INHERENT IN EVERY BURBERRY GARMENT IS FREEDOM

Thomas Burberry
FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue by region$^{1,2,3}$

- **Americas**
  - £475m, -15% at CER
  - Number of stores: 86

- **Europe, Middle East, India and Africa (EMEIA)**
  - £628m, -35% at CER
  - Number of stores: 120

- **Asia Pacific**
  - £1,203m, +16% at CER
  - Number of stores: 209

Total revenue by channel
Retail/wholesale revenue by destination

<table>
<thead>
<tr>
<th>Period ending</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>1,910</td>
<td>2,110</td>
</tr>
<tr>
<td>Wholesale</td>
<td>396</td>
<td>476</td>
</tr>
<tr>
<td>Licensing</td>
<td>38</td>
<td>47</td>
</tr>
</tbody>
</table>

Revenue by product$^2$
Retail/wholesale revenue by product division

<table>
<thead>
<tr>
<th>Period ending</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessories</td>
<td>841</td>
<td>948</td>
</tr>
<tr>
<td>Women’s</td>
<td>653</td>
<td>796</td>
</tr>
<tr>
<td>Men’s</td>
<td>668</td>
<td>715</td>
</tr>
<tr>
<td>Children’s, Beauty and other</td>
<td>144</td>
<td>127</td>
</tr>
</tbody>
</table>

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1. All references to revenue growth on page 2 are presented at Constant Exchange Rates (CER).
2. Retail/wholesale revenue.
3. For more detail on performance see Group Financial Highlights on pages 48 to 54.
### Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>£2,344m</td>
</tr>
<tr>
<td>2020</td>
<td>£2,633m</td>
</tr>
<tr>
<td>2019</td>
<td>£2,720m</td>
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<tr>
<td>2018</td>
<td>£2,733m</td>
</tr>
<tr>
<td>2017</td>
<td>£2,766m</td>
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</table>

### Adjusted operating profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>£396m</td>
</tr>
<tr>
<td>2020</td>
<td>£433m</td>
</tr>
<tr>
<td>2019</td>
<td>£404m</td>
</tr>
<tr>
<td>2018</td>
<td>£438m</td>
</tr>
<tr>
<td>2017</td>
<td>£467m</td>
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### Adjusted diluted EPS

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>67.3p</td>
</tr>
<tr>
<td>2020</td>
<td>78.7p</td>
</tr>
<tr>
<td>2019</td>
<td>77.9p</td>
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<tr>
<td>2018</td>
<td>82.1p</td>
</tr>
<tr>
<td>2017</td>
<td>77.4p</td>
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### Cash (net of overdrafts)*

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<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
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<tr>
<td>2021</td>
<td>£1,216m</td>
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<tr>
<td>2020</td>
<td>£887m</td>
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<tr>
<td>2019</td>
<td>£837m</td>
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<tr>
<td>2018</td>
<td>£892m</td>
</tr>
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<td>2017</td>
<td>£809m</td>
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### Operating profit

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<tr>
<th>Year</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>2021</td>
<td>£521m</td>
</tr>
<tr>
<td>2020</td>
<td>£189m</td>
</tr>
<tr>
<td>2019</td>
<td>£160m</td>
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<tr>
<td>2018</td>
<td>£437m</td>
</tr>
<tr>
<td>2017</td>
<td>£394m</td>
</tr>
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### Diluted EPS

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>92.7p</td>
</tr>
<tr>
<td>2020</td>
<td>29.8p</td>
</tr>
<tr>
<td>2019</td>
<td>29.0p</td>
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<tr>
<td>2018</td>
<td>81.7p</td>
</tr>
<tr>
<td>2017</td>
<td>64.9p</td>
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### Dividend per share

<table>
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<tr>
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<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>2021</td>
<td>42.5p</td>
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<tr>
<td>2020</td>
<td>11.3p</td>
</tr>
<tr>
<td>2019</td>
<td>42.5p</td>
</tr>
<tr>
<td>2018</td>
<td>41.3p</td>
</tr>
<tr>
<td>2017</td>
<td>38.9p</td>
</tr>
</tbody>
</table>

Alternative performance measures, including adjusting measures, are defined on page 53. Pro forma FY 2019/20 results are included to better indicate the impact of adoption of IFRS 16 Leases in FY 2019/20. These pro forma results are estimations of the results for FY 2019/20 if the previous accounting standard for leases, IAS 17 Leases, had been applied.

* The Group also had borrowings at March 2021 of £297m (March 2020: £300m).
Environmental, Social and Governance (ESG) highlights
As a purposeful, values-driven brand, we are committed to being a force for good in the world. We champion diversity, equity and inclusion and prioritise the wellbeing of our people. We support our communities, in particular young people, providing them with the skills, confidence and opportunities to succeed. We are building a more sustainable future for luxury by reducing our environmental impacts and helping transform our industry. Below are some of our achievements in these areas over the past year. Read more about this on pages 60 to 91.

PEOPLE
• Rolled out a new global Diversity and Inclusion strategy and policy
• Launched an industry-leading global Parental Leave policy
• Maintained a leading position in the FTSE 100 for women in leadership for the third straight year, according to the 2020 Hampton-Alexander Review report
• Included in the 2021 Bloomberg Gender-Equality Index for the first time, scoring 10 percentage points more than the company average
• The first luxury company to partner with organisations including the Business Disability Forum, Investing in Ethnicity and the Stonewall Diversity Champions Programme, and one of the first of our peers to join The Valuable 500

COMMUNITIES
• Manufactured and donated Personal Protective Equipment (PPE) to medical and care professionals
• Contributed to COVID-19 vaccine development and distribution through early donations to the University of Oxford’s emergency vaccine research and UNICEF’s COVID-19 Vaccines Appeal
• Supported charities, including FareShare, The Trussell Trust and The Felix Project, helping tackle food poverty across the UK
• Partnered with Marcus Rashford MBE and charities supporting youth in the UK, USA and Asia
• Expanded creative arts scholarships, supporting underrepresented students

ENVIRONMENT
• Reduced our market-based emissions by 92% since 2016
• Currently source 93%^ of our electricity from renewable sources
• Reduced our scope 1 and 2 emissions by 84% compared to FY 2016/17 and reduced our scope 3 emissions from purchased goods and services by nearly 8,700 tonnes
• Launched ReBurberry Edit, a selection of key pieces from the Spring/Summer 2020 collection, crafted from the latest sustainable materials
• Launched dedicated in-store aftercare spaces and piloted Trench Refresh and Leather Restore services
• Launched ReBurberry Fabric programme with the British Fashion Council, donating more than 7,000 metres of leftover fabrics to fashion students across 33 schools

^ See page 65
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 Gobbetti, 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.
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
CHIEF EXECUTIVE OFFICER’S LETTER

“WE HAVE TRANSFORMED OUR BUSINESS AND BUILT A NEW BURBERRY, ANCHORED FIRMLY IN LUXURY.”
Dear Shareholder,

Since last year’s report, the COVID-19 pandemic has continued to impact livelihoods and industries globally, often to devastating effect. Yet, with each passing day, hope grows that brighter days are ahead thanks to the brilliance and dedication of members of the scientific and medical communities. I would like to extend my gratitude to them for their heroic efforts.

Having donated to University of Oxford’s emergency vaccine research and UNICEF’s COVID-19 Vaccines Appeal, the development and distribution of vaccines have special resonance for everyone at Burberry. We have witnessed first-hand the incredible feats that can be achieved when individuals and communities come together, united by a common goal.

In the last 12 months, our teams have faced the challenges posed by the global health crisis with similar energy and resolve, guided by our purpose. From manufacturing and donating PPE to healthcare professionals, to leveraging technology to inspire and excite our customers, time and again our people have shown the creativity to open spaces that defines Burberry.

Lockdowns and measures to curb the spread of the virus led to a significant decline in luxury spending in FY 2020/21. Despite reductions in operating hours and an average 18% of our global store network being closed in the year, we adapted swiftly to the circumstances and delivered a strong set of results, ending the financial year with good full-price sales growth.

**FY 2020/21 performance**

As a consequence, we delivered FY 2020/21 results that demonstrated our resilience and adaptability in responding to the COVID-19 pandemic:

- Revenue was £2.3 billion, down 11% at reported rates and 10% at constant exchange rates (CER) due to the impact of store closures and reduced tourism. After a very challenging first quarter, revenue performance showed a strong recovery in the second half of the year
- Adjusted operating profit was £396 million, down 8% at CER, due to the impact of the reduction in revenue, but partially offset by strong cost management
- Reported operating profit was £521 million, up 176% including income from adjusting items of £125 million, compared to charges of £244 million in the previous year. The adjusting items credits mainly related to partial reversals of the charges from the previous year and the benefit of short term rent rebates negotiated as a result of store closures
- Adjusted diluted earnings per share (EPS) was 67.3p, down 14% at CER
- Reported diluted EPS was 92.7p, up 211%

**A new Burberry**

Over the past three years, our goal has been to re-energise our brand, renew our product and elevate the customer experience, while maintaining broadly stable sales and adjusted operating margin. Even with the challenges presented by the pandemic, in this first phase we achieved our objectives. We have transformed our business and built a new Burberry, anchored firmly in luxury.

We have completely refreshed our brand image with strong, coherent codes. We have renewed all touchpoints, focusing on social-first and video-led content and creating unexpected, authentic and culturally relevant experiences. We have elevated our position in every market, amplifying our visibility through influencers and key opinion leaders, and increasing our share of editorial coverage in impactful titles.

With Riccardo Tisci, our Chief Creative Officer, we have elevated our ready-to-wear offer across runway and mainline and diversified our outerwear, transitioning to a higher share of technical and eco-fabrics. Importantly, we have built a genuine luxury fashion leather goods business, with a range of shapes that cater to different customers’ preferences, and raised the bar in terms of quality.
We have also aligned our distribution to our new positioning. We have upgraded our stores’ look and feel and introduced a new store concept. We have transformed the in-store experience and launched industry-leading digital innovations that embody our values of creativity and forward thinking.

As a result, we have attracted a new luxury customer with strength across key regions for luxury market growth.

Managing through COVID-19
The progress we made enabled us to adapt to COVID-19. In FY 2020/21, supported by the strong foundations we have built, we drove performance through new product and engaging communications, and shifting our focus to rebounding economies and digital channels.

We continued to inspire and excite customers with emotive campaigns and brand activations rooted in our heritage and history of adventure and exploration, and adopting a highly-localised approach in each market. We reimagined how we showcase our collections digitally and in doing so made the experience truly inclusive.

We delivered strong growth in our core categories, leather goods and outerwear. We also leveraged our digital capabilities to bridge online and offline, created a new paradigm with our Social Retail store in Shenzhen, and enabled our customers to book video appointments with our Sales Associates and browse products as if they were in store.

We built flexibility into budgets and resources so that as regions started to recover we were ready to capture opportunities where and when they arose. Consequently, our performance was strong in all rebounding luxury markets, including Mainland China and the USA. All our efforts were underpinned by financial discipline.

At the same time, inspired by Thomas Burberry, we focused on making a positive difference.

Throughout the year, we prioritised the health and wellbeing of our people. We implemented rigorous safety measures across all our sites, while providing resources to support our teams and flexibility, acknowledging many have additional caregiving responsibilities. We harnessed technology to stay connected and maintain a sense of community.

We made significant progress on our commitment to build a more diverse, equitable and inclusive organisation, rolling out our global Diversity and Inclusion strategy to attract and retain diverse talent, foster an open and inclusive culture and drive education and awareness. We became the first luxury company to partner with the Business Disability Forum, Investing in Ethnicity and the Stonewall Diversity Champions Programme, and we joined the Valuable 500. We continued our support for London Youth and The Prince’s Trust Women Supporting Women initiative, providing resources and development opportunities for young women. Our commitment to gender equality was recognised by our inclusion in the 2021 Bloomberg Gender-Equality Index and a leading position in the final report from the Hampton-Alexander Review for women in leadership in the FTSE 100, for the third consecutive year.
In addition to PPE, through separate donations from The Burberry Foundation COVID-19 Community Fund and Burberry, we provided hundreds of thousands of meals and essential healthcare and social services to those in need. I am especially proud of our partnership with Marcus Rashford MBE and charities supporting young people from disadvantaged backgrounds in the UK, USA and Asia.

We also maintained our focus on driving positive change and building a more sustainable future through our Responsibility agenda. In particular, we made significant progress towards decarbonising our own operations, while continuing to work with suppliers to reduce our indirect carbon emissions. All our stores in Mainland China are now carbon neutral and we are on track in FY 2021/22 to use 100% renewable electricity and have a carbon neutral footprint across all our operations globally. As the Chairman mentioned, we issued our first-in-luxury Sustainability Bond to support our ambitions in the this space.

The next chapter
The luxury industry is still facing significant challenges due to the pandemic but there is growing confidence that it will return to 3-4% annual growth in the medium to long term as international travel flows start to recover from 2022 onwards.

Having successfully executed Burberry’s transformation and established a strong foundation, we are well positioned to embark on growth and acceleration. In this next chapter, we will leverage our unique brand equity to deliver sustainable, high-quality growth, while continuing to be a force for good in the world.

Burberry is a unique, powerful brand, with deep roots that set us apart from our peers, grounded in our rich heritage and the principles of our founder Thomas Burberry. We want to be recognised by consumers for being a purposeful, values-driven brand, committed to doing the right thing; an authentic luxury outerwear pioneer, bringing a uniquely British perspective; a true luxury fashion house, with a relentless focus on quality and craft; and a beacon of creativity, imagination and innovation.

To achieve our objectives, we will build brand advocacy and community through distinctive and meaningful storytelling, formats and experiences that inspire and excite highly influential luxury consumers. We will focus on our core luxury categories, drawing on the strong offer we have built while maintaining our focus on our anchors of outerwear and leather goods. We will continue to enhance the way we connect with our customers to create a truly omnichannel luxury experience, while focusing on local consumers in our key markets. We will supercharge digital, maintaining our leadership and we will continue to focus on full price.

All the while, we will exert operational leverage, while also reinvesting in critical areas for future growth. We will enable the delivery of our strategy, including through an agile supply chain that delivers exceptional quality and service, consumer technology that allows us to enhance the customer experience, attracting and retaining diverse, world-class talent and maintaining operational efficiency.

Throughout, we will retain our focus on social and environmental responsibility. This is the purest expression of our purpose and values and we are committed to continuing to build not only a financially stronger Burberry but also a better company. We will create the conditions for creativity to thrive by championing diversity, equity and inclusion and supporting the wellbeing of our people. We will support our communities, in particular young people, providing more of them with the skills, confidence and opportunities to succeed. Lastly, we will create a more sustainable future for luxury by further reducing our environmental impacts and helping transform our industry.

I would like to thank our teams worldwide for their passion, energy and commitment. Being creatively driven, forward thinking, open and caring, and proud of our heritage are hallmarks of our organisation at its best and this year my colleagues demonstrated these values consistently. Having witnessed their resourcefulness and creativity first hand, I have every confidence that through their imagination, inventiveness and ingenuity, we will continue to push boundaries, open new opportunities and realise our vision for Burberry.

Marco Gobbetti
Chief Executive Officer
CREATIVITY OPENS SPACES

Thomas Burberry
Founder
At Burberry, we believe creativity opens spaces. Our purpose is to unlock the power of imagination to push boundaries and open new possibilities for our people, our customers and our communities.

This is the core belief that has guided Burberry since it was founded in 1856 and is central to how we operate as a company today. From outfitting polar explorers to enhancing the shopping experience through Augmented Reality (AR), our purpose underpins the choices we make at Burberry and informs our long-term goals.

Creativity Opens Spaces is a reference to Thomas Burberry’s Open Spaces manifesto. Published posthumously around 1930, it set out our founder's vision for the brand. The phrase “open spaces” had a dual meaning. Firstly, it referred to the tiny pockets of air found within the weave of gabardine, the fabric he invented, which revolutionised rainwear. It also recalled the freedom his products gave to the pioneering men and women who wore Burberry clothing, including explorer Sir Ernest Shackleton and aviator Betty Kirby-Green, and the open spaces they traversed.

We have reinterpreted this phrase to speak to our desire to open new spaces and opportunities.

**Our values**

Our purpose is supported by four values, which are intrinsic to Burberry and express who we are when we are at our best. These values encapsulate what we expect from ourselves and each other.

**CREATIVELY DRIVEN**
- Finding beauty in every detail
- Putting passion and creativity in everything we do
- Committed to excellence
- Challenging the ordinary to pursue the extraordinary

**OPEN AND CARING**
- Harnessing strength in diversity
- United to achieve common goals
- Responsible, guided by our conscience
- Upholding a legacy of respect and inclusivity

**PROUD OF OUR HERITAGE**
- Inspired by our past, as we create our future
- Globally minded, learning from others
- Championing contrasts from royals to rebels
- Representing Britain on the global stage

**FORWARD THINKING**
- An open space for imagination
- Free to explore, push boundaries, pioneer
- Unafraid to stand out
- Our creativity drives us forward
BUSINESS MODEL

Burberry is a global luxury brand, headquartered in London. We make luxury clothing, leather goods, accessories, fragrance and beauty products that marry the finest craftsmanship and design with cutting-edge technology. Creativity has fuelled Burberry throughout our brand’s 165-year history and our shared conviction in its power is central to how we operate as a company.

RESOURCES

People
Our people are the heartbeat of our organisation. Representing 115 nationalities across 33 countries, they enrich our brand with their diverse range of skills and experiences. We offer them space to express their creativity as well as opportunities to develop personally and professionally. We provide them with a range of tools and resources to help them thrive.

Customers
Our customers are critical to our success and we invest in our relationship with them to understand their needs and desires. We aim to inspire and excite our customers with luxury products that are beautifully designed and made to last. We strive to provide outstanding customer service and we place the highest importance on our customers’ safety, welfare and respect, from their enjoyment of our products to their engagement with our brand.

Brand
Our brand is unique, grounded in our heritage and the principles of our founder Thomas Burberry. We want to be recognised for being purposeful and values-driven; committed to doing the right thing; an outerwear pioneer with a uniquely British perspective; a true luxury fashion house, with a relentless focus on quality and craft, and a beacon of creativity, imagination and innovation. We are protective of our brand and we safeguard Burberry’s intellectual property (IP) across the world.

Financial
Burberry is listed on the London Stock Exchange and is a member of the FTSE 100 index. We invest appropriately in our business to generate growth, deliver shareholder value and ensure the long-term future of our brand.

Manufacturing
We manufacture our products at Burberry-owned sites as well as via a network of global suppliers. We weave gabardine at our mill in Keighley and make our iconic Heritage Trench Coats at our factory in Castleford, both in Yorkshire, UK. We own a centre of excellence for leather goods in Scandicci, Italy, covering all activities from prototyping to the coordination of production.

Stores
We serve our customers through a network of directly operated and franchised stores as well as online. We strive to provide a seamless omnichannel experience, aligned with our brand vision, and outstanding service that is tailored to meet our customers’ needs and desires.
WHAT WE DO

Design
We design luxury goods that are beautifully made and built to stand the test of time. Our design, strategy, marketing and responsibility functions work together from the earliest stages of product development. Working collaboratively ensures our products remain relevant to our customers and true to Burberry’s purpose. It also ensures sustainability remains front of mind.

Source
We source the finest materials to craft our luxury products. We work closely with our network of global suppliers to ensure our high standards are met, both in terms of quality and sustainability. We innovate to bring our brand vision to life to inspire and excite our customers, while reducing our impact on the environment.

Make
Our highly skilled craftspeople make our products at Burberry-owned manufacturing sites in the UK and Italy, as well as via a network of global suppliers, a large proportion of which are in Europe. We invest in quality, driving improvements throughout our supply chain, while focusing on reducing, reusing and recycling the waste we create. We continually look for innovative solutions to help us move towards a circular business model.

Sell
We sell our products through a network of directly operated and franchised stores, as well as via wholesale partners and online. For certain product categories, such as beauty and eyewear, we use the product and distribution expertise of licensing partners. Our creative, marketing and communications teams aim to inspire and excite our customers with distinctive and meaningful content and outstanding luxury experiences.

VALUE ADDED

Customers
We inspire and excite our customers with beautiful luxury products of the highest quality. We create opportunities for them to engage with the Burberry community through meaningful experiences, online and offline.

People
We provide opportunities for our people to develop personally and professionally so they can enjoy rewarding careers with us. We foster a culture where everyone feels they belong, has a voice and can reach their full potential.

Communities
Helping others, giving back and driving positive change are central to our culture. We contribute to local economies where we operate and support the communities around us through direct partnerships and with organisations making a positive impact.

Shareholders
Our framework for long-term value creation centres around three major pillars: revenue growth, operating margin accretion and capital efficiency. As the business fulfils its potential, our shareholders benefit from return on investment and long-term shareholder value.

The Environment
We are committed to driving positive change and achieving sustainable growth by being a force for good. We actively work to reduce our environmental footprint and at the same time seek to transform our industry by pushing boundaries, setting leading standards and pioneering innovative solutions to create real system change.
INVESTMENT CASE

Our vision is to be the leading British luxury brand, delivering sustainable, high-quality growth and value for our stakeholders and communities.

STRATEGY

1. COMMUNICATIONS
We will inspire customers and strengthen the emotional connection with purposeful, authentic luxury storytelling, while leveraging our strong network of communities and influencers to amplify our brand.

2. PRODUCT
We will leverage the strong luxury offer we have built, maintaining focus and innovation around our anchors of outerwear and leather goods. We will further elevate our ready-to-wear collections by developing a strong position in everyday luxury pieces.

3. DIRECT TO CONSUMER
We will continue to transform our direct-to-consumer channels to create a luxury, truly omnichannel experience that will both attract customers to the brand and ensure their ongoing engagement with us.

ENABLERS
• Agile supply chain
• Secure, integrated and consumer-led technology
• World-class talent
• Operational efficiency

ESG

We are committed to continuing to build not only a financially stronger Burberry but also a better company. We will fuel the creativity of our people by championing diversity, equality and inclusion, and supporting their wellbeing. We will empower young people in our communities, providing more of them with the skills, confidence and opportunities to succeed. We will create a more sustainable future for luxury by further reducing our environmental impacts and helping transform our industry.

Read about ESG on pages 60 to 91, our Sustainability Bond on 92 to 93 and visit Burberryplc.com for more information.

1. Read more about our strategy on pages 24 to 43.
Burberry operates in the luxury goods sector, where industry growth tends to deliver ahead of overall annual global Gross Domestic Product (GDP) growth. Our ambition, in the medium term, is to drive towards high single-digit top-line growth (from FY 2019/20 base at constant currency), driven by over performance of full-price sales. Revenue growth will be enabled by our strategy, leveraging the strong product offer we have established over the past few years, maintaining our focus on outerwear and leather goods and accelerating and strengthening our position in all key markets.

Our framework for long-term value creation centres around three major pillars: revenue growth, adjusted operating profit margin accretion and capital efficiency.

Burberry generated an adjusted operating profit margin of 16.9%, an increase of 50bps from FY 2019/20. In the medium term, our ambition is to deliver meaningful adjusted operating profit margin improvements (at constant currency). There are two significant factors underpinning our ambition:

**Operating leverage**
Leverage the fixed and semi-fixed cost components of our operating expenses.

**Cost-efficiency programmes**
Our current cost-saving programmes have delivered £185 million annualised cost savings in FY 2020/21. This was achieved by driving simplification and efficiency throughout our organisation, including optimising back-office functions, generating procurement savings, and through technology initiatives that increase our business agility.

Burberry has a capital allocation framework, which prioritises the use of cash, while maintaining an appropriate capital structure for the business. This is set out in further detail on page 55. Our uses of cash are summarised below.

**Reinvest**
Reinvest for organic growth.

**Dividend**
Pay a progressive dividend.

**Strategic investment**
Invest in strategic initiatives.

**Capital returned**
Return excess cash to shareholders.

Underpinned by retaining a solid investment grade credit rating.
The luxury sector
In 2020, the personal luxury market decreased for the first time in more than 10 years (-23% year on year compared to +4% in 2019, with a total market size of €217 billion).\(^1\) The crisis had a significant impact on profits, with an estimated 60% year-on-year decline in Earnings Before Interest and Taxes (EBIT)\(^1\) for the personal luxury market as a whole.

In this environment, performance polarised further between strong luxury brands, which have been recovering more quickly, and premium brands. Regional performances have varied significantly with staggered recoveries across markets influenced by national lockdowns, economic recovery policies and consumer confidence. This has amplified the need for brands to adapt and pivot quickly, so they can shift resources across regions and encourage innovation to engage local consumers shopping domestically.

Luxury geographies
Asia
Despite initial decline in the early months of 2020, the industry in Mainland China rebounded with +45% year-on-year growth (compared to +26% in 2019).\(^1\) It was the only market that registered growth in 2020. The recovery was supported by a robust local economy and strong consumption across channels, categories, price points and generations. Global travel restrictions meant that Mainland China saw a repatriation of spend, which accelerated domestic growth throughout the year. However, overall sales to Chinese luxury customers globally declined in 2020, as the increase in domestic purchases did not fully offset the decline in tourist spend abroad. Hong Kong S.A.R. and Macau S.A.R. were the worst performing geographies globally.

In the rest of Asia, sales declined by double digits in 2020. South Korea showed good resilience and strong appetite for luxury consumption, while consumers in Japan withheld spending as a result of the crisis, focusing on timeless, long-term investment pieces when purchasing luxury goods.

Americas
In the Americas, the personal luxury market contracted in 2020 in line with global trends at -27% year on year.\(^1\) Despite local lockdowns and political uncertainty, there were positive signs of a restart in the second half of 2020 following government stimulus packages, with consumption moving from city centres and megacities to second-tier cities and suburban areas. Reduced footfall due to COVID-19 has taken its toll on department stores in the USA, with several players announcing bankruptcies.

Europe and the Middle East
In 2020, Europe was the region most severely impacted by the COVID-19 crisis in terms of luxury goods sales, registering a decline of 36% year on year, compared to 1% growth in 2019.\(^1\) Even if local consumption in the region was resilient, driven by affluent areas and a significant shift towards online purchases, lack of tourism had a significant impact on overall regional performance. Looking ahead, recovery in this region is expected to be prolonged and uneven. Luxury goods sales in the Middle East was less impacted by the COVID-19 pandemic, due to a shorter lockdown and repatriation of spend.

\(^1\) Source: Bain Altagamma 2020
Products

Apparel
The apparel category decreased by 30% year on year in 2020 across the industry (compared to 1% growth in 2019), with menswear and womenswear experiencing the same levels of decline. Apparel was the category hardest hit by the impact of the COVID-19 pandemic. Mirroring consumers’ at-home lockdown lifestyles, formal apparel registered the biggest decline, while the leisurewear and streetwear categories were more resilient.

Leather goods
Despite its negative sales performance (-18% year on year for the industry, compared to 7% growth in 2019), the leather goods category drove the luxury rebound with entry-level items, such as wallets and smaller bags, as well as iconic pieces. The rebound was supported by customers shopping online and high-spending customers, particularly in Asia, investing in iconic pieces.

Shoes and jewellery
The footwear market also contracted in 2020 at -12% year on year (compared to +9% in 2019). Customers shied away from formal and classic styles, while casual shoes and sneakers performed slightly better. Lifestyle changes saw sneakers driving the market uptick in the second half of 2020.

The jewellery sector also experienced a relatively small contraction compared to the overall market, with a 15% decline year on year (compared to 9% growth in 2019). This was largely due to sustained growth in Asia, mainly in China, and an acceleration in online purchases. High-end jewellery and iconic pieces at entry prices have been driving the recovery for this category.

Channels

Retail
Retail channels were severely affected in 2020, driven by temporary store closures, and, as a result, contracted by 23% year on year. Mono-brand stores contracted by 22%, in line with the overall market, as online sales and omnichannel purchase journeys grew in share and value. Among other retail channels, travel retail was hit hardest (-70% year on year). Meanwhile, outlets contracted by 15% year on year, while marginally increasing their channel share.

Wholesale
With digital being more prominent in FY 2020/21 and in-store footfall declining as a result of store closures, direct-to-consumer channels are becoming increasingly relevant. As a result, wholesale channels saw the hardest contraction in 2020 at -40% year on year and experienced strong polarisation.

Digital
Online channels grew by 50% in 2020 (compared to 22% growth in 2019), reaching a channel share of 23%, which was double that of 2019. Sales growth was particularly significant on brands’ own websites, increasing by 80% in 2020. The online sales spike was particularly prominent in China, where growth was one-and-a-half times greater than the average global online market increase, followed by Europe and the USA. In terms of product categories, accessories, shoes and beauty represented the lion’s share of growth, driven by the convenience of purchasing these products online. In this environment, as online influence and digitally enabled purchases grow in share and value, bridging online and offline is key, making omnichannel a key priority for luxury players.
Key themes

While the COVID-19 pandemic severely disrupted and hampered luxury market growth, it also accelerated four key trends, which are reshaping the industry and likely to remain influential beyond the pandemic.

1. China

Local Chinese consumer sentiment remained strong due to the country’s swift rebound following the virus outbreak. China remains on path towards becoming the biggest luxury market by 2025, with an estimated 26-28% global share (versus 20% in 2020). It is expected that Chinese luxury consumers will account for just below 50% of the total market by 2025. While international tourist flows are not expected to recover to pre-COVID-19 levels before 2022, further expansion of domestic store networks is expected in Tier 1 and Tier 2 cities, as well as in domestic travel destinations and duty-free locations.

2. Digital and omnichannel journeys

The global health emergency changed customer habits, accelerating the growth of online sales. As a result, the share of digital sales within the luxury market is expected to reach up to 30% by 2025 (compared to 12% in 2019).1 Even as stores reopen, online will remain a key channel for convenience and efficiency, with consumers pushing brands to innovate and leverage growth opportunities in this channel. As online touchpoints influenced more than 85% of consumer purchase journeys in 2020 (compared to 75% in 2019), and omnichannel journeys are growing in share and value, seamless integration between online and offline channels is a key priority for brands.

Despite the acceleration of digital, offline retail will remain integral to the luxury journey. Customers will expect stores to be experience driven, to incorporate a sense of community, and to offer opportunities to strengthen consumers’ emotional connections with brands.

3. Consumer

Prior to the pandemic, millennials and Gen Z, the youngest customers, were already expected to lead growth for luxury. In light of COVID-19, these demographics have become even more influential as they have led the recovery to date. Millennials and Gen Z show a higher level of resilience, continuing to make luxury purchases despite economic uncertainty. Customers from older generations are more cautious and considered with their spending. As their spending power increases in the coming years, and with their ability to influence older generations, young customers are now expected to drive 180% of growth between 2019 and 2025, and to reach a 65-70% share of the luxury market by 2025. These consumers will continue to shape the themes for luxury as they value brands with a clear viewpoint, which are able to communicate with them in an authentic and meaningful way. It is paramount for luxury brands to articulate their brand message and establish a dialogue to attract, excite and retain this demographic.

In 2020, leather goods proved to be the most resilient luxury category, driven by both entry-price items and more expensive iconic pieces. While high-spending customers continued to shop during the pandemic, they focused on investing in classic items from brands famous for that particular style or product.

Changes in lifestyle during the pandemic accelerated the trend toward casualisation, with customers over-indexing on loungewear and sneakers. These categories are expected to drive growth in FY 2021/22.

There is a heightened importance for brands to secure their supply chain and improve agility, to establish deeper partnerships and optimise product flows to track inventory, adapt supply and optimise assortment.

1. Source: Bain Altagamma 2020
4. ESG
Sustainability will remain an important factor in customers’ purchasing decisions after the pandemic, with transparency, fair labour practices and use of natural and organic materials as key focus points. The Black Lives Matter movement gaining greater awareness following protests in June 2020, combined with the pandemic, have intensified the significance of social issues in influencing consumers’ brand choices when buying luxury goods. This is particularly relevant for younger consumers, who expect brands to have a clear social agenda that includes both external activities and internal diversity and inclusion best practices, and to embed these in their brand marketing.

Market outlook
Although a return to pre-COVID-19 levels is not expected in 2021, the industry anticipates double-digit year-on-year growth in 2021 (+23%), albeit from a low base. Recoveries will be partial and varied by region, with China, digital retail and young customers key engines for market recovery and future growth. Travel flows are also expected to partially recover in 2021, to circa 40% of pre-COVID-19 levels, with a more significant recovery expected from 2022.²

While the pandemic is still ongoing and will continue to affect the luxury market in the short term, in the longer term the luxury market is expected to return to healthy levels of growth (3-4% Compound Annual Growth Rate (CAGR), 2019-2025). Chinese, digital and young customers will be the key drivers of this growth, with millennials and Gen Z continuing to set the agenda for luxury.
STRATEGY

In the last three years, we have transformed our business and built a new Burberry, anchored firmly in luxury. We have revitalised our brand image, renewed our product offer and elevated our customer experience, while making further progress on our ambitious social and environmental agenda. In spite of COVID-19, we completed our objectives for the period and delivered a strong set of results in FY 2020/21.

Strategic progress in FY 2020/21
FY 2020/21 was the third year of our journey to transform Burberry and firmly establish our position in luxury. Over the first two years, we set the foundation for our transformation by re-energising the brand and evolving our communication, renewing our product offer, and aligning our distribution to our strategic positioning, while maintaining sales and adjusted operating margin broadly stable throughout the transition period. While FY 2020/21 has been an unusual year due to COVID-19, the foundations we built in the first two years enabled us to continue making progress and to deliver strong results, as demonstrated by our growth and momentum in full-price sales, and traction with core product categories. The pandemic has had a significant impact on the global economy and our network, resulting in an average of 18% of our stores being closed in the year. Despite these challenges, we continued to drive the business through new product launches and inspiring communications, and shifted our focus to rebounding economies and digital channels. Our actions were underpinned by the resilience and engagement of our teams, who adapted swiftly during the year.

Read more about some of the achievements in the year:
Social Retail in Shenzhen, China See pages 28 to 31
A digital experience See pages 32 to 35
The Trench Coat See page 38
Bolstering leather goods See page 40
Helping to shape the future See page 43
Our journey
These actions prepared our business to capitalise on opportunities as they arose across different geographies. We had a strong set of initiatives in place to continue to excite and inspire our customers and maintain brand heat, which has remained strong.

FY 2017/18 – FY 2019/20
Building the foundation
- Reposition to luxury
- Establish new product offer
- Reset distribution
- Maintain stable revenue and profit

FY 2019/20 – FY 2020/21
Strengthen foundation
- Further progress and resilient performance despite COVID-19 pandemic
- Improved full-price sales
- Average Unit Retail (AUR) increase
- Growth in leather goods and outerwear

FY 2021/22 AND BEYOND
Growth acceleration
- Accelerate revenue growth
- Expand margins
- Deliver positive change
Product
We have made good strategic progress in developing and enhancing our product strategy while managing our product flows. Despite the COVID-19 pandemic, we continued to record excellent traction with our new collections during FY 2020/21.

Our new collections have resonated strongly with consumers, supporting double-digit growth in full-price sales to both new and repeat customers. Within full price, our strategic pillars, leather goods and outerwear, have returned to growth and delivered mid and high single-digit growth for FY 2020/21, respectively. Strong performance in leather goods has been supported by our new established shapes, including the Pocket Bag, which was the focus of our first bag campaign and programme of leather goods activations and pop-ups earlier in the year, and the Olympia, our newest distinctive shape. Across outerwear, we have focused on elevating and diversifying our offer, transitioning to a higher share of technical and eco-fabrics. By successfully driving the performance of our strategic pillars, we have also shifted our AUR, delivering high single-digit growth compared to FY 2019/20, further demonstrating the strength of our brand.

Despite some disruptions in our supply chain due to COVID-19, which resulted in higher operational complexity, we succeeded in managing our inventory, delivering our product, transporting inventory between markets and effectively managing order fulfilment.

Brand
We continued to invest in brand heat and visibility, adapting our plans to respond to the challenges imposed by local lockdowns. We identified innovative ways to create content and deliver our campaigns, in many cases digitally. For the Thomas Burberry Summer Monogram capsule, we leveraged our digital expertise to create our first computer-generated campaign. This also featured self-portraits captured at home by Kendall Jenner, ensuring no travel needed to take place. In July 2020, we introduced our Spring/Summer 2021 pre-collection lookbook, a celebration of our Burberry community. Instead of professional models, London-based Burberry employees were shot in looks from the collection outside their homes. In December 2020, we unveiled our mural dedicated to Burberry Ambassador Marcus Rashford MBE in Manchester.

Throughout the year, we maintained an engaging calendar and drumbeat of brand activations across the globe. We continued to see strong brand traction, with positive engagement rate results across our social media platforms, particularly in China, and attracted a sizeable share of new and younger customers to our brand.

Localised plans
Over FY 2020/21, markets rebounded at different paces. As a result, we focused on a localised customer-centric approach for each region, capturing recovery opportunities as they arose and shifting resources, such as product and budget, as required. In terms of brand activity, we continued to root our communications in strong coherent codes, signalling our luxury positioning through emotive campaigns and brand activations, and adopting a highly localised approach in every market.

In China, where luxury demand rebounded quickly, we focused on dedicated content, engaging customers through physical and digital activations. This included the launch of our Social Retail store in Shenzhen and a pop-up series focused on key product categories. We also launched our first bespoke campaign film for the Lunar New Year in January 2021, which had an exceptional response from local consumers and increased the number of new fans to our WeChat page in a single month by circa 15 times compared to our 2020 monthly average. In Korea, we tapped into regional consumer passion points by collaborating with local taste makers and drove engagement with consumers offline through pop-ups and elevated in-store installations.
In the Americas we focused on generating brand heat and visibility through the delivery of locally relevant content, including styling key cultural influencers, such as Beyoncé and Billie Eilish. This localised approach enabled us to drive recovery effectively and resulted in double-digit growth in full-price sales in recovering economies such as Mainland China, Korea and the USA.

**Digital**

We relied upon digital innovation to mitigate the impact of reduced traffic in our store networks during localised lockdowns. This approach drove a strong double-digit increase in full-price digital sales, and doubled turnover on Burberry.com. Our teams acted quickly to ensure we continued to deliver luxury experiences for our customers. In a matter of weeks, Burberry.com was upgraded to include an in-store appointments booking feature, as well as online shopping assistance. A new functionality allowing our UK- and USA-based customers to book video appointments with our Sales Associates and browse products as if they were in store was also added. Amplifying our appointment strategy has already proven to be a commercial success.

We have continued to add layers of digital discovery for our customers. Read more about this on pages 32 to 35.

**Distribution**

We continued to elevate the brand experience across our full-price channels and strategically leveraged digital to support both offline and online sales. Within Mainline, despite significant store closures during the year, our physical network remains a critical channel. As such, in FY 2020/21, we continued to invest in stores and counted 17 new openings. We also completed 21 refurbishments, bringing the cumulative number of refurbished stores to 85.

**Enablers**

Our performance has been underpinned by strong cost and cash discipline, and we have taken swift mitigating actions to contain costs and protect our financial position. In terms of liquidity, we diversified our borrowings into longer-term financing, with the issuance of our first Sustainability Bond in September 2020. The liquidity provided by the bond has been supported by cost savings of Opex reductions this year, ahead of our original guidance. Read more about our capital allocation framework on page 55 and Financial Review on pages 48 to 54. Finally, we continue to place a strong focus on our People and Responsibility agendas, making good progress on our commitments. Read more about ESG on pages 60 to 91.

Our strong foundations and the efforts of the last year have enabled us to make further progress in our strategy and deliver a resilient performance in FY 2020/21, despite the COVID-19 pandemic. As a result we are now successfully through the transformation with:

- A strong product offer, with leather and outerwear categories back to growth, supported by year-on-year growth in AUR across mainline and digital
- A new young fashion-forward luxury customer, which is a result of increased brand traction evident particularly on social media
OPENING NEW SPACES:  
SOCIAL RETAIL IN  
SHENZHEN, CHINA

A new luxury shopping experience that blends  
the social and physical worlds.

In July 2020, we set a new paradigm for luxury shopping 
with the opening of our first Social Retail store in 
Shenzhen, China. Created in collaboration with Chinese 
technology giant Tencent, the space takes moments 
from social media and embeds them into the in-store 
journey to create a new, digitally-immersive retail 
experience. At once celebrating our heritage of 
exploration and our forward-thinking approach, the 
store is a place of discovery, designed to inspire and 
entertain our customers, where they can interact with 
our brand and product in new and exciting ways.

The 5,800-square-foot store is made up of a series 
of spaces for customers to explore. Each has its 
own concept and personality and offers a unique, 
interactive experience. Through a dedicated WeChat 
mini-programme, customers can unlock exclusive 
content and personalised experiences and share them 
with their communities.

Thomas Burberry was an inventor and a dreamer. 
The social retail store reflects Burberry’s pioneering 
history of firsts, and our ambition to continue to 
push boundaries through innovation and creativity. 
It is a unique space to test and learn, and to trial 
innovation that we are expanding to the rest of the 
Burberry network.

WeChat mini-programme

The dedicated WeChat mini-programme acts as a 
bespoke digital companion, encouraging visitors to 
interact with the space and share their experiences 
online. The more a customer engages with the physical 
space through the mini-programme, the richer their 
experience becomes. For example, customers can 
unlock exclusive content and access features such as 
store tours and a scanner to read Quick Response (QR) 
codes on product swing tags. Scanning a QR code 
locks additional content and storytelling. Spaces 
dedicated to particular product categories also have 
their own QR codes. By scanning these codes, content 
is streamed to digital screens, further enhancing the 
in-store experience.

The WeChat mini-programme also provides a platform 
for client services, including appointment bookings, 
events and table reservations at Thomas’s Cafe, our 
in-store restaurant and community space.
Social currency
Within the mini-programme, customers can earn rewards through the Burberry social currency feature, unlocking exclusive content and personalised experiences. Each customer is given a playful animal character that evolves as they engage in store and online, with new characters and outfits to discover. Some examples of these characters can be seen above. Rewards range from exclusive café menu items at Thomas’s Cafe to mini-programme content.

Immersive experience
The store, which is fronted by an interactive digital window, comprises 10 rooms decorated in hues of beige, pistachio, pink and blue. Within these, there are areas that celebrate the Burberry house codes, including the Trench Coat, the Thomas Burberry Monogram, Nature and the Burberry Animal Kingdom. The Trench Experience is an exclusive space, which customers can unlock as they build their social currency. An homage to Thomas Burberry’s vision, the room is a digitally immersive journey through nature, bringing Burberry’s heritage of exploration to life and creating unique and personal content for the customer to share on social media.

Thomas’s Cafe
Named after Thomas Burberry, Thomas’s Cafe is a dedicated space for the Burberry community. The interior of the café takes inspiration from the creative codes introduced by Riccardo Tisci, including high-gloss tones of beige, layered curtains and chamfered mirroring. Animals are also referenced throughout and can be seen in prints on the wall, as well as in the bespoke tableware. The café menu celebrates English and Chinese tea culture with playful and modern fusion elements. The menu also evolves as customers engage with the WeChat mini-programme and their social currency advances, unlocking new items. Designed as a dynamic space, it can be repurposed into a community space for activities, including talks, workshops, exhibitions and live performances.
**A digital experience**

Digital innovation is a cornerstone of our strategy and our ambition is to remain the digital pioneer in luxury, building on our robust foundations and credentials in this area. It was our strong digital infrastructure that enabled us to continue to generate excitement around our new collections despite the challenges imposed by the COVID-19 pandemic. In order to safeguard our people and our communities, we transformed our shows and presentations into digital events and enhanced the online Burberry retail experience. In doing so, we brought our brand to audiences all over the world.

**Shopping online**

Digital continued to be a driver of growth during the year, with lockdowns and COVID-19 restrictions accelerating the shift online. As well as increasingly being the first step in our customers’ inspiration journey, Burberry.com offered a virtual shopping experience for customers unable to visit stores shut temporarily due to the pandemic.

We provided the same exemplary service that is a hallmark of shopping in our stores through virtual conversations with our Sales Associates, who were on hand to assist with styling and sizing advice. We also enhanced Burberry.com with engagement-building tools, including virtual events and exclusive digital content, and we increased personalisation.

To create a bespoke experience, we invited customers to connect with a local Burberry Sales Associate via a chat function. By doing so, the Sales Associate could share photographs of a specific product or pair pieces to demonstrate styling options. Shoppers could also schedule video calls with Sales Associates, who could take them through collections in a way that was tailored to their needs.

In some regions, we also employed AR tools to enable customers to picture Burberry products in their own environment. Not only was this a practical solution when visiting a store was not a possibility, but it also offered an additional dimension to the inspiration element of the customer journey.

The Burberry World area on Burberry.com provides visitors with background information on our products, our purpose and our approach to the environment and social responsibility. Content highlights this year included A New Awakening, a short film directed by Derek Tsang, to mark Chinese New Year, and images of the mural series created as part of the Burberry Supports Youth initiative, which showcases next-generation artists in Manchester, England, and Chengdu, China.

**Virtual events**

To bring the physical shopping experience to our customers wherever was convenient to them, in FY 2020/21, we focused on virtual event formats. These included invitations to customers to participate in virtual product launches and styling sessions. In the third quarter of FY 2020/21, our digital pop-ups and local activations on Burberry.com helped drive high double-digit full-price growth in the channel and we saw triple-digit full-price growth in Mainland China in the period.
Digital runway shows
Our ambition is to inspire and excite highly influential luxury consumers, fostering a strong Burberry community. When the COVID-19 pandemic made it impossible to host runway shows in person, we harnessed our creativity to reinvent this key inspiration moment. We pushed boundaries to create online experiences that gave front row seats to the Burberry community around the world.

Spring/Summer 2021 womenswear show
For our Spring Summer 2021 collection, In Bloom, we teamed up with influential livestreaming platforms to broadcast the show online and reach a wide audience.

We invited internationally acclaimed artist Anne Imhof to collaborate on the show experience, creating a unique event set in a forest that played with rules and rebellion. The collection’s inspiration was a modern mythology, a contemporary fairy tale in the deep ocean, a love story blooming between a mermaid and a shark, darkly romantic and unexpected. Like waves crashing uncontrolled against the shore, the performance featured bodies, ebbing and flowing, models and performers as one. Artist and musician Eliza Douglas provided a unique real-time soundtrack, further exploring the boundaries between art, fashion and live performance.

In China, the show was featured on Tmall as part of Alibaba’s Super Brand Day. In advance of the event, our branded activity on Tmall included a livestream with a brand ambassador and broadcasting video collaborations with dancers from the hit show “Street Dance of China”. In the three days before the show, our on-site activity gained over 20 million comments, likes and shares. On the day, the show was watched live by 28 million viewers on the platform, while Burberry’s Tmall store saw a record high in daily transaction volume.

In the rest of the world, we became the first luxury brand to partner with the livestreaming platform Twitch. Erykah Badu, Rosalía, Steve Lacy and Bella Hadid started the event with a pre-show conversation. During the show, we used Twitch’s Squad Stream function to enable our virtual guests to view the collection from multiple perspectives and share their impressions via the chat function in real time.

Autumn/Winter 2021 menswear presentation
For our Autumn/Winter 2021 collection, Escapes, we streamed the presentation from our Regent Street store.

Riccardo Tisci’s first Burberry collection focused on menswear, the presentation celebrated the relationship between humanity and nature, and referenced Burberry’s heritage of exploration.

The store was reconfigured as a meandering terrain. Models followed different paths, reflecting the myriad of directions creativity and exploration can take.

Video camera operators offered alternative perspectives on each of the looks, from detailed closeups to wide-angle views. We shared the presentation online and afterwards posted images of the collection on Burberry.com. In doing so, we replicated the sense of intimacy that a presentation creates for a wide audience and built a sense of community among viewers who could share their reactions to looks via chat functions.
STRATEGY OUTLOOK

Having successfully executed Burberry’s transformation and established a strong foundation, in this next chapter, we will leverage our unique brand to deliver sustainable, high-quality growth, while continuing to be a force for good in the world.

To achieve our objectives, we will build brand advocacy and community through distinctive and meaningful storytelling, formats and experiences that inspire and excite highly influential luxury consumers. We will focus on our core categories, drawing on the strong offer we have built while maintaining our focus on our anchors of outerwear and leather goods. We will continue to enhance the way we connect with our customers to create a truly omnichannel luxury experience, while focusing on local consumers in our key markets. We will supercharge digital, maintaining our leadership and we will continue to focus on full price.

Plans in place to drive performance

1. COMMUNICATIONS
2. PRODUCT
3. DIRECT TO CONSUMER

ENABLERS
- Agile supply chain
- Secure, integrated and consumer-led technology
- World-class talent
- Operational efficiency

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1. Communications

Now more than ever, consumers, particularly younger ones, are seeking emotional connections with brands. Our ambition is to excite and inspire the Fashion Vanguard, fostering a strong Burberry community. We will strengthen the emotional connection with purposeful, authentic luxury storytelling, while leveraging our strong network of communities and influencers to amplify our brand. Above all, we will maintain a firm focus on our purpose in order to differentiate Burberry from its peers.

2. Product

Our vision is to leverage the strong luxury offer we have built over the past few years, maintaining focus and innovation around our anchors of outerwear and leather goods. Within leather goods, having transformed our women’s architecture, we will continue to deliver newness and relevance while establishing key shapes within the men’s offer. In outerwear, we will build desire through fabric innovation as well as elevation of product. We will further elevate our ready-to-wear collections by developing a strong position in everyday luxury pieces. Additionally, we will increase our focus on shoes, which is a strong category for customer recruitment.

3. Direct to consumer

In the last three years we have elevated our store network so that it is aligned to our luxury positioning. In this phase we will continue to transform our direct-to-consumer channels to create a luxury truly omnichannel experience that will both attract customers to the brand and ensure their ongoing engagement with us. In the next phase we will focus on five key actions:

1. Rolling out our new store concept
2. Focusing on local customers
3. Accelerating store performance
4. Taking a lead in omnichannel, building on our pioneering Social Retail concept
5. Supercharge digital sales

Enablers

Successful delivery of these plans will be underpinned by strong operational and people enablers:

- An agile supply chain that delivers exceptional quality and service
- Investments in consumer-led technology to enhance the customer experience
- Attracting and retaining a diverse world-class team, fostering a strong culture of inclusion and belonging
- Driving operational efficiency

Driving positive change

Throughout our plans, our focus on ESG topics will remain core. Drawing on our heritage of exploration and discovery, we will push boundaries, set leading standards and pioneer innovative solutions to create real system change. This is the purest expression of our purpose and values and we are committed to building not only a financially stronger Burberry but also a better company. Today our customers, people, communities and investors rightly expect more. Building on the progress we have made so far, we will be accelerating our investment in ESG-related initiatives and raising our ambitions by:

- Creating the conditions for creativity to thrive by championing diversity and inclusion and ensuring the wellbeing of our people
- Supporting our communities, particularly young people, by providing them with the skills, confidence and opportunities to succeed
- Creating a more sustainable future for luxury by reducing our environmental impacts and helping transform our industry

We believe that by fostering the creativity that has driven our brand since its inception, we will deliver sustainable high-quality growth and value for our stakeholders and communities. Our plan will deliver significant value creation in three ways:

- Revenue acceleration, with high single-digit growth in the medium term, from a FY 2019/20 base, driven by out-performance of full-price sales
- Meaningful margin expansion, while investing in growth and significant free cash generation
- Positive change for our people, our communities and the environment
The Burberry Trench Coat

With over 100 years of history, the Burberry Trench Coat is a global fashion icon. Its fabric speaks to our heritage of technical innovation and its design to timelessness, while its seasonal adaptations reflect the spirit of the moment and Burberry’s enduring relevance. It remains at the core of the brand and we continue to reinterpret it with fresh iterations.

Quintessentially British, the Burberry Trench Coat epitomises the seamless fusion of form and function. Lightweight gabardine, which was invented by Thomas Burberry in 1879, is pliant and comfortable to wear, while providing protection from the elements. Aspects of the Trench Coat’s design reflect its history. During the First World War, for instance, its epaulettes were used to display an officer’s rank, and its belt’s metal D-rings served as a place to attach equipment. These features are still part of our Heritage Trench Coat.

Every Trench Coat produced by Burberry in Castleford, Yorkshire, is rich with stories, with its design telling tales of our heritage of exploration and technical innovation. The knowledge and skill of our craftspeople are woven into every finished piece, too. It takes one year for our specialist tailors to master the stitching of the Trench Coat’s collar. The most intricate part of the coat’s construction, more than 180 stitches are sewn by hand to create a fluid curve to ensure the collar sits perfectly on the neck.

The lining of our heritage Trench Coat features the Burberry Check trade mark. It was first used to line our raincoats in the 1920s, but it was the 1960s that saw it become the unmistakable Burberry signature we know today. The Burberry Check remains our iconic house code with a new vision for the future, elevated, reworked and reconstructed throughout our collections. No matter the incarnation, it will always be emblematic of our history, our craftsmanship and enduring British style.

Burberry Trench Coats go on to live their own lives once in the hands of our customers and participate in myriad adventures. We offer Trench Coat reproofing and repair services to reflect our customers’ attachment to their unique pieces of living fashion history and our commitment to sustainability.

While instantly recognisable, every Burberry Trench Coat has a personality all of its own, too. Our customers incorporate their flair into how they style their pieces, while our Trench Bespoke service takes personalisation to the next level. Available at our London flagship store, using innovative customisation tools, our customers can adapt our iconic silhouettes with a choice of motifs and details, including monograms and vintage Burberry Check linings.

At once timeless and of its time, the Burberry Trench Coat is part of the fabric of our customers’ lives. Through their exploits, it will continue to be woven through histories yet to be recounted.
Bolstering leather goods

Building our leather goods business has been a key element of our strategy. In the past three years, we have completely transformed the category with a range of distinctive shapes, including the TB, Lola, Pocket and Title, that cater to different customer preferences. We have also raised the bar in terms of quality thanks to the integration of our leather goods centre of excellence, Burberry Manifattura, in Italy.

The introduction of the Olympia bag in spring 2021 added a new storyline to our signature bag selection. Combining a sleek practical design with a distinctive look, the slim structured shoulder bag is manufactured in Italy in three proportions and multiple finishes.

During the year, our collections resonated well with new and younger clientele, as well as repeat customers, while our communications around leather goods have continued to build excitement around the category. FY 2020/21 was punctuated by three stand-out leather goods moments:

Sharing our brand story

Burberry’s heritage is rich with stories of adventurers and exploration, and our leather goods speak to creative freedom and the timeless appeal of quality products made to last.

To share these aspects of our brand story with our customers, we launched a series of immersive travelling pop-up shops in June 2020. The pop-ups started their journeys in China before making their way to the Americas and EMEIA. Featuring large-scale models of brightly coloured animals, the whimsical and interactive custom-built installations travelled from location to location showcasing our leather goods. The installations’ structures could be reused and reconfigured, meaning they could be scaled up or down depending on location, so reducing waste. Each pop-up was digitally augmented, incorporating creatures, which could be brought to life by customers on their phones through an immersive AR experience.

Bringing leather goods to life

When our customers could not visit Burberry retail spaces in person, we gave our leather goods an additional dimension with AR. Using our smartphone app, customers could place our Spring/Summer 2021 Pocket Bag collection (pictured on the right) in their surroundings. This meant they could explore the bags in more detail, see them at scale against other real-life objects and get a realistic idea of dimensions before purchasing.

As a nod to our Spring/Summer 2021 collection, we created a playful experience, which enabled customers to design their own 3D shell sculptures incorporating their chosen Pocket Bag.
Helping to shape the future

Thomas Burberry was passionate about social reform and supporting local communities. We continue his legacy today by helping those in need, in particular young people, and working with organisations that provide them with the skills, confidence and opportunities to succeed.

In 2020, Burberry joined forces with English international footballer Marcus Rashford MBE and charities supporting young people across the world.

Like Thomas Burberry, Marcus Rashford is a pioneer, an innovator, a free-thinking trailblazer who harnesses his own achievements as a way to give back and nurture the next generation. During the COVID-19 pandemic, he focused on ensuring children who would usually rely on school meals would not go hungry. As well as successfully campaigning for the extension of holiday food provision to support vulnerable children in the UK, he raised £20 million in financial and food donations for FareShare, a food distribution charity.

In support of his efforts to end child food poverty, in November, we expanded our support for FareShare, with whom we have a longstanding relationship, helping fund an additional 200,000 meals across 11,000 charities and community groups across the UK.

We also pledged to support UK youth organisations in Manchester, London and charities with a global reach. Programmes range from education to supporting young creatives and artists, and helping entrepreneurs to tackle some of the world’s significant challenges. These initiatives will positively affect the lives of tens of thousands of young people across the world.

UK

In London, Burberry is working with London Youth, which supports a network of over 600 community youth organisations and creates thousands of engaging opportunities for young people each year. Fifteen youth centres jointly selected by Burberry and London Youth will receive grants to ensure their programmes can continue to make a positive impact in some of London’s most deprived communities.

In Manchester, Burberry is supporting Norbrook Youth Club and Woodhouse Park Lifestyle Centre, which are both youth centres that played a pivotal role in Marcus Rashford’s childhood. Youth volunteers from the two clubs will be coming together as part of the partnership to help charities in the Wythenshawe area where the clubs are based and Marcus Rashford grew up.

USA

Alongside these, Burberry is contributing to Wide Rainbow, a non-profit based in New York City providing access to the arts and arts education in neighbourhoods across the United States with little to no resources. The donation will provide art supplies, food deliveries and music education to young people in these communities as well as fund the creation of art murals to invigorate schools and shelters in New York and Los Angeles.

Around the world

Burberry is also partnering with the International Youth Foundation to contribute to the Global Youth Resiliency Fund. This will enable young entrepreneurs and community leaders, especially in Asia, to develop solutions to challenges including closing nutrition gaps and unlocking access to livelihoods.

To further support the voices of tomorrow, we featured Marcus Rashford in our 2020 festive campaign. He featured in still imagery sporting signature house codes, including the iconic Trench Coat and Burberry Check puffer jacket.
# Key Performance Indicators

Key Performance Indicators (KPIs) help management measure progress against our strategy.

## Non-financial measures

We have developed non-financial measures to assess our performance against our ongoing employee objectives and 2022 responsibility targets, with progress regularly monitored by our Board. For further details on ESG activities and progress against 2022 targets, see pages 62 to 65. The Group has considered the new non-financial reporting requirements under sections 414CA and 414CB of the Companies Act 2006 and has included details in the Annual Report.

### Employees

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create an environment where all our employees are actively engaged in delivering outstanding results for the business</td>
<td>Employee engagement score as measured by Glint</td>
<td>FY 2020/21 performance: average employee engagement score of 75%^1</td>
</tr>
<tr>
<td>Ensure our policies, processes, practices and resources promote equal gender representation in our leadership population</td>
<td>Number of women globally in Director and above roles, divided by the total number of Director and above roles</td>
<td>FY 2020/21 performance: women account for 52% of the leadership population</td>
</tr>
</tbody>
</table>

### Responsibility

#### Product

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Drive positive change through 100% of our products by increasing demand for more sustainable raw materials and supporting our supply chain partners in going beyond social and environmental compliance to improve resource efficiency and worker wellbeing</td>
<td>% of products with more than one positive attribute^2</td>
<td>FY 2020/21 performance: 82%^ of products with more than one positive attribute and 94%^ of products with at least one positive attribute^3</td>
</tr>
</tbody>
</table>

#### Company

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Become carbon neutral in our own operational energy use by 2022 and meet our approved Science Based Targets: • Reduce absolute scope 1 and 2 Greenhouse Gas (GHG) emissions 95% by 2022 from a FY 2016/17 base year • Reduce absolute scope 3 GHG emissions by 30% by 2030 from a FY 2016/17 base year</td>
<td>Absolute market-based CO₂ emissions</td>
<td>Carbon neutral in our own operational energy use: 92% reduction compared to FY 2016/17 To date, in line with our Science Based Targets, we have reduced our total scope 1 and 2 emissions by 84% compared to FY 2016/17 and reduced our scope 3 emissions from purchased goods and services by nearly 8,700 tonnes</td>
</tr>
</tbody>
</table>

#### Communities

<table>
<thead>
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<th>Measure</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively impact 1 million people^2 by supporting programmes led by The Burberry Foundation. The three pillars of our Communities strategy focus on projects that tackle educational inequality and build cultural capital; foster community cohesion and employability skills; and support social and economic development</td>
<td>Number of individuals positively impacted</td>
<td>FY 2020/21 performance: 680,170^ people positively impacted since the launch of partnerships in FY 2016/17</td>
</tr>
</tbody>
</table>

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1. Employee engagement score as measured by Glint employee engagement index. Engagement index based on completed survey responses only.
2. Positive product attributes: we have defined key positive attributes relating to a range of social and environmental programmes, which drive improvements in the raw material and manufacturing stages of our supply chain.
3. Positively impact people: we support The Burberry Foundation and its partners in addressing key community needs within our industry’s footprint (see pages 64 to 65). This is giving rise to different impacts, depending on geographies and community needs. Impacts are assessed and reported at regular intervals over the course of five years.
### Financial measures

We believe it is vital to ensure alignment between our strategic focus and the long-term interests of shareholders. As a result, the short-term element of executive remuneration is linked to adjusted operating profit performance and long-term awards are subject to revenue and adjusted group Return on Invested Capital (ROIC) underpins. More information is set out in our Directors’ Remuneration Report on pages 180 to 203.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Revenue growth*</th>
<th>Comparable sales growth*</th>
<th>Adjusted operating profit growth*</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI</td>
<td>This measures the appeal of the Burberry brand to customers through all of our sales channels.</td>
<td>This measures the growth in productivity of existing stores. It is calculated as the annual percentage increase in sales from retail stores that have been open for more than 12 months. It is adjusted for permanent closures and refurbishments, and includes all digital revenue.</td>
<td>This measure tracks our ongoing operating profitability and reflects the combination of revenue growth and cost management.</td>
</tr>
<tr>
<td>Financial ambition over time: high single-digit KPI top-line growth.*</td>
<td>Financial ambition over time: high single-digit top-line growth.*</td>
<td>Financial ambition over time: adjusted operating profit growth ahead of revenue growth.*</td>
<td></td>
</tr>
<tr>
<td>CER growth %</td>
<td>CER growth %</td>
<td>CER growth %</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>18</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>-2</td>
<td>-1</td>
<td>-4</td>
<td>-10</td>
</tr>
<tr>
<td>FY 2020/21 revenue declined by 10% at CER, as a result of the impact of COVID-19 on trading, especially during H1, when many of the Group’s stores were closed. Revenue growth improved in H2, returning to year-on-year growth in Q4.</td>
<td>FY 2020/21 comparable sales declined 9% in the year as a result of the impact of COVID-19 on trading.</td>
<td>Adjusted operating profit in FY 2020/21 was down 8% at CER. This was as a result of the impact of COVID-19 on revenue, partially offset by an improvement in gross margin and a reduction in adjusted operating costs as a result of strong cost management and delivery of restructuring programmes.</td>
<td></td>
</tr>
</tbody>
</table>

* At CER

Details of alternative performance measures are shown on page 53. Pro forma is an estimation of the FY 2019/20 results when applying the previous accounting standard, IAS 17: Leases, consistent with FY 2018/19. The calculation of Adjusted Group ROIC is set out on page 289.
Adjusted profit before tax has been removed as a KPI, as adjusted operating profit is management's profit KPI performance measure. Adjusted profit before tax is no longer used as a performance measure for remuneration arrangements for Executive Directors on any new awards. Following the adoption of IFRS 16 in FY 2019/20, the KPI for ROIC has been modified to reflect the impact of IFRS 16 and to use Group operating profit. This is better aligned with other KPIs. Remuneration targets for incentive arrangements also use measures based on operating profit. This KPI will be added to each year from FY 2019/20 until a five-year history is recorded.

<table>
<thead>
<tr>
<th>Adjusted operating profit margin</th>
<th>Adjusted diluted EPS growth</th>
<th>Adjusted Group ROIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>This measures how we drive operational leverage and disciplined cost control, with thoughtful investment for future growth building the long-term value of the brand.</td>
<td>Growth in adjusted diluted EPS reflects the increase in profitability of the business, improvement in the tax rate and share repurchase accretion.</td>
<td>Adjusted Group ROIC measures the efficient use of capital on investments. It is calculated as the post-tax adjusted Group operating profit divided by average adjusted operating assets over the period.</td>
</tr>
<tr>
<td>Financial ambition over time: meaningful adjusted operating margin expansion.*</td>
<td>Financial ambition over time: adjusted EPS growth ahead of revenue growth.*</td>
<td>Financial ambition over time: ROIC significantly ahead of Weighted Average Cost of Capital (WACC).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>%</th>
<th>Reported growth %</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.6</td>
<td>+11</td>
<td>20.0</td>
</tr>
<tr>
<td>17.1</td>
<td>+6</td>
<td>17.0</td>
</tr>
<tr>
<td>16.1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>15.3</td>
<td>-5</td>
<td></td>
</tr>
<tr>
<td>16.4</td>
<td>-14</td>
<td></td>
</tr>
<tr>
<td>16.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Pro forma</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>21</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted operating profit margin improved by 50bps with the impact of reduction in revenue more than offset by improved gross margin and savings in operating costs.

Adjusted diluted EPS was down 14% year on year. In addition to decline in operating profits, finance charge increased due to interest on borrowings and reduced interest rates on investments. The effective tax rate on adjusted profit increased from 22.3% to 25.4%, mainly due to geographical shift in profits to higher tax jurisdictions.

Adjusted Group ROIC decreased from 20% to 17% in FY 2020/21, mainly due to the decrease in adjusted operating profit and the increase in effective tax rate. Average operating assets increased by 3%.
GROUP FINANCIAL HIGHLIGHTS

Revenue
• Revenue £2,344m -10% CER, -11% reported
• Retail comparable store sales -9% (H1: -25%; H2: +5%), returning to growth in H2 FY21

Adjusted profit
• Adjusted operating profit £396m, -8% CER, -9% reported
• Gross margin before adjusting items up 270bps at CER and 260bps at reported rates, benefitting from full-price and other mix effects and reduced inventory provisioning charges
• Operating expenses before adjusting items -7% at both CER and reported rates, benefitting from cost management and delivery of restructuring programmes
• Adjusted diluted EPS 67.3p, -14% at both CER and reported

Reported profit measures
• Operating profit £521m, up 176% after adjusting items of £125m credit (FY20: £244m charge)
• Diluted EPS 92.7p, up 211% reported

Cash measures
• Full year dividend declared at FY19 levels of 42.5p (FY20: 11.3p) with the progressive policy reinstated
• Free cash flow of £349m (FY20: £66m) due to strong cash management
• Cash net of overdrafts and borrowing of £919m at 27 March 2021 (28 March 2020: £587m). Cash net of overdrafts amounted to £1.2bn with borrowings of £297m. The £300m Revolving Credit Facility (RCF) is currently undrawn, and the UK Government sponsored COVID Corporate Financing Facility (CCFF) was repaid in February 2021

Summary income statement

<table>
<thead>
<tr>
<th>Period ended</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£ million</td>
<td>£ million</td>
<td>Reported FX</td>
</tr>
<tr>
<td>Revenue</td>
<td>2,344</td>
<td>2,633</td>
<td>(11) (10)</td>
</tr>
<tr>
<td>Cost of sales*</td>
<td>(704)</td>
<td>(859)</td>
<td>(18)</td>
</tr>
<tr>
<td>Gross profit*</td>
<td>1,640</td>
<td>1,774</td>
<td>(8)</td>
</tr>
<tr>
<td>Gross margin*</td>
<td>70.0%</td>
<td>67.4%</td>
<td>+260bps</td>
</tr>
<tr>
<td>Operating expenses*</td>
<td>(1,244)</td>
<td>(1,341)</td>
<td>(7)</td>
</tr>
<tr>
<td>Opex as a % of sales*</td>
<td>53.1%</td>
<td>51.0%</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating profit*</td>
<td>396</td>
<td>433</td>
<td>(9)</td>
</tr>
<tr>
<td>Adjusted operating margin*</td>
<td>16.9%</td>
<td>16.4%</td>
<td>+50bps</td>
</tr>
<tr>
<td>Adjusting operating items</td>
<td>125</td>
<td>(244)</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>521</td>
<td>189</td>
<td>176</td>
</tr>
<tr>
<td>Operating margin</td>
<td>22.2%</td>
<td>7.2%</td>
<td></td>
</tr>
<tr>
<td>Net finance (charge)**</td>
<td>(31)</td>
<td>(20)</td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>490</td>
<td>169</td>
<td>190</td>
</tr>
<tr>
<td>Taxation</td>
<td>(114)</td>
<td>(47)</td>
<td></td>
</tr>
<tr>
<td>Attributable profit</td>
<td>376</td>
<td>122</td>
<td></td>
</tr>
</tbody>
</table>

| Adjusted profit before taxation* | 366 | 414 | (12) | (11) |
| Adjusted diluted EPS (pence)* | 67.3 | 78.7 | (14) | (14) |
| Diluted EPS (pence) | 92.7 | 29.8 | 211 |
| Weighted average number of diluted ordinary shares (millions) | 405.1 | 409.0 |

* Excludes adjusting items. All items below adjusting operating items on a reported basis for detail, see Note 6.
** Includes adjusting finance charge of £1m (FY20: £1m).
Retail sales fell 9% at constant and reported exchange rates. Comparable store sales declined 9% (H1: -25%; H2: +5%). Underlying performance was strong with full price sales growth of 7% offset by store closures and a significant reduction in tourist traffic due to COVID-19, together with the planned reduction in markdown activity in the second half of the year. Overall, markdowns had a low single digit percentage adverse impact on FY21 sales growth.

Comparable store sales by region:

**Asia Pacific** grew by 18% year on year:
- Asia Pacific saw the best regional performance in the year, led by Mainland China and Korea.
- Mainland China saw strong double digit growth with comparable store sales accelerating in the fourth quarter to 53% against FY19 driven by a successful Lunar New Year campaign.
- Korea also delivered strong double digit percentage growth with a significant improvement in comparable store sales in the last quarter of the year.

**South Asia Pacific (SAP)** declined by a double digit percentage, affected by limited tourist traffic and airport store closures.

**Japan** also fell, impacted by a lack of international travel.

**EMEIA** fell by 44% year on year:
- EMEIA has been especially impacted by travel trends and store closures.
- Continental Europe saw a decline broadly in line with the regional average; however, local spend returned to growth from the second quarter.
- The UK remained challenged with London performance weak given high tourist exposure.
- Middle East returned to growth in the second half of the year driven by strong local demand and improved tourist flows.

**Americas** declined by 9% year on year:
- Americas saw a robust performance in full-price sales from Q2 FY21, increasing 17% in the year.
- Within this, the US was particularly strong driven by attracting new younger customers to the brand.

Digital performed well in the year with double digit percentage growth driven by the Americas and Mainland China.
By product
• Full-price sales grew across all product categories in FY21 and in the fourth quarter against Q4 FY19
• Product performance was impacted by the pandemic with a shift towards casualisation and evergreen items
• Outerwear was driven by strong performance in Coats and Jackets, Quilts and Downs with exceptional performance in Mainland China and Korea
• Within Ready-to-wear, Tops and Bottoms continued to outperform with a strong performance in Shirts and Jersey within Men’s and Knitwear within Women’s
• Leather goods remained a key focus in FY21 with the new bag pillars performing well. The new shapes continue to account for more than 60% of our women’s leather bag sales
• Digital full-price sales saw high double digit percentage growth across all categories with a particularly strong performance in Accessories driven by leather goods and shoes

Store footprint
The transformation of our distribution continued as we addressed high priority programmes:
• In FY21 we opened 17 stores and closed 23 stores

Operating profit analysis
Adjusted operating profit

<table>
<thead>
<tr>
<th>Period ended</th>
<th>27 March 2021</th>
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<td>16.4%</td>
<td>+50bps</td>
</tr>
</tbody>
</table>

* excludes adjusting items

Adjusted operating profit declined 9% and margin increased by 50bps at reported exchange rates.

• Gross margin increased 270bps at CER (260bps reported). Business performance accounted for around two thirds of the gross margin improvement benefitting from full price, channel and regional (predominantly Mainland China) mix. The gross margin benefited from COVID provisions taken in the PY by around 80 bps
• Adjusted operating expenses fell by 7% against last year, benefitting from strong cost management and delivery of the restructuring programmes. The 2017 cost savings programme has delivered savings of £150m since inception including an incremental £25m in FY21
• In July 2020 we announced a cost reduction programme to deliver the planned £55m savings with £45m of associated costs. This programme remains on track and we achieved the targeted £35m of savings in FY21 with an associated cost of £22m that was presented as an adjusting item. We expect the remaining £20m benefit from the cost reduction programme will be achieved in FY22, with further costs of £23m to be incurred

Wholesale
Wholesale revenue declined 17% at CER and reported exchange rates with a return to growth in the second half of the year with sales up 8% at reported exchange rates.

Licensing
Licensing revenue fell 19% at reported exchange rates due to lower sales from the COVID-19 fallout.
Adjusted operating profit amounted to £396m including a £3m FX headwind in FY21.

**Adjusting items**
Adjusting items were a credit of £124m (FY20: £245m charge).

<table>
<thead>
<tr>
<th>Adjusting items*</th>
<th>Period ended</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The impact of COVID-19</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory provisions</td>
<td></td>
<td>22</td>
<td>(68)</td>
</tr>
<tr>
<td>Rent concessions</td>
<td></td>
<td>54</td>
<td>–</td>
</tr>
<tr>
<td>Store impairments</td>
<td></td>
<td>47</td>
<td>(157)</td>
</tr>
<tr>
<td>Government grants</td>
<td></td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td>Receivable impairments</td>
<td></td>
<td>5</td>
<td>(11)</td>
</tr>
<tr>
<td>Assets under the course of construction impairment</td>
<td></td>
<td>–</td>
<td>(10)</td>
</tr>
<tr>
<td>Related other sundry items</td>
<td></td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td><strong>COVID-19 adjusting items</strong>**</td>
<td></td>
<td>137</td>
<td>(241)</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td></td>
<td>(30)</td>
<td>(10)</td>
</tr>
<tr>
<td>Profit on sale of property</td>
<td></td>
<td>18</td>
<td>–</td>
</tr>
<tr>
<td>BME deferred consideration income</td>
<td></td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Disposal of beauty business</td>
<td></td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td><strong>Adjusting operating items</strong></td>
<td></td>
<td>125</td>
<td>(244)</td>
</tr>
<tr>
<td>Adjusting financing items</td>
<td></td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Adjusting items</strong></td>
<td></td>
<td>124</td>
<td>(245)</td>
</tr>
</tbody>
</table>

* For more details see note 6 of the Financial Statements.
** COVID-19 adjusting item includes a £22m credit (FY20: £68m charge) that has been recognised through COGS relating to inventory provisions.

The major adjusting items are as follows:

- Impact of the COVID-19 pandemic: the majority of adjusting items relate to rent concessions across our retail network and impairment reversals to the carrying value of stores and inventory due to positive trading in FY21. In addition, COVID-19 related government grants were also treated as an adjusting item
- Restructuring costs: £22m related to the organisational changes announced in July 2020 and the final charge of £8m relating to the cost-efficiency programme announced in 2017
- Profit on sale of property: relates to the sale of a property in France

**Adjusted profit before tax**
After an adjusted net finance charge of £30m (FY20 £19m), adjusted profit before tax was £366m (FY20 £414m).

* For detail on adjusting items see note 6 of the Financial Statements.

**Taxation**
The effective tax rate on adjusted profit increased to 25.4% (FY20: 22.3%). This was higher than normal due to COVID-19 impacting the geographical shift in profits towards higher tax jurisdictions. The reported tax rate on FY21 profit before taxation was 23.3% (FY20: 27.9%).

* For detail see note 9 of the Financial Statements.

**Total Tax Contribution**
The Group makes a significant economic contribution to the countries where it operates through taxation, either borne by the Group or collected on behalf of and paid to the relevant tax authorities. In FY 2021, the total taxes borne and collected by the Group amounted to £335 million. In the UK, where the Group is headquartered and has significant operations, Burberry paid business taxes of £58 million and collected a further £14 million of taxes on behalf of the UK Exchequer. For further information see burberryplc.com.
Cash flow

Represented statement of cash flows

The following table is a representation of the cash flows, excluding the impact of adjusting items, to highlight the underlying movements.

<table>
<thead>
<tr>
<th>Period ended</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£ million</td>
<td>£ million</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>396</td>
<td>433</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>277</td>
<td>331</td>
</tr>
<tr>
<td>Working capital</td>
<td>(25)</td>
<td>(66)</td>
</tr>
<tr>
<td>Other</td>
<td>29</td>
<td>(73)</td>
</tr>
<tr>
<td><strong>Cash inflow from operations</strong></td>
<td><strong>677</strong></td>
<td><strong>625</strong></td>
</tr>
<tr>
<td>Payment of lease principal and related cash flows</td>
<td>(155)</td>
<td>(244)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(115)</td>
<td>(149)</td>
</tr>
<tr>
<td>Proceeds from disposal of non-current assets</td>
<td>27</td>
<td>3</td>
</tr>
<tr>
<td>Interest</td>
<td>(27)</td>
<td>(19)</td>
</tr>
<tr>
<td>Tax</td>
<td>(58)</td>
<td>(150)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>349</strong></td>
<td><strong>66</strong></td>
</tr>
</tbody>
</table>

Free cash flow was £349m (FY20 of £66m) and cash conversion was 111% (2020: 52%) reflecting strong cash discipline. We had the following key flows:

- Working capital saw a £25m outflow. Within this, inventories reduced 16% in gross terms due to disciplined inventory control, generating an inflow of £21m in the year (FY20 inflow of £27m), with significantly lower payables outflow more than offsetting higher receivables outflow compared to prior year
- Lease related payments fell £89m including benefit of £54m of COVID-19 related rent concessions
- Capital expenditure reduced to £115m (2020: £149m) as projects were impacted by the pandemic
- Tax paid reduced to £58m against the prior year in which payments were elevated mostly due to the accelerated collection by HMRC in the UK

Cash net of overdrafts at 27 March 2021 was £1.2bn (28 March 2020: £0.9bn). We repaid the RCF in June 2020 and in September issued a £0.3bn Sustainability Bond after obtaining a public investment grade credit rating. For short term security, we borrowed £0.3bn under the Government backed CCFF during the year, repaying this early in February 2021.

Our net debt* including reported lease liabilities was £101m (28 March 2020: £538m). Net Debt / adjusted EBITDA was 0.1x on a rolling 12 months period (28 March 2020 0.7x), significantly below our target range of 0.5x to 1.0x.

Progressive dividend policy reinstated with the full year dividend declared at FY19 levels of 42.5p.

* For a definition of net debt see page 54.

Outlook

In our next chapter we will focus on delivering growth whilst continuing to enhance the quality of our business. Taking FY20 as the base year, we expect revenue to grow at a high single digit percentage compound annual growth rate at FY21 CER in the medium term. This will be underpinned by the continued outperformance of full-price sales. We will continue to strengthen brand equity by exiting markdowns in mainline stores in FY22. This is a headwind against our comparable store sales growth amounting to a mid-single digit percentage in the full year.

In FY22 adjusted operating margin progression will be impacted by operating expense normalisation and increased investment to accelerate growth, with more meaningful margin accretion thereafter.

We are focused on and continue to invest in our sustainability and social goals by becoming carbon neutral by 2022, championing diversity and inclusion and positively impacting one million people in the communities in which we operate.
Alternative performance measures

Alternative performance measures (APMs) are non-GAAP measures. The Board uses the following APMs to describe the Group’s financial performance and for internal budgeting, performance monitoring, management remuneration target setting and for external reporting purposes.

<table>
<thead>
<tr>
<th>APM</th>
<th>Description and purpose</th>
<th>GAAP measure reconciled to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant Exchange Rates (CER)</td>
<td>This measure removes the effect of changes in exchange rates compared to the prior period. It incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also on foreign currency procurement and sales through the Group’s UK supply chain.</td>
<td>Results at reported rates</td>
</tr>
<tr>
<td>Comparable sales</td>
<td>The year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.</td>
<td>Retail Revenue:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Period ended 27 March 2021</td>
</tr>
<tr>
<td></td>
<td></td>
<td>YoY%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Change in space</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FX</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retail revenue</td>
</tr>
<tr>
<td></td>
<td>* Includes full-price comp +7%.</td>
<td></td>
</tr>
</tbody>
</table>

* Includes the impact of pop up stores.
APM Description and purpose GAAP measure reconciled to

Q4 FY21 vs Q4 FY19 comparable sales
The change in sales over two years measured at constant foreign exchange rates. It also includes online sales. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak. This measure reflects the two year aggregation of the growth rates.

Adjusted Profit Adjusted profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance.

Free Cash Flow Free cash flow is defined as net cash generated from operating activities less capital expenditure plus cash inflows from disposal of fixed assets and including cash outflows for lease principal payments and other lease related items.

Adjusted EBITDA Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double-counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our gearing ratios.

Reported Profit:
A reconciliation of reported profit before tax to adjusted profit before tax is included in the income statement on page 224. The Group’s accounting policy for adjusted profit before tax is set out in note 2 to the financial statements.

Reported Revenue:
% change Q4 FY21 vs Q4 FY19
Reported growth (2%)
Comparable sales (5%)
Change in space 5
CER retail 0
FX (2%)

Net cash generated from operating activities:
<table>
<thead>
<tr>
<th>Period ended</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>349</td>
<td>66</td>
</tr>
<tr>
<td>Tax paid</td>
<td>58</td>
<td>150</td>
</tr>
<tr>
<td>Free cash flow before tax</td>
<td>407</td>
<td>216</td>
</tr>
<tr>
<td>Adjusted profit before tax</td>
<td>366</td>
<td>414</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>111%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.

Cash net of overdrafts:
<table>
<thead>
<tr>
<th>Period ended</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash net of overdrafts</td>
<td>1,216</td>
<td>887</td>
</tr>
<tr>
<td>Lease liability</td>
<td>(1,020)</td>
<td>(1,125)</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(297)</td>
<td>(300)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(101)</td>
<td>(538)</td>
</tr>
</tbody>
</table>

Reconciliation from operating profit to adjusted EBITDA:
<table>
<thead>
<tr>
<th>Period ended</th>
<th>27 March 2021</th>
<th>28 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>521</td>
<td>189</td>
</tr>
<tr>
<td>Adjusted operating items</td>
<td>(125)</td>
<td>244</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>33</td>
<td>26</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>72</td>
<td>84</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>172</td>
<td>221</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>673</td>
<td>764</td>
</tr>
</tbody>
</table>
Burberry’s capital allocation framework is used to prioritise the use of cash generated by the Group. The framework addresses the investment needs of the business, regular dividend payments and additional returns to shareholders. The framework also seeks to maintain an appropriate capital structure for the business and a strong balance sheet with a solid investment-grade credit rating.

Net Debt/Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was 0.1x in FY 2020/21 (FY 2019/20: 0.7x) on a rolling 12 months period, significantly below our target range of 0.5x to 1.0x. In September 2020, we went through a formal process to attain a credit rating and Moody’s rated us as Baa2 (stable). The diagram below summarises the key priorities.

**Capital structure metrics**

<table>
<thead>
<tr>
<th></th>
<th>FY 2020/21</th>
<th>FY 2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>£1,216m</td>
<td>£887m</td>
</tr>
<tr>
<td>Lease liability</td>
<td>(£1,020m)</td>
<td>(£1,125m)</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(£297m)</td>
<td>(£300m)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(£101m)</td>
<td>(£538m)</td>
</tr>
</tbody>
</table>

The material impact of COVID-19 on our business has required Burberry to protect liquidity during the pandemic. As a result, a final dividend was not declared in respect of FY 2019/20. During the year we reinvested £115 million into the business as capital expenditure.
Ensuring the safety and wellbeing of our colleagues and customers is fundamental to how we do business at Burberry. In response to the pandemic, we implemented rigorous safety measures across our sites and provided additional resources to support our teams. We also contributed to the relief efforts through donations and volunteering, as well as expanding our support for young people.

**People**

The safety and wellbeing of our people remained our highest priority in 2020/21.

We closed sites where we were required to under lockdowns, most notably across the EMEIA region. Where our sites could stay open, we were scrupulous about putting in place robust measures and ensuring they were adhered to so work could be conducted in a safe and secure environment. In line with government and health authority guidelines, these included staggered start and break times to manage social distancing, as well as temperature checks and installing additional sanitising stations.

Alongside regular virtual check-ins, during FY 2020/21 we came together in less formal ways to share advice on working remotely and maintaining wellbeing. This helped our teams to remain connected during this period of uncertainty.

Flexibility has been key to meeting the challenges posed by the pandemic. Outside our normal sick pay schemes, we provided paid leave for colleagues absent due to being ill with COVID-19 or self-isolating and unable to perform their work from home. Burberry teams around the world also volunteered their time generously, mobilising to help local communities and charities by preparing care packages, delivering meals, stocking food banks and supporting vulnerable neighbours.

**Customers**

As the COVID-19 crisis unfolded across the world, it was clear that mutual support and innovative thinking would be the cornerstones of our response, both as a business and a member of the broader global community. We leveraged our digital capabilities to stay connected with our customers by bringing innovative shopping experiences to them virtually (read more on page 32). Our event formats evolved over the financial year to include customer participation in virtual product launches and styling sessions. We redesigned Burberry.com so customers can now explore individual products as well as styled looks. We introduced a new chat function so that our online retail teams can help with styling, sizing and recommendations. This helped our teams to stay connected with their clients and continue to provide the very best customer service.

Where our stores were able to remain open we quickly implemented safety measures, including social distancing, sanitising stations and appointment bookings, in line with local government and health authority guidelines.

**Communities**

Inspired by Thomas Burberry, we contributed to the relief efforts. Early in the year, we retooled our factory in Castleford, Yorkshire to manufacture non-surgical gowns and we sourced surgical masks through our global supply chain. This amounted to more than 160,000 pieces of PPE that we donated to the UK government and healthcare charities. We are grateful to the many colleagues who volunteered to support this initiative during the national lockdowns in the UK.
In addition, we manufactured a further four million masks and 50,000 gowns at cost for the UK National Health Service.

We contributed to the COVID-19 vaccine development and distribution through early donations to the University of Oxford’s emergency vaccine research and UNICEF’s COVID-19 Vaccines Appeal.

We continued our support of registered charities, including FareShare, The Trussell Trust and The Felix Project, which are dedicated to tackling food poverty across the UK. With pressure mounting on food supplies, the charities expanded their efforts to help those struggling as a result of the outbreak. This included setting up community produce hubs, delivering food to young people reliant on free school meals and providing more pre-packed food parcels to help food banks cope with increased demand. Burberry’s donation to The Felix Project funded the delivery of food equating to 495,000 meals across London, going to those who could not access basic nutrition.

To support creatives, artists and photographers facing greater uncertainty during the COVID-19 pandemic, we commissioned works interpreting our iconic product to showcase on our Instagram news feed. We launched this initiative as a way to celebrate and support members of the creative community. In a twist on our heritage of discovery and exploration, we also asked artists to respond to the theme of “Inside Nature” and offer their take on an outdoor world from within.

**The Burberry Foundation**
The Burberry Foundation (UK registered charity number 1154448) launched an emergency relief appeal in April 2020 to help those working on the front line of the COVID-19 pandemic and support communities in need around the world. We launched branded face masks in August 2020, donating the proceeds directly to the Burberry Foundation COVID-19 Community Fund. All monies raised by the fund were directed to support relief efforts globally, from procuring and distributing surgical masks, gowns and other protective equipment to providing funding to food banks and healthcare charities. The Burberry Foundation COVID-19 Community Fund released funds to support many organisations, including:

- UNICEF’s COVID-19 Vaccines Appeal, to help ensure millions of people from vulnerable communities around the world have equal access to vaccines
- Soong Ching Ling Foundation, to provide poverty relief plans and services for both the mental and physical health of those impacted by the pandemic in Beijing and Wuhan in Mainland China
- The Careggi University Hospital, for the procurement and distribution of surgical-grade masks following an urgent appeal for PPE by the hospital, which is located in Florence, Italy
- Oxfam Hong Kong, for the procurement and distribution of non-surgical masks to go to vulnerable communities struggling to afford the rising costs of these items, including the underprivileged and the elderly
- City Harvest and the California Association of Food Banks, to support communities struggling economically as a result of the pandemic in New York City and California, respectively
- International Federation of Red Cross and Red Crescent Charities (IFCR), to support relief efforts in Brazil through the provision of PPE, essential healthcare and social services for local communities impacted by the pandemic
- Médecins Sans Frontières, to aid the procurement of PPE for hospitals in both South Sudan and Somalia

More information on COVID-19 can be found in the following sections:
- Chairman’s letter See page 6
- CEO’s letter See page 10
- Strategy See page 24
- ESG See page 60
- Stakeholder Engagement See page 96
- Risk and Viability Report See page 106
- Corporate Governance Report See page 146
- Directors’ Remuneration Report See page 180
“IN THIS REVOLUTIONARY AGE, FEW PEOPLE CAN AFFORD TO BE CARELESS ABOUT THEIR CLOTHES”

Thomas Burberry
(1835-1926)
At Burberry, our purpose underpins the choices we make as an organisation. Enshrined in the statement Creativity Opens Spaces, our purpose is the shared belief that through creativity, we can push boundaries and explore new possibilities for our people, our customers and our communities. Being creatively driven, forward thinking, open and caring, and proud of our heritage are hallmarks of our organisation at its best. These values have remained at the core of our brand since Thomas Burberry founded the Company in 1856.

Our commitment to ESG-related matters is the purest expression of our purpose and values. We are committed to building not only a financially stronger Burberry but also a better company that is a force for good in the world.

Disclosure plays a key role in driving meaningful change. By learning from others and sharing our progress, we can help drive accountability, for ourselves and for our industry.

In FY 2020/21, we focused on three areas:

- Creating the conditions for creativity to thrive by championing diversity and inclusion and ensuring the wellbeing of our people
- Supporting our communities, and particularly young people, by providing them with the skills, confidence and opportunities to succeed
- Creating a more sustainable future for luxury by reducing our environmental impacts and helping transform our industry

As we near the end of our latest five-year Responsibility agenda, we continue to focus our efforts on driving positive change and building a more sustainable future. An overview of our Responsibility agenda and targets is on pages 64 to 65, and more information on these can be found from pages 74 to 91.

In September 2020, we launched luxury’s first Sustainability Bond to support our goals (see pages 92 to 93). We are committed to continuing to invest in ESG-related initiatives and raising our ambitions to build a more sustainable and inclusive future. Pages 60 to 91 in this report provide information on our areas of focus in FY 2020/21. Further information can be found in the Corporate Governance Report on pages 146 to 207 and on Burberryplc.com, which is continually updated with the latest ESG information and disclosures.

Recognition
In FY 2020/21, we were recognised for our efforts around ESG, with highlights including:

- Dow Jones Sustainability Index: inclusion in the World and Europe Indices for the sixth consecutive year
- FTSE4Good Index: constituent
- Responsibility100 Index: ranked fifth in the FTSE 100
- Sustainalytics: negligible risk rating, ranked first in our industry (textiles and apparel) and sub-industry (luxury apparel)
- CDP: A List and achieved the Supplier Engagement Leader Award
- Included in the Bloomberg Gender-Equality Index 2021
- Maintained leading position in FTSE 100 for women in leadership, as recognised by the final report from the Hampton-Alexander Review for FTSE 100 companies
In FY 2020/21 we focused on three areas:

**OUR PEOPLE**
Fostering creativity

**OUR COMMUNITIES**
Empowering youth

**THE ENVIRONMENT**
Building a sustainable future

**STAKEHOLDERS**

**GOVERNANCE:**

**BOARD**

- CEO
- Nomination Committee
- Remuneration Committee
- Audit Committee

- Sustainability Steering Committee
  - Chair – CEO
  - Attended by Chief Operations & Financial Officer (CO&FO)

- Risk Committee
  - Chair – CO&FO

- Ethics Committee

- Task Force on Climate-related Financial Disclosures (TCFD) Working Group
Contributing to the Sustainable Development Goals (SDGs)

Burberry’s commitment to sustainability is longstanding, grounded in the belief that for our future growth we need to actively address the challenges facing the fashion and luxury industry and the world in which we operate. We are dedicated to reducing our environmental footprint and enabling social progress. Recognising the power of working collaboratively to drive real change, we often work with our peers, sector experts and non-governmental organisations (NGOs) to achieve our ambitions.

Our ESG activity is aligned to the Paris Climate Agreement and informed by the United Nations SDGs. Below are some of the ways we contribute towards these goals:

<table>
<thead>
<tr>
<th>Sustainable Development Goal</th>
<th>Burberry’s ongoing contribution</th>
<th>FY 2020/21 highlights</th>
</tr>
</thead>
</table>
| **SDG 1. No poverty** | Principal Partner of the Living Wage Foundation and steering group member of the Global Living Wage Initiative | • The Burberry Foundation COVID-19 Community Fund  
• The Burberry Foundation programme in Afghanistan focused on improving the livelihoods of cashmere goat herding communities |
| **SDG 2. No hunger** | Donations to food charities as part of our COVID-19 response | • Donations to FareShare, The Felix Project and The Trussell Trust |
| **SDG 3. Good health and wellbeing** | Holistic Global Wellbeing programme, including Mental Health training and Employee Assistance Programme (EAP) | • Global Parental Leave Policy with equalised leave for all new parents, Time to Change Pledge, funding for University of Oxford and AstraZeneca COVID-19 vaccine research |
| **SDG 4. Quality education** | Burberry Inspire UK and New York | • Donated ReBurberry Fabrics to fashion students with the British Fashion Council  
• Supported new youth engagement programmes, including partnerships with London Youth, the International Youth Foundation’s Global Youth Resiliency Fund and Wide Rainbow |
| **SDG 5. Gender equality** | A skilled and balanced Board, met targets set by the Hampton-Alexander Review report for FTSE 100 companies and recognised in the Bloomberg Gender-Equality Index, endorse the UN Women’s Empowerment Principles | • Launched global Diversity and Inclusion Policy and strategy  
• Global Parental Leave Policy is equal for colleagues around the world |
| **SDG 6. Clean water and sanitation** | Supply chain water conservation and reduction programme | • Launched water resilience assessments across the supply chain |
| **SDG 7. Affordable and clean energy** | Member of RE100, committed to using 100% renewable electricity by 2022 and encouraging our suppliers to do the same. Our target is to be Net Zero by 2040 and carbon neutral in our own operational energy use by 2022 | • Renewables currently power 93% of our electricity needs worldwide  
• Apparel Impact Institute (AiI) energy efficiency programme in Italy |
| **SDG 8. Decent work and economic growth** | UK Living Wage Accreditation and steering group member of the Global Living Wage Initiative, The Burberry Foundation programme in Afghanistan, partnership with Year Up in New York | • Maintained pay for all our people impacted by COVID-19 and provided full pay during COVID-19-linked absences  
• Did not avail of the UK government’s furlough scheme |
<table>
<thead>
<tr>
<th>Sustainable Development Goal</th>
<th>Burberry’s ongoing contribution</th>
<th>FY 2020/21 highlights</th>
</tr>
</thead>
</table>
| SDG 9. Industry, innovation and infrastructure | Core partner of the Ellen MacArthur Foundation’s Make Fashion Circular initiative | • Design innovation, such as 3D model sampling for products  
• Artificial Intelligence utilised for product ordering |
| SDG 10. Reduced inequalities | Burberry and The Burberry Foundation partnerships, including with Oxfam and PUR Projet in Afghanistan, Oxfam Italy, Teach First, The Careers & Enterprise Company and MyKindaFuture, Burberry Inspire, The Royal College of Art, London Youth, Year Up, initiatives to support global disability efforts and LGBTQ+ community as part of the Diversity and Inclusion strategy, Cultural Advisory Committee and Global Living Wage Initiative | • Launched global Diversity and Inclusion Policy  
• Included in Bloomberg’s Gender-Equality Index 2021 and joined The Valuable 500, Business Disability Forum  
• Signatory of the UN Women’s Empowerment Principles |
| SDG 11. Sustainable cities and communities | LEED and BREEAM compliance in construction, underpinning the sustainability and efficiency of our buildings | • Launched luxury’s first Sustainability Bond, which includes green buildings criteria |
| SDG 12. Responsible consumption and production | Ellen MacArthur Foundation’s New Plastics Economy Global Commitment, Sustainable Fibre Alliance (SFA), The ZDHC Foundation board member, Canopy, Leather Working Group, Elvis & Kresse and Progetto Quid | • Signature oak paper is made from a minimum of 40% upcycled coffee cups that would have otherwise gone to landfill  
• Launched new traceability and sustainable raw materials targets |
| SDG 13. Climate action | Goal to be Net Zero by 2040, RE100 member, and 100% renewable electricity goal by 2022, Science Based Targets | • Carbon-neutral runway shows and events since 2019  
• Progress against 100% renewable electricity commitment (93% achieved in FY 2020/21)  
• Advancing our climate change risk reporting as a signatory of the TCFD |
| SDG 14. Life below water | Signatory to the Ellen MacArthur Foundation’s New Plastics Economy Global Commitment and CEO is a steering committee member of The Fashion Pact | • Member of the corporate engagement programme of the Science Based Targets for Nature initiative |
| SDG 15. Life on land | Stretching sustainable materials targets, The Burberry Regeneration Fund and our work on sustainable cashmere with the Sustainable Fibre Alliance (SFA) | • Partnered with PUR Projet to launch a programme aimed at supporting regenerative agricultural practices  
• Member of the corporate engagement programme of the Science Based Targets for Nature initiative |
| SDG 16. Peace, justice and strong institutions | Code of Conduct, Responsible Business Principles, Human Rights Policy and being a signatory to the UN Global Compact | • Celebrated Pride and continue longstanding support for LGBTQ+ communities |
| SDG 17. Partnerships for the goals | Stakeholder engagement | • Supported COVID-19 relief efforts  
• Signatories of the WWF open letter to leaders  
• Supported the International Labour Organization’s Call to Action and the UN Global Compact’s “Recover Better” initiative |
RESPONSIBILITY AGENDA 2017 – 2022

Our goals

POSITIVELY IMPACT 1 MILLION PEOPLE

Tackle educational inequality and build cultural capital

Support economic and social empowerment in remote communities

Foster community cohesion and employability skills

Invent new approaches to waste

100% of energy from renewable sources

Drive resource efficiency

Drive energy and water reduction and efficiency in our value chain

Stimulate demand for sustainable raw materials

Advance wellbeing and livelihoods in our supply chain

DRIVE POSITIVE CHANGE THROUGH ALL PRODUCTS

The headings within the Communities pillar have been updated compared to prior year reporting to reflect additional community programmes (launched after 2017) that fall within the scope of this pillar. The three pillars highlight the overall impact objectives of the 1 million people goal. Within the product pillar, we have updated the wording to reflect key areas within our product positive attributes programme.
In 2017, we launched our current Responsibility agenda, comprising a series of ambitious targets to 2022 across our Product, Company and Communities. The strategy, developed in collaboration with global innovators and key stakeholders, aims to address the most material social and environmental impacts along our value chain.

Our progress

<table>
<thead>
<tr>
<th>Product</th>
<th>Company</th>
<th>Communities¹</th>
</tr>
</thead>
</table>
| • **Goal:** To have 100% of product with more than one positive attribute by 2022, where positive attributes relate to social and/or environmental improvements, achieved at either raw material sourcing or product manufacturing stage  
• **Progress:** 82% of products with more than one positive attribute and 94% with at least one^  
• **Goal:** To procure 100% of our cotton more sustainably by 2022 by using a portfolio approach. This includes working with partners and exploring new sources, including organic and regenerative cotton  
• **Progress:** 78%  
• **Goal:** To source 100% of leather from tanneries with environmental, traceability and social compliance certifications by 2022  
• **Progress:** 80%  
| • **Goal:** To achieve carbon neutrality in our own operational energy use by reducing absolute emissions, improving energy efficiency and switching to renewable electricity sources, before offsetting any remaining emissions  
• **Progress:** 92% reduction in market-based emissions since base year FY 2016/17  
• **Goal:** To achieve 100% renewable electricity by 2022, driving this through close collaboration with our procurement and retail teams and engagement with landlords  
• **Progress:** 93%^  
• **Goal:** To reduce and revalue waste and achieve zero operational waste to landfill across key sites. We already reuse, repair, repurpose, donate or recycle unsaleable products and we will continue to expand these efforts  
• **Progress:** Zero operational waste sent to landfill from key sites^  
| • **Goal:** To positively impact 1 million people by 2022  
• **Progress:** 680,170^ positively impacted since the start of the launch of the partnerships in FY 2016/17  
• **Goal:** Tackling educational inequality and building cultural capital  
• **Progress:** 130,360 in FY 2020/21  
• **Goal:** Fostering community cohesion and employability skills  
• **Progress:** 42,810 in FY 2020/21  
• **Goal:** Supporting economic and social empowerment  
• **Progress:** 73,189 in FY 2020/21  

External assurance of corporate responsibility disclosures

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over selected company, product and community information for FY 2020/21. Information forming part of the assurance scope is denoted with a ^ on pages 4, 45 and 64 to 93. The assurance statement and Burberry’s basis of reporting are available on Burberryplc.com.

¹. The wording of the three sub-goals underneath the overarching goal “to positively impact 1 million people by 2022” has been updated to reflect additional community programmes (launched after 2017) that fall within scope of the pillar. The three sub-goals highlight the overall impact objectives of the 1 million people goal.
At Burberry, we are committed to being an open, inclusive and caring employer. We are united by our shared belief that through imagination, we can push boundaries and open new opportunities for our people, our customers and our communities. We embed our values across everything we do.

Our people are the heartbeat of our organisation. Representing 115 nationalities across 33 countries, we take a holistic approach to helping them thrive, providing them with a range of tools and resources backed up by inclusive policies and support for their overall wellbeing.

We offer all our people space to express their creativity as well as opportunities to develop personally and professionally. We continue to foster a culture where everyone feels they belong, has a voice and can reach their full potential.

We know that inclusion and empowerment at all levels lay a strong foundation for our colleagues to feel more engaged and committed and be more creative and effective in driving results for the business. We have codified key behaviours aligned to our values so they are embedded across the organisation.

FY 2020/21 was an unsettling time for many of our people due to the COVID-19 pandemic. Throughout the year, we prioritised their safety and wellbeing, listening to their concerns, seeking guidance from experts and ensuring we continued to act with their welfare in mind.

As part of measures to ensure the health, safety and wellbeing of everyone at Burberry, we introduced more flexible work arrangements, recognising that many of our teams have additional caring responsibilities, particularly those with children. Where our people were in need of further support, we provided additional paid leave.

Engagement
Surveyed in May 2020 when the world was grappling with the onset of the COVID-19 pandemic, 86% of respondents to our Employee Engagement Survey said they felt Burberry was doing a good job of helping our people feel connected to one another while working remotely.

To ensure feedback remained up-to-date, we replaced our annual questionnaire with shorter, more frequent surveys designed to empower leaders with data relevant to their area of focus throughout the year. Leaders now have access to personalised portals complete with suggested action points. We have seen a positive response to this new format across the business.

Over FY 2020/21, engagement levels have remained high, with scores matching pre-pandemic levels.

The COVID-19 pandemic highlighted how real-time responses to feedback could have an immediate impact on wellbeing. When we surveyed our people in May about their experiences of moving to remote working, a number of our colleagues identified areas where they could be better supported, such as access to additional screens or suitable desk chairs. Based on this information, within a week of receiving this feedback, our IT teams were able to order equipment and improve working conditions for our teams.
Alongside this support, our teams managed to maintain a sense of community using a variety of communication tools, including the Burberry World community intranet. From Friday night DJ sessions, to calligraphy classes, baking lessons, guided meditation and workout sessions, a variety of initiatives, many led by enthusiastic colleagues, helped to maintain a sense of cohesion and continuity during a time of upheaval.

**Onboarding new team members**
At Burberry, we want all our people to feel welcomed into our community from their first day. Our digital onboarding experience immerses new starters in the brand, introduces our purpose and values and provides an opportunity to connect with Burberry wherever they are in the world. New starters are onboarded online through virtual sessions and a dedicated platform. The site immediately immerses those joining Burberry in the past, present and future ambitions of the Company. There are also new starter groups on Microsoft Yammer, helping people create communities and build networks as they join. On our Burberry World intranet, new starters are directed to a dedicated wellbeing space.

**Colleague recognition**
In 2021, we transformed our annual Icon Awards into a fully virtual celebration to connect, reinforce our values, celebrate collective achievements and recognise our top talent. For the first time, nominations were anonymous to remove bias and make the awards more inclusive.

**Wellbeing**
Wellbeing helps our people create open spaces in their lives to care for themselves and each other. In line with our values, we believe in creating an environment where people can bring their best selves to work, share how they feel and speak openly about their own health and wellbeing.

In 2020, we continued to open conversations around mental health. We did this by offering opportunities and resources to talk about what wellbeing means to Burberry as a company and sharing tools to help our colleagues, particularly in stressful periods. This included an online Mental Health Awareness course to raise awareness around common mental health challenges. In 2020, Burberry also became a signatory of the Time to Change pledge, reaffirming our commitment to creating a more open and understanding culture within the workplace. We also have a longstanding partnership with the Samaritans.

**Learning and development**
We base our learning strategy around providing “just-in-time” resources to allow people to develop at their moment of need, ensuring our people can quickly and easily find content that will help. We provide tools and resources through our B-Learning site and encourage our people to think creatively about how to solve problems and make things happen.

This ranges from launching Burberry’s “4Cs of Remote Leadership”, which are defined as clarity, communication, collaboration and connections, to publishing an interactive magazine, creating opportunities to share best practice with peers from across the business. In addition, we offered Energy Model workshops to all line managers to help them initiate conversations with their teams about managing energy levels.

The COVID-19 pandemic has accelerated changes in consumer behaviour and historical data is not as reliable as it was for mapping present or near-future retail patterns. Upskilling our people so that they are equipped with cutting-edge data skills is crucial to help future-proof our business. To this end, Burberry was the first British retailer to complete a two-year data upskilling programme alongside Decoded, a firm specialising in data skills training. Our people could enrol in our in-house Data Academy, and take courses in improving their data skills and techniques.
Career development
Regular feedback and meaningful performance and career conversations with managers guide meaningful development. These conversations take place quarterly as part of our annual performance management cycle. In addition, the My Career site on Burberry World provides our people with career-related tools, resources and information to help build a successful career at Burberry.

We have two specific programmes dedicated to leadership development. The New Manager Development Programme (NMDP) focuses on the principles of good leadership for people managers. Consisting of four in-depth workshops, it equips managers with information on refining a management style, driving success within teams, fostering a high-performance culture and managing through change. This also includes equipping leaders to be inclusive managers with the capability required to foster an open and inclusive environment for their team and our people.

In 2021, we refreshed and relaunched our Executive Development Programme (EDP), to align closely with our purpose and values. Each module of the programme focuses on one of our values. Some of the modules build on our existing allyship training to strengthen understanding and reaffirm our commitment to fostering an inclusive culture, while ensuring we all take accountability for diversifying our workplace. This is accompanied by three months of executive coaching and access to insights that give the cohort as detailed a picture of their abilities in different areas as possible.

Later in 2021, we will roll out a refreshed approach to mentorship with a view to supporting our people to develop and succeed in their careers at Burberry, as well as piloting a reverse mentoring programme.

Diversity and Inclusion
We believe diversity, equity and inclusion are essential to fulfilling our purpose and are core to our values.

Our global Diversity and Inclusion strategy is focused on valuing and embracing differences and creating an environment where everyone feels they belong, has a voice, and can reach their full potential. When we do, our people are more engaged, committed and effective in driving results, we are more successful as an organisation, and we make a more meaningful contribution to the world around us.

We define diversity as the unique perspectives and differences we bring to Burberry and share across the world. We define inclusion as creating a culture that champions these differences and nurtures a sense of belonging.

The Board is responsible for ensuring that, as an organisation, we live by our purpose and values. We see diversity as a strength and uphold a legacy of inclusivity and respect. Supported by the Executive Committee, our CEO ensures that we create a diverse and inclusive culture. To help achieve our diversity and inclusion goals, our dedicated global Diversity and Inclusion team works with our people across all parts of the business with a focus on the four strategic pillars of our Diversity and Inclusion strategy.

1. Attracting and retaining diverse top talent
2. Fostering an open and inclusive culture
3. Educating and raising awareness
4. Implementing a global approach

The global Diversity and Inclusion Policy sets out our commitment to being a world-class employer, where all of our people can develop their full potential in an inclusive environment that encourages and fosters diverse capabilities, skill sets and mindful allies.
Diversity and Inclusion strategy pillars

1. Attracting and retaining diverse talent

During FY 2020/21 we began piloting anonymous screening, which involves removing identifying details, such as names and universities, from applications. The trial aims to test if such an initiative can lead to greater diversity on our candidate shortlists. We are also taking steps to ensure every stage of our broader recruitment process is more inclusive. We have introduced a “gender decoder”, which analyses the language used in job advertisements to ensure they are gender neutral. We are including diversity data monitoring forms in candidate applications. Disclosure is on a voluntary basis and data is treated as confidential.

As of January 2021, all members of our Talent Acquisition team had completed unconscious bias in recruitment training. We have committed to rolling out additional training for all hiring managers in 2021. We use standardised interview questions to ensure all candidates have an equitable experience.

To support these actions, we have created a global diversity dashboard, which displays data holistically and simplifies the process of assessing and measuring the progress we are making in terms of colleague diversity. Our people are able to upload their personal diversity data within certain parameters, including gender, disability and religion, through our Connect system. This collated information then populates the diversity dashboard, providing key insights to be shared with our Board bi-annually and our Executive Committee quarterly.

Increased representation is at the centre of our talent initiatives and we aim to diversify the talent pipeline in the industry. In 2020, Burberry expanded its creative arts scholarships programme globally to support the next generation of creative leaders from underrepresented communities. The scholarships will provide more equitable access to creative arts programmes at some of the world’s most esteemed creative institutions, including The New School’s Parsons School of Design in New York City, Institut Français de la Mode in Paris and Central Saint Martins in London. The expansion of the creative arts scholarships, together with Burberry and The Burberry Foundation’s existing commitment to its scholarship programme at the Royal College of Art in London, will enable over 50 students to benefit from education programmes in the arts over the next five years and beyond.

2. Fostering an inclusive culture

Creating an environment where everyone feels a sense of belonging and receives support for their overall wellbeing is vital to achieving our goals. During FY 2020/21, the Diversity and Inclusion team hosted Open Forums globally, starting in the Americas region and then continuing around the world within each market and function, creating an open space where our people could share their experiences and offer their perspectives on making Burberry and the wider fashion industry more inclusive.

We introduced a Diversity and Inclusion mailbox on our Company intranet, Burberry World, alongside the rollout of our Diversity and Inclusion strategy, with the aim of ensuring the Diversity and Inclusion team can listen to and learn from our people.

We continued to celebrate cultural moments, including International Women’s Day, Pride Month, Black History Month and LGBT History Month, both locally and globally. Through partnering with local associations, such as The Prince’s Trust and Stonewall, we have created a global platform to speak about diversity and inclusion through these cultural moments, while also continuing to celebrate annual events such as Christmas, Diwali and Eid.

As well as reinforcing our existing commitments, we have communicated our efforts around areas where we are still early on in our progress, such as disability inclusion. We marked International Day of Persons with Disabilities as an important moment to recognise how diversity of thought, experience and voice opens spaces for new ideas to thrive. Burberry was among the first of its peers to join the Valuable 500 and the Business Disability Forum.

3. Education and awareness

As we continue to progress our Diversity and Inclusion strategy, providing resources and continuing to raise awareness is important for our people and communities, and impacts all areas of the organisation. In 2019, all our managers and above, including all store managers globally, completed inclusive leadership training, and we continue to build on our programmes. Our unconscious bias training has been translated into nine languages and is mandatory for all employees, with a specialised version also provided for all Talent Acquisition partners. In FY 2021/22, we are rolling out allyship training across Burberry. All our Directors and above have completed the programme and we aim for all managers to have completed this training by the end of the financial year.
Set up in FY 2019/20, Burberry’s Internal Diversity and Inclusion Council was involved in reviewing our global Diversity and Inclusion strategy. The Council met remotely 12 times over FY 2020/21. Our external Cultural Advisory Council, which comprises six external experts and thought leaders from a variety of disciplines, convened for the first time in FY 2019/20 and met remotely four times over FY 2020/21. In response to the Black Lives Matter movement, and the introduction of Burberry’s first Diversity and Inclusion strategy, the Council held livestream talks on topics including education, the history of racism, mentoring, role models, the importance of leadership and what organisations can do to encourage change. The Council also participated in a joint meeting with the Internal Diversity and Inclusion Council in November 2020.

We collaborate with our partners to share resources as well. Working with the Stonewall charity, for instance, in December 2020 we introduced an update to our grooming guidelines for retail colleagues, which focused on gender identity and uniform allocations.

The Diversity and Inclusion team works hand in hand with our marketing teams to respond to queries. We also created a leadership guide about how to hold meaningful conversations around diversity and inclusion, which was rolled out in July 2020.

4. Implementing a global approach

While our ambition is to foster an inclusive culture globally, we recognise that one size does not fit all. In order to drive meaningful, targeted change, we ensure our actions are locally relevant and aligned to our global framework and programmes. This approach will drive local accountability and impact, providing a balance between our global strategy and local action plans to help drive success.

In 2020, all key markets and functions started to develop detailed action plans based on the global strategy pillars. Incorporating input from our people, these plans cover local needs and opportunities for change, applying a local understanding of the diversity and inclusion landscape while supporting our overarching global priorities. Each plan is sponsored by one of our senior leaders, has input from our Internal Diversity and Inclusion Council and is regularly monitored to track progress.

Gender equality at Burberry

We are firmly committed to achieving gender equality across our organisation globally. We have reviewed and implemented policies, programmes and practices to support this ambition. Burberry maintained a leading position in the FTSE 100 for women in leadership for a third consecutive year, as recognised in the Hampton-Alexander Review report, and was included in the Bloomberg 2021 Gender-Equality Index for the first time, scoring 10 percentage points more than the company average.

We believe designing more inclusive and equitable policies is key to driving change. Many of our people at Burberry balance professional responsibilities with being caregivers, parents and family members. We aim to support all our people in developing flexible working arrangements, so they feel equipped to create the balance that is most beneficial to them. In April 2020, we launched a Global Parental Leave Policy offering all our people 18 weeks of parental leave at full pay and the opportunity to work 80% of their normal hours at full pay for a further four weeks on their return.

Equitable pay is a fundamental commitment at Burberry and central to our drive to attract and retain the best talent. Our reward philosophy is to provide competitive remuneration packages to all our people in line with their level and expertise. This is closely aligned to our performance management processes, focusing on recognising and rewarding our people for excellent performance.

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**Disability inclusion**
As an inclusive employer, ensuring all our people can thrive and work in an open and supportive environment is important to us. Our inclusive hiring practices include giving full and fair consideration to applications from people with disabilities. We ensure support is in place for people with disabilities throughout their career with Burberry, including for those who have become disabled during their time with us. As reinforced by our global Diversity and Inclusion Policy, we have no tolerance for discrimination at Burberry. Our training programmes are designed to be more accessible for those with visible and invisible disabilities, including considerations such as “alt text”, which is written text accompanying imagery, varying levels of interactivity and adjustments to font size and contrast. Details of our inclusive hiring approach, Diversity and Inclusion strategy and development programmes can be found on pages 69 to 72.

Burberry works with two partner organisations to help make our sites, policies and processes more inclusive of people with both visible and invisible disabilities. We are the first luxury company to partner with the Business Disability Forum, a non-profit member organisation bringing businesses, people with disabilities and policymakers together to help make a difference. In addition, we are among the first luxury companies to join the Valuable 500, the largest network of global CEOs committed to disability inclusion in business, encompassing 55 different sectors and over 12 million colleagues. In partnership with the network, our initial steps include building out our internal global disability audit framework to identify where we can take the most impactful action on accessibility for our retail stores.

**Supporting LGBTQ+ inclusion**
During Pride in June 2020, we reaffirmed our long-standing support for the global LGBTQ+ community, forging new partnerships and continuing support for organisations dedicated to driving meaningful change. Burberry was one of the earliest adopters of the UN Standards of Conduct for Business, becoming a signatory ahead of its launch in Europe in 2017. These standards were designed to eliminate LGBTI discrimination in the workplace and beyond. To further our commitment to this work in our own business and our wider communities, Burberry supported charitable organisations operating across the LGBTQ+ community: UK Black Pride, Stonewall, Global Butterflies and longstanding charity partner, the Albert Kennedy Trust.

**Being creative allies**
By recognising and acknowledging the unique experiences and challenges faced by individuals, we can create more supportive workplaces. To supplement our own allyship training, we were one of the first companies to sign up to the BBC’s Creative Allies initiative, which unites organisations across creative industries to promote the concept of allyship.

**Supporting our communities**
We believe it is important to champion our communities and help build a society where everyone is respected and valued. In the financial year, we united in solidarity with those standing up against hate and discrimination and we accelerated our efforts to drive meaningful and lasting change. We held open forums to encourage dialogue, shared educational resources for continued learning and provided additional counselling and support for our people. We also introduced training to reinforce the importance of meaningful allyship.

Burberry also works with The Prince’s Trust Women Supporting Women initiative, a longstanding charity partner, enabling hundreds of women to access virtual speed interviews with employers, online courses to develop employability skills and education support through the Change a Girl’s Life campaign. We partner with Investing in Ethnicity on increasing representation in business, and engage with the wider industry on furthering diversity and inclusion in the British luxury and fashion sector as one of the founding members of the British Fashion Council’s Diversity and Inclusion steering group.

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**Gender equality at Burberry**
As of 31 March 2021, the representation of women and men at Burberry is:

<table>
<thead>
<tr>
<th>Board</th>
<th>Total</th>
<th>Number of women</th>
<th>Percentage of women</th>
<th>Number of men</th>
<th>Percentage of men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Committee</td>
<td>11</td>
<td>3</td>
<td>27%</td>
<td>8</td>
<td>73%</td>
</tr>
<tr>
<td>Leadership (Director and above)</td>
<td>287</td>
<td>152</td>
<td>53%</td>
<td>135</td>
<td>47%</td>
</tr>
<tr>
<td>All workforce</td>
<td>9,373</td>
<td>6,282</td>
<td>67%</td>
<td>3,091</td>
<td>33%</td>
</tr>
</tbody>
</table>
Since 2017, as part of our current Communities strategy, we have collaborated with external expert organisations to identify ways to support local communities across our value chain and deliver our key ambition to positively impact 1 million people by 2022.

In addition to fulfilling our strategic goals, we regularly review the effectiveness of our programmes, ensuring the initiatives we develop are impactful and provide the best resources and support. From the outset of the COVID-19 pandemic, we have worked closely with our partners to adapt our programmes to ensure support is directed to where it can most benefit our communities.

Although in-person activities were limited this year due to social distancing restrictions, our people made a positive impact in their local communities through virtual volunteering and online fundraising projects. The shift to virtual volunteering allowed our people to harness their professional skills to aid our charity partners from home. The type of virtual activities delivered include content creation and live events for youth engagement programmes, digital mentoring, team fundraising events, career coaching and skills-based support sessions for charity partners.

Inspired by our work with Marcus Rashford MBE during our festive campaign, the Burberry Foundation deepened the impact of the initial donation by supporting London Youth to respond to the challenges created by the COVID-19 pandemic, focusing on food, education and mental health support.

Positively impacting 1 million people by 2022

Burberry donates a percentage of adjusted Group profit before tax to charitable initiatives each year. Independent of Burberry Group plc, the majority of our philanthropic work is carried out through The Burberry Foundation (UK registered charity number 1154468).

The Burberry Foundation’s mission is to use the power of creativity to drive positive change in global communities and build a more sustainable future through innovation. Working with leading organisations to support communities sustaining the luxury industry makes a significant contribution towards our goal of positively impacting 1 million people by 2022. Since the launch of this target 680,170^ people have been positively impacted.

The three pillars of our Communities strategy focus on projects that tackle educational inequality and build cultural capital; foster community cohesion and employability skills, and support social and economic development.

Our people can also contribute to our commitments in this arena by spending up to three working days a year supporting their local communities through corporate and The Burberry Foundation volunteering opportunities. In FY 2020/21, over 1,500 Burberry employees participated in volunteering and fundraising activities and collectively contributed over 6,000 hours to charitable causes.

OUR COMMUNITIES

Burberry’s history of supporting others is rooted in the altruism of our founder, Thomas Burberry. Throughout his life, he used his success as a way to contribute to society. We continue his legacy today, championing our communities, in particular young people, and working with organisations making a positive impact around the world.
We regularly monitor programme impacts as part of quarterly and annual assessments, and beneficiary numbers are externally assured. The programmes under each community pillar are monitored and evaluated by independent organisations to assess outcomes and impacts and are adapted where required. Monitoring partners include the Office of Research, Evaluation and Program Support (REPS) of the City University of New York, The Policy Institute at King’s College London, ARCO (Action-Research for Co-development) at the University of Florence, and Amin Consulting Group.

Impact framework – Positively impact 1 million people

<table>
<thead>
<tr>
<th>Tackling educational inequality and building cultural capital</th>
<th>Fostering community cohesion and employability skills</th>
<th>Supporting social and economic empowerment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefiting 130,360 people in FY 2020/2021</td>
<td>Benefiting 42,810 people in FY 2020/2021</td>
<td>Benefiting 73,189 people in FY 2020/2021</td>
</tr>
<tr>
<td>Contributing to SDGs: 4 and 10</td>
<td>Contributing to SDGs: 4, 8, 10 and 12</td>
<td>Contributing to SDGs: 1, 5 and 8</td>
</tr>
</tbody>
</table>

**Highlights**

- 70% of the students interviewed about their experience of in-person activities linked their participation in the programme to an increased sense of self-confidence
- 88% of the students interviewed noted increased creativity of one form or another after taking part in the programme
- 98% of teachers* felt that their careers guidance and advice improved as a result of their engagement in the programme
- 96% of beneficiaries* stated they have better knowledge of the services in the community
- 100% of apprentices developed new technical skills for employment
- 91% of apprentices entered into employment in manufacturing, creative industries or the “Makers Movement”
- 95% of herders* demonstrated gender awareness after training, compared to 79% in the baseline study
- 28% of herders engaged in the community-owned cashmere groups are women
- 136% increase in the volume of cashmere collected by herders*

* Denotes the results of a sample of direct beneficiaries surveyed.

**Note:** Percentages presented above relate to a sample selection of people surveyed from these programmes.

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**Tackling educational inequality and building cultural capital**

At Burberry, we believe diversity of thought, experience and voice opens spaces for new ideas to thrive, fuelling creativity and enabling us to fulfil our purpose. Part of the work of The Burberry Foundation is to open career pathways within the creative industries and unlock opportunities for young people who may not otherwise have had access to or felt equipped to pursue a career in this arena. Over the past four years, The Burberry Foundation has partnered with leading education charities Teach First, The Careers & Enterprise Company and MyKindaFuture, with the goal of opening up opportunities to young people from disadvantaged communities in Yorkshire, where our iconic Burberry Trench Coat is manufactured, and London, where we have our head office.

With these programmes, we aim to inspire young people by expanding their career horizons and developing core employability skills.
During FY 2020/21, 130,360 students and teachers engaged in a variety of activities, including teacher training, careers talks, podcasts and inspiration sessions, online creative challenges and learning modules. Many of the activities were virtual.

**Burberry Inspire**
Burberry Inspire, which first launched in Yorkshire in 2018 and expanded to New York City in 2020, measures the impact that enhancing cultural capital has on young people’s lives by connecting eminent arts organisations with schools. Both programmes are independently evaluated by our research partners, REPS of the City University of New York and the Policy Institute at King’s College London, to study the impact of the immersive arts and creative education programme on students’ development for the purpose of supporting longer-term adaptation within schools.

The global pandemic resulted in school activities turning to online platforms, which offered a unique opportunity for our Burberry Inspire programme partners in the UK and the USA to widen their reach by collaborating together and allowing students to interact with partner schools abroad. An example of this was the first collaboration between American Ballet Theatre and Northern Ballet on student choreography direction, resulting in the creation of four dance films performed by the companies’ dancers. The organisations worked with students online, enhancing their communication, leadership, creative-thinking and problem-solving skills. In total 15 schools participated in the programme and 7,485 students benefited during FY 2020/21.

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- 98% of teachers* felt that their careers guidance and advice improved as a result of their engagement in the programme

**Fostering community cohesion and employability skills**
The Florentine area of Italy, which has a long tradition of creativity and craftsmanship, is renowned for its production of garments and luxury leather goods. It is a key manufacturing location for Burberry and is where Burberry Manifattura, our leather goods centre of excellence, is located. In recent years, the region has faced challenges from youth unemployment and economic migration. The global COVID-19 pandemic has further exacerbated the situation. In the penultimate year of The Burberry Foundation and Oxfam’s five-year collaboration, the programme helped foster community cohesion and social inclusion among communities. The programme helps to improve community members’ understanding of and ability to access services in the local area, while also facilitating integration into the community.

During FY 2020/21, the programme ran school mentoring schemes both online and in person in seven Tuscan schools. It provided training for teachers on introducing a new style of inclusive teaching to their classes. The Burberry Foundation also partnered with four local community centres to help them to expand their day-to-day services. During FY 2020/21, the community centres were able to continue running after-school clubs by switching to a digital format. This engagement helped to provide students with educational support during the pandemic. In the summer months, the community centres took to the outdoors to ensure young people could continue to interact and socialise after months of social isolation.

The network of community facilitators as part of the programme enabled Oxfam to reach the most vulnerable community members within the year. Twelve facilitators provided vital support over the phone, online and in person where possible. A new community help desk was set up during the year, specifically focusing on young people, providing careers advice and employability services. Overall, 37,035 community members benefited from these activities in FY 2020/21.

**Oxfam Italy**
- 96% of beneficiaries* stated they have better knowledge of the services in the community
- 96% of beneficiaries* stated they feel able to access services in the community
- 100% of community centre operators state the community centre was able to attract a wider and more varied audience

* Denotes the results of a sample of direct beneficiaries surveyed.
The Burberry Foundation also has two programmes focusing on employability through engagement with the circular economy. Their aim is to support the communities that sustain the luxury industry while also tackling the industry’s systemic waste issue. Our programme partners are two innovative social enterprises, Elvis & Kresse and Progetto Quid. Elvis & Kresse is a B Corporation dedicated to giving raw materials a new life and is committed to transforming perceptions of waste and inspiring people to protect the environment. Progetto Quid addresses the challenge of excess fabric in the fashion industry while also providing disadvantaged people with training opportunities, apprenticeship programmes and direct employment. The programmes provide opportunities for vulnerable and/or under-skilled people to learn a new craft and develop workplace skills, which will help secure long-term employment either within the creative industries or within other sectors.

In addition, Progetto Quid goes beyond employability skills by addressing the welfare needs of highly vulnerable people. It provides the security of a stable environment and support in procuring official documentation, both fundamental to ensuring vulnerable individuals have an identity and a place within society.

During FY 2020/21, 48 people benefited from employability programmes through engaging with the circular economy.

Elvis & Kresse
• 100% of beneficiaries* had an improved knowledge of leather manufacturing and the circular economy
• 91% of apprentices entered employment in manufacturing, creative industries or the “Makers Movement”

Progetto Quid
• 100% of beneficiaries improved employability related skills, including communication and problem solving
• 100% of beneficiaries improved their proficiency in the Italian language
• 17% of beneficiaries obtained documentation to prolong their permits as legal residents and workers in Italy

Supporting social and economic empowerment
As the world’s third-largest producer of cashmere fibre, Afghanistan is a key sourcing region for the luxury fashion industry, despite the country’s ongoing armed conflict and extreme poverty. Launched in FY 2017/18, the programme, developed in partnership between The Burberry Foundation, Oxfam and PUR Projet, aims to improve the livelihoods of Afghan cashmere herding communities by helping them to develop a more sustainable and inclusive cashmere industry in the country. Key measures of success for the programme include cashmere and other livestock production per herder, as well as the price-adjusted income per goat. In addition, other metrics are monitored in relation to improved levels of gender awareness and awareness of improved animal husbandry and cashmere harvesting practices.

One aspect of this initiative is a training programme developed to help raise herders’ awareness of cashmere harvesting best practice and herding techniques to enhance their income. Training on sustainable pasture management and responsible farming techniques aims to prevent overgrazing and desertification. This helps to build the awareness communities need to cope with the future impacts of climate change. Through the medium of a radio drama and public service announcements, information is shared to help herding communities improve their livestock management practices and, for goat herders, the quality of their cashmere. Educational public service announcements are also broadcast, which provide key information on goat health.

Since opening in FY 2018/19, a goat breeding facility has hosted more than 210 superior quality cashmere goats and resulted in the breeding of more than 500 new goats. Thirty-nine elite bucks, which produce higher-quality cashmere, have been distributed to herders in villages to pilot a breeding programme with the aim of improving the genetic variety of goats at village level. The programme has also established community-owned producer groups for collective gathering and selling of cashmere, enabling herders to bargain for better prices for their cashmere. Since the start of the programme, the midline impact assessment has shown that production of cashmere and of meat has increased for the herders involved in the programme.

* Denotes the results of a sample of direct beneficiaries surveyed.
Through its holistic approach and complementary activities, the programme contributes to five of the UN’s SDGs: SDG 1 – No poverty, SDG 8 – Decent work and economic growth, SDG 9 – Industry innovation and infrastructure, SDG 17 – Partnership for the goals, and SDG 5 – Gender equality. Women are empowered to participate in cashmere harvesting and to have a leadership position within the community-owned producer groups. Currently 28% of the herders engaged in the community-owned groups are women. Since the start of the programme, levels of gender awareness have increased among the direct beneficiary community, from 79% at the start of the programme in 2017 to over 95% in 2020.

Vets, who travel round on motorcycles, have received additional training through the programme. Supporting the herding communities, they have treated and vaccinated over 233,741 cashmere goats and 264,203 other livestock. The support provided to local vets and provision of medicine for livestock has been a successful aspect of the programme. Beneficiaries in Herat and Balkh credited this element of the programme with making goat herding more profitable.

Collaborating across the supply chain, the programme has started to establish stronger links within the global apparel industry. Communicating the work of the programme with other brands, cashmere sellers and spinners is not only helping to align the industry to a common goal, but also providing valuable insight for Afghan producers into the specific quality requirements of potential business partners. With this knowledge, herders can produce more desirable and better-quality cashmere, which can be sold at better and fairer prices.

Oxfam and PUR Projet in Afghanistan

- 28% of herders engaged in the community-owned cashmere groups are women
- 136% increase in the volume of cashmere collected reported by herders*
- 95% of herders* demonstrated gender awareness after training, compared to 79% in the baseline study

Community investment allocation

Since 2010, Burberry has had a policy to donate 1% of Group adjusted profits before tax (PBT) to charitable causes. In FY 2020/21, this, together with exceptional donations made to the COVID-19 relief efforts, amounted to 1.13% of adjusted PBT to charitable causes.

Our people worldwide are offered three working days a year to volunteer in their local communities. During FY 2020/21, employees dedicated approximately 6,000 hours. Employees can also apply for match-funding for team fundraising activities.

Our in-kind donations range from one-off gifts of non-trade mark fabric and materials to assist young people on creative courses, such as our ReBurberry fabric, to donations of smart business clothing to support vulnerable people enrolled in employability programmes. In FY 2020/21, we donated over 14,000 items of business clothing to selected charities to enhance their employability programmes and help provide their clients with an extra boost of confidence as they prepare to enter or re-enter the job market.

Charitable spend

1. Long-term community investments, including our annual donation to The Burberry Foundation
2. Sponsorship of events and other campaign-related charitable donations
3. One-off donations, including exceptional COVID-19 relief donations

* Denotes the results of a sample of direct beneficiaries surveyed.
Human rights statement
We respect and uphold human rights wherever we operate and are aware that risks can arise in relation to our own workforce, our supply chain, our communities and customers. Burberry’s Human Rights Policy sets out our procedures to uphold human rights across these stakeholder groups, and the mechanisms we use to identify and address any instances of potential infringement. The policy was developed with reference to the International Bill of Human Rights and follows the UN Guiding Principles on Business and Human Rights for the implementation of the UN’s Protect, Respect and Remedy framework. Responsibility for the policy lies with Burberry’s CEO. To ensure compliance with the policy, we assess human rights impacts and monitor labour conditions across our own operations and extended supply chain on a regular basis through our ethical trading programme, which is delivered by an established global team of ethical trading experts. Details of the programme and a full copy of our Human Rights Policy can be found on Burberryplc.com.

We conduct a Human Rights Impact Assessment every two years as part of our broader Human Rights due diligence process to confirm potential areas of risk, capture any emerging risks in relation to new operations and projects, and review and develop mitigation plans as required. We have completed four impact assessments since 2014 and our latest assessment took place within FY 2020/21.

The Human Rights Impact Assessment process involves mapping our own operations and those of our extended supply chain, and assessing them in terms of their potential impact on human rights as set out in the Universal Declaration of Human Rights.

For each assessment, key findings and mitigation plans were reviewed by external experts.

In FY 2020/21, our Human Rights Impact Assessment highlighted increased risk in relation to the COVID-19 pandemic, particularly in relation to workers’ health and wellbeing.

During ethical trade audits and as part of our broader Responsibility programme, we conduct interviews with workers to better understand their needs and perceptions, while gathering insights into the direct and indirect impacts of our business and developing focused mitigation plans where required. We also provide grievance mechanisms for our global employees, as well as confidential hotlines run by NGOs for workers in our supply chain. Currently, more than 16,000 workers across 34 factories in our third-party supply chain are provided with improved access to remedy and confidential support, including advice and information on workers’ rights and wellbeing. The effectiveness of these hotlines is regularly reviewed. During FY 2020/21, Burberry-sponsored hotlines received 529 calls and their resolutions have been monitored closely by our Responsibility team. Supporting our human rights commitment is our Modern Slavery Statement. This is published in line with the UK Modern Slavery Act and can be found on Burberryplc.com.
THE ENVIRONMENT

Creativity is the thread that connects Burberry’s past with its future. Guided by our purpose, we are creating the next generation of sustainable luxury for our customers and helping transform our industry.

We recognise that the long-term success of our business depends on investing in the environmental sustainability of our operations, the resilience of our supply chains and our management of climate change impacts. Our future depends on it.

We are actively working to reduce our environmental footprint and meaningfully support our global communities, while seeking to transform our industry. Drawing on our heritage of exploration and guided by our purpose, we are pushing boundaries, setting leading standards and pioneering innovative solutions to create real system change.

Our Responsibility team of more than 30 in-house sustainability experts has been working on our environmental and social programmes for more than 15 years. The ambitious targets that underpin our mission are set out in our latest five-year Responsibility agenda through 2022.

We are on track to achieve 100% renewable electricity, a carbon neutral footprint across our own operational energy use, and for every luxury product we offer our customers to have more than one positive environmental or social attribute.

Expanding on our existing goals, we are transitioning towards a Net-Zero future and ensuring that we consciously craft our collections.

A NET-ZERO FUTURE

Industry-leading climate change initiatives
- Net-Zero by 2040
- Carbon neutral across our own operational use by 2022
- Use 100% renewable electricity by 2022
- Science Based Targets across scope 1, 2 and 3 emissions
- Balance emissions through The Burberry Regeneration Fund

100% of products with more than one positive attribute by 2022
- Measuring the positive impact our collections have on the environment and people

Sustainable materials
- Ensuring all key materials are 100% traceable by 2025
- Ambitious targets to source more sustainable cotton, leather and wool, as well as recycled polyester and nylon
- Sustainable packaging

Caring for our supply chain
- Respecting and safeguarding the rights of everyone in our supply chain

Restore and repair
- Specialist aftercare services to extend the life of products
Collaborating to achieve a more sustainable future
We recognised the power of working collaboratively to drive real change. We work with our peers, NGOs and governments to unlock sustainable solutions that can help activate and scale change in our industry.

Our Responsibility agenda contributes to a range of the United Nations SDGs. Our contribution towards these goals is outlined on pages 62 to 65.

In September 2020, we were the first among our luxury peers to issue a Sustainability Bond, enlisting the support of investors to finance ambitious sustainability projects. More detail on this can be found on pages 92 to 93.

Responsibility governance
Our Responsibility agenda is front of mind for senior leaders across our teams, ensuring that we are making decisions with consideration for their departments’ environmental and social impacts. Progress is reviewed by the Sustainability Steering Committee at least three times per year, chaired by our CEO.

Progress is shared regularly with the Ethics Committee, Risk Committee and the Board, and reviewed by our external advisory forums, comprising independent external experts.

The implementation of our strategy is overseen by our Responsibility team of more than 30 in-house sustainability experts.

Our people play an important role in delivering our Responsibility strategy, from driving energy efficiency and reductions across our operations to working closely with our supply chain partners to minimise our impact when we source raw materials and create our products.

We are a member of several leading forums, where we share our experiences and collaborate with others to adopt more sustainable ways of working, as well as learn from innovators within and outside our industry. These include:

- A4S Accounting for Sustainability
- Canopy
- Leather Working Group
- Race to Zero
- RE100
- Science Based Target Network
- Sustainable Fibre Alliance
- Textile Exchange
- The Ellen MacArthur Foundation’s Make Fashion Circular initiative
- The Fashion Pact
- The Living Wage Foundation and The Global Living Wage Initiative
- The ZDHC Foundation
- UN Fashion Industry Charter for Climate Action
A Net-Zero future
We are proud of our climate change initiatives, which are continually evolving as we find new ways to address the challenges posed by the climate emergency.

We aim to be Net-Zero by 2040 and achieve carbon neutrality in our own operational energy use by 2022. We are on track to achieve this by reducing absolute emissions, improving energy efficiency and switching to renewable electricity sources, before offsetting any remaining emissions. All our events, including shows and presentations, have been certified carbon neutral since 2019. We have reduced our market-based emissions by 92% since 2016.

Underpinning our ambition to achieve a Net-Zero future, we have Science Based Targets across our scope 1 and 2 emissions (in our own operations and indirect emissions from our energy use), aligned to the Paris Agreement 1.5°C pathway and scope 3 emissions (across our extended supply chain). We aim to:

- **Reduce our absolute scope 1 and 2 GHG emissions by 95% by 2022**
  This target focuses on emissions from our direct operations, including electricity and gas consumption in our stores, offices, internal manufacturing and distribution sites. This target is consistent with reductions required to keep global warming to 1.5°C, the most ambitious goal of the Paris Agreement.

- **Reduce our absolute scope 3 GHG emissions by 30% by 2030**
  This target relates to indirect emissions in our extended supply chain, which includes impacts from the sourcing of raw materials and the manufacturing of finished goods.

Both targets are set against a 2016 base year.

To date, in line with our Science Based Targets, we have reduced our scope 1 and 2 emissions by 84% compared to FY 2016/17 and reduced our scope 3 emissions from purchased goods and services by nearly 8,700 tonnes.

Balancing emissions
Rather than only purchasing offsets to cancel out our impact, we also invest in insetting projects, reducing our emissions and storing carbon at source in our own supply chain.

Through The Burberry Regeneration Fund, we support a portfolio of carbon insetting and verified carbon offsetting projects, which enable us to store carbon, promote biodiversity, facilitate the restoration of ecosystems and support the livelihoods of local producers.

For our inaugural pilot project, we have partnered with PUR Projet to design and implement regenerative agricultural practices with wool producers in our supply chain in Australia. The project will work at farm level to improve carbon capture in soils, improve watershed and soil health, and promote biodiverse habitats.

Promoting renewables
We are passionate advocates of renewable energy use and currently source 93% of our electricity from renewable sources. We are on track to achieve our target of using 100% renewable electricity in our own operations by 2022.

We are an active member of RE100 and have been recognised in the 2020 CDP A List and Supplier Engagement Leaderboard for our success in stimulating demand for renewable energy throughout our global supply chain. We continued to promote the use of renewables in our supply chain by creating a bespoke renewable energy guide for our Italian suppliers.

Influencing suppliers
Ensuring our supply chain partners share our ambition for a Net-Zero future is crucial to achieving meaningful change at scale. In January 2021, we launched a programme in partnership with the Apparel Impact Institute (Aii) to establish a platform for Italian manufacturers to coordinate, fund and scale environmental programmes with measurable impact. Working alongside two fellow luxury brand partners, the initiative demonstrates a shared ambition to pursue a collective mission to make fashion’s supply chains more sustainable.

We support UN Climate Change’s efforts in the fashion industry. On the Manufacturing and Energy Working Group, we contributed to the development of online climate action training for the fashion industry’s supply chain.
## Global GHG emissions

<table>
<thead>
<tr>
<th></th>
<th>Current reporting year 20/21</th>
<th>Reporting year 19/20</th>
<th>Reporting year 18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Global</td>
<td>UK and offshore only</td>
<td>Global</td>
</tr>
<tr>
<td>Total energy including: purchase of electricity, the operation of any facility, combustion of fuel for facilities and vehicles / kWh</td>
<td>63,293,411^</td>
<td>20,826,276</td>
<td>70,316,810</td>
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<tr>
<td>Combustion of fuel and operation of facilities (Scope 1) / tCO₂e</td>
<td>2,089^</td>
<td>1,478</td>
<td>2,061</td>
</tr>
<tr>
<td>Combustion of fuel use from owned or leased transport (Scope 1) / tCO₂e</td>
<td>66</td>
<td>0</td>
<td>78</td>
</tr>
<tr>
<td>Electricity purchased and used for operations (Scope 2) / tCO₂e</td>
<td>20,582^</td>
<td>2,934</td>
<td>22,661</td>
</tr>
<tr>
<td>Total emissions location based (Scope 1 &amp; 2) / tCO₂e</td>
<td>22,737^</td>
<td>4,412</td>
<td>24,800</td>
</tr>
<tr>
<td>Electricity purchased and used for operations (Scope 2, market-based) / tCO₂e</td>
<td>1,879^</td>
<td>0</td>
<td>3,122</td>
</tr>
<tr>
<td>Total emissions (Scope 1 &amp; 2, market-based) / tCO₂e</td>
<td>4,034^</td>
<td>1,478</td>
<td>5,261</td>
</tr>
<tr>
<td>Total emissions offset by Verified Emissions Reduction Certificates / tCO₂e</td>
<td>2,089^</td>
<td>1,478</td>
<td>1,072</td>
</tr>
<tr>
<td>Location-based tCO₂e per £1,000,000 sales revenue</td>
<td>9.7^</td>
<td>n/a</td>
<td>9.4</td>
</tr>
<tr>
<td>% of energy from renewable sources</td>
<td>76%^</td>
<td>61%</td>
<td>82%</td>
</tr>
</tbody>
</table>

Note: Burberry applies an operational control approach to defining its organisational boundaries. Data is reported for sites where it is considered that Burberry has the ability to influence energy management. Data is not reported for sites where Burberry has a physical presence, but does not influence the energy management for those sites, such as a concession within a department store. Overall, the emissions inventory reported equates to 98% of our net selling space square footage. The Company uses the Greenhouse Gas Protocol (using a location and market-based approach to reporting scope 2 emissions) to estimate emissions and applies conversion factors from Defra, IEA and RE-DISS. All material sources of emissions are reported. Refrigerant gases were deemed not material and are not reported. Market-based emissions for the UK relating to electricity purchased and used for operations (Scope 2) is stated as 0 due to 100% of UK electricity being procured from renewable sources. Combustion of fuel use from owned or leased transport is reported from FY 2018/19 onwards. Burberry has updated GHG data for FY 2019/20 and FY 2018/19 to account for updated emission factors and improvements in data availability and estimation methods. GHG emissions data reported is based on the period 1 April 2020 to 31 March 2021. For the avoidance of doubt, the company’s financial accounting period is from 31 March 2020 to 27 March 2021. However, references to FY 2020/21 for the selected KPIs included in the Responsibility section of Burberry’s Annual Report 2020/21 refer to the period 1 April 2020 to 31 March 2021.

### Principle measures taken for increasing operational energy efficiency

At Burberry, to achieve our climate-related goals we focus on energy efficiency first and foremost. To manage our operational energy efficiency we set annual energy reductions targets to drive behaviour change. We drive energy efficiency across our stores by instilling good practice behaviour and installing more efficient lighting systems at our new and refurbished stores. We then reinvest savings into renewable energy procurement, before finally offsetting any remaining emissions.

Further information about Burberry’s basis of reporting is available on Burberryplc.com.

^ Please see page 65 for details on external assurance.
Consciously crafted collections
Measuring positive change
To reach our goal of ensuring 100% of our products have a positive social or environmental impact, we focus on driving improvements at the raw material sourcing and product manufacturing stages. These positive attributes can range from the amount of organic content or recycled fibres used in materials or the delivery against carbon emission reductions at production facilities, to workers being paid the living wage or being supported through wellbeing programmes. In FY 2020/21, 94% of Burberry products had at least one positive attribute and 82% had more than one⁶.

Some of the steps we take along our supply chain to ensure we are driving positive change include:
1. Thoughtful design

By designing with our sustainability ambitions in mind, we can ensure that our products are consciously crafted, minimising our environmental impact and creating opportunities for our global communities.

We are engaging our creative community through training on circular design and have hosted a range of product disassembly workshops to help teams better understand how the lives of our products can be extended.

As a core partner of the Ellen MacArthur Foundation’s Make Fashion Circular initiative, we helped shape the vision for circular fashion and have contributed to its Circular Design Guide for Fashion, a valuable resource for the fashion and textiles industry.

2. Sustainable materials

Our collections feature high-quality and sustainably sourced materials. Through our use of these materials and engagement with suppliers, we also stimulate wider demand across our industry for materials that are less impactful on the environment.

We have a series of ambitious targets to achieve this aim:

- **Ensure all key materials are 100% traceable by 2025**, supported by our use of certified materials where the country of origin is verified and disclosed. We will achieve traceability to a minimum of country level for key raw materials
- **Source 100% certified recycled nylon* and recycled polyester* by 2025**, where nylon or polyester is the product’s main material
- **Source 100% certified wool* by 2025**, supporting certifications that uphold the highest animal welfare standards
- **Source 100% certified organic cotton by 2025**, which holds environmental and social benefits and is traced through our supply chain via a chain of custody. This builds on our target to source 100% of our cotton more sustainably by 2022
- **Source 100% of our leather* from certified tanneries by 2022**, with environmental, traceability and social compliance certificates

**Spotlight on sustainable materials**

- **Cotton**: We source 78% of our cotton* more sustainably by using a portfolio approach and are exploring new sources, including organic and regenerative cotton. This year, we formalised our ambition around organic cotton, with a target to source 100% certified organic cotton by 2025. Certified organic cotton is traced through the supply chain and has many environmental and social benefits, promoting soil health, supporting biodiversity and safeguarding farmers.
- **Cashmere**: As part of our longstanding partnership with the SFA, in FY 2020/21 we participated in a pilot project with our cashmere scarf supplier, Johnstons of Elgin, which will result in fully traceable and SFA-certified cashmere fibre being used in our products.
- **Leather**: We source 80% of our leather* from tanneries with environmental, traceability and social compliance certifications, with a target to extend this across 100% of our leather by 2022. In line with our support for the TCFD, we have assessed our leather supply chain and modelled the impact that climate change risks could have on our operations and supply chain across various temperature increase scenarios. For more information, please see our TCFD disclosures on pages 133 to 137
- **Viscose**: We collaborate with Canopy, an NGO working to protect the world’s forests, species and climate by collaborating with business leaders, scientists and decision-makers. We use Canopy’s Hot Button Report, a fibre sourcing analysis tool, and are working directly with suppliers and producers to ensure we only source viscose from responsible sources.

* Denotes where the material referenced is referring to the product’s main material.
3. Caring for our supply chain
We are open, caring and committed to respecting and safeguarding the rights of everyone in our supply chain. In order to ensure we are having a positive impact on the people touched by our global business, we work closely with our supply chain partners to promote ways of working that reflect our values.

We continually assess human rights risks and labour conditions across our supply chain as part of our ethical trading programme, which has been in place since 2004. We require all our suppliers to meet international labour standards and local laws and agree to our Responsible Business Principles. Measures including announced and unannounced audits, training and improvement programmes, and interviews with people working in our supply chain, to help us to ensure our third-party suppliers are aligned to our expectations.

We believe that everyone should have access to fair and responsible employment. To support this, we are an accredited UK Living Wage employer, a Principal Partner of the Living Wage Foundation and are on the steering group of the Global Living Wage Initiative, which aims to provide a global living wage standard.

We make clear to all our suppliers that any form of modern slavery, including forced, bonded or involuntary prison labour, is not permitted. We provide training on identifying risks of modern slavery to our employees and partners to support this. More information can be found in our Modern Slavery Statement on Burberryplc.com.

During the financial year, we supported our supply chain partners through the challenges presented by the COVID-19 pandemic. We implemented an Infection Control Management Policy to support our partners in providing safe working environments. We also conducted training with the support of external providers on how to operate a COVID-19-safe environment.

4. Changing our industry’s use of water and chemicals
We are mindful of how we use water throughout our supply chain. We track and promote management practices and technologies that facilitate water recycling and use water-efficient materials. CDP rated Burberry A- for water security in 2020.

We prohibit the use and release of unwanted chemicals. As a Board member of The ZDHC Foundation, we guide luxury peers, third party suppliers and external chemical experts to devise innovative solutions to ensure effective chemical management across the fashion and textiles industry.

As a Board member of The ZDHC Foundation, we steer luxury peers, third-party suppliers and external chemical experts to devise innovative solutions to address this issue.
5. Minimising waste
We seek to minimise waste at all stages of our value chain. We follow clearly defined waste hierarchy principles. Where we have unsaleable goods, we reuse, repurpose, donate or recycle them.

In FY 2020/21, we launched reusable, customisable accessories pop-ups. Modular installations with interchangeable parts, the pop-ups build on Burberry’s legacy of innovation and creativity. In each location, the reusable building blocks were assembled in a unique way to create a beautiful set-up that adapted to fit each space. The travelling pop-ups made their way across 39 different locations.

We launched ReBurberry Fabric, a pilot programme in partnership with The British Fashion Council, to donate leftover fabrics to fashion students. During the year, we donated 7,125 metres of fabric, benefiting 33 schools.

We also partner with Alta Scuola di Pelletteria Italiana, a leather school, and San Patrignano, an organisation supporting marginalised young people. In 2020, the school trained San Patrignano residents in leather goods disassembly and repurposing using excess Burberry materials.

We continue to donate products and raw materials to various charities, design schools and colleges globally, including the Royal College of Art, the Manchester Fashion Institute and the British Fashion Council. We have also funded a two-year research project with The Hong Kong Research Institute of Textiles and Apparel (HKRITA) to design a post-consumer leather goods recycling system.

6. Sustainable packaging
All Burberry retail bags and boxes are reusable and recyclable, and certified by the FSC.

Our signature oak paper is made from a minimum of 40% upcycled coffee cups that would have otherwise gone to landfill. Since February 2019, 66 million cups have been upcycled into Burberry packaging. Our products are transported on recyclable hangers and in garment bags made from 100% recycled polyester.

Eliminating unnecessary single-use plastic packaging is a priority for us. As a signatory of the 2025 New Plastics Economy Global Commitment, we have pledged to eliminate unnecessary and problematic plastic; use 100% reusable and recyclable plastic; and use at least 20% recycled content across all own-branded plastic packaging by 2025.

7. Restore and repair
We know that the enduring quality of Burberry pieces means their appeal and value is long-lasting. This, along with our mission to build a more sustainable future, led us to launch a luxury aftercare service to extend the life of our products.

For the first time, we have also launched dedicated aftercare spaces in stores in London and Paris. Building on our existing repair service, we piloted a new Trench Refresh programme in London, inviting clients to a Trench diagnostic session with one of our in-house experts. As part of this offering, we introduced a new reproofing solution for our gabardine Trench Coats that is kinder to the environment, and expanded our repair and replacement capabilities. We also launched a pilot of our Leather Restore service globally, offering complimentary leather conditioning to extend the life of Burberry bags.
SUSTAINABILITY BOND USE OF PROCEEDS REPORT

Burberry is committed to using its position and influence to drive social and environmental improvements and foster sustainable innovation in the value chain, from the sourcing of raw materials to the manufacturing of finished products and distribution through our stores and wholesalers. We are also committed to enlisting the support of investors in delivering these ambitions by linking Burberry’s sustainability strategy to its funding requirements.

Burberry issued a debut five-year, sterling Sustainability Bond on 21 September 2020 for £300 million at 1.125% (the “Sustainability Bond”). As part of the Sustainability Bond Framework (the “Framework”), a commitment was made to publish a use of proceeds report within one year of the issuance of the bond and annually thereafter.

This report constitutes Burberry’s first use of proceeds report to investors and covers the allocation of proceeds from the Sustainability Bond by category per the Eligibility Criteria as defined in the Framework.

Eligibility criteria and oversight

The categories of our Eligibility Criteria are as follows:

- Green buildings
- Environmentally sustainable management of living natural resources and land use
- Pollution prevention and control (including waste prevention, waste reduction and waste recycling)

Burberry’s 2022 Responsibility targets are owned by senior leadership across all regions and key functions and progress is reviewed by the Sustainability Steering Committee.

The Sustainability Steering Committee was established in 2019 to review and oversee the Group’s strategy on environmental and social issues related to our supply chain. The Sustainability Steering Committee convenes at least three times a year and is chaired by the CEO, who is accountable for ensuring oversight of climate-related risks and opportunities of the Group. The CO&FO, the Chief Supply Chain Officer and the Vice President of Corporate Responsibility are permanent members of the Sustainability Steering Committee.

In addition to the Sustainability Steering Committee, sustainability matters are regularly discussed at the Ethics and Risk committees and updates are shared with the Board.

Burberry’s Sustainability Bond Committee (the “Committee”) includes representatives from Corporate Responsibility, Group Treasury, and other parties nominated as subject matter experts. The Committee has considered the Eligibility Criteria in the Framework and reviewed the spend on projects eligible for financing under the Sustainability Bond and has allocated the proceeds accordingly.

Allocation of proceeds

The proceeds of the Sustainability Bond have been allocated across the three categories outlined in the Framework. In accordance with the Framework, these eligible projects and spend have been completed within the three-year period preceding the issuance of the Sustainability Bond in September 2020.

The allocation across categories is summarised below:

<table>
<thead>
<tr>
<th>Categories of spend</th>
<th>Sep 2017 – Mar 2020 £m</th>
<th>Apr 2020 – Mar 2021 £m</th>
<th>Cumulative total £m</th>
<th>UN SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green buildings</td>
<td>4.6</td>
<td>4.1</td>
<td>8.7</td>
<td></td>
</tr>
<tr>
<td>Environmentally sustainable management of living natural resources and land use</td>
<td>42.4</td>
<td>17.8</td>
<td>60.2</td>
<td></td>
</tr>
<tr>
<td>Pollution prevention and control</td>
<td>23.1</td>
<td>11.1</td>
<td>34.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>70.1</td>
<td>33.0</td>
<td>103.1^</td>
<td></td>
</tr>
</tbody>
</table>

1. The Sustainability Bond documentation and Framework can be found at: www.burberryplc.com/en/investors/debt.html
Unallocated proceeds
The unallocated proceeds under the bond are £193.6 million. The cash is kept on deposit in line with Burberry’s Treasury Policy.

Project examples
Green buildings
Projects include the financing or refinancing of properties which have achieved one of the following certifications:

- Leadership in Energy and Environmental Design (LEED): Platinum or Gold level
- Building Research Establishment Environmental Assessment Method (BREEAM): Excellent or Outstanding level

For existing buildings, certification has been received within the last three years.

Environmentally sustainable management of living natural resources and land use
As part of Burberry’s Responsibility strategy, where cotton is the product’s main material, Burberry has set a goal to procure 100% of its cotton more sustainably by 2022 by using a portfolio approach.

Burberry continues to promote more sustainable farming practices among its suppliers and also remains committed to driving demand for organic cotton.

In addition, we support Cotton 2040, a cross-industry partnership convened by Forum for the Future to address long-term resilience in cotton supply chains.

Pollution prevention and control
Burberry is passionate about driving positive change and building a more sustainable future. Our sustainable packaging materials commitment aims to minimise the amount of packaging used and, where packaging is unavoidable, to maximise use of recycled, reusable and recyclable materials in line with circular economy principles. This commitment applies to all Burberry customer-facing and transit packaging.

As signatories of the 2025 Global Plastics Commitment, we will minimise and phase out the use of unnecessary single-use plastics by redesigning packaging, using recyclable alternative materials and/or enabling reuse schemes. Where plastic packaging is used, it must be made from recyclable plastic with a minimum of 20% recycled content.

We have allocated proceeds against packaging procurement where recycled content is more than 20%.

External assurance of corporate responsibility disclosures
Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over the allocation of use of proceeds. Information forming part of the assurance scope is denoted with a ^. The assurance statement is available on Burberryplc.com.
## NON-FINANCIAL INFORMATION STATEMENT

This section of the Strategic Report constitutes Burberry’s Non-Financial Information Statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006.

### Reporting requirement
The information listed is incorporated by cross reference.

<table>
<thead>
<tr>
<th>Environmental matters</th>
<th>Policies and standards which govern our approach</th>
<th>Information necessary to understand our business and its impact, policy due diligence and outcomes</th>
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<td>Chemical Management Standards</td>
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<tr>
<td>Global Environmental Policy</td>
<td>ESG and Responsibility section on Burberryplc.com</td>
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<td>Make Fashion Circular Initiative</td>
<td>Task Force on Climate-related Financial Disclosures (TCFD) section, pages 133 to 137</td>
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<tr>
<td>New Plastics Economy Global Commitment</td>
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<td>UN Climate Change Fashion Industry Charter for Climate Action</td>
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<td>Responsible Sourcing Policy</td>
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<td>Science Based Targets</td>
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<tr>
<td>Task Force on Climate-related Financial Disclosures (TCFD) reporting</td>
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</table>

| People | |
| Global Health and Safety Policy | Directors’ Report, page 204 |
| Global Diversity and Inclusion Policy | Company, Responsibly and People sections of Burberryplc.com |
| Our Culture and Values | ESG section, pages 60 to 91 |
| Responsible Business Principles | Gender Pay Gap Report and Global Parental Leave Policy on Burberryplc.com |
| | Purpose, pages 14 to 15 |
| | Stakeholder Engagement, pages 96 to 103 |

| Respect for human rights | |
| Data Privacy Policy | ESG section, pages 60 to 91 |
| Ethical Trading Code of Conduct | Responsibility section on Burberryplc.com |
| Human Rights Policy | Human Rights Statement page 80 |
| Infection Control Management Policy | |
| Information and Cybersecurity Policy | |
| Model Wellbeing Policy | |
| Transparency in the Supply Chains and Modern Slavery Statement | |

| Social matters | |
| Responsible Business Principles | ESG section, pages 60 to 91 |
| Ethical Trading Code of Conduct | Responsibility section on Burberryplc.com |
| Local Stakeholder Engagement Policy | |
| Volunteering and Match Funding | |

| Anti-corruption and anti-bribery | |
| Anti-Bribery and Corruption Policy | Reflecting the needs of our stakeholders, customers and our people, pages 96 to 98 |
| Anti-Money Laundering and Counter Terrorist Financing Policy | Responsibility section of Burberryplc.com |
| Fraud Risk Management Policy | |

| Additional disclosure | |
| | Business Model, pages 16 to 17 |
| | Key Performance Indicators, pages 45 to 47 |
| | Principal Risks, pages 106 to 107 |
| | Purpose, pages 14 to 15 |
The Board is aware of its obligations both collectively and individually to promote the success of the Company for the benefit for its stakeholders as a whole. Having an overall understanding of our stakeholders’ perspectives and values, and considering them in our decision-making and planning, is crucial to Burberry’s continued success and we value their broad range of perspectives.

Comprehensive engagement allows us to make informed decisions, while taking into account the consequences of our actions on the different stakeholder groups.

The Board is mindful of all of Burberry’s stakeholders when making decisions of strategic importance. Papers submitted to the Board for approval take into account the impact of the proposals on relevant stakeholder groups.

We take care to work with and communicate with all major stakeholders:

- People
- Customers
- Shareholders
- Communities
- Partners
- Governments

More information on how we have supported some of our stakeholders during the COVID-19 pandemic can be found on pages 56 to 57.

SECTION 172(1) STATEMENT AND STATEMENT OF ENGAGEMENT WITH EMPLOYEES AND OTHER STAKEHOLDERS

In accordance with the Companies Act 2006 (the Act) as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the Directors provide this statement to describe how they have engaged with and had regard to the interests of our key stakeholders when performing their duty to promote the success of the Company, under section 172 of the Act.

Reflecting the importance of our stakeholders and the impact they have on our strategy, reputation and the Group’s long-term success, consideration has been given to them throughout the FY 2020/21 Annual Report and the table on page 104 identifies where they are discussed.
PEOPLE
We believe in fostering a sense of belonging among our people and ensuring they are active participants in our drive to fulfil our purpose. Our people are Burberry’s greatest asset, and it is vital that we continue to attract and retain the best talent. With our people adapting to the COVID-19 pandemic by working remotely, it is particularly important to ensure their perspectives are heard and that they continue to feel part of the broader organisation.

What matters
• Career development
• Operational efficiency
• Wellbeing and flexible working
• Fostering a diverse and inclusive culture

We have increased our Employee Engagement Surveys from once annually to three per year. Despite the impact of the pandemic, 89% of our people felt they had clear areas of focus and 86% agreed Burberry was doing a good job of keeping them connected to one another. We use insights from these surveys to action changes and improvements across the Group.

We communicate daily with our teams across the business to keep them informed and engaged. Written communications, videos and podcasts are made available via Burberry World, our global intranet. For example, we communicated extensively with our Sales Associates during the year, providing regular operational updates and training around our creative transition and new products. Major events, such as embedding Burberry’s purpose and moving our internal Icon Awards ceremony online, allowed for more inclusive, global engagement, with those events garnering over 6,000 views.

We are committed to ensuring our people are growing and developing personally and professionally. To foster a culture of forward-thinking, we want to equip all of our people to be set up for success. We encourage creative thinking around problem solving and making things happen, and provide tools and resources through our B-Learning site.

More information on Burberry’s progress towards a more diverse and inclusive workplace can be found on pages 69 to 72.

Board engagement
Global Workforce Advisory Forum: the Board has established a Global Workforce Advisory Forum. The purpose of the forum is to ensure meaningful two-way communication between the Board and the workforce in order to develop a greater understanding of their views when making decisions in the boardroom. The Global Workforce Advisory Forum is made up of representatives from a variety of roles globally and during FY 2020/21 it met twice to discuss a wide range of topics. These included colleague views on the Group’s response to the pandemic, changes to reward programmes made in 2020, and culture and how to speak up. Gerry Murphy, our Chairman, and Orna NíChionna, Non-Executive Director and Chair of the Remuneration Committee, represented the Board at both meetings and shared insights from the Forum meetings with the Board. These insights were particularly helpful to the Board in formulating the 2020 Directors’ Remuneration Policy and in their consideration of the Group’s response to the pandemic.

Employee Engagement Survey: the Board reviewed the results of the Employee Engagement Survey, and an overview of key trends for 2020. The Board gave particular focus to both the dimensions and demographics within the findings and discussed proposed actions and areas of opportunity.

Direct interaction: Burberry’s various colleague platforms allow the Board to interact with our people on a global scale. During the year, Non-Executive Directors Fabiola Arredondo, Ron Frasch and Orna NíChionna collaborated to produce a short film reflecting on the Company’s history and entrenched values. In March 2021, as part of our International Women’s Day celebrations, Fabiola and Orna, alongside fellow Non-Executive Directors Debra Lee and Dame Carolyn McCall participated in a webcast reflecting on the experiences that have helped shape their careers and the importance of representation, allyship and mentoring.
CUSTOMERS
As the ultimate user of our products, our customers continue to look for quality products that reflect their personal style. They increasingly look to feel part of a community and seek out brands with a strong purpose.

What matters
• Product innovation and newness
• Customer service and brand experience
• Addressing evolving customer habits and changes in buying patterns
• Environmental impact

We aim to offer our customers a holistic, omnichannel experience, where they can engage with our brand, our product, our communications and our people. We continue to harness insights to develop our understanding of luxury goods customers and enhance our customer proposition, ensuring we offer inspiration and opportunities to engage with Burberry across our platforms.

In the midst of the pandemic, we used digital innovation to mitigate the impact of reduced traffic in our store network. Our teams acted quickly to ensure we continued to deliver a luxury experience for our customers. In a matter of weeks, Burberry.com was set up to allow customers to book in-store appointments and gain online shopping assistance. For the UK and the USA we introduced video appointments with our Sales Associates who could browse products on behalf of their clients as if they were in store (see page 27). More information about Burberry’s response to the COVID-19 pandemic and its impact on our customers can be found on pages 56 to 57.

In July 2020, we opened our first Social Retail store in Shenzhen, China, aiming to blend seamlessly the physical and social worlds by offering a digitally immersive retail experience (see pages 28 to 32). Later in 2020, we brought our Spring/Summer 2021 show outdoors, partnering with several livestreaming platforms around the world to broadcast the event.

Providing exceptional customer service and assistance is vital for any luxury brand. We look at ways to improve the assistance we offer to customers on an ongoing basis, including ensuring they are able to contact us at their convenience through their preferred medium, including phone, email, social media and Burberry.com chat. At present, we offer customer service assistance in 14 languages.

Burberry’s commitment to sustainability is longstanding, grounded in the belief that for our future growth, we need to actively address the challenges facing our industry and the world in which we live. Our customers are increasingly interested in sustainably sourced materials. For instance, in April 2020, we launched the "ReBurberry Edit", comprising 26 styles from the Spring/Summer 2020 collection, all made from the latest innovations in sustainable material science. This was communicated across brand channels and through media engagement.

Board engagement
Customer experience: as customers themselves, the Board regularly engages with the business across all of our channels. Insights are regularly discussed with management.

Customer insights: most of Burberry’s engagement with customers is at the operational level. The Board receives regular updates from the CEO and members of the senior management team on sales performance and brand heat. Updates are also shared in relation to evolving relationships with customers as we respond to market conditions and trends. These updates assist the Board in developing and maintaining its understanding of customer trends, as well as potential issues and how these could be addressed. During the year, the Board gave particular time and focus to ensure that the Company continued to engage with its customers safely.
SHAREHOLDERS
As well as ongoing interest in our financial performance and growth, our shareholders are increasingly attentive to ESG topics. For that reason, we included an ESG section in this report and built a dedicated space on Burberryplc.com to share information about Burberry’s actions in this area.

What matters
- Capital gain through share price appreciation and capital return via dividend
- Profitability and business growth potential
- Quality of governance
- ESG

We value our shareholders and investors and want to ensure they understand our business, our strategy, the luxury market environment and our governance arrangements. We foster an open and transparent relationship with each individual investing in Burberry to enable them to make effective investment decisions.

The Board also benefits from the views of the investment community in their decision-making and we therefore encourage multichannel engagement through our Investor Relations team, Company Secretariat, Board and Executive Team, as well as other areas of the business. Investors are invited to virtually attend our trading and results announcements, which include a dedicated question-and-answer session. All investor announcements are made available on our website including webcasts, slides and transcripts.

During FY 2020/21, our Investor Relations team participated in over 200 investor meetings and events. This engagement included presentations to institutional shareholders and analysts following the release of the Group’s half- and full-year results as well as meetings with the Group’s 20 largest investors.

Board engagement
The Board receives monthly updates from the Investor Relations team, providing an overview of market sentiment, share price performance and any meetings held with investors. In addition to the meetings undertaken by management throughout the year, various Non-Executive Directors, including the Chairman and Chair of our Remuneration Committee, have engaged with shareholders in relation to governance and remuneration topics, totalling over 70 meetings.

In 2020, consultation with shareholders in advance of proposing the 2020 Directors’ Remuneration Policy resulted in 94.91% of votes in favour of the resolution at the Annual General Meeting (AGM).

The Board and management regularly receive and respond to queries from shareholders on a wide range of ESG topics, including sustainability, climate change, recycling and waste, and human capital management.

In May 2020 the Board took the decision not to pay a final dividend in respect of FY 2019/20 given the uncertainty in outlook due to the impact of COVID-19 on the business and the global economy. This was a hard decision for the Board and involved balancing the interests of our shareholders, our people, our customers and our suppliers with the longer-term interests of the Company. The Board concluded that it was prudent to conserve capital in order to protect the business.

The Board is pleased that the strong performance during FY 2020/21 has enabled the Group to resume paying a dividend.

The Board also undertook a comprehensive review of funding and in September 2020 approved the issuance of a £300 million Sustainability Bond, which introduced long-term financing into the Company’s capital structure. The proceeds of the Bond will be used to finance and/or refinance eligible sustainable projects reinforcing Burberry’s longstanding commitment to sustainability.

Communications: under Burberry’s corporate governance framework the Board reviews and approves Burberry’s material communications to investors, such as the trading updates and results announcements, the Annual Report and Accounts and the Notice of Annual General Meeting (AGM). In light of COVID-19, during FY 2020/21 the Board approved issuing additional market announcements to inform shareholders of the Company’s response to the pandemic and the impact on performance.

AGM: the AGM is an important opportunity for the Board to share directly with shareholders the performance and strategic direction of the Company. As a result of the COVID-19 pandemic, it was not possible to hold an open AGM in 2020. Shareholders were able to ask questions in advance of the meeting, which were grouped into themes and answered during a webcast following the meeting. Shareholders were strongly encouraged to submit their proxy votes and circa 80% of total voting rights were voted and all resolutions passed.

Due to the continued uncertainty surrounding COVID-19 restrictions that may be in place at the time of the AGM, we are proposing to hold the AGM with the minimal quorum present while providing shareholders with a virtual meeting platform where they will be able to watch the proceedings of the meeting and have the opportunity to submit questions to the Board.
COMMUNITIES
At Burberry, we have a longstanding commitment to supporting our communities, through various programmes and initiatives designed to drive positive change.

What matters
• Positively impacting the communities living and working around us
• Employment within our communities
• Increased focus on ESG

As the COVID-19 pandemic continued to affect our communities, we worked closely with teams, partners and the Board to determine how we could best provide support. The Group’s response is being managed through five key workstreams chaired by the CEO and supported by the Board. As COVID-19 continues to impact us all, we maintain our commitment to supporting our communities through our broader relief efforts and via The Burberry Foundation COVID-19 Community Fund.

We support The Burberry Foundation (UK registered charity number 1154468) in creating long-term partnerships that drive positive change in our communities and help build a more sustainable future through innovation. Each year, we donate a percentage of Group adjusted profits before tax to charitable causes, which include long-term community programmes led by The Burberry Foundation and emergency efforts as they arise, such as disaster relief. Alongside contributions, employees are encouraged and supported in volunteering for charities and donating up to three working days a year to supporting their communities. Burberry supports match-funding towards team-based fundraising activities. Read more about this on pages 74 to 79.

In addition, we have continued to support our programmes, including Burberry Inspire and our creative arts scholarships, to ensure that future generations of talent, particularly from underrepresented communities, have the support they need to enter the creative industries.

Board engagement
Strategy updates: the Board receives regular updates on the implementation of The Burberry Foundation’s five-year strategy, which aims to positively impact 1 million people by 2022 by supporting community programmes, making financial contributions and encouraging employee volunteering.

Sustainability Steering Committee: Burberry’s Sustainability Steering Committee, which was established in 2019, meets at least three times a year to oversee the Group’s strategy on environmental and social issues. The Sustainability Steering Committee is chaired by Burberry’s CEO, who is accountable for ensuring oversight of climate-related risks and opportunities. It is also attended by the CO&FO, who is also a member of the Leadership Network for the Accounting for Sustainability initiative.

Supporting communities: the Board understands the importance of sustainability in the fashion industry and receives updates on the sustainability initiatives and projects undertaken by the Group. More information on ESG can be found on pages 60 to 91. Further information on Burberry’s progress in meeting the recommendations of the TCFD can be found on pages 133 to 137.

The Burberry Foundation: the work of The Burberry Foundation is key to Burberry’s Responsibility agenda. In FY 2020/21, the Board agreed to donate £3.5 million of Group adjusted profits before tax to social and community causes worldwide, which include disaster relief, scholarships and long-term community programmes led by The Burberry Foundation. The Board also approved incremental charitable donations in response to the COVID-19 pandemic including donating PPE to the UK National Health Service and healthcare charities; supporting vaccine research and the equitable distribution of the COVID-19 vaccine to some of the world’s most vulnerable people; and charities tackling food poverty.

The Burberry Foundation COVID-19 Community Fund: all members of the Board took a voluntary salary/fee cut of 20% for the first quarter and the Company paid an equivalent of that amount to The Burberry Foundation COVID-19 Community Fund, with our top management team also taking a 20% reduction in their salaries. The Burberry Foundation COVID-19 Community Fund was established for our employees to support communities in need globally. More details on the fund can be found on page 57.
PARTNERS
We work with companies, NGOs, civil society groups, our suppliers and retail third parties. We believe in an open and collaborative business approach and we take pride in sharing knowledge and expertise to find solutions and opportunities for innovation.

What matters
- Aligning with new customer behaviour, especially around e-commerce
- Increased focus on ESG
- COVID-19 relief support
- Driving collaboration and contributing to the United Nations SDGs

Our ESG work contributes to a range of the United Nations SDGs. We feel Burberry is uniquely placed to make a positive difference. We recognise the power of working in collaboration to drive real change in the industry. We are focused on working together with industry peers, business partners and other key stakeholder groups to find long-term solutions and promote wider industry change. We pursue our ESG goals through strategic partnerships with NGOs, industry peers, initiatives and other businesses. For example, this financial year we continued our support of registered charities, including FareShare, The Trussell Trust and The Felix Project, which are dedicated to tackling food poverty across the UK. Read more about our COVID-19 efforts on pages 56 to 57 and our collaboration with Marcus Rashford MBE on page 43.

We nurture close relationships with members of our supply chain, including wholesalers, licensees and supply chain partners, on an ongoing basis to drive social and environmental improvements, focusing on every step in our sourcing and manufacturing processes.

To ensure a seamless customer experience across all consumer touchpoints, we collaborate with other companies to create the best experiences for our customers. For example, in FY 2020/21, the digital experience became more prominent where stores were unable to remain open and we collaborated with technology companies to enhance our customers’ online experience (read more on pages 32 to 35). We also continued to nurture close relationships with our wholesale and licensing partners through monthly and weekly updates to understand their product needs and ongoing preferences.

Board engagement
Environmental impact on operations: throughout the year, the Board receives updates on sustainability-related matters, including those related to climate change. These were supported by insights from independent sustainability strategy consultants.

The TCFD Working Group, which was established to assess and implement the required governance and strategy for climate-related risks and opportunities, and the metrics and targets used to assess and manage these, reports to the Risk Committee, which is chaired by Julie Brown, our CO&FO. The Audit Committee discussed the work of the TCFD Working Group, including progress against the four pillars of governance, strategy, risk management and metrics and targets.

Ethical trading: the Board approved the Transparency in Supply Chains and Modern Slavery Statement, which widened the scope of the ethical trading programme to include packaging, visual merchandising and recycling facilities. More information on the Human Rights Statement can be found on page 80 and our Modern Slavery Act Statement can be found on Burberryplc.com.
GOVERNMENTS
Governments influence long-term retail environments, environmental priorities, employment laws, trade and other business matters, which are all key areas for Burberry. We therefore regularly engage with governments in the countries where we operate to understand their concerns so we can seek solutions to shared environmental, social, economic and governance issues.

What matters
- Industry/product policies such as taxes, restrictions, trade and regulations
- Employment
- Increased focus on ESG

As part of the global response to the outbreak of COVID-19, Burberry dedicated resources to supporting those impacted by the disease and preventing further infection. We addressed immediate medical needs by leveraging our global supply chain, retooling our Castleford manufacturing site to make PPE. The British government called on Burberry to extend our support, which we offered to do at cost. We also supported communities by funding food supplies for vulnerable individuals through partnerships with food distribution charities. We also worked towards a longer-term solution to the global pandemic by helping to fund University of Oxford’s COVID-19 research. The research resulted in a vaccine developed with AstraZeneca which is now being used as part of vaccination programmes in several countries.

As part of our ongoing efforts to protect our brand, we connect with governments around the world as they influence long-term retail environments, environmental priorities, trade, IP, quality and payment and other business matters, which are all key areas for Burberry. We, therefore, regularly engage with governments in the countries where we operate to understand their challenges so we can seek solutions to shared environmental, social, economic and governance issues.

Board engagement
Preparing for and post UK withdrawal from the EU: the Board receives regular updates and individual Board members have liaised directly with the UK government on key issues in relation to the UK’s withdrawal from the EU. Such topics include the VAT Retail Export Scheme, access to skills and talent and general challenges relating to cross-border movement.

The Board agreed to repay early and with interest the £300m funding secured in 2020 under the UK Government sponsored COVID Corporate Financing Facility (CCFF) and committed to pay our UK business rates in full. More information on the Group’s response to COVID-19 is set out on pages 56 and 57.
## BOARD ENGAGEMENT

The table below sets out where further information can be found on how the Board has exercised its duties in accordance with Section 172 of the Act.

### SECTION 172 RESPONSIBILITIES

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<th><strong>Corporate Governance Report:</strong></th>
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<td>Burberryplc.com: Gender Pay Gap Report, ESG, People and Responsibility</td>
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<th>C. Our business relationships – the importance of developing the Group’s business relationships with suppliers, customers and others</th>
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<th><strong>Burberryplc.com:</strong></th>
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<td>Stakeholder Engagement (pages 96 to 103)</td>
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<th>D. The communities and our environment – the impact of the Group’s operations on the community and the environment</th>
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Our approach to risk
The Group’s strategy takes into account risks, as well as opportunities, which need to be actively managed. Effective risk management is essential to executing our strategy, achieving sustainable shareholder value, protecting the brand and ensuring good governance.

The Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve our strategic objectives (the Board’s risk appetite), and challenging management’s implementation of effective systems of risk identification, assessment and mitigation.

The Audit Committee has been delegated the responsibility for reviewing the effectiveness of the Group’s internal controls and risk management arrangements. Ongoing review of these controls is provided through internal governance processes. The Ethics Committee reports to the Risk Committee, which oversees the Group’s risk. Reports from both of these committees are presented to the Audit Committee.

An integral part of our business, our risk management process is coordinated by our Group Risk and Assurance team, reporting to our CO&FO. Risk management activities include identifying risks, undertaking risk assessments and determining mitigating actions. These activities are reviewed by Internal Audit and other control functions, which provide assurance to our Risk Committee, and ultimately to our Board, as described on page 109.

Risk appetite
The Board reviews and validates the Group’s risk appetite on an annual basis. This is integrated into our wider risk management framework to support better decision-making and prioritisation.

We will pursue growth and accept a certain level of risk to ignite brand heat commensurate with our position in luxury fashion. We approve capital investment in strategic projects and accept a moderate to high risk in pursuit of innovation and profitable growth, balancing a reasonable return on capital with a reasonable level of commercial risk within the approved capital allocation framework.

Complying with applicable laws and doing the right thing is part of our culture and underpins our strategic ambition. In exploring risks and opportunities, we prioritise the interests and safety of our customers and our people. We seek to protect the long-term value and reputation of the brand, maximising commercial benefits to support responsible and sustainable global growth within our defined risk tolerance.

Our principal risks
The Board considers the principal risks to be the most significant risks faced by the Group, including those that are the most material to our performance and that could threaten our business model or the future long-term performance, solvency or liquidity of Burberry. They do not comprise all the risks associated with our business and are not set out in priority order. Additional risks not known to management, or currently deemed to be less material, may also have an adverse effect on our business.
COVID-19 was declared a global pandemic on 11 March 2020 by the World Health Organization (WHO). Unprecedented restrictive measures were put in place worldwide to help prevent the spread of the disease to ensure safety and wellbeing, protect health services and attempt to stabilise economies. A new Group principal risk was added last year to consider the risk of prolonged COVID-19 disruption beyond the range of assumptions that have been used to develop the reasonably expected outcomes. The global pandemic has continued to create uncertainty in FY 2020/21, however, as vaccination rollouts progress, the outlook is more optimistic. The impact on each of the other principal risks from the pandemic is also explained in the detail for each risk.

Our risk framework is structured around the following categories of risk: External, Strategic and Financial, Operational, Compliance and Climate Change. Each principal risk is linked to one of these categories and may impact one or more of our strategic priorities.

We have reviewed and updated the descriptions and mitigating actions of our principal risks and emerging risks. We reviewed whether the level of risk associated with each of the principal risks is increasing or decreasing compared to the previous financial year and noted new risks, which do not have a basis for comparison.

Our risk management processes are designed to enable us to identify risks that can be partially mitigated through insurance. We focus our insurance resources on the most critical areas or where there is a legal requirement, and where we can get best value for money for risk transfer.
Emerging risks
Potential emerging risks are an area of focus for us and we therefore undertake horizon scanning in conjunction with our strategy team to monitor any potential risks that could change our industry and/or our business, looking at both the inherent risk and opportunity. Emerging risks are new and evolving, therefore their full potential impact is still uncertain. To manage this, we involve specialist third parties where necessary to understand how our risk profile could change over a longer time period. Our risk management approach considers short term to be one year, medium term to be two to five years and long term more than five years.

MACRO

**Protectionism** – countries protecting domestic production may use tariffs and trade restrictions, which would increase the cost of moving goods into key markets

**Changing regulatory environment** – financial reporting and governance regulations (for example, the UK government’s consultation paper on restoring trust in audit and corporate governance) may introduce new requirements and increase the risk of non-compliance

CONSUMER

**Changing consumer preferences** – expectations around product and Company sustainability continue to increase

**Significance of influential groups/third parties on consumer spending patterns** – increased reliance on third parties to produce content to influence consumer spending (for example, social media influencers), which also increases risk of damage to brand image

INDUSTRY

**Industry concentration** – increase in concentration on key consumer groups resulting in greater competition for growth targets

**New technology** – leading to changes in consumer spending habits and expectations around product availability (for example, virtual stores and buying product directly from runway shows)

**Circularity** – new business models and increase in product re-sale markets, including fashion rental

**Full supply chain traceability** – requiring investment in new technologies
RISK MANAGEMENT PROCESS

Board and Board Committees
- Responsible for regular oversight of risk management, annual strategic risk review, and setting the Group’s risk appetite
- Monitor risks through Board processes, including regular reviews of strategy, management reports and deep dives into selected risk areas
- Audit Committee reviews effectiveness of risk management process with support from Internal Audit

Risk Committee (chaired by CO&FO)
- Reviews external and internal environment for emerging risks and performs deep-dive reviews of principal risks
- Reviews risk register updates from risk owners
- Meets at least three times per year and reports key findings to the Audit Committee
- Cross-functional attendees, encompassing senior management from IT, Finance, Legal, HR, Supply Chain and Retail
- Identifies changes to principal risks and the effectiveness and adequacy of mitigating actions to achieve agreed risk tolerance levels

Group Risk and Assurance team
- Establishes risk management framework
- Identifies emerging risks, working with the Strategy team
- Facilitates risk assessments and updates to risk mitigation
- Provides resources and training to support risk management process
- Facilitates strategic risk assessment as part of the central planning process
- Prepares Board and Risk Committee updates

Ethics Committee
- Reviews and monitors ethical risks, as well as behavioural and responsibility practices across the Group. Approves policies relating to such ethical matters, including the Group’s Code of Conduct
- Performs deep-dive reviews and assesses results of investigations and corrective actions
- Supports the Group in managing ethical and associated reputational risks, including overseeing awareness and training across the Group to reinforce business ethics and good practice
- Monitors whistleblower activity and Burberry Confidential

Functions and business risk owners
- Carry out day-to-day risk management activities
- Identify and assess risk and implement mitigating actions
- Assign owners to update risk registers

Internal Audit and compliance functions
- Review risk management process periodically
- Compliance functions provide independent assurance to management and the Board on risk status (Health and Safety, Legal, Brand Protection, Quality, Asset and Profit Protection, and Corporate Responsibility)
EXTERNAL RISKS

COVID-19 impact
The timing of a return to sustained growth following the COVID-19 pandemic remains uncertain. There is a risk that the recovery from the spread of the COVID-19 pandemic slows due to a resurgence of cases. In response to COVID-19, we have continued to update planning scenarios based on a range of assumptions and potential outcomes. This risk remains of further significant impact on our future operations, cash flows and viability beyond the range of assumptions that have been used to develop the planning scenarios. In addition, there could be impacts on impairment of retail assets, inventory and carrying value of other assets.

Risk movement and outlook
COVID-19 was a new principal risk in FY 2019/20. While the Group had considered the possibility of a range of incidents that could disrupt a key business location, the likelihood of the occurrence of a global pandemic causing disruption on the scale of COVID-19 across the business had not been considered as a stand-alone risk previously. Although there remains uncertainty about the recovery from the pandemic, the ongoing successful rollout of vaccination programmes is a positive indicator the risk of further impact from COVID-19 is reducing. We remain confident in our ability to execute our strategic plans to accelerate growth as a British luxury brand.

Link to strategy
The time frame of implementing the strategy has been impacted by COVID-19, however the fundamentals and trajectory of our strategy remain right.

Risk tolerance
Doing the right thing is part of Burberry’s culture and underpins our strategic ambition. Burberry has prioritised the safety and wellbeing of our people, our customers and our communities. We have followed government and health authority guidance and advice to reduce the risk of spreading the virus and have supported relief efforts to reduce the impact of the virus on people’s lives globally.

Actions taken by management
- The Group Incident Management Team (GIMT) was set up to coordinate Burberry’s response to the COVID-19 outbreak. The Group’s response is being managed through five key work streams led by the Executive Committee and chaired by our CEO
- The health and safety of our people remains our priority and our response has concentrated on our people, customers and communities. We have prioritised their wellbeing and communicated regularly with all our stakeholders
- We have executed a plan of strategic initiatives to navigate through this period of decreased luxury industry demand and capture opportunities as consumer confidence and markets rebound
- Burberry has significant financial headroom in the form of £0.9 billion cash balances, excluding £0.3 billion of proceeds from the Sustainability Bond and a further £0.3 billion undrawn from the RCF. The Group has completed detailed stress testing to understand the extent to which the Group could withstand a loss of sales within the limits of its available financial resources. Details of this stress testing are set out in the Viability Assessment on pages 140 to 142
COVID-19 impact continued

**Examples of risks**
- Further increase in the spread of the pandemic results in the loss of key employees and/or impacts the health of our employees and their ability to operate effectively
- There is not sufficient liquidity to manage operations and meet liabilities as they fall due
- The Group’s trading performance and cash flows are significantly impacted by further extended periods of closures of Burberry retail stores, manufacturing facilities and distribution centres imposed by governments
- Further impairment of retail assets and inventory
- Continuing closure of retail stores impacts our cash generation, increases leverage and limits our ability to source adequate financing to continue to operate
- The rebound is delayed by a resurgence in virus infections, particularly in Mainland China
- The continued outbreak impacts the ability of the Group to execute the strategic plan and maintain momentum in building brand heat
- Closures of Burberry’s internal manufacturing sites and global network of storage and distribution hubs significantly impact the supply chain and the speed with which we can rebound when government restrictions are lifted
- Technology and IT infrastructure is not able to adapt to sustained working from home requirements imposed by governments

**Actions taken by management continued**
- We closed sites across Asia, EMEIA and the Americas ahead of or in line with local government restrictions in order to prevent the spread of COVID-19 and ensure our people’s, our customers’ and our communities’ safety and wellbeing. This includes the closure of our head office in London, as well as internal manufacturing sites across the UK and in Italy
- As part of our overarching response, we are monitoring the regulatory landscape. We are engaging regularly with government and local authorities in each of our core geographies to ensure we have the right support for our business and for our people
- We continue to manage cash and costs to protect the Group’s liquidity. A comprehensive cost mitigation programme has been delivered, which includes delaying discretionary capital expenditure to focus on essential spending and to strengthen the brand
- We keep product, inventory and supply chain under constant review to maintain supply chain operations while optimising buying commitments
- We have adapted our technology for greater home working to ensure all vital operations and projects remain on track
**Macroeconomic and political instability**

The Group operates in a wide range of markets and is exposed to changing economic, regulatory, social and political developments that may impact consumer demand, disrupt operations and impact profitability. Adverse macroeconomic conditions or country-specific changes to the operating or regulatory environment, natural disaster, global health emergency or civil unrest may impact the spending habits of key consumer groups and lead to increased operational costs.

**Risk movement and outlook**

The risk is deemed to have remained flat since it elevated significantly last year. The outlook remains uncertain as we continue to navigate through a number of significant macroeconomic and political events, such as governmental responses to the economic damage caused by the pandemic and continuing geo-political tensions. External factors, such as global health emergencies and natural disasters, are difficult to predict.

**Link to strategy**

Volatility in the external environment could impact our overall financial performance and operations.

**Risk tolerance**

We have a low tolerance for risk in this area but recognise external factors can be more difficult to mitigate as they are often outside of our control.

**Examples of risks**

- Unexpected shifts in domestic or tourist demand from key customer groups due to uncertainty in the economic outlook for the luxury sector caused by global recession, socio-political tensions
- Global health emergencies affecting particular countries and regions
- Unexpected disruptions to the supply chain
- Increased customs and duty charges could result from government trade and tax disputes

**Actions taken by management**

- We have defined a strategy that leverages our brand appeal and global reach across multiple customer segments and regions to mitigate reliance on a particular customer group, however, we recognise the importance of Mainland China and the Chinese consumer for the luxury industry, as explained in the global Chinese consumer spending risk
- In the short term, we continue to assess shifts occurring in the industry and with customers to ensure our plans are dynamic and responsive to the market
- We monitor external macroeconomic and regulatory changes and perform horizon scanning supported by insights from the treasury and strategy teams into macroeconomic trends
Further impact from the UK’s withdrawal from the EU
Various scenarios could impact the Group’s financial position, operating model and people.

Risk movement and outlook
The UK’s withdrawal from the EU on 31 December 2020 has crystallised with some supply chain disruption realised. There is expected to be continued disruption as actions are implemented throughout the next year to mitigate the negative impacts of duty costs and border friction. However, the risk has reduced since last year.

Link to strategy
Volatility arising from uncertainty around the trading relationship between the UK and EU following the end of the transition period may impact our overall financial and operating performance, as well as our ambitions under supply chain Operational Excellence.

Risk tolerance
We have a low tolerance for risk arising from uncertainty regarding the trading relationship between the UK and EU following the end of the transition period, which may have a long-term impact.

Examples of risks
- Additional customs duty based on the post-transition trading relationship between the UK and EU, and cessation of the UK’s access to the EU’s free trade agreements after 2020
- Disruption to business operations
- Impact on some current business project roadmaps
- Extended supply chain lead times could increase inventory levels
- Uncertainty over the rights of EU nationals and UK immigration law could increase the risk of being unable to recruit and retain talent
- Exchange rate volatility impacts Group revenues, margins, profits and cash flow

Actions taken by management
- Our steering committee continually monitors the evolving impact of the post-transition trading relationship between the UK and EU, and oversees our approach
- While the business has experienced some short-term disruption, ongoing mitigation reduced the risk to all business activities, including supply chain, trade compliance, IP and people
- We engage with UK government departments and other external stakeholders to ensure they are fully informed of our circumstances
STRATEGIC RISKS

Execution of strategic plan

Focused execution of the strategy through our four strategic pillars (Product, Communication, Distribution and Digital) and their supporting enablers (Operational Excellence and Inspired People) is key to sustainable long-term shareholder value. Success depends on our ability to cement our luxury positioning, increasing the value and relevance of our brand to luxury consumers globally.

Inability to successfully execute the projects that underpin these strategies could result in under-delivery on the expected growth, productivity and efficiency targets. This could have a significant impact on the value of the business and market confidence.

We operate in the global luxury market, which has been significantly impacted by the COVID-19 crisis, resulting in a high degree of uncertainty, and intensifying competition among luxury players. Additionally, today's luxury consumers are increasingly more demanding of luxury brands, seeking inspiration, an authentic and meaningful relationship with brands, quality and a clear standpoint on environmental and social issues.

Our ability to make the right strategic investment decisions and to rapidly pivot our plans in response to changes in the market environment and consumer preferences is vital to our success.

Risk movement and outlook

We have reviewed the impact of the COVID-19 pandemic on the luxury industry and consumer demand, and assessed the need for changes to our strategic plan. Although the fundamentals and trajectory of our strategy have not changed, we have adapted our execution and time frame to effectively respond to the challenges posed by the COVID-19 crisis.

Link to strategy

All strategic pillars.

Risk tolerance

We are pursuing growth and accept a certain level of risk to fuel the brand heat that comes with our position in luxury fashion. We approve capital investment in strategic projects and accept a moderate to high risk in pursuit of innovation and profitable growth, balancing a reasonable return on capital with a reasonable level of commercial risk within the approved capital allocation framework.

Actions taken by management

• FY 2020/21 marked the end of the first phase of our strategy, which focused on building the foundations, re-energising the brand, aligning our distribution to our new luxury positioning and establishing a new product offering. In consideration of the challenges posed by the COVID-19 pandemic and impact to luxury, we prioritised building resilience by taking a series of rapid actions across four areas: protecting our people and communities, tightly managing cash and costs, securing our product, inventory and supply chain, and driving revenue as economies rebounded
• We continued to focus on our strategic priorities, and effectively adapted our plans to capitalise on opportunities as they arose across geographies
• We continued to strengthen consumers’ perception of our brand, investing in brand heat and visibility, signalling luxury through our campaigns and disruptive media experiences
• We built on positive momentum with our collections, delivering newness and exceptional product, strengthening our position in leather goods, and managing product flows despite supply chain challenges
### Examples of risks

- A pause to delivery of the strategy due to major external factors hampering brand heat and consumer engagement with our brand
- Failure to deliver and invest in strategy plans and capture market opportunities in countries where economies are rebounding
- Inability to capture demand as the luxury market polarises further and consumers become more discerning in their purchases
- Failure to create sufficient brand heat and engagement globally through our content and marketing activations across communication channels
- Failure to provide newness and high-quality products that excite global luxury consumers, and to bring these to the market at speed without sacrificing luxury quality
- Inability to achieve the required organisational alignment and enhance our capabilities and culture to compete and grow effectively at the pace required to deliver the targets
- Failure to sufficiently transform operational processes undermining our ability to deliver the required cost savings and margin improvements
- Failure to deliver the technology innovation required to empower changes in the Group’s business model and to deliver the anticipated benefits from key investment strategies in Digital, Retail and Group Operations

### Actions taken by management continued

- We planned and implemented localised and bespoke plans for each region, and increased our focus on the local consumers, shifting resources as required to focus on growth opportunities in rebounding markets while optimising revenues in markets most affected by the pandemic
- In digital, we innovated and identified new ways to connect with our customers, especially those who could not visit our stores during the pandemic, strengthening our digital luxury experiences and e-commerce capabilities
- Our Inspired People initiatives include replacing our annual questionnaire with shorter, more frequent surveys. This has shown a marked increase in the understanding of our strategic goals and transformation plan within the Group
- Coordinated by the Strategy team, business owners for each pillar have ownership of the plan and responsibility to deliver its objectives. They monitor the risk associated with each of the major programmes and track progress and benefits based on a set of lead indicators in order to assess progress in product, communications, stores and digital channel performance
- Looking ahead, we devised a plan to strengthen our foundations, adapt to the COVID-19 environment, and sustain the momentum we have built for our brand and product. Details of the strategic initiatives forming our plan can be found on pages 24 to 43
### Image and reputation

The Group carefully safeguards its image and reputation. Unfavourable incidents, unethical behaviour or erroneous media coverage relating to the Group’s senior executives, products, practices or supply chain operations could damage the Group’s reputation and negatively impact the value of the brand.

As our customers continue to engage with the brand through multiple channels, including social media, a misleading perception of the Group’s values and performance could potentially lead to a slowdown in sales as well as loss of customers. Burberry’s increasing reliance on influencers in its marketing could potentially expose the Group to increased reputational risk.

### Risk movement and outlook

While internal enhancements have been made to further safeguard Burberry’s image and reputation, in the current environment there is increased scrutiny of Burberry and a heightened risk of an escalation in geopolitical tensions. The external environment of collaborators and influencers creates risk. Therefore constant monitoring is required to ensure that Burberry’s image and reputation are protected.

### Link to strategy

All strategic pillars.

### Risk tolerance

Protecting the brand and its reputation globally is at the heart of everything we do. We have a moderate risk appetite in order to deliver our strategy supported by processes to avoid or mitigate any reputational/brand risk where possible.

### Examples of risks

- An unfavourable incident relating to a senior executive, erroneous media coverage or negative discussions on social networks could damage Burberry’s reputation
- An organisation, association, celebrity, influencer, collaborator or model associated with Burberry becoming involved in a reputational incident could potentially lead to pressure on Burberry to distance the brand from them and could reflect poorly on Burberry, negatively impacting Burberry’s reputation
- Unfavourable or erroneous media coverage or negative discussions on social networks about the Group’s products, content or practices could impact brand reputation
- Unethical behaviour on the part of individuals or entities connected with the Group could attract negative attention to the brand
- If suppliers or partners do not respect the Group’s Responsible Business Principles this could reflect negatively on Burberry
- Alleged infringement or appropriation of third-party rights in connection with the production of content and design of product could negatively impact the reputation of the brand
- Failure of our people or those acting on Burberry’s behalf to adhere to Burberry’s Model Wellbeing Policy could result in reputational or legal risk
- Failure to understand social issues and respect cultural sensitivities around product and marketing content could negatively impact Burberry’s reputation

### Actions taken by management

- Training and monitoring of adherence by personnel to the requirements in the Group’s Responsible Business Principles
- Review process in place for any engagements with collaborators, influencers or celebrities
- Codified incident management policy, monitoring of social networks and response procedures
- Oversight of mitigation of reputational issues by the Ethics and Risk Committees
- The Group has established Corporate Responsibility standards, which aim to ensure compliance with labour, human rights, health and safety and environmental standards across our operations and extended supply chain
- Supplier audits and supplier training programmes are in place to ensure compliance in day-to-day operations
- Uphold our approval processes and editorial controls to ensure all product and content is reviewed and signed off prior to external release
- Development of a global Diversity and Inclusion strategy and creation of an Internal Diversity and Inclusion Council to support the implementation of the strategy
- Increasing awareness of and training with respect to Burberry’s Model Wellbeing Policy to all people who engage with models on Burberry’s behalf, including employees, freelancers, casting agents, contractors and external third parties to ensure they adhere to the policy
- Undertaking of marketing risk analysis/risk register and implementation of mitigation
- Development of due diligence policy in connection with retention of talent and partners
Global Chinese consumer spending
Global Chinese consumer spending patterns may significantly change having an immediate adverse impact on Group sales. Any significant change to Chinese consumer spending habits globally due to changes in the economic, regulatory, social or political environment in China, including a further health emergency or a natural disaster, may adversely impact the domestic consumer group’s disposable income or confidence. Such changes could also lead to Chinese consumers scaling back on travel, which could impact the Group’s global revenue and profits outside Mainland China, which may not be fully compensated by the repatriation of spend in China.

Risk movement and outlook
The risk has increased since the prior year. Due to the continued reliance on Chinese consumers, the Group is exposed to changes in their spending patterns which may result from shifts in the economic, social or geopolitical environment. While our business in Mainland China has rebounded from COVID-19, the Group’s trading performance could be impacted if there are further waves of the pandemic in Mainland China, or an escalation in geopolitical tensions.

Link to strategy
All strategic pillars.

Risk tolerance
We accept a certain level of concentration risk in relation to consumer nationality to maximise the greatest growth opportunities and to ignite brand heat commensurate with our position in luxury fashion.

Examples of risks
• We suffer a major reputational shock in Mainland China causing brand fallout
• Burberry’s growth from Asia does not meet the expectations either in magnitude or timing, especially in Mainland China
• Slower recovery in Asia from the global pandemic because of reinfections
• We are unable to recapture our share of the spend in Mainland China because of the strength and success of our competitors, for example, in marketing campaigns and investment in brand heat
• We are unable to capture additional consumer spend in Mainland China to offset the loss of revenue as a result of disruptions in Hong Kong S.A.R.

Actions taken by management
• Development and execution of Mainland China strategy, including specific product designed for Lunar New Year and additional marketing spend to support growth targets
• Prior to the outbreak of COVID-19 there had been significant focus on building brand heat in Mainland China. A clear strategy had been set, including building new strategic social partnerships, strategic locations and making customer experiences, storytelling and products more locally relevant. This strategy will continue assuming China continues to rebound from COVID-19
• Investment in inventory and technology to support Mainland China digital across our own platforms and those of our third-party partner platforms
• Supporting investment and growth strategies in other global markets to reduce Burberry’s exposure to an individual country or group of customers
**Foreign exchange**

Volatility in foreign exchange rates could have a significant impact on the Group’s reported results. Burberry is exposed to uncertainty through foreign exchange movements. Major events such as the COVID-19 pandemic continue to impact foreign exchange rates, which in turn could cause significant change in our Group reported results.

**Risk movement and outlook**

The risk has not changed since the prior year. In light of the macroeconomic environment, geopolitical risks remain heightened and foreign exchange rates remain volatile.

**Link to strategy**

Volatility in foreign exchange rates could impact our overall financial performance.

**Risk tolerance**

Burberry does not seek to manage structural foreign exchange risk relating to its overseas retail operations.

**Examples of risks**

- Burberry operates on a global basis and earns revenues, incurs costs and makes investments in a number of currencies. Burberry’s financial results are reported in pound sterling. Most reported revenues are earned in non-pound sterling currencies, with a significant proportion of costs in pound sterling. Therefore, changes in exchange rates, which are driven by several factors, such as global economic trends and the COVID-19 pandemic, could impact Burberry’s revenues, margins, profits and cash flows.
- Changes in exchange rates driven by global economic trends could reduce the attractiveness of international shopping for travelling tourists.

**Actions taken by management**

- Burberry seeks to hedge anticipated foreign currency transactional cash flows using financial instruments. These are mainly in Burberry’s centralised supply chain and wholesale business. Burberry does not hedge intra-group foreign currency transactions at present.
- Burberry monitors the desirability of hedging the net assets of non-pound sterling subsidiaries when translated into pound sterling for reporting purposes. We have only entered into modest transactions for this purpose in the current and previous year.
- Burberry monitors the overall impact of unhedged exchange movements and provides guidance to shareholders if exchange rates move on a quarterly basis.
OPERATIONAL RISKS

Loss of data or cyberattack
A cyberattack results in a system outage, impacting core operations and/or results in a major data loss leading to reputational damage and financial loss. A cyber risk-aware workforce and the Group’s technology environment are critical to success. A robust control environment helps decrease the risks to core business operations and/or major data loss.

Risk movement and outlook
The impact and likelihood of this risk is assessed to have not changed since last year.

Link to strategy
Having a cyber risk-aware workforce and resilient technology landscape is integral to delivering our strategy.

Risk tolerance
Protecting the brand and its reputation globally is at the heart of everything we do. We adopt a strategy to avoid or mitigate key reputational/brand risks wherever possible.

Examples of risks
• Malware results in a loss of system control causing business disruption and/or major data loss
• Credential compromise of customer or employee accounts leading to business disruption and/or major data loss
• Accidental personal data loss or disclosure leading to regulatory fines
• Attack on Burberry.com causing business disruption and/or major data loss
• Compromise or misconfiguration of externally facing assets causing business disruption and/or major data loss
• Fines due to failure to comply with EU General Data Protection Regulation (GDPR) and/or equivalent applicable data protection legislation globally

Actions taken by management
• Governance provided through a cross-functional Cyber Security Steering Group with Executive membership and sponsorship
• Continued investment in information security capabilities
• Improved security for remote working
• Second line assurance checks reporting on control effectiveness to Executive and IT management through monthly scorecards
• 24/7/365 security monitoring and analytics capability supported by security incident response processes
• Information Security Advisory function to embed security in new projects and initiatives
• Security training and awareness and phishing tests rolled out to employees globally with completion monitoring
• Implementation of solutions to help detect personal and sensitive data loss with improved control over user access management
• Test responses to cybersecurity incidents through simulations
• Data Privacy Steering Committee, a cross-functional group to review data controls around existing systems and assess the potential data risks (from both a legal and reputational perspective) associated with new IT, Marketing, Retail and Digital initiatives across Burberry
• Ongoing collaboration between the Data Protection office, Legal, IT and Information Security functions to ensure policies are adhered to in respect to the appropriate collection, security, storage, retention and deletion of personal data
• In line with other organisations, Burberry encounters information security incidents from time to time and has policies, processes and technologies in place to detect and respond to these as appropriate
• Burberry is independently audited against appropriate information security standards with results being submitted to the Risk and Audit Committee
People
Inability to attract, motivate, develop and retain our people to perform to the best of their ability in order to meet our strategic objectives.

Risk movement and outlook
There is no change to risk for this year. We continue to navigate uncertainty caused by the pandemic and changes as a result of the UK’s withdrawal from the EU. Global trading disruption continues to impact our people’s ability to meet planned business goals. However, we have experienced reduced levels of attrition, likely due in part to external factors, and we anticipate that risk levels will diminish in the next fiscal year, assuming the impact of the pandemic reduces.

Link to strategy
Delivery of our strategy relies on our ability to engage and inspire our people to deliver outstanding results for the Group. This is accomplished through:
• strengthening capabilities and enhancing our approach to talent management throughout the organisation
• fostering an inclusive culture where all employees feel connected to their work
• empowering and equipping leaders to lead through change
• simplifying how we work to enhance operational efficiency
• rewarding performance and creating a pay for performance culture
• engaging employees through our ongoing commitment to corporate responsibility
• driving positive change to promote sustainability across the business

Actions taken by management
Leadership and culture
• All line leaders have a leadership objective and Diversity and inclusion objectives included in their goals. Executive Committee members have overall accountability for attracting and retaining diverse talent and fostering an inclusive culture
• Values integrated across the colleague life cycle with a focus on moments that matter (for example, onboarding, leadership development programmes, recognition, policies and talent processes)
• Over the course of this year, we have enhanced our ability to source in-the-moment feedback from our colleagues, with three surveys completed with our new provider, Glint. Results shared with the Board in October 2020 demonstrated that employees remained very engaged, had a strong connection with the brand and were ambassadors for the future of Burberry. Leaders are held accountable for delivering against agreed action plans following the Employee Engagement Survey, with actions led at a central level for pulse surveys
• Leaders are equipped with regular strategy updates, including talking points on key topics and regular leaders calls for the director-plus population, to engage their teams on our strategic priorities. The annual engagement survey illustrated a positive shift in confidence in leaders from 69% in 2018 to 71% in 2019 and 75% in 2020
• Leadership Development Programmes were reimagined for the COVID-19 environment. Four cohorts (with 25 colleagues per cohort) participated in the New Manager Development Programme, which was designed to engage and equip people managers across the organisation. The programme is underpinned by Insights Discovery, a self-awareness tool, which enables line leaders to develop their management brand, decision-making preferences and strengths. Our Executive Development Programme has been overhauled and will be re-launched in the first quarter of FY 2021/22

Risk tolerance
We recognise the value and importance of successfully delivering our Inspired People strategy and therefore have a low tolerance for risk in this area.
Examples of risks

- Loss of critical talent/knowledge/unmanageable levels of attrition due to change fatigue heightened by challenging business conditions
- Failure to build the right capabilities and behaviours in our leadership population
- The long-term impact of the UK’s withdrawal from the EU on the Group’s EU workforce
- The impact of the downturn in business performance related to a macro event, such as a global health emergency

Actions taken by management continued

Talent and careers

- Scaled learning opportunities for all our people through enhanced self-directed digital content
- Introduced global digital onboarding programme to elevate colleague experience and embed our purpose and values
- Designed and deployed new Talent Management approach to identify and engage high-potential talent and support succession planning
- Enhanced the performance management process through refined processes and systems, elevation of support material, and increased communications and leader touchpoints
- Introduced standardised interview questions to ensure an equitable experience, piloting anonymous screening of CVs, and including diversity data monitoring forms in candidate applications for voluntary and confidential disclosure

Reward and recognition

- Implemented the 2020 Directors’ Remuneration Policy, which received strong shareholder support
- Simplified our retail commission and incentive schemes to drive consistency and efficiencies, and ultimately business results
- Introduced a new simplified long-term incentive plan, the Burberry Share Plan (BSP), to drive performance through retention and motivation of key talent
- Took positive decisions in response to COVID-19, including maintaining base salaries for retail colleagues affected by store closures, adjusting commission and incentive targets and a discretionary payment under the annual bonus plan to approximately 3,500 colleagues below the Board to recognise individual performance and contribution to the business
- Deployed a reimagined year-end global recognition experience, which brought together all our people to reinforce our values, celebrate our collective achievements and recognise top performers

Diversity and Inclusion and employee relations

- The launch of a new Global Parental Leave Policy has seen an increase in the amount of paid leave globally for all employees, with all new parents receiving 18 weeks’ paid leave and four weeks on reduced hours when they return to work
People continued

**Actions taken by management continued**

- The celebration of global events such as World Mental Health Day, International Women’s Day and Black History Month (in the USA and the UK) saw great participation across our global employee population.
- Deployed Diversity and Inclusion strategy and created regional and functional Diversity and Inclusion action plans.
- Deployed global training to embed Diversity and Inclusion agenda. This includes allyship training, which we expect all our people to complete by the end of 2021; mandatory unconscious bias training for all our people; training for all line managers as part of our annual reward review to ensure all reward decisions made by managers are fair and balanced, and specialised training for our Talent Acquisition team to mitigate bias in recruitment.
- Deployed a global Diversity and Inclusion Policy providing clear accountability and behaviours for all employees including contractors and third-party partners.
- Creation of a Diversity and Inclusion calendar to ensure all diversity events globally are captured and celebrated, feeding into our Diversity and Inclusion strategy for building a truly open and inclusive workplace.
- Deployed a diversity monitoring dashboard to monitor our Diversity and Inclusion targets.
- Onboarded a diversity recruiter focused on senior level roles globally.
- All new starters now experience our global Diversity and Inclusion strategy as part of their onboarding process.

**Wellbeing**

- Launched a new dedicated wellbeing home page on Burberry World to provide information, tools and resources to help our people make small positive changes in their everyday lives and bring their best selves to work.
- Launch of new Mental Health digital learning to develop awareness, identify signals and support the destigmatisation and normalisation of talking about mental health.
- Launched four interactive energy sessions to help our people take responsibility for their own mental and physical health and speak openly about health and wellbeing.
- Provided a selection of health and wellbeing webinars to support employees in their daily lives: “Balancing Work and Life”, “Connecting Mind and Body”, “Female Health” and “Menopause Health”.
IT operations
IT operations fail to support critical processes across the Group, including Retail and Digital, as well as Group functions, such as Supply Chain and Finance.

Risk movement and outlook
The impact of this risk has remained the same. Progress has been maintained on key system upgrades increasing both resiliency and security, however, the likelihood has increased due to the organisational pressures of COVID-19 across IT functions and key technology partners. Continued focus on key risks and essential investment will be maintained to further mitigate this risk.

Link to strategy
All strategic pillars.

Risk tolerance
We adopt a strategy to avoid or mitigate key risks to the disruption of IT operations wherever possible.

Examples of risks
• Failure to provide technology platforms that meet customer demands and support innovation could result in failure to deliver the strategy and loss of revenue
• Failure to provide stable and resilient technology platforms that meet business demands across retail and corporate sites could result in failure to deliver the strategy and negatively impact operations due to poor system performance and/or system outages

Actions taken by management
• IT Portfolio Forum in place with Executive representation to support IT investment decisions and oversee delivery of prioritised IT programmes and initiatives
• IT function has been strengthened with clear alignment between the IT teams, the strategic pillars, business functions and operations
• Implementation of controls to help maintain the continuity of the Group's IT systems, including business continuity and IT recovery plans, which would be implemented in the event of a major failure
• A tested Group incident management framework is in place to report, escalate and respond to high-impact events
• Further evolution of the IT operating model with a newly created Business Systems Platform function to elevate the performance and security of core systems, supported by a business-wide steering community
• Core “re-platforming” objectives for critical IT systems have been delivered both for Digital and Enterprise Resource Planning, addressing key operational and security risks
• Elevated focus on “key risks” to support decision-making on operating budgets and investment in line with the financial needs of the organisation relating to the COVID-19 pandemic
• Adjustment of external technology partner network and refocused delivery in line with current risk appetite and strategic priorities
**Business interruption**
A major incident impacts countries where the Group operates, has its main locations or where its suppliers are located, and significantly interrupts the business. This could be caused by a wide range of events at a country level, including geopolitical tensions, natural catastrophe, pandemic or changes in regulations, through to localised issues, such as fire, terrorism or quality control failures.

**Risk movement and outlook**
The risk level of business disruption has remained the same as last year. There are proven procedures in place to manage COVID-19 impacts, new ways of working to manage the UK’s withdrawal from the EU, and measures to increase flexibility in the distribution network, for example, enabling digital shipping from our stores in the USA. However, there is an increased risk of disruption to the supply chain as a result of geopolitical tensions. We expect this risk to maintain a similar level into FY 2021/22. Even though vaccination programmes for COVID-19 are being rolled out in various countries, the long-term impact of a more uncertain global economic environment, the potential for key suppliers to face financial difficulties, and ongoing political and regulatory changes are still uncertain.

**Link to strategy**
Our Product and Distribution strategic pillars enable us to operate effectively and efficiently. We harness Operational Excellence to ensure continuity of supply of compliant products and services of the highest quality to our customers. Our ability to continually execute and operate key sites and factories to develop, manufacture, distribute and sell our products is a key strategic priority.

**Actions taken by management**
- We have policies and procedures in place designed to ensure the health and safety of our employees and to deal with major incidents, including business continuity and disaster recovery
- The Group continues to evolve its supply chain organisational design to develop its manufacturing base, reducing dependence on key sites and vendors
- A Group incident management framework is in place to ensure that incidents are reported and managed effectively. Across the Group, our Incident Management Teams managed over 20 incidents in the year. The two longest running events were related to the COVID-19 pandemic and the civil rights marches in the USA. In both cases, teams worked to mitigate the impact on our employees, customers and the business. The remainder of these incidents were localised to fire, flood or weather related issues or interruptions in the regular running of stores, offices and systems
- Our GIMT and Regional Incident Management Teams all take part in training and incident management exercises involving large parts of the Group, our customers and media relations function. Our plans were tested through actual live events, like the COVID-19 pandemic and union strikes, and were found to be effective
- Our product suppliers and vendors are subject to a quality control programme, which includes regular site inspections and independent product testing
- Robust security arrangements are in place across our store network to protect people and products in case of security incidents
- Business continuity plans are in place for our eight main sites, including our three major distribution centres and our two UK factories. Business continuity plans are being developed for our third factory, Burberry Manifattura in Italy

**Risk tolerance**
We have a low tolerance for risk in this area, particularly in respect of product safety and quality.

**Examples of risks**
- Burberry operates three owned factories and a global network of storage and distribution hubs. These face typical property risks, such as fire, flood and terrorism
- Burberry works with several suppliers of luxury goods, which could be difficult to replace quickly. Their loss could interrupt the delivery of core products or a seasonal range
Business interruption continued

Examples of risks continued
- A serious product quality issue could result in a product recall
- Socio-political tension, like the Black Lives Matter movement in the USA and UK, can significantly impair local footfall and trade
- A global health emergency impacts a key market, which reduces consumption or significantly impacts the supply chain
- Geopolitical tensions lead to trade disruption between key countries resulting in an inability to move product between countries

Actions taken by management continued
- The Group’s key IT systems are protected to prevent and minimise any potential interruption. This includes resilient design and the provision of disaster recovery services to continue operating within pre-agreed times in case of a major incident. Our plans as tested during the year were found to be effective
- Management regularly reviews and manages business continuity and disaster recovery risks, recognising that these plans cannot always ensure the uninterrupted operation of the business, particularly in the short term
- A comprehensive insurance programme is in place to offset the financial consequences of insured events, including fires, flood, natural catastrophes and product liabilities
COMPLIANCE RISKS

Regulatory risk and ethical/environmental standards
The Group’s operations are subject to a broad spectrum of national and regional laws as well as regulations in the various jurisdictions in which we operate. These include product safety, trade marks, bribery and corruption, competition, data, corporate governance, employment, tax, trade compliance and employee and customer health and safety. Changes to laws and regulations, or a major compliance breach, could have a material impact on the business.

Risk movement and outlook
The relative significance of this risk has increased because of the changing regulatory environment despite the proactive and mitigating steps we have taken to ensure compliance.

Link to strategy
Compliance with applicable laws and regulations and behaving in accordance with our values as a business underpin all our strategic pillars.

Risk tolerance
In complying with laws and regulations, including customer and employee safety, environmental and ethical legislation relevant to our operations and supply chain, as well as bribery and corruption, we have a low tolerance for risk.

Examples of risks
- Regulatory non-compliance
- Failure by the Group or associated third parties to act in an ethical manner consistent with our Code of Conduct, Responsible Business Principles and our Responsibility agenda with regard to model wellbeing, for example
- Non-compliance with labour, human rights and environmental standards across our own operations and extended supply chain could result in financial penalties, disruption in production and reputational damage to our business
- Failure to comply with GDPR and/or equivalent applicable data protection legislation globally

Actions taken by management
- The Group monitors and seeks to continuously improve processes to gain assurance that its licensees, suppliers, franchisees, distributors and agents comply with the Group’s contractual terms and conditions, its ethical and business policies, and relevant legislation
- Specialist teams at corporate and regional level, supported by third-party specialists where required, are responsible for ensuring the Group’s compliance with applicable laws, ethical and business policies and regulations, and that employees are aware of the policies, laws and regulations relevant to their roles
- Ethical trading, environmental sustainability and community investment matters reported to the Ethics Committee, Risk Committee and the Board
- Annual independent and internal assurance processes are in place to monitor compliance in a number of key risks, with results reported to our Ethics Committee, Risk Committee and Audit Committee
- We have an established framework of policies that aim to drive best practice across our direct and indirect operations, including our Responsible Business Principles and Global Environmental Policy. Policies (available on Burberryplc.com) are owned by senior leadership and are issued to supply chain partners and form part of our contractual agreements with supply chain partners. Implementation of these policies is monitored on a regular basis
- In FY 2020/21 we updated and consolidated our Code of Conduct for our people and third parties into one comprehensive document
- We have established a Data Privacy Steering Committee to oversee compliance with applicable data legislation
- International tax reform is a key focus of attention with significant developments reported to the Audit Committee
Examples of risks continued

• Tax is a complex area where laws and their interpretations change regularly. Non-compliance by Burberry and its associated third parties in this area could result in unexpected tax and financial loss.

Actions taken by management continued

• We have a wide range of programmes to support the communities we operate in, as well as those of our supply chain and the wider luxury industry. Community programmes focus on tackling educational inequality and building cultural capital, supporting social and economic development in remote communities and fostering community cohesion and employability skills.

• Launch of annual mandatory training to employees and to targeted functions to ensure awareness and compliance with our policies governing anti-bribery and anti-corruption, Market Abuse Regulations, annual conflict declarations, criminal finances, anti-money laundering and privacy.

• Our culture and policies encourage employees to speak up and report any issues without fear of retribution. A global confidential employee helpline is in place in almost all countries where we have retail or corporate locations, and where it is legally permitted. All calls and emails are logged and independently reviewed and followed up. During the year, 158 cases were received and the results and themes are reviewed by the Ethics Committee. No significant issues were identified from these cases during FY 2020/21.

• During FY 2020/21, our Responsibility team provided training on the Modern Slavery Act to 158 members of our internal supply chain, sourcing, internal manufacturing and product teams. We have also focused on raising awareness among our key finished goods vendors.

• In accordance with our Anti-Bribery and Corruption Policy, annual training is required to be performed. This year the annual e-learning module was rolled out to all 2,859 corporate, manufacturing and retail colleagues of manager level and above. The training reached a 99% completion rate. Any incidents or potential areas of concern are investigated by highly experienced investigators in our Asset and Profit Protection team and ABAC risks are covered as part of the scope of Internal Audit reviews. During the year there were no ABAC-related issues.
Intellectual property and brand protection
Sustained breaches of Burberry’s IP rights or allegations of infringement by Burberry pose risk to the brand. Counterfeiting, copyright, trade mark and design infringement in the marketplace could reduce the demand for genuine Burberry merchandise and impact the luxury positioning of the brand. Failure to implement appropriate brand protection controls in connection with our commitment to stop destroying unsaleable finished products could negatively impact the integrity and the luxury positioning of the brand.

Risk movement and outlook
The likelihood of risk remains the same since the last report in light of continued brand heat under our creative direction; the frequent launch of new designs and motifs, which may not always be immediately protected, and the potential increase of sales in the parallel market.

Link to strategy
Protecting the integrity of the brand, safeguarding and elevating its luxury position, complying with applicable laws and regulations and doing the right thing underpin all our strategic pillars.

Risk tolerance
We have a low tolerance for risk in protecting the integrity of the brand, asserting our IP rights and ensuring due respect is given to the IP rights of others.

Examples of risks
• Counterfeiting, copyright, trade mark and design infringement in the marketplace can reduce the demand for genuine Burberry merchandise and impact revenues
• Unauthorised use of trade marks and other IP, as well as the unauthorised sale of Burberry products and distribution of counterfeit products, damages Burberry’s brand image and profits
• Brand heat as well as sophistication in counterfeiters’ ability to manufacture at pace have increased infringements and counterfeiting of our brand
• New branding may not immediately be protected and we must rely on national laws to secure IP rights, which afford varying degrees of protection and enforcement opportunities depending on the country
• Increased cancellation actions by third parties in response to claims of infringement as well as increase in bad faith filings in China
• Allegations from third parties of IP infringement by Burberry could negatively impact Burberry’s reputation, result in claims and financial loss through withdrawing infringing products
• Distribution outside of our authorised network and parallel trade could negatively impact the demand for Burberry products and negatively impact our luxury reputation

Actions taken by management
• The Group’s global Brand Protection team is responsible for brand protection efforts globally, online and offline. Where infringements are identified these are addressed through a mixture of criminal, civil and administrative legal action and negotiated settlements
• Trade marks, copyrights and designs are registered globally across all appropriate categories
• The Brand Protection team partners closely with the design teams to ensure that our products do not infringe the rights of third parties and to ensure that we have adequate protections in place prior to market entry
• The team explores new and emerging threats and ways to combat threats
• The team partners regionally with enforcement agencies and digital platforms to minimise the visibility of counterfeit and infringing products both online and offline
• We aim to disrupt the flow of counterfeit products by enforcing at source level
• Brand protection controls have been implemented to safeguard the brand in connection with our commitment to stop destroying unsaleable finished products
Climate change

The success of our business over the long term will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage any potential climate change impacts on our business model and performance.

As the global climate crisis becomes more critical, we recognise the importance of addressing long-term sustainability challenges and potential impacts of climate change on our business in reputational, operational and financial terms. Failure to implement appropriate cross-functional action plans and strategies, incorporating the recommendations of the TCFD and Science Based Target initiative (SBTi), could hinder efforts to mitigate long-term risks and future-proof our business.

Risk movement and outlook

The risk of climate change continues to be an increasing area of scrutiny globally and will continue to increase incrementally year on year without significant science-based global mitigation efforts, from government, business and their value chains and collaboration from wider industry and civil society. The Group’s ability to mitigate this risk has remained flat.

Link to strategy

Our commitment to being an industry leader in responsible and sustainable luxury underpins our vision to establish ourselves firmly in luxury fashion and deliver sustainable, long-term value.

Our commitment to be Net-Zero by 2040 and our science-based targets across scopes 1, 2 and 3 emissions form part of our response to climate change and our strategy to future-proof our business.

Actions taken by management

Physical risks

- Building on our work in FY 2018/19 and FY 2019/20, during FY 2020/21 we developed a quantitative scenario-based analysis of climate-related risks that could impact the value chains of Burberry’s key commodities. For more information see pages 133 to 137
- To understand the key climate-related risks to Burberry, the cross-functional TCFD working group undertook a risk assessment across Burberry's business to identify the key risks and vulnerabilities for our key commodities, both in terms of physical and transitional risks. Multi-hazard risk maps were used to evaluate which hazards (such as drought, heat stress and flooding) and vulnerabilities (including property damage and decreased productivity) had the most material impacts
- In the short term, we are conducting specific analysis of the acute risk of our locations and operations
- We developed a quantitative scenario-based analysis of material climate-related risks for the supply chains of Burberry's key commodities. The scenario analysis was based on 2°C and 4°C scenarios, which reflect a “best” and “extreme worst” case, and for which there is sufficient quantity and quality of data available
- In our own operations and supply chain we continue to use the WWF water risk assessment tool and the Aqueduct Water Risk Atlas to identify current risks, anticipate potential future strains on water resources and understand emerging long-term risks
- We use our Net-Zero target and science-based targets to focus our efforts in order to address our GHG emissions along our entire value chain (see page 86)

Risk tolerance

We have a low tolerance for risk when it comes to protecting the human and environmental resources on which we all depend. However, given the long-term nature of some sustainability risks and the level of uncertainty associated with their occurrence and impact, we accept that some risks are inevitable. We therefore focus on helping to minimise global risks while building resilience in our operations and supply chain.

Examples of risks

Physical risks

Acute
- Increased severity of extreme weather events, from floods to droughts, could cause disruption in our supply chain, impact our business model and affect the sourcing of raw materials, as well as the production and distribution of finished goods.
### Examples of risks continued

#### Physical risks continued

**Chronic**
- Our industry is sustained by many agricultural and manufacturing communities around the world. Longer-term shifts in climate patterns and loss of biodiversity caused by changes in precipitation patterns, rising mean temperatures and rising sea levels could cause social, economic and operational challenges
- Failure to address and mitigate these risks could result in resource availability limitations (for example, cotton, leather and cashmere) and disruptions to key business and supply chain operations

#### Transitional risks

**Policy and legal**
- Increased regulation and more stringent environmental standards could impact our business by affecting operational and production costs and flexibility of operations

**Market**
- Resource scarcity, coupled with increasing demand and changes in customer behaviour, could affect the production, availability, quality and cost of raw materials

**Technology**
- Substitution and transition costs associated with implementing new low impact technologies

**Reputation**
- Failure to meet consumer demand for sustainable products and services could threaten our relationship with customers, employees, regulators and interest groups, which could impact Group revenues

### Actions taken by management continued

- We support a number of industry initiatives that address climate change impacts, including the British Retail Consortium’s Net Zero commitment, RE100, Ellen MacArthur Foundation’s Make Fashion Circular Initiative, New Plastics Economy Global Commitment, UN Fashion Industry Charter for Climate Change, The Fashion Pact, Accounting for Sustainability and SFA
- We invest in programmes that help to sustain our industry and supplier communities, specifically initiatives that support social economic development in remote communities and promote more sustainable herding practices in the cashmere industry, working with SFA, PUR Projek and Oxfam. In addition, we also support programmes that build employability skills in the circular economy, with partners including Elvis & Kresse and Progetto Quid
- We have a Regeneration Fund to support nature-based compensation and insetting projects in the supply chain that will reduce the carbon impact of key raw materials our industry depends on, and improve biodiversity and local producer livelihoods
- We continuously engage and educate employees around the topic of climate change through focused events, strategic communications, volunteering opportunities and through our network of Responsibility Champions

#### Transitional risks

- As part of the quantitative scenario-based analysis of climate-related risks conducted in FY 2020/21, we modelled the impact of transitional risks such as the introduction of mandatory, globally applied carbon taxes
- Through our memberships with various industry bodies, associations and external assurance partners, we contribute to consultations and keep informed of upcoming environmental legislative changes
- Environmental sustainability matters are reported to the Sustainability Steering Committee, the Ethics Committee, the Risk Committee and the Board
- Our longstanding responsibility programmes, coupled with our Responsibility goals, are driving continuous improvements in moving beyond social and environmental compliance
- We identify and explore scarce resources while also developing alternative materials through research and development. For example, in FY 2020/21 we worked in partnership with HKRITA to develop a system to recycle post-consumer leather goods
Actions taken by management continued

• Our target is for 100% of our products to have more than one positive attribute by 2022

• We continue to increase our sustainable product mix, by including recycled content, bio-based materials and more sustainable cotton in our collections. During FY 2020/21 we established new raw material sourcing and traceability targets. Full details can be found in the ESG section on pages 60 to 91

• In FY 2020/21 we expanded our product sustainability messaging to make customers aware of improved sustainability credentials, through the ReBurberry Edit and BConscious label. This includes dedicated sustainability labelling across all key product categories. The labels provide customers with an insight into the industry-leading environment and social credentials of the Burberry programme. The pistachio-coloured sustainability labels indicate how a product meets a range of externally assured stringent criteria. Defined as “positive attributes”, these include the amount of organic content or recycled natural fibres used in materials

• As part of the scenario analysis, we assessed long-term technological trends that could significantly impact our business model

• Our IT Innovation team is exploring new systems and ways in which sustainability priorities can be supported by advancements in technology

• We continue to increase our focus on a zero-waste mindset across the business and have a clearly defined waste hierarchy. We have established a waste baseline and are setting targets and KPIs that will cover operational, manufacturing and finished goods waste as well as packaging. Since FY 2018/19 we have publicly committed to not destroy unsaleable finished products

• Our climate goals are approved by the SBTi. We also advanced our climate change commitments during the year by committing to be Net-Zero by 2040

• In line with the increased expectations of our stakeholders, we are providing greater transparency in our corporate reporting, as well as participating in a number of ESG investor indices, including the 2020 Dow Jones Sustainability Index and the CDP A List, and achieved Gold Class Distinction in S&P Global’s Sustainability Yearbook in 2021
We believe this means achieving a Net-Zero emissions world by 2040, a decade ahead of the Paris Agreement. To achieve the goals of the Paris Agreement, we recognise the importance of disclosing climate-related risks and opportunities in line with the recommendations of the TCFD.

The success of our business over the long term will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage the impact of any potential climate change on our business model and performance.

Our longstanding commitment to sustainability is evidenced by our issuance of a Sustainability Bond, the proceeds of which will be used to finance eligible sustainable projects, as well as our inclusion in the CDP 2020 A List, a group of companies leading the way to a more sustainable future.

In implementing the recommendations set by the TCFD, we have provided a summary of the actions we have taken to review the key risks and opportunities arising from climate change, and the potential impacts on our business.

**Governance**

The Board takes overall accountability for the management of all risks and opportunities, including climate change. Our CEO is responsible for oversight of our climate change agenda. The Board receives updates on sustainability-related matters at least once a year, including those related to climate change.

The Group’s strategy on environmental and climate-related impacts is governed by the Sustainability Steering Committee, which convenes three times per year to review progress, and is chaired by the CEO, who is also on the steering committee of the Fashion Pact. The Sustainability Steering Committee is attended by the CO&FO, who is also the Co-Chair of the Prince’s Trust CFO Leadership Network for the Accounting for Sustainability initiative, the Chief Supply Chain Officer, the Chief People Officer, the Head of Ready to Wear, Senior Vice President Strategy, Vice President Corporate Responsibility and Vice President Corporate Relations.

The cross-functional TCFD working group, which includes members from the Risk Management, Finance and Responsibility teams, has defined the risk management methodology and approach for identifying and assessing climate-related risks. The TCFD working group reports to the Risk Committee, which is chaired by the CO&FO. In addition, our Enterprise Risk Management process enables us to identify, assess and manage all risks, both existing and emerging, that may impact our strategic objectives. When sustainability and climate-related risks are assessed, existing mitigating activities and controls are highlighted, and, where relevant and appropriate, additional activities and controls are implemented. Progress against these mitigating activities is assessed by the Risk Committee, and is subject to independent and objective review by Internal Audit as part of the annual audit plan. The Audit Committee reviewed the work performed by the TCFD working group, including progress against the four TCFD pillars and proposed disclosure.

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future. More details of this are set out in the Directors’ Remuneration Report on pages 180 to 203.
Strategy and risk management
Climate change has been identified as a principal risk to Burberry, which has the potential to impact our business in the short, medium and long term. The physical risks and opportunities that we face from climate change include water scarcity and raw material availability. The transitional risks and opportunities include changing consumer preferences and future policy and regulation.

The process for assessing and identifying climate-related risks is the same for all principal risks and is described on pages 106 to 107.

For each principal risk we have a risk management framework detailing the controls we have in place and those responsible for managing both the overall risk and the relevant mitigating controls. We monitor risks throughout the year to identify changes in the risk profile. Management of climate-related risks is distributed throughout the organisation depending on where the risk resides. For example, climate risks in relation to raw materials in the supply chain are managed by our procurement team responsible for buying commodities.

In September 2020, Burberry issued a £300 million, five-year Sustainability Bond. This was the first sustainability labelled bond issued by a luxury company and diversifies Burberry’s sources of funding, introducing long-term financing into the Company’s capital structure. The proceeds will be used to finance and/or refinance eligible sustainable projects as described by Burberry’s Sustainability Bond Framework, inextricably linking Burberry’s medium-term financing to sustainable projects and driving our climate change agenda.

We have implemented a number of initiatives to help inform our longer-term strategy. These are discussed further in the ESG section (pages 60 to 91). We have also initiated conversations with key raw material commodity partners to gain deeper insights into the most material climate change risks for each commodity in order to understand how we can mitigate these risks and build innovative solutions.

During FY 2020/21, we developed a quantitative scenario-based analysis of climate-related risks that could impact the value chains of Burberry’s key commodities: leather, cotton and cashmere.

The cross-functional TCFD working group used our climate change scenario analysis performed in FY 2019/20 and FY 2018/19 to model the risks of climate change focused on our key commodities. This included aligning our qualitative climate scenarios with industry reference scenarios using Representative Concentration Pathways (RCPs), which are used by climate scenario scientists to model the potential physical changes in the climate between now and 2100. Complementing the RCPs, we also used Shared Socioeconomic Pathways (SSPs) data, which is employed to model the potential socioeconomic changes needed to tackle climate change between now and 2100.

To understand the key climate-related risks to Burberry, the cross-functional TCFD working group undertook a risk assessment across Burberry’s business to identify the key risks and vulnerabilities for our key commodities, both in terms of physical and transitional risks. Multi-hazard risk maps were used to evaluate which hazards (such as drought, heat stress and flooding) and vulnerabilities (including property damage and decreased productivity) had the most material impacts.
### Risks and impacts aligned with TCFD recommendations

<table>
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<th>Raw Materials Cultivation and Processing</th>
<th>Manufacturing and Packaging</th>
<th>Distribution and Retail</th>
<th>Customer</th>
<th>End of Life</th>
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<tbody>
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<td></td>
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<td>45-50%</td>
<td>15-20%</td>
<td>20-25%</td>
<td>0-5%</td>
<td>0-5%</td>
</tr>
</tbody>
</table>

**Physical risks**

Long-term shifts in precipitation patterns, rising temperatures and sea levels, and increased severity of weather-related events, such as flooding and drought.

- Changes in availability and cost of raw materials
- Decreases in productivity and disruption to processes
- Damage to property and assets

**Transitional risks**

Occur when moving towards a low-carbon economy.

- Increased compliance costs and reporting obligations
- Increased costs from introduction of carbon taxes
- Substitution and transition costs to lower emissions technology
- Shifts in consumer preferences
Risks and impacts aligned with TCFD recommendations

Based on our scenario analysis, we developed a quantitative analysis of the impact from climate-related risks on Burberry’s supply chain for the key commodities. The analysis included an assessment of the impact of the most material physical and transitional risks in two distinct scenarios: 2°C and 4°C pathways to the year 2050.

The 2°C and 4°C scenarios are constructed on the basis that average global temperatures will have increased by 2°C and 4°C by the year 2100. As informed by our Net-Zero targets, Burberry believes the world should seek to limit global temperatures to 1.5°C above pre-industrial levels.

However, we have modelled scenarios based on 2°C and 4°C scenarios, which reflect a “best” and “extreme worst” case, for which there is sufficient quantity and quality of data available. We have chosen to model our scenarios to 2050 as this represents a medium-term period, in which we are broadly able to influence current or upcoming decisions around strategies, capital allocations, costs, and revenues.

Our analysis on the key commodities illustrates that, without action, both scenarios present financial risks to Burberry. These financial risks predominantly result from increased cost of raw materials, decreased productivity, and the potential impact of carbon taxes in the 2°C scenario. However, we have also identified that the financial impact of physical hazards causing damage to property and assets is limited over this time period.

With respect to transitional risks, our climate targets are one of the ways we mitigate the risk of future policy and regulation, including carbon taxes. In FY 2020/21, 93%^ of our electricity consumption was powered by renewable sources. We are on track to meet our 2022 target to have 100% of renewable electricity sourced in our direct operations.

We will update our scenario modelling as more climate data becomes available. In addition, we will assess the risks and opportunities presented by potential shifts in consumer preferences.

The results of our scenario analysis will be used to ensure the necessary mitigating controls are in place, support Burberry’s risk management activities and inform future business strategies.

Our approach and commitment to sustainability has been recognised by inclusion in the Dow Jones Sustainability Index for the sixth consecutive year, achieving our highest ever score in 2020. In addition, Burberry received Gold Class Distinction in the S&P Global Sustainability Yearbook in 2021.

Metrics and targets

We have been measuring and reporting our energy consumption and carbon emissions since FY 2012/13 and water consumption since FY 2016/17, which are assured by PwC.

We align our reporting against climate-related metrics to recognised standards, including the GHG Protocol. In addition, we have Company targets, which cover absolute energy and carbon reductions, renewable energy procurement and delivery of products with positive attributes (covering social and environmental metrics).

Further information on our non-financial KPIs can be found on page 45. Performance is measured against the aforementioned targets and metrics, and, where appropriate, senior leadership team members have direct accountability against meeting Company targets.
Two of our GHG reduction targets are recognised as science-based: to reduce absolute scope 1 and 2 GHG emissions by 95% by 2022 and to reduce absolute scope 3 GHG emissions by 30% by 2030, both from a FY 2016/17 base year.

- Scope 1 and 2 target focuses on GHG emissions from our direct operations (including electricity and gas consumption at our stores, offices, internal manufacturing and distribution sites)
- Scope 3 target relates to indirect GHG emissions in our extended supply chain (such as from the sourcing of raw materials and manufacturing of finished goods)

This year we also increased our commitments to sustainable raw materials and have set 2025 targets to source 100% organic cotton, 100% certified leather and 100% recycled nylon and polyester.

Our Sustainability Bond (see pages 92 to 93) requires annual reporting on how proceeds have been allocated to eligible sustainable projects, any unallocated proceeds, and an impact review.

In addition, we monitor the percentage of low-carbon products, which comprise recycled or bio-based content, as well as those which are manufactured in facilities proactively reducing their emissions impact. When defining metrics and targets we consider them in two ways:

<table>
<thead>
<tr>
<th>Mitigation metrics</th>
<th>Monitoring metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>% reduction in absolute energy consumption</td>
<td>% reduction in location-based tCO₂e versus base year (FY 2016/17)</td>
</tr>
<tr>
<td>% of energy procured from renewable sources</td>
<td>% reduction in market-based tCO₂e versus base year (FY 2016/17)</td>
</tr>
<tr>
<td>% of low-carbon products</td>
<td>tCO₂e reductions in scope 3 emissions</td>
</tr>
</tbody>
</table>

To date, in line with our Science Based Targets, we have reduced our scope 1 and 2 emissions by 84% compared to FY 2016/17 and reduced our scope 3 emissions from purchased goods and services by nearly 8,700 tonnes.

We have revised our ambitions beyond 2022 to meet a Net-Zero 2040 goal, which will include a transition road map for reducing GHG emissions. We recognise that meeting our climate-related targets is dependent on collective action and focus. Foremost are countries implementing their Paris commitments and increasing them to more ambitious levels. Improving the market conditions for clean energy supply, such as the rate of installation of renewable electricity in many countries, reducing costs and the availability of purchase power agreements will help shift the rate of decarbonisation at scale. We believe we have a role in helping to shape the policy and regulation required and are working collaboratively with partners, suppliers and other organisations to achieve our ambition, including the United Nations Global Compact, the Fashion Pact, The UN Fashion Charter, RE100 and the Prince's Trust Accounting for Sustainability project.

In line with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013, our GHG emissions are set out on page 86. Each year PwC provides limited assurance over environmental metrics, including carbon emissions data.
The Board and its Committees undertook a number of risk management activities throughout the year.

<table>
<thead>
<tr>
<th>Identification of risks</th>
<th>Management actions and deep dives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monitoring of risks</strong></td>
<td>Compliance functions provide independent assurance to management, the Audit Committee and the Board on the effectiveness of management actions.</td>
</tr>
<tr>
<td>We identify and review risk through two processes:</td>
<td>Our Internal Audit function periodically reviews the risk management process. Third-party reviews have been performed on cybersecurity and health and safety.</td>
</tr>
<tr>
<td>• A “bottom-up” process undertaken across the Group’s business areas and functions to identify and manage risks in their areas</td>
<td>Our Strategy team and the business owners for each strategic pillar undertake regular reviews of progress towards our strategy with the Executive Committee and the Board. Additionally, we have undertaken a number of “deep dives” at Board and Audit Committee level into the management of the risks being examined:</td>
</tr>
<tr>
<td>• A “top-down” process overseen by the Risk Committee to identify key risks to our strategic priorities</td>
<td>• <strong>COVID-19:</strong> the GIMT continued to coordinate the business response to the COVID-19 outbreak</td>
</tr>
<tr>
<td>During the year, the key risks identified through these two processes were mapped against each other and were reviewed and revised to reflect changes in the business and the external environment.</td>
<td>• <strong>Strategy:</strong> an exercise was performed with the Executive Committee to identify the risks to delivering the new strategic objectives. This was reviewed and presented to the Board</td>
</tr>
<tr>
<td>The Group principal risks were then regrouped to produce a revised schedule of principal risks, which were discussed at our Risk Committee and presented to the Audit Committee in May 2021.</td>
<td>• <strong>Climate change:</strong> presentation to the Risk and Audit Committees on climate-related risks and opportunities, as well as committing to implementing the recommendations of the TCFD</td>
</tr>
<tr>
<td><strong>Emerging risks</strong></td>
<td>• <strong>Digital:</strong> Board presentation on Digital strategy and technology risk presented by the senior digital leadership team</td>
</tr>
<tr>
<td>Potential emerging risks have always been an area of focus, however, an exercise has been performed to identify and disclose these.</td>
<td>• <strong>Image and reputation:</strong> a deep dive analysing the threats to the Group’s image and reputation</td>
</tr>
<tr>
<td><strong>Strategic risk</strong></td>
<td>• <strong>Risk appetite:</strong> the Board performed its annual review and discussion of the Group Risk Appetite statement in March 2021</td>
</tr>
<tr>
<td>An exercise was performed with the Executive Committee to identify the risks to delivering the strategic objectives. This was reviewed and presented to the Board.</td>
<td>• <strong>IT/Cyber:</strong> report to each Audit Committee on IT and cybersecurity</td>
</tr>
<tr>
<td><strong>Risk appetite</strong></td>
<td>The Group’s risk appetite and tolerance levels were presented to the Board and approved in March 2021. These will be used to set tolerance limits and target risks for each of the principal risks and refine mitigation plans.</td>
</tr>
<tr>
<td>Identification of risks</td>
<td>Management actions and deep dives</td>
</tr>
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<td>---------------------------------</td>
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</tr>
<tr>
<td>Compliance and legal:</td>
<td>regular reports on compliance matters and risks to the Ethics and Risk Committees, including updates on IP, legal matters, health and safety, data privacy and compliance with GDPR</td>
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<tr>
<td>Talent management:</td>
<td>annual discussion on succession planning at the Nomination Committee meeting</td>
</tr>
<tr>
<td>Operational:</td>
<td>presentations to the Board on inventory and the supply chain, regular reports on quality risks</td>
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<tr>
<td>Financial:</td>
<td>presentation to the Audit Committee on the Group’s Tax Policy</td>
</tr>
<tr>
<td>Change programmes:</td>
<td>presentation to the Board on the Group’s major transformation programmes across IT and HR</td>
</tr>
<tr>
<td>The UK’s withdrawal from the EU:</td>
<td>the Group has engaged proactively with key external stakeholders and established a cross-functional internal steering committee to implement operational actions as a result of the UK’s withdrawal from the EU in December 2020</td>
</tr>
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</table>
OUR VIABILITY STATEMENT

Corporate planning process
Burberry’s annual corporate planning process consists of preparing a long-term strategic plan, forecasting the current year business performance and preparing a detailed budget for the following year. These plans form the basis for assessing the longer-term prospects of the Group. Our strategic planning process includes detailed reviews of the budget, forecasts and long-term plan by our CEO and CO&FO in conjunction with our regional and functional management teams, followed by a presentation and discussion of the strategic plan at the Board. Delivery against the plan is monitored through our monthly reporting on actual performance, the annual budget process and subsequent forecast updates (see pages 36 to 37).

The key assumptions considered in our strategic plan are future sales performance by product, channel and geography, expenditure plans, cash generation, and that there is no material long-term impairment to the Burberry brand. We also consider the Group’s projected liquidity, balance sheet strength and the potential impact of the plan on shareholder returns. Where appropriate, we have made adjustments to our planning process and key assumptions as a result of the impact of COVID-19 as detailed below.

Assessment of prospects and impact of COVID-19
In early 2020, the COVID-19 outbreak severely impacted communities worldwide, which affected the luxury market and our business. We remain confident in our ability to consolidate our position in luxury fashion and remain committed to the strategic vision for Burberry. Our strategic initiatives have been shaped to the current pandemic situation with focused execution to ensure a continuing successful recovery.

The Group’s strategy is set out on pages 24 to 43. Key strategic focus areas to respond to the current industry backdrop are:

• **Brand:** a strong luxury positioning is paramount during this period. Burberry will continue to strengthen its luxury positioning, including prioritising investment in inspiration. In this environment, consumers are likely to become increasingly discerning in their purchases, orientating towards strong brands, and market performance is likely to polarise further between luxury and mass and accessible fashion. Diminished demand in certain markets is also likely to increase competition and reinforce the importance of investing in brand and inspiration.

• **Localisation:** the COVID-19 outbreak has resulted in reduced travel and disparate economic growth by region. This continues to make a localised approach more important. In line with this, we will continue to adopt tailored and bespoke localised plans to ensure we optimise revenue opportunities in all markets.

• **Direct to consumer and digital:** the COVID-19 crisis had a continuous impact on luxury distribution throughout 2020 and is likely to continue to impact 2021. With wholesale facing short-term challenges, the crisis has demonstrated the importance of a direct-to-consumer approach, particularly digital. In this respect Burberry is well positioned. In FY 2020/21, we generated over 80% of our sales through the retail channel and we continue to demonstrate leadership in digital.

• **Product, inventory and supply chain:** in the short term, we expect a greater consumer shift towards leather goods offering, casualwear and entry price points. Again, Burberry is well positioned in this respect having transformed its product offer, including its leather goods assortment. We have been improving supply chain agility and amending our seasonal calendar to optimise sell through of our current and future collections.
• **Balance sheet and liquidity**: managing the COVID-19 crisis required very tight control of cost and cash management. We have prepared and delivered cost and cash mitigation plans during the year and will continue to closely monitor costs and cash as we navigate out of the pandemic. Our objective is to manage the business efficiently and flexibly, maintaining control and preserving the long-term value of the Burberry brand while ensuring we secure the financial headroom required to fuel growth as market opportunities arise. The business is expected to remain strongly cash generative creating further optionality for investment or increased returns to shareholders.

We remain confident in our strategic direction. Our priorities as we navigate through this period of uncertainty will be to focus our investment on market and channel opportunities as countries recover from the pandemic and to maintain sufficient liquidity to manage the business.

**Viability assessment approach**

In light of the continued uncertainty of the impact of COVID-19 on our business, we have prepared a number of planning scenarios based on a range of assumptions and potential outcomes. In assessing the viability of the Group, the Board has carried out a robust assessment of the principal risks of the Group, including those arising from the COVID-19 virus, as set out in the Risk Report on pages 106 to 131, and the principal risks and uncertainties as set out on page 106 to 107. The Directors have considered the potential impact of the risks on the viability of the Group.

**Basis of assessment**

The assessment of viability has been made with reference to the Group’s current position and expected performance over a three-year period to March 2024. This is considered appropriate for use by the Directors because:

- It aligns with the Group’s approach to long-range planning
- It is sufficient to almost cover all currently approved capital expenditure projects
- As the Group has little contracted income, and as most current business development projects will be completed in the three-year period, projections beyond this period will contain long-term growth assumptions

**Scenarios**

A range of scenarios have been developed. These scenarios were informed by a comprehensive review of the macroeconomic scenarios using third-party projections of scientific, epidemiological and macroeconomic data for the luxury fashion industry:

- The Group central planning scenario reflects a balanced projection with a continued focus on growing markets, maintaining momentum built in FY 2020/21 as part of the customer strategy, with growth in FY 2022/23 and FY 2023/24
- As a sensitivity, this central planning scenario has been flexed to reflect a 26%, 15% and 9% downgrade to revenues in FY 2021/22, FY 2022/23 and FY 2023/24 respectively, as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern and viability. This was designed to test an even more challenging trading environment as a result of COVID-19 together with the potential impacts of one or more of the Group’s other principal risks, as described below
- For the purposes of the reverse stress test, we have considered the plausibility of a scenario that erodes the remaining cash headroom by reference to the lowest cash level in the annual business cycle. This test identified that even under the severe but plausible downside, at the point of the lowest cash level and prior to any other mitigating actions, the Group can withstand an additional one-off revenue impact of circa £500 million before the Group runs out of cash
The severe but plausible downside modelled the following risks occurring simultaneously:

- A significant impact on revenue in FY 2020/21 compared to the central planning scenario caused by the impact of a reputational incident such as negative sentiment propagated through social media
- A longer-term decrease in revenue during the three-year period caused by a resurgence of the pandemic and store reclosures
- The impact of prolonged recovery of travel to 2019 levels

In modelling the reverse stress test we have also considered wider sensitivities as a result of one, or a combination of, the other Group principal risks occurring:

- Foreign exchange volatility impacted by changes to macroeconomic forces
- The impact of one or more of the principal risks arising from one-off events, represented by a £100 million reduction in annual profit and cash, for example business or supply chain interruptions within Burberry and its vendors as the business recovers from the pandemic or a cyberattack resulting in significant loss of data

This approach provides the Board reasonable comfort that the Group’s going concern and viability positions have been assessed to a severity level, which more than accommodates the current assessment of the shape and scale of the economic impact of the COVID-19 pandemic and the impact of one or more of the Group’s principal risks.

Funding
In assessing the viability of the Group, the Directors have also considered the Group’s current liquidity and available facilities (set out in note 28 of the Financial Statements), financial risk management objectives and hedging activities (set out in note 28). In our central planning and severe but plausible downside scenarios, the Group maintained the necessary liquidity levels. On 21 September 2020, the Group issued a five-year £300 million 1.125% unsecured sterling Sustainability Bond. The Group also has access to a £300 million RCF, currently undrawn and not relied upon in the viability assessment.

Conclusion
Based on this assessment, our Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over the period to March 2024. In making this statement, the Directors have assumed there is no material long-term impairment to the Burberry brand.

The Strategic Report up to and including page 142 was approved for issue by the Board on 12 May 2021 and signed on its behalf by:

Marco Gobbetti
Chief Executive Officer
B SURF:
THE WORLD OF THE PRE-FALL 2023 COLLECTION

START TO PLAY