored training on identification and combatting of modern slavery to suppliers. In-person training sessions were held with finished goods vendors who together manufacture 72% of our product. Initially, this training was provided to key finished goods and raw material suppliers, third-party labour contractors and certain suppliers operating in sectors with a greater risk of modern slavery issues arising. Participants were required to develop and implement plans around the recruitment and ongoing management of workers, to reduce the risk of modern slavery in their operations and supply chain. These action plans continue to be monitored on an ongoing basis by our Responsibility team.

**KEY PERFORMANCE INDICATORS**

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<th><strong>INTERNAL TRAINING</strong></th>
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<td>We have trained 112 employees from teams working with our business and product supply chains. Teams completing the training include Sourcing, Product Development, HR, Legal, Construction, Procurement and Workplace Service.</td>
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<th><strong>SUPPLY CHAIN TRAINING</strong></th>
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<td>We have trained finished goods suppliers, their subcontractors and key raw material suppliers on the identification of modern slavery and building systems to prevent the occurrence of modern slavery.</td>
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<th><strong>WORKER VOICE</strong></th>
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<td>We continue to identify initiatives to strengthen workers’ abilities to access information, raise grievances and measure worker wellbeing. This year, Burberry’s worker hotline received 588 calls, categorised as 42 complaints, 469 consulting calls and 77 psychological support calls.</td>
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<td>In 2017/18, we conducted 446 audits and 263 engagement visits or trainings. The majority of these activities are conducted by our internal Responsibility team to build trust in our ongoing partnerships and drive continuous improvement together.</td>
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LOOKING AHEAD

We continue to implement the action plans resulting from our 2017 Human Rights Impact Assessment and believe that a continuing focus on transparency and traceability throughout the supply chain can help identify modern slavery risks.

We continue to review our own business operations and procurement procedures to ensure that risks of modern slavery are considered.

Should any instances of modern slavery be identified, we believe we are well positioned to address these and to support any affected workers in line with our core values.

Approved by the Board on 09 May 2018 and signed on its behalf by:

Marco Gobbetti

Chief Executive Officer