

BURBERRY RESPONSIBILITY ADVISORY COMMITTEE A COLLECTIVE COMMENT ON PROGRESS AND CHALLENGES

We have continued to act in an independent advisory capacity throughout 2019 and early 2020, as 'critical friends' to Burberry's sustainability issues. We have welcomed the honest and transparent regular updates we have received on Burberry's progress in the implementation of its sustainability programme, particularly in relation to inevitable challenges it faces as it deals with systemic and deep-rooted industry wide challenges.

This 2019/2020 report highlights that Burberry is broadly on track towards delivering its 2022 goals within the three pillars of Product, Company and Communities.

It is heartening to see that the business is ahead in its progress towards its carbon reduction targets (Company pillar), delivering an 86% reduction in Scope 1 and 2 emissions against a 2022 Science Based Target of a 95% reduction, consistent with the ambition of the Paris Accord for a global temperature rise to remain within 1.5°C. The delivery of the Scope 3 target of a 30% reduction by 2030 is likely to be more challenging, but the business has solid foundations from which to build. We are also pleased to see the development of a Regeneration Fund to support a number of carbon insetting programmes designed to tackle environmental impacts within the supply chain.

The Company pillar also sets ambitious goals on waste reduction and revaluation. The pilot in the US with The RealReal was a positive development, providing a real-life example of the circular economy in action, albeit on a small scale.

The business continues to make good progress in working towards ensuring that its key commodities are sourced sustainably (Product Pillar). Of particular note is the support the business continues to provide to cashmere herding families in Mongolia amongst other activities to build the resilience of this fragile supply chain. We welcome Burberry's recognition of the shortcomings of cotton certification in terms of assuring labour rights, and specifically in identifying forced labour. We encourage them to redouble their efforts to change these schemes from within as well as carrying out their own further due diligence.

Turning to the Communities pillar, we commend the work of the Burberry Foundation, in particular across the geographies where the business has a material footprint, from tackling inequality in the UK, to supporting community cohesion and youth employment in Italy and social and economic empowerment in rural communities in Afghanistan.

Last year we welcomed the decision to roll out the Worker Wellbeing Survey, jointly developed by Oxfam and Burberry, to factories of key vendors. The move represented a positive direction of travel away from reliance on workplace audits. We hope that in 2020, Burberry will share reports with the committee and publish key findings on impacts for workers.

With so much media coverage currently about the impact on workers of outstanding garment orders being cancelled both in production and completed during the COVID-19 outbreak. We were pleased to hear that this has not been the case for Burberry.

In our statement last year, we asked Burberry to be more transparent in how it is tackling the complex negative social impacts associated with the apparel industry. We encourage Burberry to publish key findings of the social audits and assessments mentioned in the report, and information about what has worked well and less well in resolving issues. We note the global increase in forced labour in garment supply chains. We are pleased to see that Burberry has disclosed instances of workers paying recruitment fees in supply chains in Thailand and elsewhere and implementing a remediation plan. We encourage them to show leadership by disclosing more next year on how these have been remedied.

Our third key challenge from last year's statement was a request to see evidence of sustainability becoming hard-wired into the mainstream decision-making and governance of the business. We are

pleased to see the creation of the Sustainability Steering Group (SSG), chaired by the CEO and the enormous amount of work done in the second half of 2019 to really get to grips with fully integrating sustainability into the business. To date we have yet to have any formal interaction with this group, and welcome such a development.

Our last request is for Burberry to continue to build on its 2019 work and to seize this moment of intense disruption to take the lead in the creation of a different, sustainable apparel industry. This will mean scaling pilots which demonstrate circular business models, broadening the definition of value creation, from purely economic to environmental and social, and fully integrating all aspects of sustainability into the business with more emphasis on protecting the rights and livelihoods of supply chain workers.

The businesses that will survive and thrive post-COVID will be the ones that understand the connections between human health, environmental health and planetary health. It is our contention that if the health of one these three pillars falters, the rest will plummet too. Burberry has an extraordinary heritage. It's time to make a deliberate shift from the mitigation of negative impacts to new, regenerative business model not just for Burberry, but for the broader apparel sector.

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