

CHAIRMAN'S LETTER



“WE WILL CONTINUE TO BE
GUIDED BY THE SAME
COMMITMENT TO DOING WELL
BY DOING RIGHT BY ALL OUR
STAKEHOLDERS.”

Dear Shareholder,

More than a year has passed since the beginning of the COVID-19 pandemic. Like the rest of the world, everyone at Burberry has experienced great upheaval as we have had to adapt to living and doing business differently. As the crisis continues to evolve, ensuring the safety of our colleagues and our customers while meeting the challenges presented by the global health emergency remains our top priority.

Over the past year, under the stewardship of Marco Gobetti, we relied on our purpose, Creativity Opens Spaces, to guide us in completing the first phase of our brand transformation, whilst at the same time acting responsibly in everything we do.

Responding to COVID-19

To respond to the upheaval caused by the pandemic, we looked hard at our cost base, reducing investment in non-urgent areas whilst protecting our people and our business.

This allowed us to take the following actions:

- We maintained base pay for all employees who were unable to fulfil their roles because of store or site closures
- We did not rely on government employment support in the UK, home to more than a third of our global workforce
- Our senior leaders took a 20% pay cut from April through June 2020
- The Board of Directors also took a voluntary 20% reduction in their base salary and fees from April through June 2020, with the equivalent cash amount donated to The Burberry Foundation COVID-19 Community Fund. This fund was established in 2020 to allow our employees to support communities challenged by the pandemic through procuring and distributing PPE, helping food banks and healthcare charities around the world. Burberry also made direct donations to fund vaccine research and charities alleviating food poverty

- We repaid, early and with interest, the £300 million we secured in 2020 under the UK government sponsored COVID Corporate Financing Facility (CCFF) and committed to pay our UK business rates in full. We believed this was the right thing to do in the context of our improving trading and overall financial stability
- That stability was bolstered by our issuance in September 2020 of the luxury industry's first Sustainability Bond, which will help fund our drive towards more energy-efficient buildings and more sustainable raw materials and packaging over the next five years

Our values in action

In the past year, we helped address some immediate challenges faced by our communities. As well as donating food and PPE, Burberry also made a financial contribution to UNICEF's COVID-19 Vaccines Appeal.

In parallel, we continued to make progress on our Responsibility agenda, further reducing our environmental impacts and supporting our communities, in particular young people, as they explore their creative dreams.

Harnessing creativity, passion and a commitment to excellence, our colleagues adapted to new ways of working over the past year. This ensured that Burberry could continue to delight and inspire our customers with exciting new products and innovative experiences, despite the disrupted global context.

“HARNESSING CREATIVITY,
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Channelling our heritage of exploration and discovery, with digital storytelling and innovative online customer service, we offered moments of escapism when our customers couldn't travel. We stayed connected by employing technology and used our online platforms to strengthen existing relationships and build new ones.

Dividend

With a view to protecting liquidity and sustaining investment in the long-term value of the Burberry brand, the Directors elected not to declare a final dividend for the year to 28 March 2020. However, in light of recovery in demand in key markets in Asia and North America, strong operating performance globally and exemplary cost control, the Directors are pleased to recommend a final dividend of 42.5p per ordinary share for FY 2020/21.

Challenges ahead

Looking ahead, beyond the uncertainty surrounding the continuing effects of the pandemic, challenges remain. As well as the potential impact of geopolitical tensions on trade, there are a number of operational issues to address resulting from the UK's withdrawal from the European Union and its Single Market. We are also concerned about the longer-term impact of the UK government's decision to end the Value Added Tax Retail Export Scheme (VAT RES), particularly once tourists return. Cancellation of the scheme, which allowed non-EU residents to reclaim VAT on items purchased in the UK, is likely to encourage international consumers to divert their spending to other key European shopping destinations, all of which continue to offer VAT refunds.

Board changes

On behalf of the Board, I would like to thank Jeremy Darroch, who retired from the Board in July 2020, for his service and wise counsel and wish him well in his future endeavours. It is my pleasure to welcome Antoine de Saint-Affrique, who joined the Board as an independent Non-Executive Director in January 2021. Antoine brings to our Board global experience in driving business expansion, innovation and sustainability, which will be invaluable to Burberry as we continue to progress our strategy.

I would especially like to thank Marco, the entire Burberry management team and our exceptional people everywhere for their energy, creativity and resilience during this extraordinary time. I am also very grateful to my fellow Board members for their unfaltering support and flexibility over the past year. Their wisdom and dedication continue to be an invaluable asset to our Company. Finally, on behalf of everyone at Burberry, I would like to thank our shareholders for their steadfast and continuing support.

As you will read in the following sections, our leadership, our people, our business and our brand are all in great shape to realise the full potential of Burberry in the coming years. We will continue to be guided by the same commitment to doing well by doing right by all our stakeholders that we have witnessed in the last year, and of which the Board and I are very proud.

Gerry Murphy
Chairman