CORPORATE GOVERNANCE STATEMENT

GERRY MURPHY
Chairman

CHAIRMAN'S INTRODUCTION

DEAR SHAREHOLDER,
On behalf of the Board I'm pleased to present the Corporate Governance Report for the year ended 28 March 2020. This report describes Burberry's Corporate Governance structures and procedures, as well as summarising the work of the Board and its Committees to illustrate how we have discharged our responsibilities this year.

The Board is collectively responsible for how Burberry is directed and controlled. Its responsibilities include: promoting Burberry's long-term success; setting its strategic aims and values; supporting the leadership to put them into effect; supervising and constructively challenging the leadership on the operational running of the business; ensuring a framework of prudent and effective controls; and reporting to shareholders on the Board's stewardship.

As Chairman, I am responsible for leading and ensuring an effective Board. It has been an important year for the Board, we have been implementing the new requirements of the 2018 Corporate Governance Code (the Code) including those relating to communication between the Board and the Company's stakeholders. During FY 2019/20, Board members attended two Global Workforce Advisory Forum meetings, consulted with shareholders on our new Remuneration Policy and, in the closing months following the outbreak of the COVID-19 pandemic, partnered closely with management to safeguard our employees, customers, communities and our business to ensure Burberry is in the best possible place to move forward once the pandemic has abated. The Board recognises its duties and responsibilities to our shareholders and other stakeholders, including the communities in which we operate, and I believe our response to COVID-19 demonstrates this. Further details of how the Board takes account of shareholder and wider stakeholder interests in its strategic planning and decision-making processes are set out on pages 73 to 83.

The year under review was the first for which the Code applied to Burberry and I can confirm that during FY 2019/20 the Company complied with the requirements of the Code with the exception of Provision 38 to align Executive Directors' pension payments with the wider workforce. This will be addressed as set out in the Directors' Remuneration Report on page 153.

ESTABLISHING BURBERRY'S PURPOSE AND VALUES
As explained earlier on pages 15 to 19 this year we have undertaken an extensive and inclusive project to re-articulate Burberry's purpose. The Board was fully engaged in this exercise, participating in planning discussions, meeting members of the working group at an immersive experience workshop and considering and contributing to the final output. We believe our new purpose line "Creativity Opens Spaces" and the supporting values clarifies what Burberry has always been and will help guide our future decisions and behaviours. Grounded in the words and beliefs of our founder, we are confident that the inclusive approach to its selection will help it stand the test of time.

BOARD CHANGES DURING FY 2019/20
Board succession planning has been an important area of focus during FY 2019/20. In July 2019, Ian Carter and Stephanie George retired from the Board following the conclusion of our 2019 Annual General Meeting. Ian and Stephanie were much valued colleagues and we wish them well for the future. Following a recruitment process led by the Nomination Committee, we appointed Debra Lee and Sam Fischer to join the Board on 1 October 2019 and 1 November 2019, respectively. As I wrote in my Chairman's letter, Debra and Sam bring our Board new perspectives and experiences, which will add to our deliberations in the years ahead.

BOARD EFFECTIVENESS
The Board undertook an internal review of its effectiveness during the year. The process undertaken and the findings of the review can be found on page 136 together with an update on our progress in addressing the actions identified following the FY 2018/19 review.

With the expectation that the year ahead will continue to be impacted by challenging external factors, the Board will continue to work with management to deliver on our strategic goals while ensuring that we continue to safeguard our business and the wellbeing of our employees, customers, partners and communities.

GERRY MURPHY
Chairman

BOARD OF DIRECTORS

As a Board we have collective responsibility for the long-term success of Burberry and are accountable to Burberry's stakeholders.

KEY
- Chair
- R Remuneration Committee
- N Nomination Committee
- A Audit Committee

DR GERRY MURPHY (64)
Chairman

Appointed: 17 May 2018
Nationality: Irish
Committees: N

Experience
Gerry was appointed Chairman at the AGM on 12 July 2018. He has been Chairman of Tate & Lyle plc since 2017. From 2008 to 2019, Gerry undertook a number of roles at the principal European entity of The Blackstone Group, including serving as Chairman (2009-2019) and as a partner in the firm's private equity investment unit (2008-2017). From 2003 to 2008, Gerry was CEO of Kingfisher plc. He was also previously CEO of Carlton Communications plc (now ITV) from 2000 to 2003, Exel plc from 1995 to 2000, Greencore Group plc from 1991 to 1995 and spent his earlier career with Grand Metropolitan plc (now Diageo plc). Gerry has served as a Non-Executive Director on the Boards of British American Tobacco plc from 2009 to 2017, Merlin Entertainments plc from 2009 to 2015, Reckitt Benckiser plc from 2005 to 2008, Abbey National plc in 2004 and Novar plc from 1997 to 2003.

Key Skills
Gerry brings to the Board experience of managing business transformations and has substantial international business and senior management experience. His in-depth understanding of UK corporate governance requirements and his extensive experience in the retail sector provides the Board with highly relevant and valuable leadership as Burberry continues to focus on delivering long-term sustainable value for all our stakeholders.

MARCO GOBBETTI (61)
Chief Executive Officer

Appointed: 5 July 2017
Nationality: Italian

Experience
Marco joined Burberry from the French luxury leather group Céline, where he was Chairman and CEO from 2008 to 2016. Marco has previously served as Chairman and CEO of Givenchy and was CEO of Moschino from 1993 to 2004. In his early career Marco worked as Marketing and Sales Director at Bottega Veneta, before joining luxury leather specialist Valextra as Managing Director.

Key Skills
Marco has spent more than two decades working in a variety of executive positions for prestigious international fashion brands, with a focus on leather goods. He has an outstanding track record of delivering growth in the luxury industry and has a clear vision for the luxury sector and how it will evolve. Whilst working at Céline, he revamped the entire product offering and significantly increased profits. His extensive understanding of international brand transformation and retail execution is highly relevant to Burberry as we continue to re-energise the brand, drive forward with our strategy and strive for long-term growth in the rapidly changing environment in which we operate.

JULIE BROWN (58)
Chief Operating and Financial Officer

Appointed:
18 January 2017
Nationality: British

Experience
Julie joined Burberry from Smith & Nephew where she was the Group CFO from 2013-2017. Prior to this, she was Interim Group CFO of AstraZeneca after serving 25 years with AstraZeneca, working in three continents. In Julie's earlier career with AstraZeneca, she held a number of positions covering Group and Business Finance, together with Strategy and Commercial positions, including time as a Regional and Country head. She gained extensive M&A and transformational experience through the merger between Astra and Zeneca and her role in Smith & Nephew. Julie is also a Non-Executive Director and Audit Chair of Roche Holding Limited and on the Business Advisory Board to the Mayor of London. She is a Fellow of the Institute of Chartered Accountancy and the Institute of Tax, after qualifying with KPMG.

Key Skills
Julie has spent over 8 years in CFO positions in the FTSE 100 and has a strong track record of leading change and supporting businesses through her significant experience in financial, commercial and strategic roles. Her extensive experience in leading change and delivering shareholder value through major transformational programmes will be valuable to Burberry as we progress to the next phase of our Strategy.

FABIOLA ARREDONDO (53)
Independent Non-Executive Director

Appointed:
10 March 2015
Nationality: American
Committees: R N

Experience
Fabiola is currently the Managing Partner of Siempre Holdings, a private investment firm based in the US. She is also a Non-Executive Director at Campbell Soup Company and Fair Isaac Corporation which are both listed on the NYSE. Fabiola is also currently a National Council Member of the World Wildlife Fund and Member of the Council on Foreign Relations. She has previously served as a Non-Executive Director at FTSE 100 companies Experian plc and BOC Group plc (now Linde Group), Saks Incorporated (now Hudson's Bay Company) and Ibex 35 company Bankinter S.A. She has also held Non-Executive Directorships at National Public Radio, Rodale Inc., Intelsat Inc., Sesame Workshop and the World Wildlife Fund UK and US. Fabiola also held senior operating roles at Yahoo! Inc, the BBC and Bertelsmann AG.

Key Skills
Fabiola built and led a major division of Yahoo! Inc and brings directly relevant international strategic and operational experience in the internet and media sectors. Through her deep engagement at the World Wildlife Fund, Fabiola also has considerable experience of overseeing sustainability initiatives. Her digital and consumer background, coupled with her extensive international Non-Executive Directorship experience makes Fabiola an important member of the Board.

JEREMY DARROCH (57)
Senior Independent Director

Appointed:
5 February 2014
Nationality: British
Committees: A N

Experience
Jeremy is Group CEO of Sky, having joined the company as CFO in 2004. Prior to this, Jeremy was Group Finance Director of DSG International plc (formerly Dixons Group plc) and spent 12 years at Procter & Gamble in a variety of roles in the UK and Europe. From 2006 to 2013, Jeremy served as a Non-Executive Director and Chairman of the Audit Committee of Marks and Spencer Group plc.

Key Skills
Jeremy has considerable expertise in the consumer retail environment built up over a successful career at some of the UK's most high-profile companies. As Group CEO of Sky, he has transformed the business into Europe's leading entertainment company, which now operates in seven different markets. His proven track record of driving business performance and delivering shareholder value makes him a valuable member of the Board.

RON FRASCH (71)
Independent Non-Executive Director

Appointed:
1 September 2017
Nationality: American
Committees: A R N

Experience
Ron is currently CEO of Ron Frasch Associates LLC. He is also a Non-Executive Director of Crocs Inc. and Aztech Mountain. From 2004 to 2007, Ron served as Vice Chairman of Saks Fifth Avenue Inc. and from 2007 to 2013 he was President, with responsibility for fashion buying, merchandise planning, store planning, stores and visual. Prior to Saks, Ron spent four years as President and CEO of Bergdorf Goodman. He has also served as President of the Americas for an Italian licensing company of luxury fashion brands.

Key Skills
Ron has spent over 30 years working in the retail industry. He has clear strategic acumen, strong leadership skills and wide-ranging experience of working with luxury fashion brands. Whist working at Saks he was the instrumental driving force behind developing the company's private-label collections. Ron's wealth of fashion experience and his well-established merchandising skills will continue to play a pivotal role as Burberry continues to grow and we strengthen our performance in the luxury fashion market.

MATTHEW KEY (57)
Independent Non-Executive Director

Appointed:
1 September 2013
Nationality: British
Committees: A R N

Experience
Matthew is currently a Non-Executive Director of BT Group plc and a Member of BT's Audit and Risk Committee and Nominating and Governance Committee. Matthew served as a member of the advisory Board of Samsung Europe between 2015 and 2017. Between 2007 to 2014, he held various positions at Telefonica, including Chairman and CEO of Telefonica Europe plc, and Chairman and CEO of Telefonica Digital, the global innovation arm of Telefonica. In his early career he held various financial positions at Grand Metropolitan plc, Kingfisher plc, Coca-Cola and Schweppes.

Key Skills
Matthew has significant strategic, regulatory and operational experience in the e-commerce and technology sectors. He brings to the Board significant experience of managing dynamic and fast-moving international companies and has an extensive understanding of the consumer market. Matthew's significant financial experience remains important to the Board, as reflected in his appointment as Chair of the Audit Committee.

DAME CAROLYN McCALL (58)
Independent Non-Executive Director

Appointed:
1 September 2014
Nationality: British
Committees: A N

Experience
Carolyn joined ITV plc in 2018 as CEO. From 2010 to 2017 she was CEO of easyJet plc and held a number of roles at the Guardian Media Group plc, including CEO from 2006 to 2010. She has also previously served as a Non-Executive Director of Lloyds TSB, Tesco plc and New Look Group plc. In 2008, Carolyn was awarded an OBE for her services to women in business and in 2016 a damehood for her services to the aviation industry.

Key Skills
Carolyn has an impressive track record in media and is known for her experience of running international businesses. While at easyJet plc Carolyn transformed the company into one of the biggest airlines in Europe. Carolyn's clear strategic acumen and strong track record of driving operational excellence and managing change makes her an important member of the Board as Burberry strives to deliver long-term sustainable value for all our stakeholders.

ORNA NíCHIONNA (64)
Independent Non-Executive Director

Appointed:
3 January 2018
Nationality: Irish
Committees: R N

Experience
Orna is currently Senior Independent Director at Saga plc, Deputy Chairman at the National Trust and Chair of Founders Intelligence. She has previously served on the Boards of Bupa, HMV, Northern Foods and Bank of Ireland UK and until recently was Senior Independent Director and Chair of the Remuneration Committee at Royal Mail plc. In addition, Orna spent 18 years at McKinsey & Company, where she co-led their European Retail Practice and has been an advisor to Apax Partners LLP.

Key Skills
Orna has strong UK plc and international business experience, especially in the consumer and retail markets. She also brings to the Board significant financial, strategic and governance experience. Orna is a committed environmentalist and was Chair of the Soil Association (which campaigns for organic food and farming) for six years. Her passion for the environment will be an asset to Burberry as we continue to drive positive change and build a more sustainable future through our ongoing Responsibility Agenda.

DEBRA LEE (65)
Independent Non-Executive Director

Appointed:
1 October 2019
Nationality: American
Committees: A N

Experience
Debra, CEO and founder of Leading Women Defined, Inc., is currently a Non-Executive Director at AT&T, Inc. and a Non-Executive Director and member of the Nominating and Corporate Governance Committees at Marriott International, Inc. From 2006 to 2018, Debra served as Chairman and Chief Executive Officer at Black Entertainment Television LLC, a division of Viacom, Inc. Debra also served as a Non-Executive Director of Twitter, Inc. from May 2016 to July 2019.

Key Skills
Debra is one of the most influential female voices in the entertainment industry and has a great understanding of the American consumer and culture. She served as the Chairman and CEO of BET Networks, the leading provider of entertainment for the African-American audience and consumers of black culture globally.

SAM FISCHER (52)
Independent Non-Executive Director

Appointed:
1 November 2019
Nationality: Australian
Committees: R N

Experience
Sam is currently President, Greater China and Asia Pacific at Diageo plc and is also a member of its Global Executive Committee. Since joining Diageo in 2007, Sam has held several senior roles including Managing Director of Greater China and Managing Director for South East Asia. Prior to Diageo, Sam held a number of commercial and general management roles at Colgate-Palmolive between 1991 and 2006, culminating in a role as Managing Director of Central Europe.

Key Skills
Sam has first-hand knowledge of leading iconic heritage premium brands, which will be a huge asset to Burberry as we grow our business in key Asian markets.

Directors serving for part of FY 2019/20
Ian Carter and Stephanie George stepped down from the Board on 17 July 2019.

EXECUTIVE COMMITTEE

MARCO GOBBETTI
Chief Executive Officer

JULIE BROWN
Chief Operating and Financial Officer

EDWARD RASH
General Counsel

ERICA BOURNE
Chief People Officer

GAVIN HAIG
Chief Commercial Officer

GIANLUCA FLORE
President of Americas and Global Retail Excellence

JÉRÔME LE BLEIS
Chief Supply Chain Officer

JUDY COLLINSON
Chief Merchandising Officer

MARCO GENTILE
President of Europe, Middle East, India and Africa

MARK McCLENNON
Chief Information Officer

ROD MANLEY
Chief Marketing Officer

Jérôme Le Bleis joined the Executive Committee on 6 January 2020. Edward Rash joined the Executive Committee on 1 October 2019. Mark McClennon joined the Executive Committee on 1 October 2019.

Roberto Canevari, Chief Supply Chain Officer, was a member of the Executive Committee until the end of June 2019.

CORPORATE GOVERNANCE REPORT

Maintaining high standards of corporate governance is instrumental to Burberry's success.

The 2018 UK Corporate Governance Code (the Code) sets out the framework of governance for premium listed companies within the UK. The Code is published by the Financial Reporting Council (FRC) and can be found on its website www.frc.org.uk. It enhances governance practices in relation to board leadership and company purpose, division of responsibilities, composition, succession and evaluation, audit, risk and internal control and remuneration. As a premium listed company, we describe in the Annual Report Burberry's corporate governance from two points of view: the first dealing generally with the application of the Code's main principles, and the second dealing specifically with non-compliance with any of the Code's provisions.

Together with the Directors' Remuneration Report on pages 151 to 185, this report sets out the Board's approach to governance and the work undertaken during FY 2019/20 which was the first year for which the Code applied to Burberry. We have complied with the provisions of the Code during FY 2019/20 with the exception of Provision 38 to align Executive Directors' pension payments with the wider workforce. This will be addressed as set out in the Directors' Remuneration Report on page 153. Further information on how the Company has applied the principles of the Code is set out in this Corporate Governance Report.

STAKEHOLDER ENGAGEMENT

The Code introduced an increased emphasis on stakeholder engagement and in particular engagement between the Board and the workforce. As a result of this, the Burberry Global Workforce Advisory Forum was established in order to enhance the existing methods of communication between the Board and employees. Its members are drawn from around the world and and represent all areas of the business at various levels of seniority. Board members attended two meetings with the Global Workforce Advisory Forum during FY 2019/20. At the inaugural meeting, forum members were asked to consider what the employees they represent would want the Board to know and conversely what questions the employees they represent would want to ask the Board. The second meeting was focused on remuneration topics as described in the Directors' Remuneration Report.

Discussions at both meetings were open and the feedback received was candid and informative. Additional information as to how the feedback has informed our decisions is included in the Directors' Remuneration Report on pages 151 to 185.

Information regarding how the Board engages with all our stakeholders is set out on pages 73-83.

OUR BOARD AND BOARD COMMITTEES

It is the responsibility of the Board to support management in its strategic aims, which are to enable the Company to continue to perform successfully and sustainably for our shareholders and wider stakeholders. The Board is supported in its activities by the Audit Committee, the Nomination Committee and the Remuneration Committee. The terms of reference for each of these Committees can be viewed in the Corporate Governance section of Burberryplc.com. The table on page 130 demonstrates our governance structure.

The Committees may engage third-party consultants and independent professional advisors. They may also call upon other Group resources to assist them in discharging their respective responsibilities. In addition to the Committee members and the Company Secretary, external advisors and, on occasion, other Directors and members of our senior management team attend Committee meetings at the invitation of the Chair of the relevant Committee.

BOARD

The Board is responsible for promoting Burberry's long-term success. This is achieved through effective governance and keeping the interests of stakeholders at the fore when making decisions. The Board provides leadership by establishing the Group's purpose and values and setting the Group's strategy, ensuring alignment with our culture and overseeing its implementation by management.

The Board is also responsible for oversight of the Group's governance, internal control and risk management, including the Group's risk appetite. A full schedule of matters reserved for the Board's decision is available in the Corporate Governance section of Burberryplc.com.

AUDIT COMMITTEE
Chaired by Matthew Key

Responsible for monitoring the integrity of Financial Statements and reviewing the Group's internal financial controls and risk management systems, the Internal Audit function, and the Group's relationship with the external auditor. The Audit Committee is supported by the Ethics Committee and the Risk Committee.

The Audit Committee Report can be read on pages 143 to 147.

REMUNERATION COMMITTEE
Chaired by Orna NíChionna

Determines the policy for Executive Director remuneration and sets the remuneration for the Chairman, Executive Directors and senior management.

The Directors' Remuneration Report can be found on pages 151 to 185.

NOMINATION COMMITTEE
Chaired by Gerry Murphy

Reviews the composition of the Board, ensuring plans are in place for orderly succession for both Board and senior leadership positions, keeping in mind the importance of diversity in all its forms and balancing skills and experience when making appointments.

The Nomination Committee Report can be read on pages 148 to 150.

CEO AND EXECUTIVE COMMITTEE

The Board delegates the day-to-day responsibility for running the Group to the CEO, who is responsible for all commercial, operational, risk and financial elements. He is also responsible for management and development of the strategic direction for consideration and approval by the Board. The Executive Committee assists the CEO to implement the strategy as approved by the Board.

BOARD ROLES

Our Board currently consists of 11 members, the Chairman, CEO, CO&FO, and eight Independent Non-Executive Directors who are experienced and influential individuals, drawn from a wide range of industries and backgrounds with the right skills to promote the long-term sustainable success of the Group. The Board has determined that all Non-Executive Directors are independent and the Chairman was also considered to be independent on appointment. Directors' biographies, tenures, key skills and external appointments are set out on pages 124 to 127.

All Directors are appointed to the Board for an initial fixed three-year term, subject to annual re-election by shareholders at the Company's Annual General Meeting (AGM). In accordance with the Code, at the 2020 AGM the Chairman and all the Directors will retire and offer themselves for re-election, with the exception of Jeremy Darroch who is retiring immediately after the AGM. Debra Lee and Sam Fischer will offer themselves for election.

The Board conducts an annual evaluation of its performance and the performance of individual Directors.

To ensure the Board performs effectively, there is a clear division of responsibilities between the leadership of the Board and the executive leadership of the business as set out below.

Our Chairman

- Chairing Board meetings, Nomination Committee meetings and the AGM, and setting the Board agenda.
- Ensuring there is effective communication between the Board, management, shareholders and the Group's wider stakeholders, while promoting a culture of openness and constructive debate.
- Ensuring Directors receive accurate, timely and clear information.
- Overseeing the annual Board evaluation and addressing any subsequent actions.
- Promoting the highest standards of corporate governance.
- Ensuring the views of stakeholders are taken into account when making decisions.
- A full description of the Chairman's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com.

Our Senior Independent Director

- Acting as a sounding board for the Chairman.
- Acting as an intermediary for the other Directors, where necessary.
- Chairing meetings in the absence of the Chairman.
- Being available to shareholders and stakeholders if they have any concerns, which they have been unable to resolve through normal channels.
- Together with the Non-Executive Directors, assessing the performance of the Chairman on an annual basis.
- Leading the search and appointment process and recommendation to the Board of a new Chairman, if necessary.
- A full description of the Senior Independent Director's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com.

Our Non-Executive Directors

- Providing effective and constructive challenge to the Board and scrutinising the performance of management.
- Assisting in the development and approval of the Group's strategy.
- Reviewing Group financial information and ensuring there are effective systems of governance, risk management and internal controls in place.
- Ensuring there is regular, open and constructive dialogue with shareholders.

Our CEO

- Day-to-day management of the Group.
- Responsible for all commercial, operational, risk and financial elements of the Group.
- Developing the Group's strategic direction and implementing the agreed strategy.
- Ensuring effective communication and information flows to the Board and the Chairman.
- Representing the Group to external stakeholders.
- Responsible for the oversight of the following key functions: Design, Marketing, Digital, Merchandising, Supply Chain, Corporate Affairs, Human Resources, Responsibility, Strategy and Global Commercial.
- A full description of the CEO's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com.

Our CO&FO

- Supporting the CEO in developing the Group's strategy and its implementation.
- Overseeing the global finance and Business Services functions and developing the Group's capital allocation framework.
- Responsible for establishing financial planning and maintaining adequate internal controls over financial reporting.
- Representing the Group to external stakeholders.
- Responsible for oversight of the following key functions: Investor Relations, Audit and Risk Management, Business Continuity, Burberry Business Services (BBS), Finance, IT, Tax, Treasury and Trade Compliance.

Our Company Secretary

- Providing advice and support to the Chairman and all Directors.
- Ensuring the Board receives high-quality information and resources in a timely manner so that the Board can operate effectively at meetings.
- Assisting in setting the agenda for Board and Committee meetings.
- Advising and keeping the Board up to date with all matters of Corporate Governance.
- Facilitating the induction programme for new Directors and, together with the Chairman, assessing ongoing training needs for all Directors.

During the financial year, the Board met for six scheduled meetings, including an in-depth two-day session on strategy. In addition, the Board met informally on a number of occasions to discuss the evolving COVID-19 pandemic. Throughout the year, Directors also devoted time outside scheduled meetings for site visits, training and meetings with members of senior management.

The Board and Committee agendas were shaped to ensure that discussion was focused on our key strategies and monitoring activities, as well as reviews of significant issues arising during the year, such as the global COVID-19 pandemic. The Group's ongoing performance against the strategic priorities is reviewed at each scheduled meeting.

A more detailed breakdown of the principal areas of focus for the Board during FY 2019/20 is set out on the following pages.

PRINCIPAL AREAS OF FOCUS FOR THE BOARD DURING FY 2019/20

	TOPIC	ACTIVITY	OUTCOME	RELEVANT STAKEHOLDERS AND S.172 DUTIES CONSIDERED
STRATEGY	**Strategic review**	• Reviewing strategy to take stock of progress and prioritise areas of focus within the long-term strategic plan. • Assessing changes in the luxury market context and implications on the strategic pillars: Product, Communication, Digital, Operational Excellence, Inspired People and Distribution. • Reviewing the refresh of Burberry's Sustainability Strategy.	• Providing feedback, questions and challenge throughout the process. • Support for the programmes being undertaken.	**Relevant stakeholders:** Customers Shareholders Employees Partners Communities **s.172 duties**: long-term results; workforce; environment; reputation; and business relationships
MAJOR PROJECTS	**Withdrawal from the EU**	• Considering the implications of various scenarios relating to the UK's withdrawal from the EU as well as the risk of volatility in foreign exchange rates and their potential impact on Burberry. • Reviewing the benefits of AEO status and undertaking training.	• Preparing for a no-deal scenario across all business activities. • Support for the application process and HMRC audits of UK sites. • AEO accreditation received.	**Relevant stakeholders:** Employees Shareholders Communities Customers Partners Governments **s.172 duties**: long-term results; workforce; environment; reputation; and business relationships
	COVID-19 pandemic	• Assessing the impact of the COVID-19 pandemic on the Company's people, finances and future plans. • Considering and approving Burberry's response to the pandemic across all areas of the business.	• Refer to pages 56 to 58 for further detail.	

	TOPIC	ACTIVITY	OUTCOME	RELEVANT STAKEHOLDERS AND S.172 DUTIES CONSIDERED
FINANCE	**Budget and capital allocation**	• Reviewing the sector context and considering the FY 2020/21 baseline business plan in the context of COVID-19. • Considering the indicative capital allocation proposals.	• Support in principle for the FY 2020/21 baseline business plan in the context of COVID-19. • Prior year (March and May 2019) budget and capital allocation approved and delivered to plan.	**Relevant stakeholders:** Shareholders Customers **s.172 duties:** long-term results; workforce; and fairness between our shareholders
GOVERNANCE	**Purpose**	• Considering the approach to defining Burberry's purpose and the associated activation plan and receiving regular updates. • Participating in an immersive purpose experience led by the cross-functional working team.	• Approval of Burberry's purpose and values. Refer to pages 15 to 19 for further detail.	**Relevant stakeholders:** Shareholders Employees Customers **s.172 duties**: long-term results; workforce; and reputation
	Board evaluation	• Discussing the results of the Board evaluation and reflecting on the effectiveness of the Board and its Committees.	• Refer to page 136 covering the Board evaluation for further detail.	**Key stakeholders:** Shareholders Employees Customers **s.172 duties:** long-term results; workforce; and reputation
RISK	**Risk appetite**	• Considering the Board's appetite for risk. • Consideration of emerging and principal risks.	• Approval of the Group's risk appetite. • Refer to pages 92 to 118 covering the Risk and Viability Report for further detail.	**Relevant stakeholders:** Shareholders Employees **s.172 duties**: long-term results; and reputation
	Risk deep dives	• Digital strategy and technology risk. • Risk reviews of cybersecurity, data privacy and brand guidelines and stewardship by the Audit Comittee.	• Support for the programmes being undertaken.	

	TOPIC	ACTIVITY	OUTCOME	RELEVANT STAKEHOLDERS AND S.172 DUTIES CONSIDERED
PEOPLE, CULTURE AND VALUES	**Culture and engagement**	• Discussing the Employee Engagement Survey results, including year-on-year trends and considering management's proposed initiatives.	• Support for FY 2019/20 global priorities to address areas of focus.	**Key stakeholders:** Employees Communities Customers Shareholders Partners Governments **s.172 duties :** long-term results; workforce; business relationships; reputation; and environment
	Diversity and Inclusion	• Reviewing the Global Diversity, Inclusion and Belonging strategy.	• Providing feedback, and support for management's approach.	
	Responsibility	• Discussing our charitable activities, including donations to The Burberry Foundation and assessing how Burberry's brand values align with our community and charitable giving goals. • Reviewing and approving the Company's Modern Slavery Statement.	• Approval in May 2019 to donate approximately 1% of FY 2018/19 adjusted profit before tax to social and community causes worldwide.	
SHAREHOLDER ENGAGEMENT	**Shareholder feedback, including activist themes**	• Reviewing updates from the Investor Relations team on share price, performance matters, register activity and analyst sentiment. • Discussing specific issues raised by shareholders. • Remuneration Policy Consultation.	• Inclusion of shareholder themes within the Board's strategic and/or other considerations. • Adapting Remuneration Policy proposals to reflect shareholder feedback.	**Key stakeholders:** Shareholders **s.172 duties:** long-term results; workforce, fairness between stakeholders; and reputation

EVALUATING OUR PERFORMANCE IN FY 2019/20

The Board undertakes a formal review of its performance and that of its Committees each financial year. The evaluation is externally facilitated every three years and the next external evaluation will be in respect of FY 2020/21.

During the year the Chairman, assisted by the Company Secretary, and the Chairs of each of the Audit, Nomination and Remuneration Committees, undertook an internal review of Board and Committee effectiveness. The reviews comprised online questionnaires using Thinking Board, Independent Audit's online questionnaire tool, adapted for Burberry. Views were sought on a number of topics such as Board composition and performance, succession planning, talent management, purpose, culture, financial reporting and controls, risk management, consideration of stakeholder views and diversity. The questionnaires were designed to capture progress versus the prior year evaluation as well as assist in identifying areas of focus for FY 2020/21. Respondents completed the questionnaires confidentially and the results were collated and reported without attribution.

Detailed reports were received by the Chairman, and the Chairs of each of the Audit, Nomination and Remuneration Committees as appropriate and the output was discussed by the Board in May 2020. The evaluation confirmed that the Board and its Committees continue to operate effectively with an inclusive and transparent environment. Board members were considered to have a good representation of the skills and expertise required to both support and effectively challenge the business as appropriate.

The following four areas of focus were agreed as a means of addressing the development areas identified through the evaluation process:

Purpose, culture, values and behaviours	• Continued focus on embedding Burberry's culture, values and behaviours. • Considering ways to enhance the Board's monitoring of corporate culture.
People	• Continued focus on executive succession planning, including in relation to key person risks. • Increasing the Board's interaction with executives and high performers.
Strategy	• Increased Board focus on operating performance and the risk implications of strategic decisions. • Improving the Board's understanding of key competitors and markets.
Board processes	• Review Board agendas and materials in order to maximise the time available for discussion and debate at meetings.

PROGRESS UPDATE ON FOCUS AREAS IDENTIFIED FOLLOWING THE FY 2018/19 BOARD EVALUATION

ACTION	PROGRESS
Purpose, culture, values and behaviour	
Focus on refining and articulating the Company's purpose.	The Board was involved throughout the process undertaken to articulate and refine our purpose, receiving regular updates at Board meetings as well as participating in workshops culminating in the definition and launch of our purpose: Creativity Opens Spaces.
Ensuring the alignment of purpose with the culture, values and behaviours of the Company.	Our purpose and values were developed in tandem, to ensure they are aligned. Our leaders are engaged in ensuring they come to life across the business, to ensure they are reflected in every team's behaviours.
People	
Continued focus on executive succession planning and leadership development.	The Chief People Officer is leading the ongoing work to embed succession planning and build bench strength for critical roles throughout the organisation. The Nomination Committee discussed talent management and associated actions at its meeting in March 2020. Building on the Leadership Development Programme, there is increased focus on embedding leadership standards resulting in increased employee engagement and ensuring alignment with the Company's purpose and values.
Reviewing remuneration to ensure it encourages the right behaviour consistent with our purpose, values and strategy.	In considering its approach to the Remuneration Policy review, the Remuneration Committee sought to ensure that the future policy provides flexibility to align all remuneration, including short-term and long-term incentives to the strategy, purpose and values of the business. Further information on the Remuneration Policy review is included in the Directors' Remuneration Report on pages 151 to 185.
Reputation	
Further understanding the development of potential areas of exposure and appropriate mitigation.	To assist with this, we have strengthened brand communications governance, further embedding the product and content review process. We have renewed our commitment to diversity, inclusion and employee wellbeing, including establishing internal and external councils and a new parental leave policy. We have reviewed our sustainability strategy to ensure it remains responsive to the rapidly changing environment and have identified areas where there is opportunity for particular focus.

DIRECTORS' PERFORMANCE

Separately to the Board's evaluation, the Chairman held discussions with each of the Directors to discuss their individual performances. This allowed them the opportunity to raise any issues or concerns they may have had, including in relation to the management of the Company or Board/Committee effectiveness. No such issues or concerns were raised in FY2019/20. These discussions, together with the Nomination Committee's considerations of independence, time commitments and tenure are used as the basis for recommending the re-election of Directors by shareholders.

The Board is satisfied that all its Non-Executive Directors bring robust, independent oversight and continue to remain independent.

CHAIRMAN'S PERFORMANCE

In addition to the Board and Committee questionnaires, the Senior Independent Director led the Non-Executive Directors' assessment of the Chairman's performance. The results were analysed by the Senior Independent Director and subsequently discussed with the Chairman. Directors confirmed that the Chairman continued to perform effectively commending him on fostering a culture of transparency and openness in the boardroom and on his clear strategic approach to critical issues.

EXTERNAL DIRECTORSHIPS

Our Board's Executive Directors are permitted to hold only one external non-executive directorship. Details of the Directors' other directorships can be found in their biographies on pages 124 to 127.

TIME ALLOCATION

Each of our Non-Executive Directors has a letter of appointment, which sets out the terms and conditions of his or her directorship. The Non-Executive Directors are expected to devote the time necessary to perform their duties properly. This is expected to be approximately 20 days each year for basic duties.

The Chairman and Senior Independent Director are expected to spend additional time over and above this to carry out their extra responsibilities. The Chairman, Senior Independent Director and CEO also have clearly defined responsibilities which delineate the scope of their roles. A copy of these roles can be found in the Corporate Governance section of the Group's website Burberryplc.com. The Board has noted changes to Non-Executive Directors external appointments during the year and confirms that they were not perceived to impact their independence or responsibilities to the Company. The Board considers that the Chairman and all Non-Executive Directors have fulfilled their required time commitments during FY 2019/20.

The table below gives details of Directors' attendance at Board and Committee meetings during the year ended 28 March 2020. This is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

	Board	Audit[1]	Nomination	Remuneration
Gerry Murphy	6/6	–	4/4	–
Marco Gobbetti	6/6	–	–	–
Julie Brown	6/6	–	–	–
Dame Carolyn McCall	6/6	3/4	4/4	–
Debra Lee[3]	4/4	3/3	3/3	–
Fabiola Arredondo	6/6	–	4/4	4/4
Ian Carter[2]	2/2	–	1/1	1/1
Jeremy Darroch	6/6	3/4	4/4	–
Matthew Key	6/6	4/4	4/4	4/4
Orna NíChionna	6/6	–	4/4	4/4
Ron Frasch	6/6	4/4	4/4	4/4
Sam Fischer[3]	3/3	–	2/2	3/3
Stephanie George[2]	2/2	–	1/1	1/1

1. Non-Executive Directors unable to attend Audit Committee meetings due to prior commitments or illness gave their views to the Chair in advance of the meeting.
2. Ian Carter and Stephanie George stepped down from the Board on 17 July 2019.
3. Debra Lee and Sam Fischer joined the Board on 1 October 2019 and 1 November 2019, respectively.

INFORMATION FLOW AND PROFESSIONAL DEVELOPMENT

Our Chairman works closely with the Company Secretary in the planning of agendas and scheduling of Board and Committee meetings. Together, they ensure that information is made available to Board members on a timely basis and is of a quality appropriate to enable the Board to effectively carry out its duties.

The Board is kept up to date on legal, regulatory, compliance and governance matters through advice and regular papers from the General Counsel, the Company Secretary and other advisors.

The Company Secretary assists the Chairman in designing and facilitating an induction programme for new Directors and their ongoing training. Each newly appointed Director receives a formal and tailored induction programme to enable them to function effectively as quickly as possible, while building a deep understanding of the business. Each induction typically consists of meetings with both Executive and Non-Executive Directors and briefings from senior managers across our key business areas and operations. In addition, Non-Executive Directors are provided with opportunities to visit key stores, markets and facilities. This includes visits to our various operating facilities in the UK. The Chairman considers the training needs of individual Directors on an ongoing basis.

For the appointments of Debra Lee and Sam Fischer, the induction programme as outlined below has been followed:

- one-to-one meetings with senior executives to understand their roles at Burberry
- visits to key stores, providing the opportunity to meet colleagues and immerse themselves in our product and our brand
- meetings with external advisors, for example, our external auditor PricewaterhouseCoopers LLP (PwC) and our remuneration advisor, Deloitte, to explain the regulatory background of their roles on each Committee and how these are approached at Burberry
- assignment of a Board "buddy" to provide additional support while the Director gets to know Burberry and understand our ways of working

The Board has direct access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole. To carry out their duties, Directors may also obtain independent professional advice, if necessary, at the Group's expense.

MANAGING CONFLICTS OF INTEREST

All Directors have a duty under the Companies Act 2006 to avoid a situation in which they have, or could have, a direct or indirect conflict of interest or possible conflict of interest with the Company and/or the Group.

Under the Company's Articles of Association, the Board has the authority to approve situational conflicts of interest. It has adopted procedures to manage and, where appropriate, approve such conflicts. Authorisations granted by the Board are recorded by the Company Secretary in a register and are noted by the Board at its next meeting. A review of situational conflicts that have been authorised is undertaken by the Board annually.

Following the last review, the Board concluded that the potential conflicts had been appropriately authorised, no circumstances existed which would necessitate that any prior authorisation be revoked or amended, and the authorisation process continued to operate effectively.

EVALUATION OF INTERNAL CONTROLS

Our Board is ultimately responsible for the Group's system of internal controls and risk management. It discharges its duties in this area by:

- determining the nature and extent of the principal and emerging risks it is willing to accept to achieve the Group's strategic objectives (the Board's risk appetite) and
- challenging management's implementation of effective systems of risk identification, assessment and mitigation.

Our Audit Committee is responsible for reviewing the effectiveness of the Group's internal controls and risk management arrangements. Details of the Group's risk management process and the management and mitigation of each principal risk together with the Group's viability statement can be found in our Risk and Viability Report on pages 92 to 118.

Ongoing review of these controls is provided through internal governance processes and the work of the Group is overseen by executive management, particularly the work of the Group Internal Audit team and the Risk Committee. Regular reports on these activities are provided to the Audit Committee as reflected in the standing items on the Audit Committee agenda.

The Board, through the Audit Committee, has conducted a robust assessment of our principal and emerging risks and internal control framework. It has considered the effectiveness of the system of internal controls in operation across the Group for the year covered by the Annual Report and Accounts and up to the date of its approval by the Board. This review covered the material controls, including financial, operational and compliance, as well as risk management arrangements. No significant control weaknesses were identified. The system of internal controls is designed to manage rather than eliminate the risk of not achieving business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The process followed by the Board, through the Audit Committee, in reviewing regularly the system of internal controls and risk management arrangements complies with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC. It also accords with the provisions of the Code.

CONTROL ENVIRONMENT

Our business model is based primarily on central design, supply chain and distribution operations to supply products to global markets via retail and wholesale channels, including digital. This is reflected in our internal control framework, which includes centralised direction, resource allocation, oversight and risk management of the key activities of marketing, inventory management, and brand and technology development. We have also established procedures for the delegation of authorities to ensure that approval for matters that are considered significant is provided at an appropriate level. In addition, we have policies and procedures in place that are designed to support risk management across the Group. These include policies relating to treasury and the conduct of employees and third parties with whom we conduct business, including prohibiting bribery and corruption. These authorities, policies and procedures are kept under regular review.

The Group operates a “three lines of defence” model, which helps to achieve effective risk management and internal control across the organisation.

- **First line of defence:** management owns and manages risk and is also responsible for implementing corrective actions to address process and control deficiencies.
- **Second line of defence:** to help ensure the first line is properly designed, established and operating effectively, management has also established various risk management and compliance functions to help build and/or monitor the first line of defence. These include, but are not limited to, functions such as Group Risk Management, Legal, Brand Protection, Company Secretariat, Finance Controls, Health and Safety, Data Protection, Asset and Profit Protection, and Business Continuity.
- **Third line of defence:** Internal Audit provides the Audit Committee and management with independent and objective assurance on the effectiveness of governance, risk management and internal controls. This includes the way in which the first and second lines of defence achieve risk management and control objectives.

INTERNAL AUDIT

The Internal Audit function is managed under the leadership of our Senior Vice President, Risk Management and Audit who reports to the CO&FO but has an independent reporting line to the Chair of the Audit Committee.

The scope of Internal Audit work is considered for each operating company and Group function. This takes account of risk assessments, input from senior management and the Audit Committee and previous audit findings. For example, this year there was an emphasis on assurance over the Group’s major business transformation and IT implementation programmes across Finance, Supply Chain, HR and Digital. There was also a continued focus on assessing the maturity of controls over cybersecurity and IT operations, and the core financial controls that transferred to BBS in Leeds. Changes to the Group’s risk profile are considered on an ongoing basis and amendments are made to the audit plan as necessary during the year. Any proposed changes to the plan are discussed with the CO&FO and reported to the Audit Committee. The effectiveness of Internal Audit is assessed every five years. Grant Thornton UK LLP performed a fully independent assessment during the year, which included a review of the structure and scope of Internal Audit’s work, its capabilities, independence, the adequacy of the audit plan, quality of audit reports and its engagement with stakeholders. The review outlined to the Audit Committee that the function is performing well compared to good practice, and that the quality and effectiveness of the function represents leading practice in some areas. The review also found that the experience, expertise and focus of the function are appropriate for the business.

Ongoing visibility of the internal control environment is provided through internal audit reports to management and the Audit Committee. These reports are graded to reflect an overall assessment of the control environment under review, and the significance of any control weaknesses identified. Remedial actions to address findings are identified and agreed with management. The Audit Committee places high emphasis on actions being taken as a result of internal audits and regular reports are provided to the Audit Committee on the status of any overdue actions.

FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. These are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external reporting purposes.

We have comprehensive planning, budgeting, forecasting and monthly reporting processes in place. A summary of financial results, supported by commentary and performance measures, is provided to the Board each month.

In relation to the preparation of Group Financial Statements, the controls in place include:

- a centre of expertise responsible for reviewing new developments in reporting requirements and standards to ensure that these are reflected in Group accounting policies
- a global finance structure consisting of employees with the appropriate expertise to ensure that Group policies and procedures are correctly applied. Effective management and control of the finance structure is achieved through our finance leadership team, consisting of key finance employees from the regions, BBS and London headquarters

Our reporting process is supported by transactional and consolidation finance systems. Reviews of controls are carried out by senior members of the finance team. The results of these reviews are considered by the Board as part of its monitoring of the performance of controls around financial reporting controls.

The Audit Committee reviews the application of financial reporting standards and any significant accounting judgements made by management. These matters are also discussed with the external auditor.

IMPACT OF COVID-19

The disruption to working practices and the changing resource demands as a result of COVID-19 has led to the need for new forms of management and control. An assessment of year end financial reporting controls impacted by remote working arrangements due to COVID-19 has been performed to identify potential vulnerabilities in processes and determine key controls needed to operate during this period. Where required, controls have been adapted to reflect new ways of working, existing technology and IT infrastructure has been enhanced to support remote execution and contingency plans have been developed including back-up support for employees impacted by illness or remote working.

FAIR, BALANCED AND UNDERSTANDABLE

As a whole, the Annual Report and Accounts are required to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. On behalf of the Board, the Audit Committee considered whether the fair, balanced and understandable statement could properly be given on behalf of the Directors. The processes followed to provide the Committee with assurance were considered and the Committee provided a recommendation to the Board that the fair, balanced and understandable statement could be given on behalf of the Directors. Based on this recommendation, the Board is satisfied that it has met this obligation. A summary of the Directors' responsibilities in relation to the Financial Statements is set out on page 194. The Independent Auditors' Report on pages 195 to 203 includes a statement concerning the auditor's reporting responsibilities.

OTHER GOVERNANCE DISCLOSURES

The Group is committed to acting with integrity and transparency on all tax matters and complying fully with the letter and spirit of the relevant tax law. The Group will only engage in responsible tax planning aligned with our commercial and economic activity. We will not use tax structures or undertake artificial transactions, the sole purpose of which is to create a contrived tax result. For example, we exclude transactions with parties based in tax haven jurisdictions when the transactions are not in the ordinary course of Group trading business or which could be perceived as artificially transferring value to low tax jurisdictions. We are also committed to engaging in open and constructive relationships with tax authorities in the territories in which we operate. The Group Tax Strategy directs our tax planning, reporting and compliance activities and is aligned with the Group's strategic objectives. Further information regarding the Group Tax Strategy is provided at Burberryplc.com.

TAX GOVERNANCE FRAMEWORK

Our CO&FO is responsible for the Group Tax Strategy, the effectiveness of corporate tax processes and transparency of disclosures. The Group Tax Strategy is implemented by the global tax and trade compliance teams with the assistance of the finance leadership team. Compliance with the Group Tax Strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Group's tax status is reported regularly to the Audit Committee. The Audit Committee is responsible for reviewing the Group Tax Strategy at least once a year and significant tax matters as they arise.

Share capital

Further information about the Company's share capital, including substantial shareholdings, can be found in the Directors' Report on page 188.

ENGAGEMENT WITH SHAREHOLDERS

The Board recognises the importance of regular, open and constructive dialogue with shareholders throughout the year.

Our Investor Relations team participated in over 250 investor meetings and events during the financial year. Meetings were also held with a combination of our Chairman, the Chair of the Remuneration Committee, Executive Directors and other members of senior management, totalling over 70 meetings. This engagement included presentations to institutional shareholders and analysts following the release of the Group's half and full year results (available on the Group's website at Burberryplc.com), as well as meetings with the Group's 20 largest investors.

Topics discussed in investor meetings included, but were not limited to, luxury sector growth dynamics, the Group's strategic plans, progress against our strategy, the impact of the COVID-19 outbreak on our business and management actions to minimise its impact.

Our Investor Relations and Company Secretariat departments act as the centre for ongoing communication with shareholders, investors and analysts. The Board receives regular updates about the views of the Group's major shareholders and stakeholders from these departments as well as via direct contact.

REPORT OF THE AUDIT COMMITTEE

MATTHEW KEY
Chair, Audit Committee

DEAR SHAREHOLDER,
I am pleased to present the FY 2019/20 report of the Audit Committee. The purpose of this report is to describe how we carried out our responsibilities during the year.

The role of the Audit Committee is to monitor and review the integrity of financial information and to provide assurance to the Board that the Group's internal controls and risk management systems are appropriate and regularly reviewed. We also oversee the work of the external auditor, approve their remuneration and recommend their appointment. In addition to the disclosure requirements relating to Audit Committees under the Code, the Committee's report sets out areas of significant and particular focus for the Committee.

Over the course of FY 2019/20, we undertook our usual work as set out on page 145 and continued to focus on the Group's risk management with in-depth reviews of people risk, cybersecurity, data privacy and brand guidelines and stewardship.

During the last two months of FY 2019/20 and throughout our year end processes, we gave particular focus to the impact of COVID-19 on the business including in relation to the measurement of assets and liabilities at the year end and our Going Concern and Viability Statements. This is explained throughout the significant matters set out in the table on pages 145 to 146. Where these related to the Financial Statements for the year, the Committee requested papers from management setting out its approach and recommendations. The Committee reviewed and challenged management's approach, analysis and recommendations, seeking assistance from the Internal Audit team to review relevant estimates and judgements and taking into account input from the external auditor in order to conclude on the appropriateness of the treatment in the Financial Statements. All matters reviewed were concluded to the satisfaction of the Committee and our external auditor. Monitoring and assessing the impact of COVID-19 will continue to be a key area of focus for the Committee as the situation continues to evolve.

PwC has now completed its final audit as the Group's external auditor. As reported last year, Ernst & Young LLP (EY) has been selected as the Group's external auditor following a competitive tender process. Shareholder approval is to be sought at the 2020 Annual General Meeting to appoint EY as external auditor from FY 2020/21. Details of how the Audit Committee has monitored the auditor transition activities is available on page 147. PwC has continued to provide robust challenge throughout the FY 2019/20 audit process and I thank them for their work.

"I am confident that the Committee has carried out its duties in the year effectively and to a high standard."

The Committee confirms that during FY 2019/20, the Group complied with the mandatory audit processes and Audit Committee responsibilities provisions of the Competition and Markets Authority Statutory Audit Services Order 2014. This report describes the work of the Committee in discharging its responsibilities.

The Committee has an open and constructive relationship with management. I thank the management team on behalf of the Committee for their assistance during the year. I am confident that the Committee has carried out its duties in the year effectively and to a high standard.

MATTHEW KEY
Chair, Audit Committee

AUDIT COMMITTEE MEMBERSHIP
Matthew Key, Jeremy Darroch, Ron Frasch and Dame Carolyn McCall served as members of the Committee throughout the year ended 28 March 2020. Debra Lee was appointed as a member of the Committee on 1 October 2019.

The Committee met formally four times during the year and, with the exception of two meetings, all members attended all scheduled meetings (see table on page 138). Where members were unable to attend, they provided feedback to the Chair on the matters to be discussed in advance of the meetings. In addition to the scheduled meetings, Committee members also attended additional ad hoc meetings as required.

The Chair of the Committee met separately with representatives of the external auditor, senior members of the finance function and the Senior Vice President, Risk Management and Audit on a regular basis, including prior to each meeting. In addition, he met with members of the internal audit team and other members of management on an ad hoc basis as required to fulfil his duties.

Regular attendees at Committee meetings include the Chairman of the Board; CEO; CO&FO; Chief People Officer; Company Secretary; Senior Vice President, Risk Management and Audit; Senior Vice President, Group Finance; Vice President, Group Financial Controller; the General Counsel, and representatives of the external auditor. At the end of each meeting the Committee met with the external auditor without management and with the Senior Vice President, Risk Management and Audit without management or the external auditor being present.

The Board is satisfied that both Matthew Key and Jeremy Darroch have recent and relevant financial experience, and that all other Committee members have past employment experience in either finance or accounting roles, or broad consumer experience and knowledge of financial reporting and/or international businesses. As a whole, the Board is satisfied that the Audit Committee has competence relevant to the business sector. Details of their experience can be found in their biographies on pages 124 to 127.

ROLE OF THE COMMITTEE

The main roles and responsibilities of the Committee are set out in written terms of reference, which are available on the Company's website at Burberryplc.com. The Committee reviews its terms of reference annually and in light of its key responsibilities, the Committee considered the following items of usual business during the financial year:

- **Financial Reports**: the integrity of the Group's Financial Statements and formal announcements of the Group's performance.
- **Risk and Internal Controls**: the Group's internal financial, operational and compliance controls and risk identification and management systems. Review of Group policies for identifying and assessing risks and arrangements for employees to raise concerns (in confidence) about possible improprieties.
- **Viability**: consideration of the Group's Viability Statement as set out on pages 117 to 118.
- **Internal Audit**: review of the annual internal audit programme and the consideration of findings of any internal investigations and management's response. Review of effectiveness of the Internal Audit function as explained on page 140.
- **External Auditor**: recommending the appointment of external auditor, approving their remuneration and overseeing their work. Policies on the engagement of the external auditor for the supply of non-audit services. Review of effectiveness of the external auditor.

SIGNIFICANT MATTERS FOR THE YEAR ENDED 28 MARCH 2020	HOW THE AUDIT COMMITTEE ADDRESSED THESE MATTERS
Impact of COVID-19	The COVID-19 pandemic has had a material impact on the Group, including the carrying value of assets on the balance sheet, the Group's strategy and its future prospects and viability. The Committee considered how the impact of COVID-19 was addressed throughout the Annual Report, in terms of consistency and clarity of reporting, as well as management's assessment of the impact on potential impairment of goodwill, retail cash generating units, inventory, receivables and assets under construction. Due to the material impact of COVID-19 on the Group's balance sheet, the Directors consider it appropriate to present separately the resulting charges as an adjusting item. The Committee considered the presentation, disclosure and completeness of these adjusting items.
Impairment assessment of goodwill	The Committee considered management's assessment of the recoverability of the carrying value of goodwill. Due to the impact of COVID-19 on the business, the Committee considered management's estimate of the value in use of those cash generating units containing goodwill under a range of potential outcomes over the next few years. The Committee approved management's view that, as the estimated recoverable amount of goodwill exceeded the carrying value, there was no indication of impairment.
Impairment assessment of property, plant and equipment and right-of-use assets held in retail cash generating units	The Committee considered management's assessment of the recoverability of the carrying value of assets held in retail cash generating units, including property, plant and equipment and right-of-use assets relating to store leases. The Committee considered the approach applied by management to review for potential indicators of impairment, in particular the extent of the impact of COVID-19 and business disruption in Hong Kong S.A.R. on the Group's retail cash generating units. The Committee reviewed management's assumptions regarding the impact and duration of these events and the implication for potential impairment of assets. The Committee requested that disclosures relating to sensitivities of estimates were extended to take account of these uncertainties. The results of the impairment assessment of assets held in retail cash generating units, together with related sensitivities, are set out in note 13 of the Financial Statements.

SIGNIFICANT MATTERS FOR THE YEAR ENDED 28 MARCH 2020	HOW THE AUDIT COMMITTEE ADDRESSED THESE MATTERS
The recoverability of the cost of inventory and the resulting amount of provisioning required	The Committee considered the Group's current provisioning policy, the expected loss rates on inventory held at the balance sheet date and the nature and condition of current inventory. Following the effect of the COVID-19 outbreak on retail operations in the last quarter of the financial year and the closure of a significant proportion of the Group's retail stores due to lockdown in many countries, the Committee reviewed management's assumptions of the potential extent and duration of the pandemic, its impact on inventory management and the expected exit routes for the surplus inventory held at the balance sheet date. The Committee considered the resulting increase in inventory provisions, the potential sensitivities due to the significant degree of estimation in the assumptions applied, and the proposed disclosure of these sensitivities in the Financial Statements. Movements in inventory provisioning and the related sensitivities are set out in note 17 of the Financial Statements.
Impairment assessment of receivables	The Committee considered management's assessment of the collectability of receivables, taking into account the impact of COVID-19 on the global economy and management's assumptions of changes in expected credit losses. The Committee also reviewed the collection of receivables falling due after the balance sheet date.
Income and deferred taxes	The Committee reviewed the Group Tax Strategy, developments relating to discussions with tax authorities, the status of any ongoing tax audits, and their impact on the Financial Statements. The Committee reviewed and challenged the appropriateness of assumptions and estimates applied in order to estimate the amount of assets and liabilities to be recognised in relation to uncertain income tax and deferred tax positions, taking into account the impact of COVID-19 on recognition of deferred tax assets. The Committee concluded that the assets and liabilities recognised and disclosures contained in the Financial Statements for the period were appropriate. Details of movements in tax balances are set out in notes 9 and 15 of the Financial Statements and further disclosure of tax contingent liabilities is given in note 32. The impact of adopting IFRIC 23 was also reviewed.
Adoption of IFRS 16: Leases	The Committee reviewed the adoption of new accounting IFRS 16: Leases in the current year's Financial Statements. The Committee reviewed management's final assessment of the impacts of the standard, the new accounting policy applied for IFRS 16, and the adoption disclosures in the financial statements, including the impact of significant judgements applied on adoption. Given the significant impact of IFRS 16 on the Group, the Committee requested independent reviews of a sample of the Group's material lease contracts and of the calculations of the initial lease liabilities relating to these contracts on adoption of IFRS 16. The impact of adopting IFRS 16 is set out in note 1 of the Financial Statements.
Fair, balanced and understandable reporting	The Committee considered the Annual Report and Interim Report, on behalf of the Board, to ensure that they were fair, balanced and understandable, in accordance with requirements of the UK Corporate Governance Code. In particular, the Committee considered the wide-ranging impact of COVID-19 on the Group and the reporting of these impacts throughout the Annual Report. To assist in this process, the Committee reviewed the report from the strategic report drafting team, comments arising from the review of the Financial Statements by the Executive Directors and comments raised by the Group's auditors. The Committee also considered the use of alternative performance measures by the Group, including the appropriateness of their current use and their disclosure in the Financial Statements and Strategic Report. The Committee concluded that their current use was fair, balanced and understandable.
Other matters	At the May and November meetings, the Committee also considered management's papers on other subjects, including the recognition and measurement of adjusting items for restructuring costs.

EXTERNAL AUDITOR

The Committee oversees the work undertaken by PwC. During the year, the Committee met with the external auditor without members of management being present.

PwC has remained in place as auditor since prior to the Initial Public Offering (IPO) of the Company in 2002. The firm was reappointed with a new lead audit partner following a formal tender process undertaken by the Group for FY 2010/11. The external auditor is required to rotate the audit engagement partner every five years. The current engagement partner, Paul Cragg, began his appointment from FY 2015/16.

APPOINTMENT AND FEES

The Committee's primary responsibility is to make a recommendation on the appointment, reappointment and removal of the external auditor. Every year, the Committee assesses the qualifications, expertise, resources and independence of the external auditor, and the effectiveness of the previous audit process. Over the course of the year, the Committee reviewed the audit process and the quality and experience of the audit partners engaged in the audit. To support their assessment, a survey was sent to Audit Committee members, key members of the finance team and other members of the senior management team as part of the year end processes seeking feedback on the effectiveness of the external audit process. The Committee also reviewed the proposed audit fee and terms of engagement for FY 2019/20. Details of the fees paid to the external auditor during the financial year can be found in note 7 to the Financial Statements.

TRANSITION OF AUDITORS

As disclosed in last year's Audit Committee Report, following a competitive tender process, EY was selected as Burberry's external auditor from FY 2020/21, subject to shareholder approval at the 2020 AGM. During the year, the Audit Committee monitored the auditor transition activities, including:

- receiving reports by EY on the status of their transition activity
- attendance by EY at relevant sections of select Audit Committee meetings
- validating EY's independence prior to becoming Burberry's auditor for FY 2020/21
- confirming that EY agreed to comply with Burberry's non-audit services policy
- confirming that an appropriate "shadowing" plan was in place and agreed between management, PwC and EY for the FY 2019/20 year end

NON-AUDIT SERVICES

The Committee recognises that the independence of the external auditor is an essential part of the audit framework and the assurance that it provides. In line with the Revised Ethical Standard issued by the FRC in December 2019, the Committee has adopted a policy, which sets out a framework for determining whether it is appropriate to engage the Group's auditor for non-audit services and pre-approving non-audit fees. The Use of External Auditors for Non-Audit Services Policy was reviewed and updated during the year to reflect the updated Revised Ethical Standard, good practice and the change in external auditor for FY 2020/21.

The overall objective is to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity. This includes, but is not limited to, assessing:

- any threats to independence and objectivity resulting from the provision of such services; any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity; the nature of the non-audit services; and whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service
- the value of non-audit services that can be billed by the external auditor is restricted by a cap, which is set at 70% of the average audit fees for the preceding three years as defined by the FRC.

During FY 2019/20 Burberry's external auditor did not undertake non-audit work, which exceeded this threshold.

Proposed fees above £50,000 are approved by the Chair of the Audit Committee. Non-audit services with a value below £50,000 and which are in line with the Group's policy have been pre-approved by the Audit Committee. Compliance with the policy of engaging the Group's auditor for non-audit services and pre-approving non-audit fees is reviewed and monitored by the Senior Vice President, Risk Management and Audit. These fees must be activity based and not success related. At the half year and year end, the Audit Committee reviews all non-audit services provided by the auditor during the period, and the fees relating to these services.

During the year, the Group spent £0.3 million on non-audit services provided by PwC (12% of the average of Group audit fees received over the last three years). Further details can be found in note 7 to the Financial Statements.

REPORT OF THE NOMINATION COMMITTEE

GERRY MURPHY
Chair, Nomination Committee

"Succession planning for the Board and senior leadership positions is a key focus for the Committee."

NOMINATION COMMITTEE MEMBERSHIP
All the Non-Executive Directors, under the leadership of Gerry Murphy as Chair, served as members of the Committee throughout the year ended 28 March 2020, with the exception of Debra Lee and Sam Fischer who were appointed to the Board and became members of the Committee on 1 October 2019 and 1 November 2019, respectively. The Committee met four times during the year and all members attended all meetings. Regular attendees at Committee meetings included: the CEO, the Chief People Officer and the Company Secretary.

ROLE OF THE COMMITTEE
The role of the Committee includes reviewing the composition of the Board, succession planning for the Board and, together with the CEO, succession planning for senior leadership positions. The Committee's full roles and responsibilities are set out in written terms of reference, which are available on the Company's website at Burberryplc.com

In light of its key responsibilities, the Committee considered the following items of usual business during the financial year:

- the structure, size and composition of the Board and its Committees
- succession planning for the Board and the Executive Committee roles
- the independence and time commitments of Non-Executive Directors
- the Board's policy on diversity as it relates to appointments to the Board
- the Committee's effectiveness
- the Committee's terms of reference

SUCCESSION PLANNING
Board succession planning is focused on ensuring the Board has the right mix of skills, experience, diversity and tenure. All new appointments are based on merit, keeping in mind the Board's composition principles, and are intended to:

- maintain current core competencies
- add new competencies which reflect the evolution of the Group's business
- ensure compatibility with Burberry's culture and values
- promote diversity, including parameters of gender, social and ethnic backgrounds, cognitive and personal strength

During the year, the Committee continued to focus on the evolution of the Board, identifying a need for two Non-Executive Directors who would enhance the Board's knowledge of the consumer experience and strengthen the Board's cultural awareness. The Committee developed candidate profiles for both roles, which were in line with the Board's composition principles and would complement the needs of the business and the Board as a whole. The Committee was advised by specialist board search firms Heidrick and Struggles and Lygon Group. Lygon Group has no other connection with the Company while Heidrick and Struggles has provided some additional HR services.

Having considered the shortlist of candidates for each role and interviewing the preferred candidates, the Committee recommended the appointments of Debra Lee and Sam Fischer to the Board for approval. The Committee further recommended that on appointment to the Board, Debra be appointed as a member of the Audit and Nomination Committees and Sam as a member of the Remuneration and Nomination Committees.

We believe that diverse boards with the appropriate competencies and values are better boards. We also believe that a diverse workforce not only encourages better performance, but also creates a more inclusive working environment with more engaged colleagues. We champion the development of all our people and ensure that employees of all backgrounds are treated equally. The Board is supportive of the Hampton-Alexander Review target to increase the number of women in senior leadership positions in all FTSE companies and were proud to note that Burberry was recognised in the 2019 Hampton-Alexander Review as being the top FTSE 100 performer in both the Women on Boards (50%) and Executive Committee and Direct Reports (61.3%) categories. As at 22 May 2020, 45% of our Board are women and 62% of our Executive Committee and their direct reports are women. A table setting out the representation of women in the work place is set out on page 44. We also endorse the spirit of the Parker Review, which aims to encourage greater ethnic diversity on UK boards and are pleased to report that we are in line with the Parker Review report's recommendation.

TALENT MANAGEMENT

During the year, the Committee received an update from the CEO, supported by the Chief People Officer, including an overview of Talent Management and the supporting philosophy used across the organisation. The Committee also reviewed the talent pipelines for the Executive Committee and other key roles.

ANNUAL RE-ELECTION OF DIRECTORS

As required by the Code, Directors offer themselves for annual re-election. The Committee considered the annual re-election of Directors at the AGM based on Director performance, independence, time commitments and tenure. As part of this process the Committee also assessed the external commitments of each Board member to ensure they have the time to properly fulfil their responsibilities as Directors of Burberry. The Committee recommended that all Directors stand for re-election or election at this year's AGM. Subsequent to this assessment, Jeremy Darroch has informed the Company that he will not stand for re-election at the 2020 AGM.

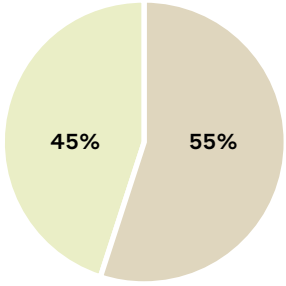
BOARD AND COMMITTEES EFFECTIVENESS

The Committee carried out an assessment of its performance as part of the Board and Committees evaluation process described on page 136.

A HIGHLY SKILLED AND BALANCED BOARD

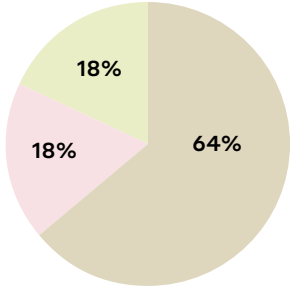
We have a balanced Board with complementary skills and experience enabling them to lead Burberry effectively.

GENDER



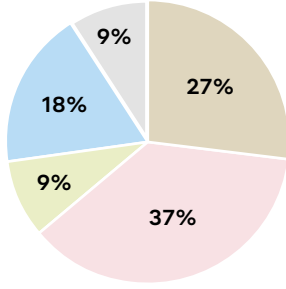
- Men
- Women

TENURE



- 0-3 years
- 3-6 years
- 6+ years

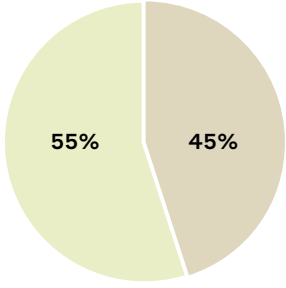
NATIONALITY



- US
- Irish
- UK
- Italian
- Australian

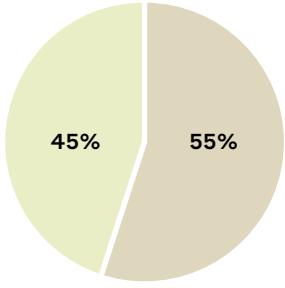
The diversity in our tenure, gender and nationality enables us to have sufficient balance to ensure the Board composition principles are maintained.

LUXURY GOODS



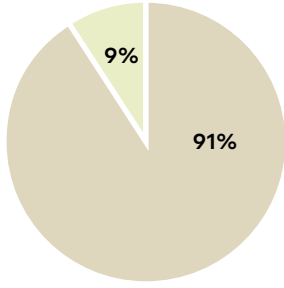
5 Directors

DIGITAL AND MEDIA



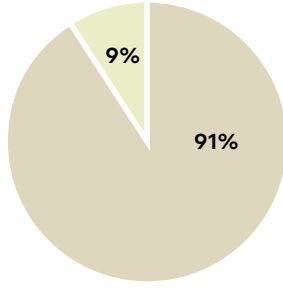
6 Directors

RETAIL, SALES AND MARKETING



10 Directors

OPERATIONAL EXCELLENCE



10 Directors

Each Board member brings a wide range of experience, skills and backgrounds, which complement the Group's strategy. All Board members have strong leadership experience at global businesses.

DIRECTORS' REMUNERATION REPORT

CONTENTS

ORNA NíCHIONNA
Chair, Remuneration Committee

DEAR SHAREHOLDER,
I am pleased to present to you the Directors' Remuneration Report (DRR) for the year ended 28 March 2020, which has been approved by both the Remuneration Committee (the Committee) and the Board.

I am writing this letter from my home, and you may well read it at your home, during this extraordinary period of lockdown. I have been very impressed by the huge efforts made throughout Burberry to maintain our Company's focus and agility in this difficult period; and I am particularly proud of our recent practical initiatives to help address some of the immediate challenges posed by COVID-19, such as turning our factory in Yorkshire over to the manufacture of medical scrubs and our donations of PPE via our supply chain to frontline health workers. From 1 April, the Executive Directors voluntarily reduced their base salary by 20% for a three-month period, with the equivalent cash amount to be donated by the Company to The Burberry Foundation COVID-19 Community Fund. The Chairman and the Non-Executive Directors did likewise with their fees.

During FY 2019/20 we made very good progress on the implementation of our strategy. Our product ranges made a big impact, achieving substantial global coverage, and were supported by creative marketing campaigns both online and through traditional media, which resonated well with our customers, especially in China. We have also continued to invest in transforming our enabling corporate functions and our product distribution to improve business speed, efficiency and resilience. Much more remains to be done, but the sales trends until the fourth week in January this year, prior to the outbreak of the COVID-19 pandemic, were strong indicators that the Company was on track with the transformation.

Despite this excellent progress, our sales fell sharply towards the end of January following the COVID-19 outbreak and steps taken by governments and authorities to limit its spread. The impact of this on our performance resulted in incentive targets for the year not being met. As a result, there will be no bonus payments for FY 2019/20 for the Executive Directors and their 2017 awards under the Burberry Group plc Executive Share Plan 2014 (ESP) will not vest.

During FY 2020/21 we will continue to have the dual challenge of managing the ongoing disruption to the business caused by COVID-19 while building on the momentum of the strategy to date. We will need to do this in the parts of the world where stores have reopened and where something approaching normality is resuming, and through continuing to connect with our customers in parts of the world where stores remain closed. Our Executive Team are adapting the execution of the strategy and key elements of our operations to protect the health and safety of our employees and customers, to ensure we optimise our sales and to take appropriate mitigating cost and cash conservation actions. This is a very demanding agenda but the commitment and resilience shown by our colleagues over the past months and the intensive work that has been undertaken give me confidence that Burberry will come through this disruption as a stronger company.

"The Committee kept our long-term strategy and the nature of the luxury market firmly in mind as part of the remuneration policy review undertaken this year"

DIRECTORS' REMUNERATION POLICY

Becoming a True Global Luxury Brand

In November 2017, our CEO Marco Gobbetti set out our multi-year strategy to re-energise our brand, product and customer experience to establish our position firmly in luxury to enable us to drive sustainable growth and higher margins over time. Elevating our brand in this way requires us to reshape our offer, increasing and invigorating our products; and it requires us to make our customer experience truly exceptional and memorable, both in store and online. We are focused on communicating the vision for the brand in a creative and consistent way, through compelling advertising and innovative and inspiring content and storytelling on social media; and by reimagining our flagship stores and creating interactive experiences. Successful execution of this ambitious strategy will establish us as a true global luxury brand that can deliver enhanced long-term sustainable value for our shareholders. As mentioned above, the first two years of this strategy have been successful, but there is much more hard work to be done to achieve a sustainable luxury market position.

New Burberry Share Plan

The Committee kept our long-term strategy, the nature of the luxury market and our company purpose firmly in mind when reviewing its options as part of the remuneration policy review undertaken this year. After careful consideration, the Committee has determined that a restricted share plan fits better with the characteristics of the luxury industry, of which Burberry is a part, than a traditional long-term incentive plan. Indeed many of our global competitors - predominantly non-UK based and privately owned businesses - use restricted shares to reward their leaders.

We are therefore proposing to move away from the ESP and to introduce a new restricted share plan (the Burberry Share Plan 2020, BSP) under which the Executive Directors will receive awards with a lower value than under the ESP and subject to performance underpins. We believe that a restricted share plan is the right approach to support Burberry's long-term strategy for the following reasons:

- The key to success when building a truly compelling and resilient global luxury brand is to focus on elevating the brand over the long term to enhance its desirability and value. This requires highly specialist skills and steady investment to harness and amplify the creative vision consistently around the world over a number of years through the actions I have referred to earlier.
- It also requires the business to be agile and make the right investments when the opportunities arise to drive performance over the long term. For example, we have recently had opportunities to occupy super premium sites for flagship stores in Paris and in Shenzhen, China; key opinion-forming cities with influence far beyond their local populations. These stores require substantial initial investment to create spectacular physical spaces and in-store experiences which will significantly enhance our customer offering and global brand impact, thus driving improved revenues and margins over the long term.
- When building a long-term brand, it is important to avoid using levers that only enhance short-term revenues and profit, such as expanding distribution into non image-building stores or the use of excessive discounting, which can be damaging for the brand and long-term value for shareholders.

- The Committee believes that the proposed BSP will encourage management to focus on executing the transformation strategy to position Burberry firmly as a luxury brand, to provide the flexibility to make the right investments at the right time and to discourage the use of levers to increase revenue and profit in the short-term at the expense of the long-term shareholder experience.
- Our intention is that this approach will operate for all participants eligible for our long-term incentive and the Committee believes that moving to a restricted share plan approach will allow us to compete for the best talent in the market and enhance retention.
- A restricted share plan aligns Executive Directors with shareholders and provides a simple and transparent reward structure.

The maximum award under the proposed policy under the new BSP for the Chief Executive Officer (CEO) will be 162.5% of salary and the maximum award for the Chief Operating and Financial Officer (CO&FO) will be 150% of salary. This is half the level of awards under the current ESP, reflecting best practice and shareholder expectations.

Awards will vest in equal tranches three, four and five years following the date of award. This represents an extension of the vesting period compared to the ESP, which vests after years three and four. Awards will be subject to a holding period so that the total time horizon before any potential sale of shares (except to cover any tax liabilities arising from the award) is five years for the entire award. Vesting of BSP awards for the Executive Directors will be subject to performance underpins.

Other changes to policy
The Committee has also made the following changes to the Directors' Remuneration Policy to reflect evolving market practice and shareholder expectations and to comply with the 2018 UK Corporate Governance Code (the Code):

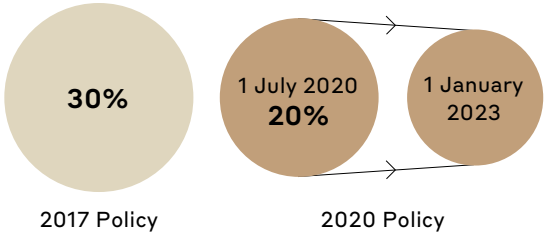
- Reduction in pension for current Executive Directors: the Committee has listened to shareholder views around aligning pension for Executive Directors with the rate available for the wider workforce. The Committee is also mindful that the pension allowance for the Executive Directors was agreed as part of their contractual arrangements for fixed pay at the time of their external recruitment in 2017. In light of this, the Committee has agreed with the Executive Directors that their pension allowance will be reduced by one third, from the current rate of 30% of base salary to 20% of base salary from 1 July 2020. In line with best practice and shareholder guidance, the pension allowance will then be further reduced on 1 January 2023 to align with the maximum rate available to the majority of the UK workforce at that time. This rate is currently 6% of salary but the Company intends to review the workforce pension offering over the next two to three years.
- Further reduction in pension for new appointments: the maximum pension allowance for any new Executive Director appointments to the Board is being further reduced to align with the maximum employer pension contribution rate available to the majority of the UK workforce (currently 6% of salary). As noted above the Company intends to review the workforce pension offering over the next two to three years.
- Introduction of post-employment shareholding guidelines: in light of evolving market practice and to comply with the Code, the Committee is proposing to introduce a post-employment shareholding guideline. Executive Directors will be expected to maintain a minimum shareholding of 300% of salary (or actual shareholding if lower) for two years following stepping down as an Executive Director. The guidelines will apply to shares from incentive awards vesting from the date of adoption of the policy.

CHANGES FOR FY 2020/21

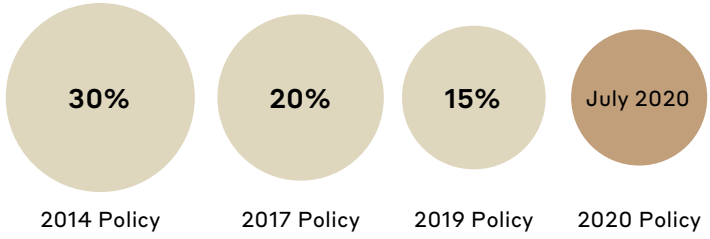
Pensions

With effect from July 2020 we are making changes to our Directors' Remuneration Policy in relation to pension allowances. From 1 January 2023 the maximum employer pension contribution rate for Executive Directors will be aligned with the rate available for the majority of the UK workforce.

Current Executive Directors - Pension Allowance % of base salary



New Executive Directors - Pension Allowance % of base salary



Subject to shareholder approval in July 2020, we are also introducing a new share plan, the BSP, and introducing post-employment shareholding guidelines:

Long-term incentive plan

FY 2019/20 → FY 2020/21

ESP → BSP

- Restricted share awards subject to performance underpins
- Maximum award of 162.5% of salary for CEO and 150% of salary for CO&FO (50% of previous ESP award level)
- Vesting in equal tranches three, four and five years after award with a holding period of five years from award

Shareholding guidelines

In-employment shareholding guidelines

Post-employment shareholding guidelines

Policy applies to incentive awards vesting from July 2020 onwards

FY 2020/21 REMUNERATION APPROACH

Burberry operates a simple framework cascaded through the business

Burberry's broad remuneration framework, consisting of fixed pay, short-term incentives and long-term share awards, is cascaded across all employees in the Group.

FIXED PAY	SHORT-TERM INCENTIVES	LONG-TERM SHARE AWARDS
Consists of salary, benefits and pension	All employees are eligible for performance-related pay based on short-term performance	All employees may participate in Burberry share plans

For FY 2020/21 the policy will apply as follows for the Executive Directors:

SALARY	BENEFITS	ANNUAL BONUS	BURBERRY SHARE PLAN (BSP)
Marco Gobbetti: £1,140k Julie Brown: £725.5k (With effect from 1 July 2019; no increase awarded on 1 July 2020) From 1 April 2020 the Executive Directors voluntarily reduced their base salary by 20% for a three-month period, with the equivalent cash amount being donated by the Company to The Burberry Foundation COVID-19 Community Fund	Pension: 20% of salary from 1 July 2020, reducing to align with the maximum rate available to the majority of the UK workforce from 1 January 2023 Pension for new appointments reduced to align with the majority of the UK workforce Cash allowances and non-cash benefits	For FY 2020/21 the annual bonus will be limited to 25% of the normal maximum (i.e. 50% of salary), determined at year end taking into account performance against strategic objectives (response to COVID-19 and sustainability), overall business performance and shareholder experience 50% of any net amount received to be invested in Burberry shares until shareholding guideline met	Marco Gobbetti: 162.5% of base salary Julie Brown: 150% of base salary Award levels for 2020 to be reviewed before grant taking into account the share price at the time Awards vest in equal tranches three, four and five years from date of award subject to performance underpins based on three key areas: • Revenue • Group Return on Invested Capital • Brand value and sustainability Shares subject to a holding period of five years from award

OTHER Shareholding guidelines of 300% of salary
Post-employment shareholding guidelines introduced
Discretion, malus and clawback provisions on all annual and long-term incentives (other than all-employee share plans)

Salary and Board Fees
Senior staff, including Marco Gobbetti and Julie Brown, will not receive a salary increase for FY 2020/21. Their salaries will therefore continue to be £1,140,000 and £725,500 respectively. There will also be no increase in fees for the Chairman or the Non-Executive Directors. As mentioned in my introduction, the Board of Directors have agreed to a voluntary 20% reduction in their base salary and fees from 1 April 2020 for three months, with the equivalent cash amount to be donated by the Company to The Burberry Foundation COVID-19 Community Fund.

Annual bonus
The maximum annual bonus is normally 200% of base salary. Our intention is that bonus will normally be based 75% on adjusted operating profit targets and 25% on performance against strategic objectives.

However, in light of the uncertainty and challenges for the forthcoming year following the outbreak of COVID-19, the operation of the annual bonus will be modified for FY 2020/21. The maximum annual bonus that can be earned will be limited to 25% of the maximum, i.e. 50% of base salary. The Committee will determine the annual bonus for FY 2020/21 at the year-end taking into account performance against strategic objectives set around the Company's response to, and recovery from, COVID-19 (for example, the Company's cost mitigation programme, working capital management and supply chain management) and our strategy to build a more sustainable future (primarily focusing on product sustainability and carbon reduction), overall business performance and shareholder experience.

BSP awards
As noted earlier, going forward, awards under the ESP will be replaced with awards of restricted shares under the BSP. The maximum BSP award for the CEO will be 162.5% of base salary and the maximum award for the CO&FO will be 150% of base salary. Awards will vest in equal tranches after three, four and five years following the date of award, subject to a holding period to the fifth anniversary of award.

If the Company does not meet one or more of the performance underpins over the relevant vesting period then the Committee would consider whether it was appropriate to scale back the level of pay-out under the award to reflect this. The Committee would retain discretion to determine what level of scale-back was appropriate. It has proven challenging to select appropriate underpins at present with 50% of our stores closed and uncertainty in the global economic context which is giving rise to a wide range of external market forecasts, all of which are projecting a significant fall in the luxury market. Having considered the forecasts that are applicable and relevant to our sector, the Committee has determined to use the following performance underpins for the 2020 awards:

- Revenue – the level of Total Revenue at Constant Exchange Rates for the financial year which precedes the year of vesting being at least £2,000m
- ROIC - the level of Group Return on Invested Capital at reported exchange rates for the financial year which precedes the year of vesting being ahead of the Weighted Average Cost of Capital (WACC) currently c.9%
- Brand value and sustainability - appropriate progress having been achieved in respect of our brand value and our strategy to build a more sustainable future:
  - Brand value having shown appropriate progress over the vesting period, including relative to peers. The intention is that progress would be assessed taking into account a range of measures including the use of a third party assessment of brand value. The peer group will contain a range of peers, equivalent to our current level in the luxury market.
  - Appropriate progress with regards to our longer-term sustainability goals set as part of our strategy to build a more sustainable future.

The intention of the performance underpins is to provide a 'safeguard' to ensure that the BSP awards do not pay out if the Company has underperformed and vesting is not justified. The Committee believes that the selected underpins reflect a good overall balance of safeguarding the financial stability of the business, delivery of the strategy and elevation of the brand. The use of ROIC ensures a continued focus on the delivery of adjusted operating profit and secures a return on investment for shareholders.

These underpins have been selected to reflect the Company's key priorities for the medium term. The Committee will review the underpins ahead of the 2021 award and may select different underpins at that time.

In addition to the underpins described above the Committee also retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where underpins are no longer considered appropriate or where the vesting outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

The Committee is mindful of shareholder guidance that, where the share price has fallen significantly compared to prior years, it should take this into account when determining award levels. We are not due to grant awards until after the AGM this year and the Committee will very carefully consider the level of award for 2020 to ensure that it is appropriate.

FY 2019/20 PERFORMANCE AND REMUNERATION OUTCOMES

The annual bonus for FY 2019/20 was based on adjusted PBT performance. ESP awards granted in July 2017 were based 50% on adjusted PBT, 25% on revenue and 25% on ROIC.

Until the outbreak of COVID-19 in January 2020 Burberry had been performing strongly: the new ranges were very well received and the strategy on which we had embarked was being executed well with increasing momentum, despite the disruptions in Hong Kong S.A.R., which is a significant market for Burberry. In January 2020 we were tracking to pay an annual bonus at around target level and for ESP awards to vest at just above threshold levels. As a result of the outbreak of COVID-19, there was a sudden significant decrease in sales from the end of January 2020 following widespread store closures. This reduced performance to below the threshold targets and therefore, as I indicated in my introduction, no bonus will be paid with respect to FY 2019/20 and the 2017 ESP award will not vest.

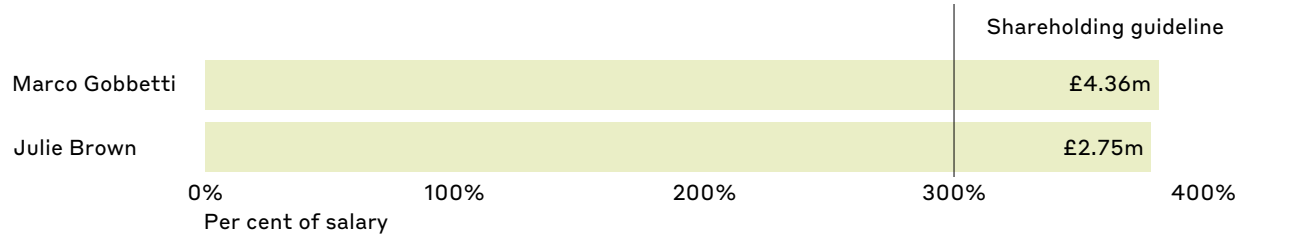
Single figure for FY 2019/20

The chart below shows the breakdown of the single figure total remuneration for the Executive Directors in respect of FY 2019/20.

Note that no bonus is payable for FY 2019/20 and the 2017 ESP award will not vest.

Alignment between Executive Directors and shareholders

Executive Directors are subject to a shareholding guideline of 300% of salary, which drives long-term alignment with investors. The chart below illustrates the value of holdings at the year end and the status against the guideline. Both Marco Gobbetti and Julie Brown had met the shareholding guideline (see page 177 for more detail).



BROADER EMPLOYEE REWARD

When considering the remuneration arrangements for the Executive Directors and the Executive Committee, the Committee continues to take into account remuneration throughout the Group. During the year, the Committee continued to consider information on the policies and practices which exist throughout the business. We noted that, although Burberry has a diverse global workforce, the same broad underlying framework for remuneration and reward is cascaded throughout the Group, most notably the significant role of variable remuneration, including participation in share-based incentives. We also discussed our approach to, and results of, Burberry's gender pay gap reporting.

During the year we established the Global Workforce Advisory Forum, a group of employees drawn from a range of roles and locations, which was formed to support the Board in better understanding the views of the workforce as part of its decision-making process. During the year, the Global Workforce Advisory Forum received a briefing from the VP Head of Reward on the Company's approach to setting and determining executive remuneration policy. Our Chairman, Gerry Murphy, and I (as Remuneration Committee Chair) also met with the Global Workforce Advisory Forum twice during the year and gained direct feedback from colleagues on how we approach remuneration and the application of this across the organisation. This was a wide-ranging debate covering executive reward as well as all-employee reward. It gave the Committee good insights into our colleagues' views on how we can drive engagement and productivity through improved simplification and clear communication and consequently better motivate and inspire our people.

ENGAGEMENT WITH SHAREHOLDERS

We remain committed to engagement with our shareholders to ensure an open and transparent dialogue around executive remuneration arrangements at Burberry.

During the year, I engaged with nearly all of our top 20 shareholders on our proposed changes to the Directors' Remuneration Policy. We were very pleased with the level of shareholder support received for the adoption of the restricted share plan (BSP) with many shareholders commenting that they believe it is the right incentive to support our strategy and drive brand value within the current luxury environment. Shareholders were also supportive of the steps we have taken to align with best practice, particularly the changes to pension and the introduction of post-employment shareholding guidelines.

I would like to thank shareholders for all their feedback this year. I look forward to gaining your support on the Directors' Remuneration Policy and the Directors' Remuneration Report at the Annual General Meeting in July.

ORNA NíCHIONNA
Chair, Remuneration Committee

SUMMARY OF CHANGES TO DIRECTORS' REMUNERATION POLICY AND APPROACH TO IMPLEMENTATION FY 2020/21

ELEMENT		APPROACH FOR FY 2019/20	APPROACH FOR FY 2020/21	CHANGES
SALARY		Salaries from 1 July 2019: CEO – £1,140,000 CO&FO – £725,500	Salaries from 1 July 2020: CEO – £1,140,000 CO&FO – £725,500	No increase in salaries from 1 July 2020. The CEO and CO&FO agreed to waive 20% of salary between April and June 2020 with the equivalent cash amount donated by the Company to The Burberry Foundation COVID-19 Community Fund.
ANNUAL BONUS	**Opportunity**	Maximum 200% of salary. Executives are required to invest 50% of any net bonus into shares until shareholding guidelines are met. Malus and clawback provisions apply.	For FY 2020/21 the annual bonus will be limited to 25% of the normal maximum, i.e. 50% of salary. Executives are required to invest 50% of any net bonus into shares until shareholding guidelines are met. Malus and clawback provisions apply.	In light of the uncertainty and challenges for the forthcoming year following the outbreak of COVID-19, the operation of the annual bonus will be modified for FY 2020/21. It is intended that for FY 2021/22 the annual bonus will revert to the normal structure (200% of salary based 75% on adjusted operating profit targets and 25% on strategic objectives).
	Performance measures	100% adjusted PBT.	The Committee will determine the annual bonus taking into account performance against strategic objectives (response to and recovery from COVID-19 and sustainability), overall business performance and shareholder experience.	
LONG-TERM INCENTIVE PLAN	**Opportunity**	ESP plan operated with vesting based on the achievement of performance targets. Maximum annual award levels: CEO – 325% of salary CO&FO – 300% of salary Vesting periods – three years 50%; four years 50%. Holding period to fifth anniversary of award while in employment. Malus and clawback provisions apply.	ESP replaced with a restricted share plan (the BSP) with a lower award level and performance underpins. Maximum annual award levels: CEO – 162.5% of salary CO&FO – 150% of salary Awards vest one third after three years, one third after four years and one third after five years. Awards subject to a holding period to fifth anniversary of award. Malus and clawback provisions apply.	ESP replaced by BSP. 50% reduction in award levels. The Committee is mindful of shareholder guidance that, where the share price has fallen significantly compared to prior years, the Committee should take this into account when determining award levels. We are not due to grant awards until after the AGM this year and the Committee will very carefully consider the level of award for 2020 to ensure that it is appropriate.

ELEMENT		APPROACH FOR FY 2019/20	APPROACH FOR FY 2020/21	CHANGES
LONG-TERM INCENTIVE PLAN	**Performance measures/ underpin**	Awards based: • 50% on adjusted PBT • 25% on Revenue • 25% on ROIC	The performance underpins for the 2020 awards are as follows: • Revenue – the level of Total Revenue at Constant Exchange Rates for the financial year which precedes the year of vesting being at least £2,000m • ROIC – the level of Group Return on Invested Capital at reported exchange rates for the financial year which precedes the year of vesting being ahead of the Weighted Average Cost of Capital (WACC) currently c.9% • Brand value and sustainability – appropriate progress having been achieved in respect of our brand value and our strategy to build a more sustainable future	Performance underpins introduced for BSP.
PENSION		CEO and CO&FO – 30% of salary Any new external appointment – 15% of salary	CEO and CO&FO – Pension reduced to 20% of base salary from 1 July 2020, with a further reduction to align with the maximum rate available to the majority of the UK workforce from 1 January 2023. Any new appointment – in line with the maximum employer pension contribution available to the majority of the UK workforce (currently 6% of salary).	Reduction to pension for the CEO and CO&FO. Pension policy for new appointments reduced to align with the wider UK workforce.
BENEFITS		Cash benefits allowance – CEO (£80,000) and CO&FO (£30,000) Non-cash benefits principally include private medical, long-term disability insurance and life assurance.	Cash benefits allowance – CEO (£80,000) and CO&FO (£30,000) Non-cash benefits principally include private medical, long-term disability insurance and life assurance.	There has been no change to the approach to benefits. The drafting of the benefits policy has been simplified to add clarity to our intended approach.
SHAREHOLDING GUIDELINES		300% of salary	300% of salary Post-employment shareholding guideline introduced whereby Executive Directors will be expected to retain a shareholding of 300% of salary (or actual shareholding if lower) for two years after stepping down as an Executive Director. The guidelines will apply to shares from incentive awards vesting from July.	Post-employment shareholding guideline introduced, reflecting Investment Association best practice.

2020 DIRECTORS' REMUNERATION POLICY

Burberry's Directors' Remuneration Policy as set out in this report (the 2020 Remuneration Policy) will be put to shareholders for approval at the 2020 AGM to be held on 15 July 2020. It is the Committee's intention that the 2020 Remuneration Policy will apply to payments made from the date of the 2020 AGM.

The Committee believes that Burberry's executive remuneration should be simple and transparent while being linked to business performance and strategic direction, taking into account the global markets in which the Company operates and from which it recruits talent as well as our approach to remuneration throughout the Group. The 2020 Remuneration Policy has been developed taking into account the following principles:

- **Simple and clear:** the remuneration framework should be simple and transparent to ensure that it is clear to shareholders, participants and other stakeholders. Our policy is that Executive Directors only participate in an annual bonus and a single restricted share plan, the BSP, going forward to ensure this simplicity. Incentive awards are capped so that the maximum potential award under each plan is transparent.
- **Aligned to culture, purpose and the wider workforce:** the remuneration framework has been designed to support our culture and business purpose. When developing the 2020 Remuneration Policy the Committee reviewed in detail our approach to remuneration throughout the organisation to ensure that arrangements are appropriate in the context of our approach to reward for the wider workforce.
- **Linked to the performance and strategy of the business:** the remuneration framework should provide a balance between incentivising key short-term objectives through the annual bonus and long-term business objectives and shareholder value creation through the BSP. More detail on the Company's Key Performance Indicators linked to executive remuneration and their strategic alignment is set out on pages 32-34.
- **Shareholder value and alignment:** remuneration should provide close alignment with long-term value creation for shareholders through the selection of appropriate performance measures and targets for the annual bonus and performance underpins for the BSP. Remuneration should also be aligned to the future success of the Company, and should emphasise variable reward outcomes and deliver a significant proportion of remuneration in shares, some of which are expected to be retained in accordance with the shareholding guidelines. From 2020, we have introduced a post-employment shareholding guideline which supports this alignment after the Executive Director steps down. Annual bonus plan targets are normally set taking into account our strategic plan as well as external expectations of performance. Annual bonus targets are set to ensure that maximum remuneration can only be earned for delivering exceptional performance while not encouraging excessive risk-taking. The performance underpins for the BSP are in place to ensure that failure is not rewarded.
- **Mitigating risk:** our remuneration framework should mitigate risk where appropriate. The 2020 Remuneration Policy includes provisions which enable the Committee to exercise discretion to ensure that incentive awards and outcomes are appropriate; it also includes provisions which allow for the application of clawback and/or malus in specific negative circumstances.
- **Competitive in the global talent market:** total remuneration should be sufficient to attract, motivate and retain exceptional talent. The Committee takes into account Burberry's main global luxury competitors for talent and comparable UK companies when considering the total remuneration for Executive Directors. The Committee recognises that, for each Executive Director, the relative importance of these reference groups may be different depending on the skills and experience required to undertake the specific role.

POLICY TABLE – EXECUTIVE DIRECTORS

BASE SALARY

To recognise the responsibilities, experience and ability of our Executive Directors in a competitive global environment, keeping our people focused on and passionate about the brand.

Operation	Maximum opportunity	Performance measures
The Committee sets base salary taking into account: • the individual's skills, experience, performance and overall contribution to the business • salary levels at other companies of a similar size and complexity in both the UK and the broader luxury sector • pay and conditions elsewhere in the Group • the impact of any base salary increase on the total remuneration package Any salary increases are normally effective from 1 July.	While there is no maximum salary, increases will normally be in line with the typical increases awarded to other employees in the Group. However, increases may be above this level in certain circumstances, such as: • where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience and performance warrants this • where an Executive Director has been promoted or has had a change in responsibilities • where there has been a significant change in market practice	n/a

PENSION

To offer market-competitive benefits.

Operation	Maximum opportunity	Performance measures
Executive Directors participate in defined contribution arrangements. Participants may elect to receive some or all of their entitlement as a cash allowance.	The maximum company contribution or allowance for the current Executive Directors from 1 July 2020 is 20% of base salary per annum (prior to 1 July 2020 the maximum contribution or allowance was 30% of base salary per annum). From 1 January 2023 it is intended that the maximum company contribution or allowance will be reduced to align with the maximum company pension contribution available to the majority of the UK workforce (currently 6% of salary). For any new Executive Director appointments, the maximum pension contribution will align with the maximum company pension contribution available to the majority of the UK workforce (currently 6% of salary).	n/a

ANNUAL BONUS
To reward Executive Directors for achieving annual targets linked to the strategic plan agreed by the Board.

Operation	Maximum opportunity	Performance measures
Annual bonuses are normally paid in cash. Executive Directors are required to invest 50% of any net bonus earned into Burberry shares until shareholding guidelines are met. Bonuses are not pensionable. **Discretion:** the Committee may determine that it is appropriate to adjust the bonus outcome if, for example, outcomes are not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where targets are no longer considered appropriate or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders. Any adjustment would be within the limits of the policy. **Clawback provision:** during the period of three years from date of payment, the Company may seek to recover any bonus from individual Executive Directors in whole or in part in the event of a material misstatement in the Company's audited financial statements, if the bonus outcome has been incorrectly calculated or where the participant has engaged in serious misconduct (including breach of a Company policy) which results in serious reputational damage for the Company and/or which justifies, or could justify, summary dismissal of the participant.	Maximum annual bonus opportunity of 200% of base salary. Normally, 50% of the bonus shall pay out for target levels of performance with 25% of the bonus paying out for threshold levels of performance. The Committee has the discretion to adjust the portion of the award that pays out for threshold and/or target performance if appropriate.	The Committee shall determine performance measures for the bonus each year. These may include financial measures (for example profitability) and other metrics linked to the delivery of the business strategy or individual performance. In normal circumstances no less than 70% of the annual bonus will be based on financial measures. The Committee has the discretion in exceptional circumstances to adjust existing performance targets and/or set different measures if events occur outside of management's control or where the target no longer satisfies its original purpose of ensuring that pay is aligned with performance. Targets are normally set with reference to budget, the strategic plan, long-term financial goals and market expectations. Targets are considered to be commercially sensitive and will be disclosed retrospectively following completion of the relevant financial year provided they are no longer commercially sensitive.

BURBERRY SHARE PLAN (BSP)
To simplify the approach to long-term reward.
To focus Executive Directors on, and reward them for, sustainable long-term shareholder value creation and successful execution of the Company's long-term strategy.
To align Executive Directors' interests with those of shareholders.

Operation	Maximum opportunity	Performance measures
Awards are structured as conditional rights or nil-cost options to receive free shares on vesting. Awards will vest one third at the end of year three, one third at the end of year four and one third at the end of year five subject to performance underpins. A post-vesting holding period applies to awards granted under the BSP normally on a net-of-tax basis. Shares that vest will be subject to a sale restriction until the fifth anniversary of the date of award, aside from in very limited circumstances. If the Company does not meet one or more performance underpins at the date of vesting then the Committee would consider whether it was appropriate to scale back the number of shares that vest under the award. Dividend equivalents in respect of the value of dividends which would have been received during the vesting period and any holding period may be paid in shares or in cash in respect of shares that vest. **Discretion:** the Committee may determine that it is appropriate to adjust the vesting outcome if, for example, outcomes are not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where underpins are no longer considered appropriate or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders. Any adjustment would be within the limits of the policy, although it would be exceptional. **Malus and clawback provision:** unvested shares or awards may be forfeited or vested shares may be clawed back during the period of six years from date of grant in whole or in part in the event of a material misstatement in the Company's audited financial statements, if the vesting outcome has been incorrectly calculated or where the participant has engaged in serious misconduct (including breach of a Company policy) which results in serious reputational damage for the Company and/or which justifies, or could justify, summary dismissal of the participant.	Maximum awards are 162.5% of base salary	Performance underpins may be based around key financial and/or strategic measures and/or share price metrics. Performance underpins for awards granted in 2020 will relate to key financial stability metrics and strategic objectives. The Committee may use different performance underpins for future awards if deemed appropriate. Performance underpins will be set taking into account the business strategy and to ensure failure is not rewarded. Performance underpins will normally be disclosed ahead of each annual grant. Details of the performance achieved against the targets will normally be disclosed.

OTHER BENEFITS AND ALLOWANCES
To promote the wellbeing of employees, enabling them to focus on the business.

Operation	Maximum opportunity	Performance measures
Executive Directors receive a cash allowance to cover a range of benefits typically provided in the luxury market, such as clothing and car. Cash allowances are currently £80,000 per annum for the CEO and £30,000 per annum for the CO&FO. Other benefits for Executive Directors may include, but are not limited to: • private medical insurance • life assurance • long-term disability insurance • employee discount • participation in all-employee share plans on the same terms and up to the same maximum amounts as other employees in the UK Reasonably incurred expenses will be reimbursed. The Company may meet any tax liabilities that may arise on expenses. The Committee may introduce other benefits to the Executive Directors if this is considered appropriate taking into account the individual's circumstances, the nature of the role and practice for the wider workforce. Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (such as housing, schooling etc).	The cost of the provision of allowances and benefits varies from year to year depending on the cost to the Company and there is no prescribed maximum limit. However, the Committee monitors annually the overall cost of the benefits provided, to ensure that it remains appropriate.	n/a

SHAREHOLDING GUIDELINES
To align the interests of Executive Directors and shareholders and encourage long-term shareholding and commitment to the Company both in and post-employment.

Operation	Maximum opportunity	Performance measures
Executive Directors are expected to build and maintain a holding of Company shares equal to at least 300% of base salary. Executive Directors will normally be expected to maintain a minimum shareholding of 300% of salary (or actual shareholding if lower) for two years after stepping down as an Executive Director. This post-employment guideline will apply to shares from incentive awards vesting from the date of adoption of the policy. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.	n/a	n/a

Notes on share awards

1. Adjustment of share awards: the number of shares subject to an award (and the option price, where relevant) can be adjusted on a rights issue, special dividend, demerger or variation of capital or similar transaction. Subject to the plan rules, share awards can be satisfied by a cash payment equal to the value of shares the participant would otherwise have received. For Executive Directors, this provision will only be used in exceptional circumstances, such as where, for regulatory reasons, it is not possible to settle awards in shares.
2. In respect of our share plans, this table presents a summary of the key and relevant information for the plan rules. These plans will operate in accordance with the relevant plan rules as approved by shareholders (where applicable) and, in the case of the BSP, the description set out in the Notice of Meeting for the July 2020 AGM.

SUMMARY OF DECISION-MAKING PROCESS AND CHANGES TO POLICY

During the year, the Committee undertook a detailed review of the Directors' Remuneration Policy and determined that it was appropriate to replace the Burberry Group plc Executive Share Plan 2014 (ESP) with a new restricted share plan, the Burberry Share Plan 2020 (BSP), as the Group's current main long-term incentive plan, under which awards with a lower value will be granted subject to performance underpins. The Committee believes that the BSP will better support the execution of our strategy to elevate the Burberry brand and generate long-term shareholder value as well as providing a simpler and more transparent approach to reward. Further details of the rationale for the introduction of the BSP are provided in the Chair's statement on pages 151 to 158. Changes have also been made to the policy and our approach to implementation to reflect the Code, as well as recent developments in best practice. In determining the new 2020 Remuneration Policy, the Committee followed a robust process, which included discussions on the content of the policy at Committee meetings during the year. The Committee considered the input from management and our independent advisors, as well as considering best practice and guidance from major shareholders. The Committee considers the potential for conflicts of interest and manages them as necessary. No Director was present when their own remuneration was discussed.

A summary of the key differences between the 2020 Remuneration Policy and the 2017 policy is set out below.

- Introduction of a restricted share plan: as noted above the existing ESP has been replaced with a restricted share plan (BSP) under which awards with a lower value will be granted subject to performance underpins.
- Performance measures: the approach to performance measures under the annual bonus has been broadened to allow more flexibility to change performance measures for future years to ensure that they continue to be aligned with the strategy. The Committee's intention would be to consult with shareholders in advance if any material changes in performance measures are proposed.
- Pension: the maximum pension contribution for new Executive Director appointments has been reduced to align with the maximum employer pension contribution for the majority of the UK workforce (currently 6% of salary). Pension contributions for current Executive Directors have been reduced to 20% from 1 July 2020 and will be further reduced to align with the maximum employer pension contribution for the majority of the UK workforce from 1 January 2023.
- Post-employment shareholding guideline: a post-employment shareholding guideline has been introduced.
- Other changes have been made to the wording of the policy to increase flexibility, to aid operation, to increase transparency and to reflect typical market practice.

SELECTION OF PERFORMANCE MEASURES

- In light of the uncertainty and challenges for the forthcoming year following the outbreak of COVID-19, the operation of the annual bonus will be modified for FY 2020/21. The maximum annual bonus has been reduced and the Committee will determine the pay-out at year end, taking into account performance against strategic objectives set around the Company's response to and recovery from COVID-19 and our strategy to build a more sustainable future, overall business performance and shareholder experience.
- BSP awards are subject to performance underpins. For 2020, awards will be linked to financial measures, brand value and sustainability. These underpins have been selected as they are considered to be good yardsticks of the overall financial stability and sustainability of the organisation and are therefore aligned with shareholder value creation.

POLICY TABLE – NON-EXECUTIVE DIRECTORS

PURPOSE	OPERATION	MAXIMUM ANNUAL OPPORTUNITY
Chairman – fees To attract and retain a high-calibre Chairman by offering a market-competitive fee.	The Chairman is paid a single fee for all responsibilities. The fee level is reviewed at appropriate intervals by the Committee, taking into account time commitment, the experience and calibre of the individual and personal contribution and fee levels at other companies of a similar size and complexity. The fee is paid in cash.	There is no maximum fee level or maximum fee increase.
Non-Executive Directors – fees To attract and retain high-calibre Non-Executive Directors by offering market-competitive fees.	The Non-Executive Directors are paid a basic fee. The Chairs of the Audit and Remuneration Committees and the Senior Independent Director are paid an additional fee to reflect their extra responsibilities and the required time commitment. Fee levels are reviewed at appropriate intervals by the Board, taking into account time commitment and fee levels at other companies of a similar size and complexity. The Company may pay an additional fee to a Non-Executive Director should the Company require significant additional time commitment in exceptional circumstances. Fees are paid in cash.	There is no maximum fee level or maximum fee increase.
Chairman and Non-Executive Directors – other benefits To enable the Chairman and Non-Executive Directors to undertake their roles.	The Non-Executive Directors (other than the Chairman) receive a Board attendance allowance per meeting for attendance at Board meetings outside of their country of residence. Attendance allowances are paid in cash. As brand ambassadors, the Chairman and Non-Executive Directors receive discounts on Burberry products. Reasonably incurred expenses will be reimbursed. The Company may meet any tax liabilities that may arise on expenses. Additional benefits may be introduced if considered appropriate. The Chairman is eligible to receive healthcare cover and to have access to a car and driver.	Benefit levels are reviewed on an annual basis and the value can vary year on year. Any additional benefits will be set at a level appropriate to the role and the individual. The Company may meet any tax liabilities that may arise on expenses or benefits.

APPROVED PAYMENTS

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the 2020 Remuneration Policy set out in the document where the terms of the payment were agreed (i) before the policy came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' Remuneration Policy in force at the time they were agreed or were otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

POLICY ON RECRUITMENT AND PROMOTION ARRANGEMENTS

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- The package should be market-competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent.
- New Executive Directors will normally receive a base salary, benefits and pension contributions in line with the policy described on pages 162 to 165 and would also be eligible to join the bonus and share incentive plans up to the limits set out in the policy.
- In addition, the Committee has discretion to include any other remuneration component or award, including a performance-based award, which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Remuneration Report for the relevant year.
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such buy-out, the guiding principle would be that awards would generally be on a like-for-like basis unless this is considered by the Committee not to be practical or appropriate.
- Excluding any buy-out awards (referred to above), the maximum level of variable remuneration which may be awarded in respect of recruitment where a BSP award is made is 362.5% of salary (which is in line with the maximum limit under the annual bonus and BSP in this policy).
- Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits).
- If necessary, the Committee may enter into a service contract with a longer initial notice period to secure the appointment of an Executive Director from an environment where longer notice periods are market practice. The notice period would be reduced to 12 months or less on a rolling basis after the initial longer notice period of up to 24 months has finished.
- In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards.

To facilitate any buy-out awards outlined above, in the event of recruitment the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules, which allows for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

SUPPLEMENTARY INFORMATION

Remuneration policy in the rest of the Company

The remuneration arrangements for Executive Directors outlined earlier in this report are consistent with those for other senior executives, although quantum and award opportunities vary by executive level.

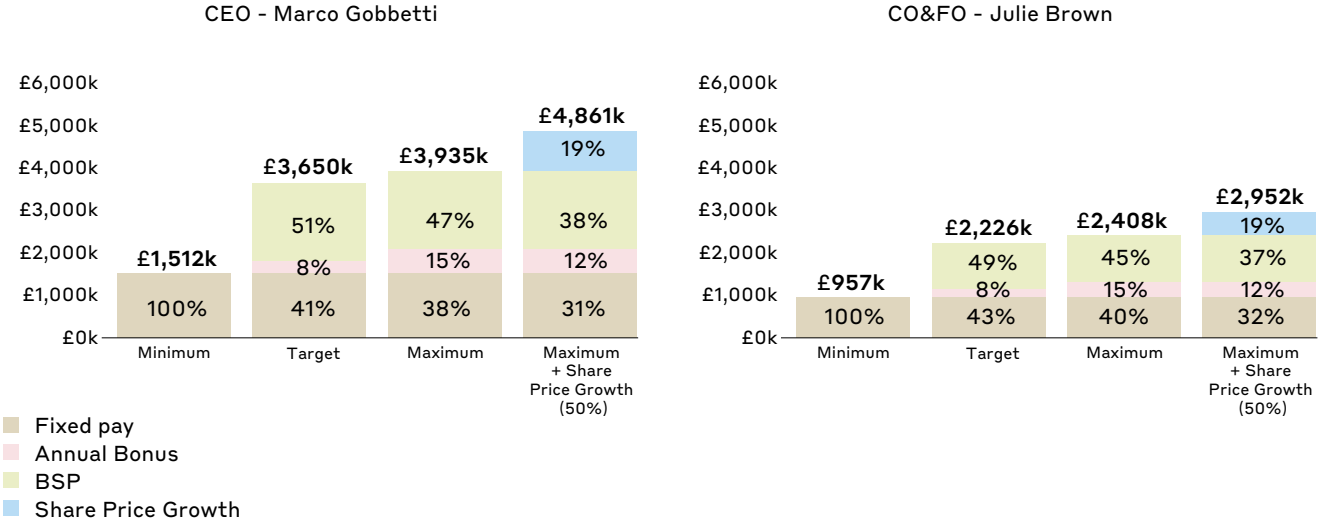
In making its decisions on executive remuneration, the Committee considers the reward framework for all employees worldwide, ensuring that the principles applied are consistent with the Directors' Remuneration Policy. Merit increases awarded to Executive Directors are determined within the broader context of employee remuneration. All our employees are eligible for a variable incentive based on performance and the principle of shareholder alignment is reflected throughout the organisation through our all-employee share plans, which are (where legally possible) extended to all eligible Burberry employees globally.

Burberry is a partner of the Living Wage Foundation and accredited as a UK Living Wage employer.

Indicative total remuneration levels

A substantial portion of Executive Director remuneration is dependent on Company performance. The charts below illustrate indicative levels of total remuneration which would be received by each Executive Director under the remuneration policy set out above for the first financial year in which the policy will apply (from 29 March 2020) at each of the following performance scenarios: (1) minimum, (2) target, (3) maximum, and (4) maximum + 50% share price growth.

Executive Director total remuneration at different levels of performance



Notes:

1. "Minimum" remuneration includes fixed pay only (salary from 1 July 2020 (£1,140k for Marco Gobbetti and £725.5k for Julie Brown)), pension from 1 July 2020 of 20% of salary, cash allowances (£80,000 for Marco Gobbetti and £30,000 for Julie Brown) plus the value of other non-cash benefits as disclosed in the single figure for FY 2019/20 (£64k for Marco Gobbetti and £56k for Julie Brown).
2. "Target" remuneration includes fixed pay plus target annual bonus (50% of maximum) and 100% vesting of the BSP award.
3. "Maximum" remuneration includes fixed pay plus maximum annual bonus (100% of opportunity) and 100% vesting of the BSP award.
4. "Maximum + 50% share price growth" is as outlined for the maximum scenario above with a 50% increase in share price applied to the BSP award.
5. The maximum annual bonus for FY 2020/21 is 50% of salary for both Executive Directors and the maximum BSP awards are 162.5% of salary for Marco Gobbetti and 150% of salary for Julie Brown.
6. No share price growth or dividend payments have been applied to share awards included in these indicative total remuneration figures other than where noted.

POLICY ON SERVICE AGREEMENTS AND TERMINATION PROVISIONS

Executive Directors

The Company's general policy on Executive Directors' service agreements is that they operate on a rolling basis with no specific end date and include a 12-month or less notice period both to and from the Company. The table below sets out information on service agreements for the current Executive Directors.

	Date of current service agreement	Date employment commenced	Notice period to and from the Company
Marco Gobbetti	11 July 2016	27 January 2017	12 months
Julie Brown	11 July 2016	18 January 2017	12 months

Standard terms on termination

Salary, benefits and allowances: Executive Directors continue to receive salary, benefits and allowances during their notice period. Pursuant to the terms of Business Protection Agreements (which set out restrictive covenants and terms relating to the non-solicitation of employees) in place with the Executive Directors, payments equal to monthly salary for the duration (which will not normally exceed 12 months) of certain restrictive covenants may be made if the employer chooses to enforce them to protect Burberry's continuing business. Any such payments will cease if the former Executive Director takes up alternative remunerative employment.

Annual bonus paid in cash: an executive considered to be a "good leaver" may remain eligible for an annual bonus payable at the normal time for the financial year in which they cease employment subject to achievement of bonus targets. Any bonus would normally be pro-rated taking into account the period of time the Executive Director was in active employment during the financial year. An Executive Director who has left employment for other reasons during the performance period or before the payment is due will normally not be eligible to receive an annual bonus. The Committee retains discretion to vary the approach and the payment of annual bonus to leavers, as outlined below.

BSP awards: for an Executive Director considered to be a "good leaver" before the third anniversary of the date of award, outstanding awards will normally be pro-rated for time over the first three years of the award and vest on the original vesting dates subject to the performance underpins. For an Executive Director considered to be a "good leaver" after the third anniversary of the date of award, outstanding awards will normally continue to vest in full on the original vesting dates subject to the performance underpins. Good leavers' awards will normally be required to remain subject to post-vesting holding periods and leaving employment will not normally impact shares already subject to a holding period. For an Executive Director who leaves for any other reason, any unvested BSP awards will normally lapse in full. The Committee retains discretion to vary the approach and the extent to which awards vest for leavers, as outlined below.

ESP awards: for an Executive Director considered to be a "good leaver" outstanding awards will normally be pro-rated for time and vest subject to performance on the original vesting date. For an Executive Director who leaves for any other reason during the performance period, ESP awards will normally lapse in full. Where an Executive Director leaves employment (other than in the event of gross misconduct) during any holding period they will continue to remain eligible to receive their shares at the end of the holding period. The Committee, however, retains discretion to allow shares to be released on cessation of employment. If an individual leaves for gross misconduct they will forfeit any awards which remain subject to a holding period. The Committee retains discretion to vary the approach and the extent to which awards vest for leavers, as outlined below.

Good leavers include leaving the Company on retirement, redundancy, ill health, as a result of death in service or in other circumstances determined by the Committee.

Other: reasonable disbursements (for example, legal or professional fees, relocation/repatriation costs) may be paid. Any other employee share plan entitlements (such as under all-employee share incentives) will be dealt with in accordance with the rules of the relevant plan and the Committee may exercise the discretions provided under those plans.

Discretion: the Committee retains discretion to approve payments to individuals based on individual circumstances and performance while in office or employment. In applying any such discretion, the Committee will make any decisions by considering the specific circumstances and performance of the individual and the best interests of shareholders and those of the remaining employees, including Executive Directors. Where awards are subject to performance conditions/underpins, these would normally be tested at the end of the relevant period(s) and any award which is allowed to vest would normally be pro-rated for time in office or employment.

Corporate events
Upon a change in control of the Company before the third anniversary of award, outstanding BSP awards will, unless the Committee determines otherwise, be pro-rated for time over the first three years of the award and vest, at the point of change in control, subject to the performance underpins. Upon a change in control of the Company after the third anniversary of award, outstanding BSP awards will, unless the Committee determines otherwise, vest in full, at the point of change in control, subject to the performance underpins. Outstanding ESP awards will, unless the Committee determines otherwise, be pro-rated for time and vest subject to performance at the point of change in control. Alternatively, BSP or ESP awards can be exchanged for equivalent awards over shares in the acquiring company. The Committee can also allow full or partial vesting on a demerger, special dividend, distribution in specie or if the participant is relocated in circumstances which would give rise to unfavourable tax treatment. Malus, clawback and holding period requirements will cease to apply following a change of control.

Any other employee share plan entitlements (such as under all-employee share incentives) will be dealt with in accordance with the rules of the relevant plan and the Committee may exercise the discretions provided under those plans.

Non-Executive Directors
The Non-Executive Directors serve under Letters of Appointment with the Company. Non-Executive Directors may continue to serve subject to annual re-election by shareholders at each AGM of the Company, subject to six months' notice by either party. There are no provisions for compensation for loss of office in the Letters of Appointment.

DEVELOPMENT OF 2020 REMUNERATION POLICY

In developing and reviewing the 2020 Remuneration Policy, the Committee is mindful of the views of shareholders and is sensitive to the relativities of arrangements for Executive Directors to those for employees more generally.

The Committee proactively seeks feedback from shareholders when considering any significant changes to remuneration for Executive Directors. The Committee also listens to and takes into consideration investor views more generally throughout the year. In developing this policy the Committee undertook a detailed consultation with shareholders to understand their feedback in relation to the changes proposed and modified the proposals in response to the feedback received.

Employees are free to communicate their views internally on any topic including the Directors' Remuneration Policy by using the Burberry internal social media platform or using the confidential employee helpline. In addition, many Burberry employees are shareholders, through the Sharesave and Free Share plans, and they, like other shareholders, are able to express their views on Directors' remuneration at each general meeting. Burberry regularly undertakes an Employee Engagement Survey. Views of our employees generally and on their remuneration will be taken into account when building future plans. The two-way dialogue we have developed with our Global Workforce Advisory Forum gives the Committee important insight into employees' views on the overall remuneration framework and how this aligns to the Directors' Remuneration Policy. However, given the scale, geographic spread and the diversity of roles of Burberry's employees, the Committee does not proactively consult with employees specifically on the remuneration policy for Directors.

ANNUAL REPORT ON REMUNERATION

FY 2019/20 TOTAL SINGLE FIGURE REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

The table below sets out the single figure of total remuneration received or receivable by the Executive Directors in respect of FY 2019/20 (and the prior financial year). The subsequent sections detail additional information for each element of remuneration.

	Salary £'000	Allowances and benefits £'000	Pension £'000	Bonus £'000	ESP[1] £'000	Total £'000
Marco Gobbetti						
Year to 28 March 2020	1,136	144	341	–	–	1,621
Year to 30 March 2019	1,117	135	335	1,340	1,151	4,078
Julie Brown						
Year to 28 March 2020	723	86	217	–	–	1,026
Year to 30 March 2019	711	72	213	853	169	2,018

Notes

1. The values shown in the ESP column in respect of FY 2018/19 represent the vesting of the 2016 ESP award. The values have been updated to reflect the share price on the date of vesting (30 January 2020) of £20.15. The figure disclosed in last year's single figure was £1,038k for Marco Gobbetti and £152k for Julie Brown. The amount now includes the value of dividends on these shares using a cumulative dividend per share of 124 pence. The share price used to calculate the number of shares at grant (30 January 2017) was £16.60. The share price of £20.15 used to value the ESP for single figure purpose represents an increase of £3.55 per share. The proportion of the 2016 ESP value disclosed in the single figure attributable to share price growth was therefore 18%. The Remuneration Committee did not exercise discretion in respect of the share price appreciation.

SALARY (AUDITED)

The table below details annual salaries as at 28 March 2020 and those that will apply from 1 July 2020. Salaries will not be increased from 1 July 2020. From 1 April 2020, the Executive Directors voluntarily agreed to waive 20% of their salary for a three-month period between April and June 2020 with the equivalent cash amount being donated by the Company to The Burberry Foundation COVID-19 Community Fund.

	As at 28 March 2020	As at 1 July 2020	% change
Marco Gobbetti	£1,140,000	£1,140,000	0%
Julie Brown	£725,500	£725,500	0%

PENSION (AUDITED)

In line with the approved Remuneration Policy and their respective service agreements, each Executive Director received an annual pension contribution or pension cash allowance of 30% of base salary. No Director has a prospective entitlement to receive a defined benefit pension.

The Committee is very much aware of shareholder views around aligning pension for Executive Directors with the rate available for the wider workforce. The Committee is also mindful that the pension allowance for Executive Directors was agreed as part of their contractual arrangements for fixed pay at the time of their appointments in 2017. In light of shareholder expectations and evolving market practice, the Committee has agreed with the Executive Directors that their pension allowance will be reduced from the current rate of 30% of base salary to 20% of salary from 1 July 2020. It will then be further reduced to align with the maximum employer pension contribution available to the majority of the UK workforce (currently 6% of salary) from 1 January 2023 in line with best practice.

The maximum pension allowance for new Executive Director appointments to the Board is also being further reduced to align with the maximum employer pension contribution rate available to the majority of the UK workforce (currently 6% of salary).

ALLOWANCES AND BENEFITS (AUDITED)

The table below details the cash allowances and non-cash benefits received by the Executive Directors during FY 2019/20 in accordance with the Policy and disclosed in the single figure table.

FY 2019/20 (£'000)	Cash allowance	Private medical insurance	Life assurance	Long-term disability insurance	Tax advice
Executive Directors					
Marco Gobbetti	80	17	33	6	8
Julie Brown	30	35	6	9	6

Our approach to benefits is unchanged during the year. The drafting of our 2020 Remuneration Policy has been simplified to clarify our approach.

ANNUAL BONUS OUTCOMES FOR FY 2019/20 (AUDITED)

The annual bonus for FY 2019/20 for the Executive Directors was based on adjusted PBT at Constant Exchange Rates (CER) in line with the Remuneration Policy.

The table below sets out the targets, the achieved performance and the level of pay-out for FY 2019/20.

Annual bonus for FY 2019/20	Maximum bonus opportunity (% of salary)	FY 2019/20 Adjusted PBT target (£m)	FY 2019/20 Adjusted PBT achieved (CER)* (£m)	FY 2019/20 bonus payment (% of maximum)	FY 2019/20 bonus payment (£'000)
Marco Gobbetti	200%	Threshold: 443.2			0
Julie Brown	200%	Target: 458.0	410	0%	0
		Maximum: 481.0			

* Adjusted PBT for bonus purposes is calculated using the average exchange rates of FY 2018/19 and on a pro forma basis reflecting results excluding the impact of adopting IFRS 16 Leases. Details of pro forma results for FY 2019/20 are set out on page 260. The level of adjusted PBT achieved for bonus purposes is therefore lower than the reported FY 2019/20 adjusted PBT (£414m).

Until the outbreak of COVID-19 in January 2020 Burberry had been performing strongly: the new ranges were very well received and the strategy on which we had embarked was being executed well with increasing momentum. For much of the year we were therefore tracking to pay an annual bonus at around target level. As a result of the outbreak of COVID-19, however, we saw a material negative impact on luxury demand. In late January, this was limited to disruption in Asia but the impact intensified throughout February and March resulting in stores being shut across Europe and the US. Profit performance was significantly impacted as a result of these store closures and as such overall adjusted PBT at CER for FY 2019/20 was below the threshold target and therefore no bonus was paid. The Committee did not exercise any discretion in relation to the bonus outcome for Executive Directors.

ANNUAL BONUS FOR FY 2020/21

In light of the uncertainty and challenges for the forthcoming year following the outbreak of COVID-19, the operation of the annual bonus has been modified for FY 2020/21. The maximum annual bonus that can be earned for FY 2020/21 will be limited to 25% of the maximum, i.e. 50% of base salary. The Committee will determine the annual bonus at the year end taking into account performance against strategic objectives set around the Company's response to and recovery from COVID-19 (for example, the cost mitigation programme, working capital management and supply chain management) and our strategy to build a more sustainable future (primarily focusing on product sustainability and carbon reduction), overall business performance and shareholder experience.

Our intention is to return to the normal bonus structure for FY 2021/22 onwards. The maximum annual bonus is normally 200% of base salary. Our intention is that bonus will normally be based 75% on Adjusted Operating Profit targets and 25% on performance against strategic objectives.

LONG-TERM INCENTIVE PLAN AWARDS

The following sets out details of:

- 2017 ESP awards vesting based on performance to FY 2019/20
- 2019 ESP awards granted during FY 2019/20
- 2020 BSP awards to be granted in FY 2020/21

2017 ESP AWARDS VESTING BASED ON PERFORMANCE TO FY 2019/20 (AUDITED)

Marco Gobbetti and Julie Brown hold 2017 ESP awards which are capable of vesting 50% on 31 July 2020 and 50% on 31 July 2021 based on performance over the period from 1 April 2017 to 28 March 2020. The table below sets out the targets and actual performance achieved.

Outcome of 2017 ESP award	Weighting	Threshold (15% of max)	Maximum	Actual performance	Vesting (% of max)
Annual growth in Adjusted PBT[1]	50%	2.0%	10.0%	-0.9%	0%
Annual growth in Revenue[1,2]	25%	1.0%	5.5%	0%	0%
Average Adjusted Retail/Wholesale ROIC	25%	16.2%	18.2%	14.9%	0%
Final vesting outcome					0%

1. The ESP outcome is calculated using the average exchange rates of the year on which the targets were based, as set out in the performance conditions to awards.
2. Performance was measured on a like-for-like basis against the targets, taking into account three changes in accounting over the period (the adoption of IFRS 15 and IFRS 16 and the move to retail calendar reporting). The adoption of IFRS 16 Leases has impacted the reported measurement of ROIC and adjusted PBT. As a result performance for FY 2019/20 was measured on a pro forma basis reflecting results excluding the impact of adopting IFRS 16 Leases. Details of pro forma results for FY 2019/20 are set out on page 260. None of the changes impacted the vesting outcome.

Burberry has made strong progress over the last three years in executing our transformation strategy and improving the financial performance of the business. Reflecting this progress, 2017 ESP awards were tracking to vest at just above threshold levels for much of the financial year. The outbreak of COVID-19, however, had a significant impact on our revenue and profit performance for the final two months of FY 2019/20. Adjusted PBT, Revenue and ROIC performance was therefore below the threshold target and no portion of this award will vest.

The Committee did not exercise any discretion in relation to the 2017 ESP outcome for Executive Directors.

2019 ESP AWARDS GRANTED DURING FY 2019/20 (AUDITED)

The table below summarises the ESP share awards granted to Executive Directors during FY 2019/20.

	Type of award	Basis of award	Shares awarded	Face value at grant (£'000)	Performance period
Marco Gobbetti	ESP share award	325% of salary	161,849	£3,705	3 years to
Julie Brown		300% of salary	95,078	£2,176	2 April 2022

- The ESP award was granted on 31 July 2019 and will vest 50% after three years and 50% after four years from grant date, subject to the performance conditions outlined below. Awards are granted in the form of nil-cost options.
- The face value of each award is calculated using the three-day average price prior to the date of grant (£22.8917), which was the price used to determine the number of shares awarded.

The performance targets for this award are as follows:

Performance targets for 2019 ESP award	Weighting	Threshold (15% of max)	Maximum
Annual growth in Adjusted PBT[1,3]	50%	4.0%	12.0%
Annual growth in Revenue[1]	25%	3.0%	8.0%
Average Adjusted Retail/Wholesale ROIC[2,3]	25%	13.5%	17.0%

1. The vesting outcomes are calculated using revenue and adjusted PBT as disclosed in the annual accounts, subject to any adjustments (down or up) made by the Committee to reflect CER and any other items deemed to be outside management's control.
2. Adjusted retail/wholesale ROIC measures the effective use of capital to ensure that returns on future investment are attractive. Adjusted retail/wholesale ROIC, for the purpose of the ESP performance measure, is measured over the three-year period on a reported currency basis. Following the adoption of IFRS 16 Leases, adjusted retail/wholesale ROIC for FY 2019/20 has been calculated based on pro forma results as though the previous leasing standard IAS 17 were being applied. A calculation of the adjusted retail/wholesale ROIC is included in the five-year summary on page 259.
3. Burberry has adopted IFRS 16 for lease accounting. To ensure fair and consistent performance measurement and in accordance with the ESP rules, the Committee will assess final performance for this award taking into account existing lease accounting methodology, which is consistent with the basis of the targets. Further disclosure will be provided at the time of vesting in the relevant report.

2020 BSP AWARDS TO BE GRANTED IN FY 2020/21

As already noted and subject to shareholder approval (separate from the shareholder approval for the 2020 Remuneration Policy), going forward Executive Directors will be granted awards under the BSP of a lower value with performance underpins rather than performance-based awards under the ESP. The Committee believes that the BSP is a simpler and more transparent reward structure which will enable management to focus on executing the transformation strategy to position Burberry firmly as a luxury brand, provide the flexibility to make the right investments at the right time and to discourage the use of levers to increase revenue and profit in the short term at the expense of the long-term shareholder experience. The maximum BSP award for the CEO will be 162.5% of salary with the maximum award for the CO&FO being 150% of salary. This is a 50% reduction compared to the current ESP award reflecting best practice and shareholders' expectations. Awards will normally vest in equal tranches after three, four and five years following the date of award. Tranches will be subject to a holding period so that the total time horizon before any sale of shares (except to cover any tax liabilities arising from the award) is five years for the entire award.

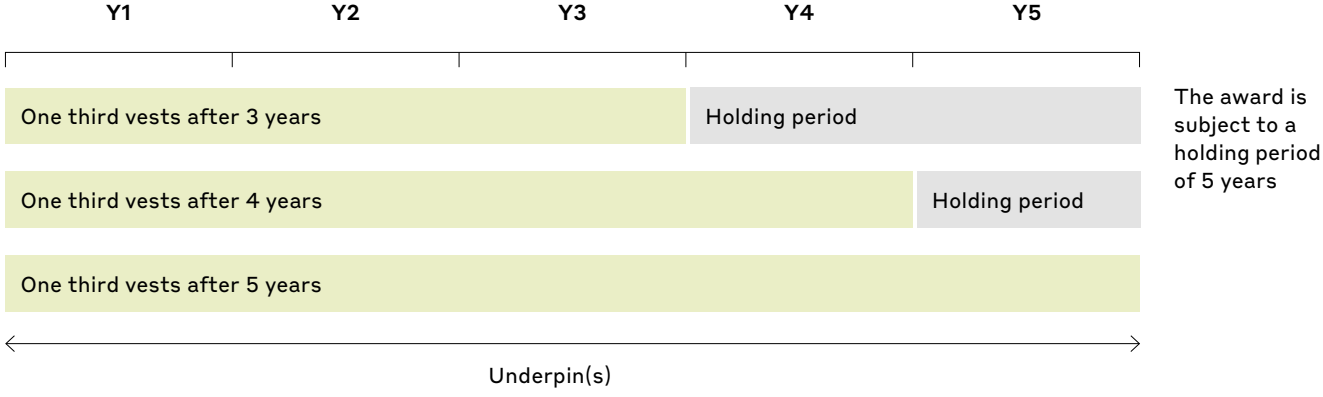
The Committee is mindful of shareholder guidance that, where the share price has fallen significantly compared to prior years, the Committee should take this into account when determining award levels. We are not due to grant awards until after the AGM this year and the Committee will very carefully consider the level of award for 2020 to ensure that it is appropriate.

If the Company does not meet one or more of the performance underpins outlined below for the year of vesting then the Committee would consider whether it was appropriate to scale back the level of pay-out under the BSP award. The Committee would retain discretion to determine what level of scale-back was appropriate. It has proven challenging to select appropriate underpins at present with 50% of our stores closed and uncertainty in the global economic context which is giving rise to a wide range of external market forecasts, all of which are projecting a significant fall in the luxury market. Having considered the forecasts that are applicable and relevant to our sector, the Committee has determined to use the following performance underpins for the 2020 awards:

- Revenue – the level of Total Revenue at Constant Exchange Rates for the financial year which precedes the year of vesting being at least £2,000m
- ROIC – the level of Group Return on Invested Capital at reported exchange rates for the financial year which precedes the year of vesting being ahead of the Weighted Average Cost of Capital (WACC) currently c.9%
- Brand value and sustainability – appropriate progress having been achieved in respect of our brand value and our strategy to build a more sustainable future:
    - Brand value having shown appropriate progress over the vesting period, including relative to peers. The intention is that progress would be assessed taking into account a range of measures including the use of a third party assessment of brand value. The peer group will contain a range of peers, equivalent to our current level in the luxury market.
    - Appropriate progress with regards to our longer-term sustainability goals set as part of our strategy to build a more sustainable future.

The intention of the performance underpins is to provide a 'safeguard' to ensure that the BSP awards do not pay out if the Company has underperformed and vesting is not justified. The Committee believes that the selected underpins reflect a good overall balance of safeguarding the financial stability of the business, delivery of the strategy and elevation of the brand. The use of ROIC ensures a continued focus on the delivery of adjusted operating profit and secures a return on investment for shareholders. The Committee is conscious that, given the intention of the underpins and the significant reduction in the face value of the restricted share awards compared to the previous ESP, it is important that the underpins are set at a level which provides a safeguard against poor performance rather than being a stretching target. The Committee believes that the underpins represent an appropriate level of performance for the restricted shares to vest taking into account the uncertainty and market challenges over the next few years as the world seeks to recover from COVID-19. The Committee will review the underpins ahead of the 2021 award and may select different underpins at that time.

In addition to the underpins described above the Committee also retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where underpins are no longer considered appropriate or where the vesting outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.



SHARE INTERESTS AND SHAREHOLDING GUIDELINE (AUDITED)

Executive Directors are subject to a shareholding guideline of 300% of base salary. There is no specific timeline in which shareholding guidelines must be achieved. However, there is an expectation that Executive Directors make annual progress towards their guideline, regardless of any annual bonus paid or shares vesting. The shareholding policy has been updated in line with the Investment Association best practice guidance such that, in addition to shares owned outright by the Executive Director, any incentive shares that have vested but are unexercised or are unvested but not subject to any further performance conditions will count towards the shareholding requirement at 50% of the face value.

The following table sets out the total beneficial interests of the Executive Directors (and their connected persons) in ordinary shares of Burberry Group plc as at 28 March 2020, as well as their progress against the shareholding guidelines. The table also summarises conditional interests in share or option awards, with further detail of the underlying awards in the subsequent table.

Based on the three-month average share price to 28 March 2020 (our standard approach to assessing the guideline), Marco Gobbetti and Julie Brown had both met the guideline.

	Beneficially held shares				Share/option awards		
Director	Number of shares beneficially owned as at 28 March 2020[1]	As % of salary[2]	Shareholding guideline (% of salary)	Guideline met as at 28 March 2020	Vested but unexercised awards[4]	Unvested – subject to performance	Unvested – subject to continued employment[5]
Marco Gobbetti	190,530	382%	300%	Yes	52,806	542,068	37,684
Julie Brown	107,833	379%	300%	Yes	76,952	318,424	5,322

1. There have been no changes in the period up to and including 22 May 2020.
2. Based on the three-month average share price as at 28 March 2020 of £18.57.
3. Marco Gobbetti did not exercise any options during the year. On 20 May 2019, Julie Brown exercised a nil-cost option over 8,250 shares granted to her on 30 January 2017 and retained these shares (post tax liabilities). The market value of Burberry shares on the date of exercise was £18.02.
4. In line with the updated shareholding guideline, only 50% of the face value of these shares count towards the Executive Director's shareholding guideline calculation.
5. This includes options granted in respect of buy-out awards, SAYE options and shares held under the all-employee SIP. In line with the updated shareholding guideline, 50% of the face value of these shares (excluding the SAYE options) count towards the Executive Director's shareholding guideline calculation.

The following table provides further underlying detail on the unvested awards at 28 March 2020 included in the table above.

Director	Type of award	Date of grant	Maximum number of shares/ options	Performance period	Vesting date(s)[6]
Marco Gobbetti	2016 ESP[1]	30 Jan 2017	26,915	3 years to 30 March 2019	30 January 21
	2017 ESP[2]	31 Jul 2017	207,687	3 years to 28 March 2020	50% on 31 July 20/50% on 31 July 21
	2018 ESP[3]	31 Jul 2018	172,532	3 years to 27 March 2021	50% on 31 July 21/50% on 31 July 22
	2019 ESP[4]	31 Jul 2019	161,849	3 years to 2 April 2022	50% on 31 July 22/50% on 31 July 23
	Buy-out[5]	8 Feb 2018	8,804	N/A	30 October 20
	SAYE	15 June 2018	1,920	N/A	1 September 2023
	SIP	31 July 2018 and 2019	45	N/A	23 on 31 July 2021/22 on 31 July 2022
Julie Brown	2016 ESP[1]	30 Jan 2017	3,953	3 years to 30 March 2019	30 January 21
	2017 ESP[2]	31 Jul 2017	121,998	3 years to 28 March 2020	50% on 31 July 20/50% on 31 July 21
	2018 ESP[3]	31 Jul 2018	101,348	3 years to 27 March 2021	50% on 31 July 21/50% on 31 July 22
	2019 ESP[4]	31 July 2019	95,078	3 years to 2 April 2022	50% on 31 July 22/50% on 31 July 23
	SAYE	15 June 2017	1,294	N/A	1 September 2020
	SIP	31 Jul 2017, 2018 and 2019	75	N/A	30 on 31 July 2020/23 on 31 July 2021/22 on 31 July 2022

1. The performance conditions and final vesting outcome for the 2016 ESP award are set out on page 134 of the Directors' Remuneration Report FY 2018/19. 50% of the award vested on 30 January 2020 and the remaining 50% is eligible to vest on 30 January 2021.
2. The performance conditions and final vesting outcome for the 2017 ESP award are set out on page 174. This award has now lapsed as the performance conditions have not been met.
3. The performance conditions for the 2018 ESP award are set out in the Directors' Remuneration Report FY 2018/19.
4. The performance conditions for the 2019 ESP award are set out on page 175.
5. This award of nil-cost options was granted to Marco Gobbetti in February 2018 to buy out awards forfeited on leaving his previous employer in order to join Burberry. Full details of these awards were provided in the Directors' Remuneration Reports FY 2016/17 and FY 2017/18. The award shown in the table above represents the final tranche of this award.
6. ESP awards are structured as nil-cost options and vested awards may be exercised in the period until 10 years from grant. Vested ESP awards may not be sold until five years from date of grant, other than to meet tax liabilities.

CEO REMUNERATION RELATIVE TO EMPLOYEES

The table below summarises the change in Marco Gobbetti's base salary, benefits and bonus received as CEO for FY 2019/20 compared to the prior year. The same data is also shown for the UK employee population.

Year-on-year change (%)	Salary	Allowances and benefits	Bonus
CEO	1.6%	6.67%	-100%
UK Employees*	1.6%	0%	-46%

* The comparator group includes all UK employees. This group has been chosen to align with the location of the CEO and with the pay ratio reporting. For the comparator group of employees, the year-on-year salary changes include the annual salary review from July 2019 but exclude any additional changes made in the year, for example on promotion. For benefits, there were no changes to benefit policies or levels during the year. The increase in the value of benefits shown for the CEO reflects an increase in the market cost of the same benefits.

The ratios, set out in the table below, compare the total remuneration of the CEO (as included in the single figure table on page 172) to the remuneration of the median UK employee as well as the UK employees at the lower and upper quartiles. The disclosure will build up over time to cover a rolling 10-year period.

Year	Method	25th percentile pay ratio (P25)	Median pay ratio (P50)	75th percentile pay ratio (P75)
FY 2019/20	Option A	68:1	48:1	31:1
FY 2018/19	Option A	170:1	127:1	82:1

Notes regarding calculation

The ratios are calculated using option A in the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50, and P75, respectively) were determined based on total remuneration using a valuation methodology consistent with that used for the CEO in the single figure table on page 172. The employees were identified based on all UK employees as at year end. This option was selected on the basis that it provided the most accurate means of identifying the median, lower and upper quartile employees. The calculation is undertaken on a full-time equivalent basis.

The total remuneration in respect of FY 2019/20 for the employees identified at P25, P50 and P75 is £24k, £34k and £52k respectively. The base salary in respect of FY 2019/20 for the employees identified at P25, P50 and P75 is £21k, £26k and £45k respectively.

The Committee considers pay ratios as one of many reference points when considering remuneration. Throughout the Group, pay is positioned to be fair and market competitive in the context of the talent market for the relevant role, fairly reflecting local market data and other relevant benchmarks (such as the UK Living Wage). The Committee notes the limited comparability of pay ratios across companies and sectors, given the diverse range of business models and employee population profiles which exist across the market.

A significant proportion of the CEO's total remuneration is delivered in variable remuneration, and particularly via long-term share awards, historically under the ESP and with effect from FY 2020/21 under the BSP. In order to drive alignment with investors, the value ultimately received from BSP awards is linked to long-term share price movement. As a result, the pay ratio is likely to be driven largely by the CEO's incentive outcomes and may therefore fluctuate significantly on a year-to-year basis.

The reduction in the pay ratios for FY 2019/20 compared with FY 2018/19 reflects the zero outcomes on the CEO's bonus for FY 2019/20 and ESP 2017 vesting, as reflected in the CEO's single figure on page 172.

RELATIVE IMPORTANCE OF SPEND ON PAY FOR FY 2019/20

The table below sets out the total payroll costs for all employees over FY 2019/20 compared to total dividends payable for the year and amounts paid to buy back shares during the year. The average number of full-time equivalent employees is also shown for context.

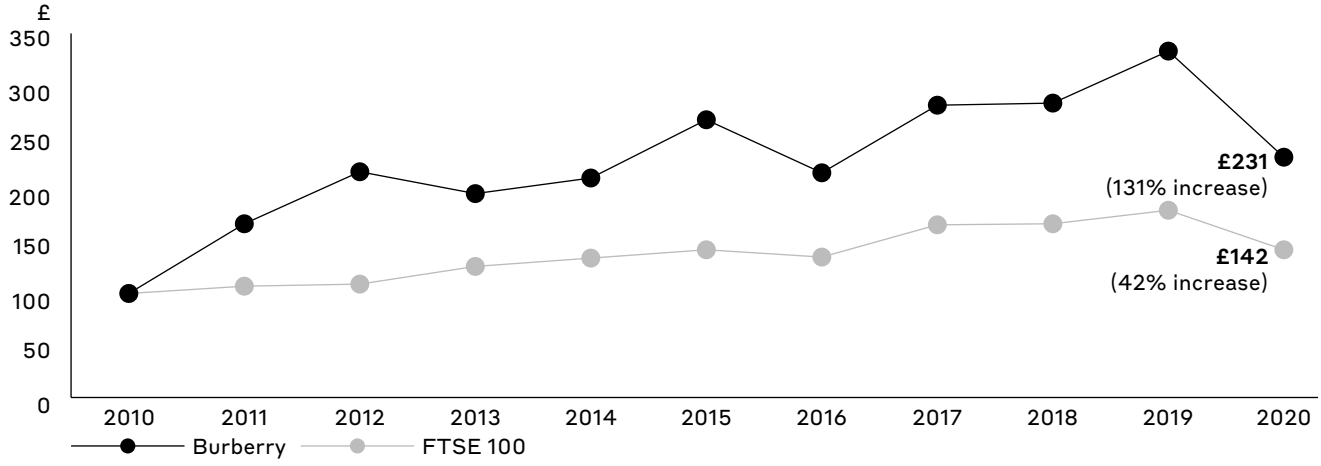
Relative importance of spend on pay		FY 2019/20	FY 2018/19
Dividends paid during the year (total)	£m	175.2	171.1
	% change	+2.4%	
Amounts paid to buy back shares during the year	£m	150.7	150.7
	% change	0.0%	
Payroll costs for all employees	£m	477.7	519.8
	% change	-8.1%	
Average number of full-time equivalent employees		9,892	9,862
	% change	+0.3%	

EXTERNAL APPOINTMENTS

To support their development and broaden their business experience Executive Directors may take up non-executive roles at other companies with the prior agreement of the Board. Julie Brown serves as a Non-Executive Director of Roche Holding Limited and it was agreed that fees earned in connection with this appointment can be retained by her. For the period 31 March 2019 to 28 March 2020, Julie's fees for this appointment were CHF360,000 gross (c.£285,967).

TEN-YEAR PERFORMANCE GRAPH AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

The following graph shows the Total Shareholder Return (TSR) for Burberry Group plc compared to the FTSE 100 index assuming £100 was invested on 31 March 2010. Data is presented on a spot basis and sourced from Datastream. The table below shows the total remuneration earned by the incumbent Chief Executive Officer over the same 10-year period, along with the percentage of maximum opportunity earned in relation to each type of incentive. The total amounts are based on the same methodology as used for the single figure of total remuneration for FY 2019/20 on page 172.



FY[1]	2010/11 (AA)	2011/12 (AA)	2012/13 (AA)	2013/14 (AA)	2014/15 (AA)	2014/15 (CB)	2015/16 (CB)	2016/17 (CB)	2017/18 (CB)	2017/18 (MG)	2018/19 (MG)	2019/20 (MG)
Total remuneration (£'000)	16,003	9,574	10,901	8,007	157	7,508	1,894	3,508	1,091	6,330	4,078	1,621
Bonus (% of maximum)	100%	100%	75%	70%	–	81%	0%	0%	51%	51%	60%	0%
ESP (% of maximum)	–	–	–	–	–	–	–	–	5%	–	25%	0%
Legacy incentive plans (no longer in operation):												
CIP[2] (% of maximum)	100%	–	100%	100%	–	75%	0%	0%	–	–	–	–
RSP (% of maximum)	–	100%	–	–	–	–	0%	19.3%	–	–	–	–
EPP[3] (% of maximum)	50%	–	–	–	–	–	–	–	–	–	–	–
Exceptional award[4] (% of maximum)	50%	–	–	–	–	–	–	61.7%	59.9%	–	–	–

1. Angela Ahrendts (AA, CEO to 30 April 2014), Christopher Bailey (CB, Chief Creative Officer and CEO from 1 May 2014 to 4 July 2017), Marco Gobbetti (MG, CEO from 5 July 2017).
2. The CIP was the Burberry Co-Investment Plan, a long-term incentive plan under which the final performance-based awards were granted in 2014. Details of this plan can be found in the relevant Directors' Remuneration Reports.
3. The EPP was the Burberry Exceptional Performance Share Plan, a one-off long-term incentive plan under which performance-based awards were granted in 2007 only. Details of this plan can be found in the relevant Directors' Remuneration Reports.
4. The Exceptional award for Christopher Bailey relates to vesting of his 2014 exceptional share award as previously disclosed.

NON-EXECUTIVE DIRECTORS' REMUNERATION (AUDITED)

The table below sets out the single figure of total remuneration received or receivable by the Non-Executive Directors in respect of FY 2019/20 (and the prior financial year).

		Fees[1] £'000	Benefits & Allowances[2] £'000	Total £'000
Non-Executive Directors				
Gerry Murphy	Year to 28 March 2020	425	6	431
	Year to 30 March 2019[3]	371	1	372
Fabiola Arredondo	Year to 28 March 2020	80	67	147
	Year to 30 March 2019	80	108	188
Jeremy Darroch	Year to 28 March 2020	100	–	100
	Year to 30 March 2019	130	–	130
Sam Fischer	Year to 28 March 2020[4]	33	11	44
Ron Frasch	Year to 28 March 2020	80	42	122
	Year to 30 March 2019	80	76	156
Matthew Key	Year to 28 March 2020	115	3	118
	Year to 30 March 2019	85	5	90
Debra Lee	Year to 28 March 2020[5]	40	19	59
Dame Carolyn McCall	Year to 28 March 2020	80	7	87
	Year to 30 March 2019	80	3	83
Orna NíChionna	Year to 28 March 2020	115	2	117
	Year to 30 March 2019	115	2	117
Former Non-Executive Directors[6]				
Ian Carter	Year to 28 March 2020	24	36	60
	Year to 30 March 2019	80	102	182
Stephanie George	Year to 28 March 2020	24	27	51
	Year to 30 March 2019	80	76	156

Notes

1. Fees include the base fee and additional Committee fees in line with the 2017 policy. For FY 2018/19 the additional fees for the role of Audit Committe Chair were split between Jeremy Darroch and Matthew Key to reflect time served in role.
2. Allowances include an attendance allowance of £2,000 for each meeting attended outside a Non-Executive Director's country of residence and the reimbursement of certain expenses incurred by Non-Executive Directors in the performance of their duties, which are deemed by HM Revenue & Customs (HMRC) to be subject to UK income tax. This includes costs in respect of air travel and other incidental costs incurred in attending regular Board and Committee meetings. Any tax liabilities arising on the reimbursement of these costs will be settled by the Company. Amounts disclosed have been estimated and have been grossed up at the appropriate tax rate, where necessary. Note that expenses for Fabiola Arredondo, Ian Carter, Ron Frasch, Stephanie George and Debra Lee include travel expenses from the US and for Sam Fischer include travel expenses from Singapore.
3. Fees for Gerry Murphy relate to the period from 17 May 2018 when he joined the Board.
4. Fees for Sam Fischer relate to the period from 1 November 2019 when he joined the Board.
5. Fees for Debra Lee relate to the period from 1 October 2019 when she joined the Board.
6. Fees for Ian Carter and Stephanie George in FY 2019/20 relate to the period to 17 July 2019 when they stepped down from the Board.

SUMMARY OF CHAIRMAN AND NON-EXECUTIVE DIRECTOR FEES FOR FY 2020/21

The fee structure for the Chairman and Non-Executive Directors for FY 2020/21 is set out in the table below. There are no changes from the prior year. However, the Chairman and Non-Executive Directors have agreed to waive 20% of their respective base fees between April and June 2020 and Burberry will donate the equivalent monies saved through this temporary fee reduction to The Burberry Foundation COVID-19 Community Fund.

Summary of Chairman and Non-Executive Director fees for FY 2020/21	Fee level £'000
Chairman[1]	425
Non-Executive Director	80
Senior Independent Director	20
Audit Committee Chair	35
Remuneration Committee Chair	35
Attendance allowance[2]	2

1. The Chairman is not eligible for Committee chairmanship fees or attendance allowances.
2. Non-Executive Directors receive an attendance allowance for each meeting attended outside their country of residence.
3. Expenses incurred in the normal course of business are reimbursed and, as these are considered by HMRC to be taxable benefits, the tax due on these will also be met by the Company.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR SHAREHOLDINGS (AUDITED)

The table below summarises the total interests of the Chairman and Non-Executive Directors (and their connected persons) in ordinary shares of Burberry Group plc as at 28 March 2020 (or at the date of stepping down, if earlier).

The shareholding guideline for the Chairman and Non-Executive Directors is to hold shares with a market value of £6,000 for each year of their appointment. As at 28 March 2020 (or at the date of stepping down, if earlier), all of the Non-Executive Directors who have served more than one year since their appointment had fulfilled this guideline.

Non-Executive Directors	Total number of shares owned
Gerry Murphy	5,000
Fabiola Arredondo	7,500
Jeremy Darroch	3,000
Sam Fischer	0
Ron Frasch	1,738
Matthew Key	3,570
Debra Lee	450
Dame Carolyn McCall	2,704
Orna NíChionna	3,067
Former Non-Executive Directors	
Ian Carter	37,701
Stephanie George	41,600

There have been no changes in the period up to and including 22 May 2020.

REMUNERATION COMMITTEE IN FY 2019/20

Committee membership

The following independent Directors served as members of the Committee during FY 2019/20:

- Orna NíChionna (Chair)
- Fabiola Arredondo
- Ian Carter (to 17 July 2019)
- Sam Fischer (from 1 November 2019)
- Ron Frasch
- Stephanie George (to 17 July 2019)
- Matthew Key

Committee remit

The Committee's Terms of Reference (ToR) are published on Burberryplc.com.

In addition to setting the remuneration of the Executive Directors, the Committee continues to directly oversee the remuneration arrangements for the Executive Committee, the Company Secretary and other members of senior management within its remit as determined from time to time.

SUMMARY OF MEETINGS

The Committee typically meets four times a year. During FY 2019/20, the Committee met four times at scheduled meetings and held other ad hoc discussions as required. The agenda items discussed at these four meetings are summarised below.

May 2019	• FY 2018/19 incentive outcomes • FY 2019/20 performance targets and incentive awards • FY 2019/20 senior executive remuneration • Chairman fees for FY 2019/20 • Approval of Directors' Remuneration Report FY 2018/19 • Update on the policies and practices which exist for the broader workforce • Update on share plan dilution
November 2019	• Review Directors' Remuneration Policy • Update on external environment from independent advisors • Incentives performance update • Approval of changes to pension policy for new Executive Director hires
February 2020	• Consider changes to Directors' Remuneration Policy • Feedback on investor engagement • Update on external environment from independent advisors • Incentives performance update • Review regulatory changes impacting the Directors' Remuneration Report FY 2019/20
March 2020	• Update on external environment from independent advisors • Incentives performance update • Consider changes to Directors' Remuneration Policy • Update on the policies and practices which exist for the broader workforce • Gender pay gap reporting • All-employee share plan awards for FY 2019/20 • Review shareholding guideline policy • Review Remuneration Committee terms of reference

ADVISORS TO THE COMMITTEE

At the invitation of the Committee, except where their own remuneration is being discussed, the following roles may attend meetings and provide advice to the Committee: the Chairman, the Chief Executive Officer, the Chief Operating and Financial Officer, the Chief People Officer, the VP Head of Reward, the General Counsel, and the Company Secretary.

Deloitte was appointed as an independent advisor to the Committee in 2017 following a tender process and continued in that role during the year. Deloitte is a founding member of the Remuneration Consultants' Group (RCG), which is responsible for the development and maintenance of the voluntary Code of Conduct that clearly sets out the role of executive remuneration consultants and the professional standards by which they advise their clients. Fees are charged on a time and expenses basis and totalled £224,700 (plus VAT) during FY 2019/20. During the year Deloitte also provided other consulting services (including programme management, operating model design, technology implementation and analytics), tax compliance and advisory and transfer pricing services. The Committee is satisfied that advice received from Deloitte during the year was objective and independent and that all individuals who provided remuneration advice to the Committee have no connections with Burberry or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Linklaters LLP also provided advice to the Committee in relation to the operation of the Company's share plans, employment law considerations and compliance with legislation.

REMUNERATION VOTING RESULTS

The table below shows the results of the latest remuneration-related shareholder votes on both the Directors' Remuneration Report (at the 2019 AGM) and the Directors' Remuneration Policy (at the 2017 AGM).

We have continued to engage with and listen to our shareholders during FY 2019/20 as part of our commitment to build on the constructive dialogue we have established. The Committee and I would like to thank all of you who have invested time with us, as it has helped to inform our thoughts on executive remuneration at Burberry going forward.

AGM voting results	Votes for	Votes against	Votes withheld
To approve the Directors' Remuneration Report for the year ended 30 March 2019 - 2019 AGM	312,865,923 (97.5%)	7,995,075 (2.5%)	33,711
To approve the Directors' Remuneration Policy - 2017 AGM	315,538,767 (93.4%)	22,283,872 (6.6%)	1,291,775

Approval

This report has been approved by the Board and signed on its behalf by:

ORNA NíCHIONNA

Chair, Remuneration Committee

22 May 2020

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated Financial Statements of the Company for the year ended to 28 March 2020.

SCOPE OF THIS REPORT

For the purposes of the Companies Act 2006, the following are incorporated by reference and shall be deemed to form part of this Directors' Report:

- Strategic Report on pages 4 to 118
- Corporate Governance Statement, which includes the Board, the Corporate Governance Report and the Directors' Remuneration Report, on pages 122 to 191
- Global Greenhouse Gas Emissions disclosure on pages 66 to 67

The Directors consider that the Annual Report and Accounts, taken as a whole, provides fair, balanced and understandable assessment of the Group's business necessary for the shareholders and wider stakeholders to assess:

- development and performance during the year
- its position at the end of the year
- strategy
- likely developments
- any principal risks and uncertainties

For the purposes of compliance with the Disclosure Guidance and Transparency Rules 4.1.5R(2) and 4.1.8R, the required content of the management report can be found in the Strategic Report together with sections of the Annual Report incorporated by reference.

ADDITIONAL GOVERNANCE DISCLOSURES

Revenue and profit

Revenue from continuing business during the year amounted to £2633.1 million (2019: £2720.2 million). The profit for the year attributable to equity holders of the Company was £121.7 million (2019: £339.3 million) down 64% predominantly related to asset impairments resulting from the expected impact of the pandemic on our future trading.

Going concern and viability

The impact of the COVID-19 pandemic on the global economy and the operating activities of many businesses has resulted in a climate of considerable uncertainty. The ultimate impact of this pandemic on the Group is uncertain at the date of signing these financial statements. The Directors have assessed the potential cash generation of the Group against a range of projected scenarios (including a severe but plausible outcome), the liquidity of the Group, existing funding available to the Group and mitigating actions, which may be taken to reduce discretionary and other operating cash outflows. On the basis of these assessments the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Financial Statements for the 52 weeks to 28 March 2020. The Directors' assessment of the prospects and viability of the Group over the next three years are set out in the Strategic Report on pages 117 to 118 of the Annual Report.

The Risk and Viability Report can be found on pages 92 to 118.

Independent Auditor

In accordance with section 418(2) of the Companies Act 2006, each of the Company's Directors in office at the date of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's external auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information, and to establish that the Company's external auditor is aware of that information.

The Group's current external auditor is PwC and note 7 of the Financial Statements states their fees both for audit and non-audit work. During FY 2018/19 the Audit Committee undertook an external audit tender and EY was identified as the preferred candidate and its appointment was recommended to the Board. Details of the audit tender process are disclosed in the FY 2018/19 Annual Report on page 119. A resolution to appoint EY as external auditor to the Company from FY 2020/21 will be proposed at the forthcoming AGM.

The Independent Auditors' Report starting on page 195 sets out the information contained in the Annual Report, which has been audited by the external auditor.

Political donations
The Company made no political donations during the year in line with its policy (FY 2018/19: £nil). In keeping with the Group's approach in prior years, shareholder approval is being sought at the forthcoming AGM, as a precautionary measure, for the Company and its subsidiaries to make donations and/or incur expenditure, which may be construed as political by the wide definition of that term included in the relevant legislation. Further details are provided in the Notice of this year's AGM.

Financial instruments and risks
The Group's financial risk management objectives and policies are set out within note 28 of the Financial Statements. Note 28 also details the Group's exposure to foreign exchange, share price, interest, credit, capital and liquidity risks. This note is incorporated by reference and deemed to form part of this report.

Post-balance sheet events
On 14 May 2020, Burberry Limited issued commercial paper with a face value of £300.0 million and a maturity of 17 March 2021. The commercial paper was issued under the UK Government sponsored COVID Corporate Finance Facility (CCFF). Proceeds of £298.4 million were received by Burberry Limited on 14 May 2020. Other than as set out above and contingent liabilities disclosed in note 33 to the consolidated Financial Statements, there are no post-balance sheet arrangements that have, or are reasonably likely to have, a current future material effect on Burberry's financial condition, revenue or expenses, results of operations, liquidity or capital expenditure and resources.

Annual General Meeting
The AGM of the Company will be held on Wednesday, 15 July 2020 at Horseferry House, Horseferry Road, London SW1P 2AW.

As at 22 May 2020, the UK Government has prohibited public gatherings of more than two people and non-essential travel, save in certain limited circumstances. In these unprecedented times, and in light of these measures, the Board believes it is in the best interests of the Company and its shareholders to hold the 2020 AGM as a closed meeting and shareholders will not be able to attend in person.

The Notice of this year's AGM is available to view on the Company's website in the Shareholder Centre section at Burberryplc.com.

Directors
The names and biographical details of the Directors as at the date of this report are set out on pages 124 to 127 and are incorporated by reference into this report.

With regard to the appointment, and resignation of Directors, the Company follows the Code, and is governed by its Articles of Association, the Companies Act 2006 and related legislation.

At the 2020 AGM, with the exception of Jeremy Darroch, all Directors will stand for election or re-election as appropriate. The Notice of this year's AGM sets out contribution and reasons for election or re-election of each Director. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office. Brief details of these are also included on pages 151 to 185 of the Directors' Remuneration Report. For information on the Directors professional development see page 139.

Global Greenhouse Gas Emissions
The Directors realise they have a responsibility to consider the impact on the environment and the likely consequences of any business decisions in the long term. Disclosure in line with the recommendations of the Financial Stability Board's TCFD is set out in the Risk Section of on pages 112 and 115.

Directors' powers and responsibilities
Subject to the Company's Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Group will be managed by the Board who may exercise all the powers of the Group, including powers relating to the issue and/or buying back of shares by the Group (subject to any statutory restrictions or restrictions imposed by shareholders at the AGM).

Directors' insurance and indemnities
The Company maintains Directors' and officers' liability insurance, which gives cover for legal actions brought against its Directors and officers. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the financial year ended 28 March 2020 and through to the date of this report.

Directors' share interests
The interests of the Directors holding office as at 28 March 2020 in the shares of the Company are shown within the Directors' Remuneration Report on pages 151 to 185. There were no changes to the beneficial interests of the Directors between the period 28 March 2020 and 22 May 2020.

Amendment to Articles of Association
The Company's Articles of Association were adopted at the 2015 AGM. No changes to the Articles of Association are being proposed at this year's AGM.

Substantial shareholdings
As at 28 March 2020, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the following major interests in its issued ordinary share capital:

	Number of ordinary shares	% of total voting rights[1]
BlackRock Inc.	27,729,908	6.62
Lindsell Train Limited	21,928,267	5.00
Massachusetts Financial Services Company	20,668,065	5.10

1. As at the date in the notification to the Company.

As at 22 May 2020, the Company had not received any further notifications under Rule 5 of the Disclosure Guidance and Transparency Rules of major interests in its issued ordinary share capital.

Disclosures pursuant to Listing Rule 9.8.4
The information required by Listing Rule 9.8.4, where applicable, can be found on the following pages of the Annual Report:

Listing Rule	Description of Listing Rule	Page reference
9.8.4 (12)	Waivers of dividends	see 'Dividends' paragraph on page 189

Interests in own shares
Details of the Group's interests in its own shares are set out in note 25 to the Financial Statements.

Share capital
Details of the issued share capital, together with details of movement in the issued share capital of the Company during the year, are shown in note 25 to the Financial Statements. This is incorporated by reference and deemed to be part of this report.

The Company has one class of ordinary share, which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. As at 28 March 2020, the Company had 404,705,886 ordinary shares in issue. The Company does not hold any shares in treasury.

At the AGM in 2019, shareholders approved resolutions to allot shares up to an aggregate nominal value of £67,890, and to allot shares for cash other than pro rata to existing shareholders. In order to retain maximum flexibility, resolutions will be proposed at this year's AGM to renew these authorities.

Share buyback
In line with our capital allocation priorities and the authority granted by the shareholders at the AGM in 2019, we launched a £150 million share buyback, beginning in September 2019 and completed the programme in January 2020, repurchasing the total of 7,184,905. Further details of the share buyback can be found in note 25 to the Financial Statements.

The company has not planned to undertake a further share buyback in FY 2020/21.

Transfer of shares
No person has any special rights of control over the Company's share capital and all issued shares are fully paid. There are no specific restrictions on the size of holding or on the transfer of shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights. The Directors have no current plans to issue shares other than in connection with employee share schemes.

Employee share schemes
Details of employee share schemes are set out in note 29 to the Financial Statements.

Voting
Each ordinary share of the Company carries one vote at general meetings of the Company. Any ordinary shares held in treasury have no voting rights. A shareholder entitled to attend, speak and vote at a general meeting may exercise their right to vote in person, by proxy, or in relation to corporate members, by corporate representatives. To be valid, notification of the appointment of a proxy must be received not less than 48 hours before the relevant general meeting at which the person named in the Form of Proxy proposes to vote. The Directors may in their discretion determine that in calculating the 48-hour period, no account be taken of any part of a day, which is not a working day. Employees who participate in the Share Incentive Plan (SIP) whose shares remain in the scheme's trusts give directions to the trustees to vote on their behalf by way of a Form of Direction.

Dividends
Given the current uncertainty, the Directors have not declared a final dividend for FY 2019/20 (FY 2018/19: 31.5p). An interim dividend of 11.3p per ordinary share was paid to shareholders on 31 January 2020 (FY 2018/19: 11.0p). This will make a total dividend of 11.3p per ordinary share in respect of the financial year to 28 March 2020. The aggregate dividends paid and recommended in respect of the year to 28 March 2020 total £46.0 million (FY 2018/19: £174.3 million).

The Burberry Group plc ESOP Trust has waived all dividends payable by the Company in respect of the ordinary shares it holds. In addition, the Burberry Group plc SIP Trust has waived all dividends payable by the Company in respect of the unappropriated ordinary shares it holds.

Significant contracts – change of control
Pursuant to the Companies Act 2006, the Directors disclose that in the event of a change of control, the Company's borrowings under the Group's £300 million revolving credit facility, dated 25 November 2014, could become repayable.

There are no arrangements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover, merger or amalgamation. There are provisions in the Company's share plans, which could result in options or awards vesting or becoming exercisable on a change of control. For further information on the change of control provisions in the Company's share plans refer to the proposed new Directors' Remuneration Policy on page 171, which will be submitted to shareholders for approval at the 2020 AGM.

On 3 April 2017, Burberry entered into an exclusive licensing agreement with Coty pursuant to which Coty develops, manufactures, markets, distributes and sells Burberry Beauty products. The agreement took effect in October 2017, from which time ongoing royalty payments have been payable to Burberry. Pursuant to the Companies Act 2006, the Directors disclose that a change in control of Burberry will, in limited circumstances, result in Coty having a right of termination of the licence agreement.

A small number of leases contain certain rights that may entitle landlords to terminate or approve continuation of the leases in the event that a Burberry subsidiary is transferred out of the Group or there is a change of control of Burberry Group plc, none of these are considered to be significant in terms of the potential impact on the business as a whole.

Employee share ownership
The Company is committed to employee share ownership. Specifically, there are two all-employee share plans available to employees at all levels of the organisation. Further details of these are set out in the Directors' Remuneration Report on pages 151 to 185.

Under its two all-employee share plans, during FY 2020/21 the Group intends to grant awards of free shares (or equivalent cash-based awards as appropriate) to all eligible employees globally and to invite eligible employees where possible to participate in the Sharesave Scheme. The Group reviews the operation of these plans to ensure that they effectively support the Group's strategy and encourage alignment by employees with the Group's performance.

Further information regarding the Group's approach to employee involvement and communications is provided on pages 74 to75.

Employment and employee engagement
Burberry is an open and caring employer, which aims to offer our employees, representing nearly 120 nationalities across 34 countries, an optimal working environment where they feel valued and appreciated.

We continue to focus on evolving strategies for recruiting and developing talent within the business that promote our cultural values and ensure diverse representation across the business. During the year we launched an Internal Diversity and Inclusion Council as well as Cultural Advisory Council. More Information about employment can be found on page 44 and information regarding the Group's employment policies is available at Burberryplc.com.

Further information regarding employee engagement can be found on pages 74 to 75.

Stakeholder engagement
An explanation of the steps taken by Directors to foster business relationships with suppliers, customers and other stakeholders is set out on pages 73 and 83.

Health and safety
The Company has a global Health and Safety Policy approved by the CEO on behalf of the Board. A safety-first approach is firmly embedded in all operational activities at Burberry. Governance of our health and safety strategy is maintained through a Global Health and Safety Committee, which is chaired by the General Counsel. Health and safety issues are also considered by the Ethics Committee, Risk Committee and Audit Committee. Each region has a local committee. These committees assist with the implementation of our health and safety strategy and help to ensure all local regulatory and Burberry standards are achieved and maintained.

Strategic direction on health and safety matters is provided by the Director of Health and Safety, who is supported by a global team. In line with industry best practice, our health and safety goals and objectives are set each year to continually analyse our performance and support a process for continuous improvement. Our unannounced global assurance audit programme continues to measure health and safety performance within our managed operations at a set frequency and tracks improvement actions and risk reduction strategies through to closure.

In FY 2019/20, as a result of our many initiatives, we have seen improvements across all health and safety topic areas, with continued focus on supporting the business with health and wellbeing initiatives.

Since the outbreak of COVID-19, our priority has been the safety and wellbeing of our employees, our customers and our communities. Throughout, we have closely followed government and health authority guidelines and put in place measures aligned with these that are designed to help prevent the spread of the virus and ensure everyone's safety and wellbeing.

The Strategic Report from pages 4 to 118 and Directors' Report from pages 186 to 191 have been approved by the Board on 22 May 2020 in accordance with the Companies Act 2006.

By order of the Board

GEMMA PARSONS
Company Secretary

22 May 2020

Burberry Group plc
Registered Office:
Horseferry House
Horseferry Road
London
SW1P 2AW

Registered in England and Wales
Registered number: 03458224