GOVERNANCE REPORT

CHAIRMAN'S INTRODUCTION

DEAR SHAREHOLDER,
On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 30 March 2019.

This report describes Burberry's Corporate Governance structures and procedures as well as the work of the Board and its Committees to provide an overview of how we have discharged our responsibilities this year. The Board is collectively responsible for how Burberry is directed and controlled and its responsibilities include: promoting Burberry's long-term success; setting its strategic aims and values; providing the leadership to put them into effect; supervising and constructively challenging the leadership on the operational running of the business; ensuring a framework of prudent and effective controls; and reporting to shareholders on the Board's stewardship.

As Chairman, I am responsible for leading and ensuring an effective Board. It has been an important year of change for Burberry, as highlighted in my letter on page 4. In particular, the Board has contributed significantly to the ongoing evolution of the Group's strategy through intense engagement with the Executive Committee in the development of implementation plans for the years ahead and in monitoring progress to date.

Also highlighted is the outcome from our annual Board effectiveness review. I'm pleased to report that the Board operated effectively during the period. This internal review confirmed that the Board has a relevant mix of skills and experience, and that its agenda is appropriately focused. It also highlighted some areas for development and we are adapting our work accordingly. I would like to thank all our Board members for their dedication and hard work during the year.

The principal corporate governance rules applying to Burberry, as a UK company listed on the London Stock Exchange, for the year ended 30 March 2019 are contained in the UK Corporate Governance Code (the Code), which was published by the Financial Reporting Council (FRC) in April 2016, and the UK Financial Conduct Authority (FCA) Listing Rules. These require companies to describe in the Annual Report their corporate governance from two points of view: the first dealing generally with our application of the Code's main principles, and the second dealing specifically with non-compliance with any of the Code's provisions.

Burberry must also comply with corporate governance rules contained in the FCA Disclosure Guidance and Transparency Rules, as well as certain related provisions in the Companies Act 2006.

The Board received a series of briefings on the 2018 Code from the Company Secretary and the Company's external legal advisers and discussed how best to align our corporate governance with the new requirements. Further detail is on page 100.

It is important to have an open and ongoing dialogue with our shareholders and other stakeholders, particularly during times of change. Throughout the year, members of the Board and senior management participated in over 100 meetings with investors, including with the Company's largest investors.

With the expectation that the year ahead will continue to be impacted by a challenging external environment, the Board will continue to work with management to deliver on our strategic goals.

GERRY MURPHY
Chairman

BOARD OF DIRECTORS

The Board consists of a balance of Executive and Non-Executive Directors who together have collective accountability to Burberry's stakeholders.

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

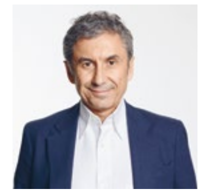
DR GERRY MURPHY (63)
Chairman

Appointed:
17 May 2018
Nationality: Irish
Committees: N

Experience
Gerry joined the Board as Chairman Designate on 17 May 2018 and was appointed Chairman following the AGM on 12 July 2018. Gerry is also Chairman of Tate & Lyle plc and of the principal European entity of The Blackstone Group where he served as a partner in the firm's private equity investment unit from 2008 to 2017. From 2003 to 2008, Gerry was CEO of Kingfisher plc, a leading home improvement retailer in Europe and Asia. He was also previously CEO of Carlton Communications plc (now ITV) from 2000 to 2003, Exel plc from 1995 to 2000, Greencore Group plc from 1991 to 1995 and spent his earlier career with Grand Metropolitan plc (now Diageo plc). He has also served on the Boards of British American Tobacco plc from 2009 to 2017, Merlin Entertainments plc from 2009 to 2015, Reckitt Benckiser plc from 2005 to 2008, Abbey National plc in 2004 and Novar plc from 1997 to 2003.

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

MARCO GOBBETTI (60)
Chief Executive Officer



Appointed:
5 July 2017
Nationality: Italian

Experience
Marco joined Burberry from the French luxury leather group Céline, where he was Chairman and CEO from 2008 to 2016. Prior to this, he served as Chairman and CEO of Givenchy and was CEO of Moschino from 1993 to 2004. In his early career Marco worked as marketing and sales director at Bottega Veneta, before joining luxury leather specialist Valextra as managing director.

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

JULIE BROWN (57)
Chief Operating and Financial Officer

Appointed:
18 January 2017
Nationality: British

Experience
Julie is a Chartered Accountant and Fellow of the Institute of Taxation. She is currently a Non-Executive Director and Chair of the Audit Committee at Roche Holding Limited. From 2013 to 2017, Julie was CFO of Smith & Nephew plc. Julie qualified with KPMG before working at ICI and AstraZeneca plc from 1987, where she served as Vice President Group Finance and ultimately Interim Group CFO. Prior to that, she was Vice President Corporate Strategy and Regional Vice President Latin America. Julie has also previously held two Non-Executive Directorships with the NHS in the UK and the British Embassy.

Key Skills
Julie has a strong track record of delivering operational excellence and has significant experience in financial, commercial and strategic roles. Her extensive experience of leading businesses through major transformational programmes will continue to be valuable to Burberry as we progress with our operational excellence programme and move into the next phase of our strategy.

FABIOLA ARREDONDO (52)
Independent Non-Executive Director

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

Experience
Fabiola is currently the Managing Partner of Siempre Holdings, a private investment firm based in the US. She is also a Non-Executive Director at Campbell Soup Company and National Public Radio (NPR), and a National Council Member of the World Wildlife Fund and Member of the Council on Foreign Relations. Fabiola has previously served as a Non-Executive Director at Experian plc, Rodale Inc., Saks Incorporated, Intelsat Inc., BOC Group plc, Bankinter S.A, Sesame Workshop and the World Wildlife Fund UK and US. She previously held senior operating roles at Yahoo! Inc, the BBC and Bertelsmann AG.

Key Skills
Fabiola brings directly relevant international strategic and operational experience in the internet and media sectors, including a senior role at a pre-eminent global internet company. Her extensive international non-executive directorship experience, and digital and consumer background make her an important member of the Board.

JEREMY DARROCH (56)
Senior Independent Director

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

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

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

RON FRASCH (70)
Independent Non-Executive Director

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

Experience
Ron is currently CEO of Ron Frasch Associates LLC, an Operating Partner of Castanea Partners Inc.. He is also a Non-Executive Director of Crocs Inc and Aztech Mountain. Between 2004 to 2013, Ron served as Vice Chairman of Saks Fifth Avenue Inc. and later became President and Chief Merchandising Officer, with responsibility for fashion buying, merchandise planning, store planning, stores, and visual. Prior to Saks, Ron spent 4 years as President and CEO for Bergdorf Goodman. He has also served as President of the Americas for an Italian licensing company of luxury fashion brands.

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

MATTHEW KEY (56)
Independent Non-Executive Director

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

Experience
Matthew is currently a Non-Executive Director of BT Group plc and a Member of BT's Audit & Risk Committee and Nominating & Governance Committee. Matthew served as a Non-Executive Director of OSN (a leading pay TV operator across the Middle East) between 2015 to 2018 and was a member of the advisory Board of Samsung Europe between 2015 and 2017. From 2007 to 2014, Matthew held various positions at Telefonica, including Chairman and CEO of Telefonica Europe plc, and Chairman and CEO of Telefonica Digital, the global innovation arm of Telefonica. In his early career he held various financial positions at Grand Metropolitan plc, Kingfisher plc, Coca-Cola and Schweppes.

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

DAME CAROLYN McCALL (57)
Independent Non-Executive Director

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

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

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

Directors who served during FY 2018/19 retiring at the 2019 AGM.

ORNA NíCHIONNA (63)
Independent Non-Executive Director

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

Experience
Orna is currently Senior Independent Director at Saga plc and Royal Mail plc, where she also chairs the Remuneration Committee. Orna has served as Deputy Chairman at the National Trust since 2014 and is also Chair of Client Services at Eden McCallum. Orna has previously served on the Boards of Bupa, HMV, Northern Foods and Bank of Ireland UK, and has been an advisor to Apax Partners LLP. She spent 18 years at McKinsey & Company, where she co-led their European Retail Practice.

Key Skills
Orna has strong UK plc and international business experience, especially in the consumer and retail markets. She also brings to the Board significant financial, strategic and governance experience. Orna is a passionate environmentalist and was Chair of the Soil Association (which campaigns for organic food and farming) for 6 years. Her passion for the environment will be an asset to Burberry as we continue to drive positive change and build a more sustainable future through our ongoing Responsibility Agenda.

IAN CARTER (57)
Independent Non-Executive Director

Appointed:
1 April 2007
Nationality: British
Committees: R N

Experience
Ian is President of Hilton Global Development and Chairman of Del Frisco's Restaurant Group, Inc. Previously, he served as CEO of Hilton International Company and Executive Vice President of Hilton Hotels Corporation. Ian was CEO of Hilton International prior to its re-acquisition by the company in 2006. Prior to joining Hilton, Ian served as an Officer and President of Black & Decker Corporation. In this role, he was responsible for all operations outside the Americas. He has also served on the Boards of two large consumer product companies, Unilever and British Steel.

Key Skills
Ian has significant experience working with international branded products and is an expert in marketing, operations and managing change. Ian also has a strong background in driving the strategic direction of industry-leading hospitality and luxury brands and is well known for his strong track record of driving company growth.

STEPHANIE GEORGE (62)
Independent Non-Executive Director

Appointed:
31 March 2006
Nationality: American
Committees: R N

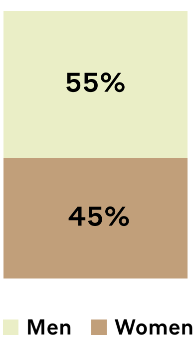
Experience
Stephanie is a Director of the Lincoln Center for the Performing Arts and a Director of the Fashion Institute of Technology Foundation. Since 2015, she has been an adviser to Penske Media Corporation, which is the parent company for twenty-two media brands. Previously she served as Vice Chairman of Fairchild Fashion Media Inc. (parent of Women's Wear Daily) and she held various positions at Time Inc. including Executive Vice President and Chief Marketing Officer and President of Advertising Sales and Marketing. In her early career Stephanie spent 12 years at Fairchild Publications.

Key Skills
Stephanie is a leading publishing and media expert with significant business and luxury retail management experience. She has been instrumental in diversifying brand portfolios, driving business growth and building new revenue streams for the Boards she has served on. Whilst working at Time Inc. the company gained record market share and was transformed from a magazine to a global brand.

A HIGHLY SKILLED AND DIVERSE BOARD

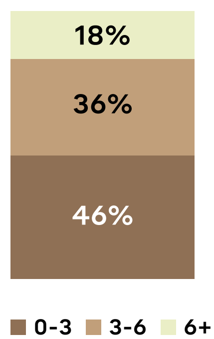
The Board brings a wide range of experience, skills and backgrounds which complement the Group's Strategy.

GENDER



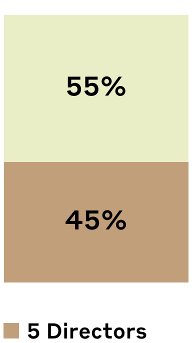
Five of our 11 Board members are women (including our Chief Operating and Financial Officer), comprising 45% of our Board membership.

TENURE

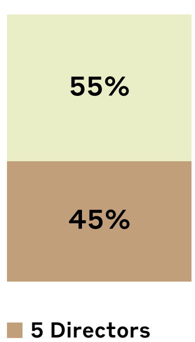


The diversity in our Board tenure enables us to have sufficient balance to ensure the Board composition principles are maintained.

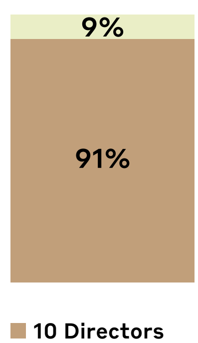
LUXURY GOODS



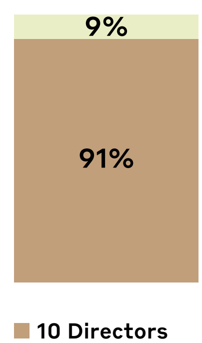
DIGITAL AND MEDIA



RETAIL, SALES AND MARKETING



OPERATIONAL EXCELLENCE



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


BURBERRY
LONDON
ENGLAND

CORPORATE GOVERNANCE REPORT

Corporate governance is crucial to our success and the Board is committed to upholding the highest standards of governance, in conjunction with our Executive Committee.

GOVERNANCE
The UK Corporate Governance Code (the Code) sets out the framework of governance for premium listed companies within the UK. The Code is published by the Financial Reporting Council (FRC) and can be found on their website www.frc.org.uk. It sets out governance practices in relation to board leadership, effectiveness, accountability, remuneration and shareholder relations. We are pleased to report that we have complied with the provisions of the UK Corporate Governance Code 2016 (the Code), which is the standard against which we measure ourselves. This report sets out the Board's approach and the work undertaken during FY 2018/19. Together with the Directors' Remuneration Report on pages 123 to 144, it includes details of how the Company has applied and complied with the principles and provisions of the Code.

In July 2018 the FRC published an updated UK Corporate Governance Code (the 2018 Code). The 2018 Code is applicable for financial years beginning on or after 1 January 2019 and for Burberry will apply for FY 2019/20. The Board received a series of briefings on the 2018 Code from the Company Secretary and the Company's external legal advisers and discussed how best to align our corporate governance with the new requirements. This included reviewing the roles and responsibilities of the Board and its Committees and reviewing policies and procedures in connection to remuneration and succession planning. Our stakeholder engagement activities are set out on pages 62 to 63.

In relation to workforce engagement, during FY 2019/20 we are building on the wide range of engagement activities already undertaken to ensure there is meaningful two-way conversation with the Board. This will be achieved through enhancing the current methods of engagement and, in particular, Non-Executive Directors will attend at least two employee meetings per financial year. These employee meetings have a cross functional and global remit with membership from across the business.

OUR BOARD AND BOARD COMMITTEES
It is the responsibility of the Board to support management in its strategic aims, which are to enable the Company to continue to perform successfully and sustainably for our shareholders and wider stakeholders. The Board is supported in its activities by the Audit Committee, the Nomination Committee and the Remuneration Committee. The terms of reference for each of these Committees can be viewed in the corporate governance section of the website www.burberryplc.com. The table on page 102 demonstrates our governance structure.

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

EXECUTIVE COMMITTEE

MARCO GOBBETTI
Chief Executive Officer

JULIE BROWN
Chief Operating and Financial Officer

ERICA BOURNE
Chief Human Resources Officer

ROBERTO CANEVARI
Chief Supply Chain Officer

JUDY COLLINSON
Chief Merchandising Officer

GIANLUCA FLORE
President of Americas and Global Retail Excellence

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

GAVIN HAIG
Chief Commercial Officer

ROD MANLEY
Chief Marketing Officer

* Leanne Wood, Chief People, Strategy and Corporate Affairs Officer was a member of the Executive Committee until end of March 2019.

BOARD

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

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

AUDIT COMMITTEE
Chaired by Matthew Key

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

The Audit Committee Report can be read on pages 114 to 119.

REMUNERATION COMMITTEE
Chaired by Orna NíChionna

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

The Directors' Remuneration Report can be found on pages 123 to 144.

NOMINATION COMMITTEE
Chaired by Gerry Murphy

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

The Nomination Committee Report can be read on pages 120 to 122.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE COMMITTEE

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

BOARD ROLES

Our Board currently consists of 11 members, the Chairman, Chief Executive Officer, Chief Operating and Financial Officer, and eight independent Non-Executive Directors. Directors' biographies, tenures, key skills and external appointments are set out on pages 94 to 97. Our Board has determined that all Non-Executive Directors are independent and the Chairman was also considered to be independent on appointment. The Board considers them to be experienced and influential individuals, drawn from a wide range of industries and backgrounds with the right skills to promote the long-term sustainable success of the Group.

All Directors are appointed to the Board for a fixed three-year term, subject to annual re-election by shareholders at the Company's AGM. In accordance with the Code, at the 2019 AGM the Chairman and all the Directors will retire and offer themselves for re-election, except Ian Carter and Stephanie George who are retiring immediately after the AGM.

The Board conducts an annual evaluation of its performance and the performance of individual Directors. To ensure the Board performs effectively, there is a clear division of responsibilities between the leadership of the Board and the executive leadership of the business as set out below.

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

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

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

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

Our Chief Operating and Financial Officer

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

Our Company Secretary

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

During the financial year, the Board met for six scheduled meetings, including an in-depth two-day session on strategy. Directors also devoted time outside scheduled meetings for site visits, training and meetings with members of senior management.

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

Set out on the next page is a more detailed breakdown of the principal areas of focus for the Board during FY 2018/19.

PRINCIPAL AREAS OF FOCUS FOR THE BOARD DURING FY 2018/19

	TOPIC	ACTIVITY	OUTCOME	KEY STAKEHOLDERS AFFECTED BY DECISION MAKING
STRATEGY	Strategic review	• Receiving updates on the first phase of strategy implementation including Riccardo Tisci's first collections and the refreshed Thomas Burberry monogram. • Assessing market context and implications on strategy for Product, Communication, Digital, Operational Excellence, Inspired People and Distribution.	• Providing feedback, questions and challenge throughout the process.	Customer Shareholders Employees
		• Reviewing the store footprint. • Discussing the road map, key milestones, priorities, risks and mitigating actions for each region and function underpinning the long-term strategic plan. • Receiving updates on the future of luxury and implications for the Group's strategy.	• Decision to approve rationalisation of non-strategic stores.	
MAJOR PROJECTS	BBS	• Reviewing the ongoing transition of BBS.	• Continued support for BBS and future plans.	Employees Shareholders Communities Customers
	Withdrawal from the EU	• Considering the implications of various scenarios relating to the UK's withdrawal from the EU as well as the risk of volatility in foreign exchange rates and their potential impact on the Company.	• Preparing for a no-deal scenario across all business activities.	
	Inventory disposal	• Discussing the course of action regarding the destruction of unsaleable finished products and lessons learned.	• Ended the practice of destroying unsaleable finished products.	
FINANCE	Budget and capital allocation	• Reviewing the sector context and considering the FY 2019/20 indicative budget and financial plan. • Considering the indicative capital allocation proposals.	• Support in principle with final approval of the FY 2019/20 budget, the financial plan and the capital allocation proposals at the May 2019 meeting. • Prior year (March and May 2018) budget and capital allocation approved and delivered to plan.	Shareholders Customers
GOVERNANCE	Proposals for new UK Corporate Governance Code	• Discussing implications of the 2018 UK Corporate Governance Code for Burberry.	• Reviewed and approved updated roles and responsibilities of the Board and the Board committees. • Established plans to enhance workforce engagement processes in FY 2019/20 as set out on page 100.	Shareholder Employees Customers Communities

	TOPIC	ACTIVITY	OUTCOME	KEY STAKEHOLDERS AFFECTED BY DECISION MAKING
RISK	Risk appetite	• Considering the Board's appetite for risk.	• Approval of the Group risk appetite. • Refer to pages 74 to 89 covering the Risk and Viability Report for further detail.	Shareholders Employees
	Risk deep dives	• Considering the outcome of the reputation audit. • Discussing the implications of climate change for Burberry. • Receiving updates on cybersecurity.	• Support for the programmes of work being undertaken.	
PEOPLE, CULTURE AND VALUES	Culture and engagement	• Reviewing Company-wide engagement plans, behaviours and other core initiatives in the context of the annual employee engagement survey results.	• Support for immediate strategic priorities and long-term road map.	Employees Communities
	Talent, capabilities and leadership	• Discussing core initiatives, such as career development, the leadership programme and enhancing capabilities.	• Ongoing support for programmes in place, and for the need to maintain momentum in this area.	
	Responsibility	• Discussing our charitable activities, including donations to The Burberry Foundation and the Burberry brand values within community and charitable giving goals. • Reviewing and approving the Company's Modern Slavery Statement.	• Approval in May 2019 to donate approximately 1% of FY 2018/19 adjusted profit before tax to social and community causes worldwide.	
SHAREHOLDER ENGAGEMENT	Shareholder feedback, including activist themes	• Reviewing updates from the Investor Relations team on share price, performance matters, register activity and analyst sentiment. • Discussing specific issues raised by shareholders. • Discussing the outcome of the investor perception study.	• Inclusion of activist themes within the Board's strategic and/or other considerations.	Shareholders
BOARD EFFECTIVENESS	Board evaluation	• Discussing the results of the Board evaluation and reflecting on the effectiveness of the Board and its Committees.	• Refer to page 107 covering the Board evaluation for further detail.	Shareholders Employees Communities Customers

EVALUATING OUR PERFORMANCE IN FY 2018/19

Our Board undertakes a formal review of its performance and that of its Committees each financial year. We are also required to conduct an external evaluation once every three years.

The Board and Committee effectiveness reviews in FY 2018/19 were internally facilitated surveys of the views of all respective members and participating senior management. The reviews comprised on-line questionnaires using Thinking Board, Independent Audit's online questionnaire tool, adapted for Burberry which were completed confidentially by each respondent and results collated and reported without attribution.

Detailed reports were received by the Chairman, and the chairs of each of the Audit, Nomination and Remuneration committees as appropriate. The output was discussed by the Board in May 2019. In discussion, the Board concluded that the Board and its committees continue to operate effectively. The Board was considered to have a good breadth of skills and experience with areas for development being actively addressed.

Non-Executive Directors also reviewed the Chairman's performance. The results were analysed by the Senior Independent Director and discussed with the Chairman. It was determined that the Chairman had performed effectively since his appointment.

The following areas for development and action were agreed by the Board and progress will be monitored during the year:

AREAS OF FOCUS FOR FY 2019/20

Purpose, culture, values and behaviour	• Focus on refining and articulating the Company's purpose. • Ensuring the alignment of purpose with the culture, values and behaviours of the Company.
People	• Continued focus on executive succession planning and leadership development. • Reviewing remuneration to ensure it encourages the right behaviour consistent with purpose, values and strategy.
Reputation	• Further understanding development of potential areas of exposure and appropriate mitigation.

PROGRESS ON FOCUS AREAS IDENTIFIED IN FY 2017/18

Action	Progress
An evolving internal and external landscape	
Enhanced horizon scanning, to ensure understanding of the implications for Burberry.	The Board strategy meetings held in October 2018 provided an overview of the current external environment and highlighted the most significant consumer and luxury trends to enable the Board to consider their medium- and longer-term implications for Burberry and the industry as a whole.
Optimising the value of site visits, and effective interaction with employees and stakeholders.	Workforce engagement proposals were developed to enhance the Board's current methods of employee engagement. Implementation of these proposals and continued engagement with all stakeholders is an area of focus for FY 2019/20.
Risk management	
Further development of the Company's appetite for risk, with risk management on the agenda at each meeting.	Key risks were identified and managed through the existing risk management processes.
Developing culture and talent	
Ensuring corporate culture and employee engagement remains on the Board's agenda.	The Board received an update on the outcome of the employee engagement survey.
Executive succession planning, with more senior leadership engagement and a focus on longer term talent development.	The Nomination Committee received an overview of Executive succession planning. In addition, Board members have met with members of the senior leadership team on a number of occasions during the year.
Optimisation of the Board composition and contribution	
Planning for the future composition of the Board, recognising its expected further evolution.	The continued evolution of the Board and its committees was a key focus of the Nomination Committee during FY 2018/19. More information on the Board's work on succession planning and talent development can be found in the Nomination Committee report on pages 120 to 122.
Shareholder engagement	
Ensuring effective communication and consultation with shareholders.	The Board received updates from the VP, Investor Relations in July and October 2018 to provide an overview of the shareholder base and investor sentiment. In addition, an independent investor audit took place in January/February 2019 with feedback reported to the Board in March 2019. Since his appointment as Chairman, Gerry Murphy has met shareholders representing 38% of the share register. Orna NíChionna has engaged with several shareholders in her capacity as Chair of the Remuneration Committee.

DIRECTORS' PERFORMANCE

Separately to the Board's evaluation, the Chairman held discussions with each of the Directors to discuss their individual performance. This allowed them the opportunity to raise any issues they may have had, including in relation to any matters of Board/Committee effectiveness. These discussions are used as the basis for recommending the re-election of Directors by shareholders.

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

CHAIRMAN'S PERFORMANCE

Our Non-Executive Directors consider that the Chairman has performed effectively since his appointment in leading the Board during a year of significant change for the Company.

EXTERNAL DIRECTORSHIPS

Our Board's Executive Directors are permitted to hold only one external non-executive directorship. Details of the Directors' other directorships can be found in their biographies on pages 94 to 97.

TIME ALLOCATION

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

The Chairman and Senior Independent Director are expected to spend additional time over and above this to carry out their extra responsibilities. The Chairman, Senior Independent Director and Chief Executive Officer also have defined roles and responsibilities, which set out the scope of their roles. A copy of these roles can be found in the Corporate Governance section of the Group's website www.burberryplc.com. The Board considers that the Chairman and all Non-Executive Directors have fulfilled their required time commitments.

The table below gives details of Directors' attendance at Board and Committee meetings during the year ended 30 March 2019. This is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

	Board[1]	Audit	Nomination	Remuneration
Gerry Murphy	5/5	–	3/3	–
Marco Gobbetti	6/6	–	–	–
Julie Brown	6/6	–	–	–
Fabiola Arredondo	6/6	–	3/3	4/4
Ian Carter	6/6	–	3/3	4/4
Jeremy Darroch[1]	5/6	3/3	2/3	–
Stephanie George[1]	5/6	–	3/3	4/4
Matthew Key	6/6	3/3	3/3	2/2
Dame Carolyn McCall	6/6	3/3	3/3	–
Ron Frasch	6/6	1/1	3/3	4/4
Orna NíChionna	6/6	–	3/3	4/4
Sir John Peace[2]	2/2	–	–	–

1. In the event that Non-Executive Directors were unable to attend a meeting due to prior commitments or illness, where possible, they gave their views to the Chair of that respective meeting ahead of the meetings being held.
2. Sir John Peace stepped down from the Board on 12 July 2018.

INFORMATION FLOW AND PROFESSIONAL DEVELOPMENT

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

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

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

For Gerry Murphy's appointment as Chairman, the induction programme (as outlined above) was followed, with a specific focus on understanding the Group's strategy and stakeholder interests. This also involved meetings with shareholders.

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

MANAGING CONFLICTS OF INTEREST

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

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

A review of situational conflicts that have been authorised is undertaken by the Board annually.

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

EVALUATION OF INTERNAL CONTROLS

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

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

Our Audit Committee is responsible for reviewing the effectiveness of the Group's internal controls and risk management arrangements. Details of the Group's risk management process and the management and mitigation of each principal risk together with the Group's viability statement can be found in our Risk and Viability Report on pages 74 to 89.

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

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

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

CONTROL ENVIRONMENT

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

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

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

INTERNAL AUDIT

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

The scope of Internal Audit work is considered for each operating company and Group function. This takes account of risk assessments, input from senior management and the Audit Committee and previous audit findings. For example, this year there was an emphasis on assurance over the Group's major change programme, including a number of strategic IT projects. There was also a continued focus on cybersecurity and the core financial controls that transferred to BBS in Leeds. Changes to the Group's risk profile are considered on an ongoing basis and amendments are made to the audit plan as necessary during the year. Any proposed changes to the plan are discussed with the Chief Operating and Financial Officer and reported to the Audit Committee. The effectiveness of Internal Audit is assessed by performing an independent review of the function at least every five years. The Committee has assessed the effectiveness of Internal Audit and is satisfied that the quality, experience and expertise of the function are appropriate for the business.

Ongoing visibility of the internal control environment is provided through Internal Audit reports to management and the Audit Committee. These reports are graded to reflect an overall assessment of the control environment under review, the significance of any control weaknesses identified, and any remedial actions, which have been identified and agreed with management. The Audit Committee places high emphasis on actions being taken as a result of internal audits. Regular reports are provided to the Audit Committee on the status of any open actions.

FINANCIAL REPORTING

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

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

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

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

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

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

FAIR, BALANCED AND UNDERSTANDABLE

As a whole, the Annual Report and Accounts are required to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. On behalf of the Board, the Audit Committee considered whether the fair, balanced and understandable statement could properly be given on behalf of the Directors. The processes followed to provide the Committee with assurance were considered and the Committee provided a recommendation to the Board that the fair, balanced and understandable statement could be given on behalf of the Directors. Based on this recommendation, our Board is satisfied that it has met this obligation. A summary of the Directors' responsibilities in relation to Financial Statements is set out on page 152. The independent auditor's report on page 153 includes a statement concerning the auditor's reporting responsibilities.

OTHER GOVERNANCE DISCLOSURES

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

Tax governance framework

Our Chief Operating and Financial Officer is responsible for the Company's tax strategy and the transparency and effectiveness of the Group's corporate tax processes and disclosures. The tax strategy is implemented with the assistance of the finance leadership team and global tax and trade compliance teams. Compliance with the tax strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Group's tax status is reported regularly to the Audit Committee. The Audit Committee is responsible for monitoring the Group's tax strategy and significant tax matters. Audit Committee meetings are attended by a number of Group officers and employees as outlined on page 116.

Share capital

Further information about the Company's share capital, including substantial shareholdings, can be found in the Directors' Report on page 147.

ENGAGEMENT WITH SHAREHOLDERS

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

Our Investor Relations team participated in over 300 investor meetings and events during the financial year. As well as introducing our new Chairman to top shareholders, meetings were also held with a combination of our Senior Independent Director, the Chair of the Remuneration Committee, Executive Directors and other members of senior management, totalling over 100 meetings. This engagement included presentations to institutional shareholders and analysts following the release of the Group's Half and Full Year results (available on the Group's website at www.burberryplc.com), as well as meetings with the Group's 20 largest investors.

Topics discussed in investor meetings included, but were not limited to, luxury sector growth dynamics, the Group's strategic plans, early progress against our strategy, and our current business performance.

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

We also conducted an independent investor perception audit of our major investors through KPMG Makinson Cowell, a capital markets advisory firm, the outcomes of which were discussed with the Board at the March meeting.

REPORT OF THE AUDIT COMMITTEE

MATTHEW KEY
Chair, Audit Committee

DEAR SHAREHOLDER,
I am pleased to present the FY 2018/19 report of the Audit Committee. The purpose of this report is to describe how we have carried out our responsibilities during the year.

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

Over the course of FY 2018/19, we continued to focus on our usual work as set out on page 116. As indicated in last year's report, we have continued to pay particular attention to the Group's risk management, its risk reporting framework and risk mitigation covering each principal risk on a regular basis. Some of the more in-depth areas of focus included a rolling programme of risk topics such as cyber resilience, supply chain and quality.

During the year, we undertook an external audit tender in accordance with the UK's implementation of the EU's mandatory firm rotation requirements. Details of the tender process are set out on page 119. After reviewing written proposals and hearing presentations from the participating firms, the Committee recommended to the Board that Ernst & Young LLP (EY) be appointed as auditor from FY 2020/21.

The Committee also considered the significant matters set out in the table on page 117. Where these related to the Financial Statements for the year, the Committee requested papers from management setting out its approach, the key estimates and judgements applied, as well as management's recommendations. The Committee reviewed and challenged these papers, together with the findings of the external auditor, in order to conclude on the appropriateness of the treatment in the Financial Statements. All matters reviewed were concluded to the satisfaction of the Committee.

The Committee confirms that during FY 2018/19, the Group has complied with the mandatory audit processes and audit committee responsibilities provisions of the Competition and Markets Authority Statutory Audit Services Order 2014. This report describes the work of the Committee in discharging its responsibilities.

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

PricewaterhouseCoopersLLP has continued to provide robust challenge throughout the audit process and I thank them for their work.

MATTHEW KEY
Chair, Audit Committee

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

AUDIT COMMITTEE MEMBERSHIP

Jeremy Darroch, Matthew Key and Dame Carolyn McCall served as members of the Committee throughout the year ending 30 March 2019. Ron Frasch was appointed as a member of the Committee on 7 November 2018. Matthew Key succeeded Jeremey Darroch as Chair of the Committee with effect from 6 February 2019.

The Committee met three times during the year, and all Committee members attended all meetings. In addition to the scheduled meetings, the Chair of the Committee met separately with representatives of the external auditor and senior members of the finance function on a regular basis, including prior to each meeting. In addition, he met with other members of management on an ad-hoc basis as required to fulfil his duties.

Regular attendees at Committee meetings include the Chairman of the Board; Chief Operating and Financial Officer; Chief People, Strategy and Corporate Affairs Officer; Company Secretary; Senior Vice President, Risk Management and Audit; Senior Vice President, Group Finance; Vice President, Group Financial Controller; the General Counsel, and representatives of the external auditor.

The Board is satisfied that both Jeremy Darroch and Matthew Key have recent and relevant financial experience, and that all other Committee members have past employment experience in either finance or accounting roles, or broad consumer experience and knowledge of financial reporting and/or international businesses. As a whole, the Board is satisfied that the Audit Committee has competence relevant to the business sector. Details of their experience can be found in their biographies on pages 94 to 97.

ROLE OF THE COMMITTEE

The main roles and responsibilities of the Committee are set out in written terms of reference, which are available on the Company's website at www.burberryplc.com. The Committee reviews its terms of reference annually and this year recommended changes to the Board for approval. In light of its key responsibilities, the Committee considered the following items of usual business during the financial year in relation to:

- Financial Reports: the integrity of the Group's Financial Statements and formal announcements of the Group's performance.
- Risk and Internal Controls: the Group's internal financial, operational and compliance controls and risk identification and management systems. Review of Group policies for identifying and assessing risks and arrangements for employees to raise concerns (in confidence) about possible improprieties.
- Viability: consideration of the Group's viability statement as set out on pages 88 to 89.
- Internal Audit: review of the annual internal audit programme and the consideration of findings of any internal investigations and management's response. Review of effectiveness of the Internal Audit function.
- External Auditor: recommending the appointment of external auditor, approving their remuneration and overseeing their work. Policies on the engagement of the external auditors for the supply of non-audit services.

Significant matters for the year ended 30 March 2019	How the Audit Committee addressed these matters
Transaction for the acquisition of leather goods centre of excellence in Italy	In September 2018, we completed the acquisition of a company, containing a division of one of our long-standing Italian partners and created a new leather goods centre of excellence, known as Burberry Manifattura. The Committee reviewed management's proposal on the accounting for this transaction, including the estimates applied to the fair value of consideration, acquired assets and liabilities and goodwill arising from the transaction. The Committee considered management's proposed approach to impairment testing, the goodwill arising from this transaction and the disclosure of the transaction in the Financial Statements. Disclosure of the impact of this transaction is set out in note 28 of the Financial Statements.
Impairment assessment of property, plant and equipment and onerous lease provisions	The Committee considered management's assessment of the recoverability of the carrying value of retail assets held in property, plant and equipment, and, where applicable, the potential need for provisions relating to onerous lease contracts. The Committee considered the approach applied by management to review for potential indicators of impairment and the assumptions applied in this review. Where impairments were identified, the Committee considered the reasons for the impairment and management's quantification of the impairment. The results of the impairment assessment of retail assets are set out in note 14 of the Financial Statements.
The recoverability of the cost of inventory and the resulting amount of provisioning required	The Committee considered the Group's current provisioning policy, the expected loss rates on inventory held at the balance sheet date and the nature and condition of current inventory. Following the announcement that the Group would cease the practice of destroying unsaleable finished products, management carried out a detailed review of inventory and provisioning, including the expected future use of problem inventory and the impact on inventory provisioning. Movements in inventory provisioning are set out in note 17 of the Financial Statements.
Income and deferred taxes	The Committee reviewed the Group's tax strategy, developments relating to discussions with tax authorities, the status of any ongoing tax audits, and their impact on the Financial Statements. The Committee reviewed and challenged the appropriateness of assumptions and estimates applied in order to estimate the amount of assets and liabilities to be recognised in relation to uncertain income tax and deferred tax positions. As a result of this review and reflecting developments during the year, the Committee concluded that uncertain tax positions should be presented as a key source of estimation (see note 1). The Committee concluded that the assets and liabilities recognised and disclosures contained in the Financial Statements for the period were appropriate. Details of movements in tax balances are set out in notes 10 and 15 of the Financial Statements and further disclosure of tax contingent liabilities is given in note 31. The potential impact of adopting IFRIC 23 in the following year's Financial Statements was also reviewed.
Adoption of new accounting standards	The Committee reviewed the adoption of two new accounting standards, IFRS 9 and IFRS 15, in the current year's Financial Statements. The Committee reviewed management's final assessment of the impacts of the standards, the changes to accounting policies relating to these new standards, and the adoption disclosures in the financial statements. The Committee also reviewed management's plans for the adoption of IFRS 16 for the year ended 28 March 2020, including the choice of adoption approach, the status of the adoption project and the disclosure of the impact of adoption in the current year's Financial Statements. The impacts of new accounting standards are set out in note 1 of the Financial Statements.
Fair, balanced and understandable reporting	The Committee considered the Annual Report and Interim Report, on behalf of the Board, to ensure that they were fair, balanced and understandable, in accordance with requirements of the UK Corporate Governance Code. As part of this review, the Committee reviewed the report from the strategic report drafting team, highlighting key considerations. The Committee considered comments arising from the review of the Financial Statements by the Executive Directors. The Committee also considered the use of alternative performance measures by the Group, including the appropriateness of their current use and their disclosure in the Financial Statements and Strategic Report. The Committee concluded that their current use was fair, balanced and understandable.
Other matters	At the May and November meetings, the Committee also considered management's papers on the following subjects: • assessment of the carrying value of goodwill • recognition and measurement of adjusting items for restructuring costs.

EXTERNAL AUDITOR

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

Appointment and fees

The Committee's primary responsibility is to make a recommendation on the appointment, reappointment and removal of the external auditor. Every year, the Committee assesses the qualifications, expertise, resources and independence of the external auditor, and the effectiveness of the previous audit process. Over the course of the year, the Committee reviewed the audit process and the quality and experience of the audit partners engaged in the audit. The Committee also reviewed the proposed audit fee and terms of engagement for FY 2018/19. Details of the fees paid to the external auditor during the financial year can be found in note 8 to the Financial Statements.

In 2018, the Committee approved the reappointment, remuneration and terms of engagement of PwC as the Group's external auditor for FY 2018/19. The Committee recommended that the Board proposes to shareholders that PwC be reappointed as the Group's external auditor at the Group's forthcoming AGM.

PwC has remained in place as auditor since prior to the Initial Public Offering (IPO) of the Company in 2002. The firm was reappointed with a new lead audit partner following a formal tender process undertaken by the Group for FY 2010/11. The external auditor is required to rotate the audit engagement partner every five years. The current engagement partner, Paul Cragg, began his appointment from FY 2015/16. As a result of the UK's implementation of the EU's mandatory firm rotation requirements, the Company is required to replace PwC with another firm of auditors no later than for the financial year commencing 29 March 2020. The Committee conducted a competitive tender during FY 2018/19 as identified in the FY 2017/18 Annual Report. Further information on the tender process is set out on page 119.

NON-AUDIT SERVICES

The Committee recognises that the independence of the external auditor is an essential part of the audit framework and the assurance that it provides. In line with the Revised Ethical Standard issued by the FRC in June 2016, the Committee has adopted a policy, which sets out a framework for determining whether it is appropriate to engage the Group's auditor for non-audit services and pre-approving non-audit fees.

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

- any threats to independence and objectivity resulting from the provision of such services;
- any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity;
- the nature of the non-audit services; and
- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service.

The value of non-audit services that can be billed by the external auditor is restricted by a cap, which is set at 70% of the average audit fees for the preceding three years as defined by the FRC.

During FY 2018/19 Burberry's external auditor has not undertaken non-audit work, which exceeded this threshold.

Proposed fees above £100,000 are approved by the Chair of the Audit Committee. Non-audit services with a value below £100,000 and which are in line with the Group's policy have been pre-approved by the Audit Committee. Compliance with the policy of engaging the Group's auditor for non-audit services and pre-approving non-audit fees is reviewed and monitored by the Senior Vice President, Risk Management and Internal Audit. These fees must be activity based and not success related. At the half year and year end, the Audit Committee reviews all non-audit services provided by the auditor during the period, and the fees relating to these services.

During the year, the Group spent £0.3 million on non-audit services provided by PwC (14% of the average of Group audit fees received over the last three years). Further details can be found in note 8 to the Financial Statements.

External audit tender process

The Audit Committee commenced a tendering process in 2018. The process was led by a steering group chaired by the Chief Operating and Financial Officer with support from Senior Vice President, Group Risk Management and Internal Audit, Senior Vice President, Group Finance and Vice President, Group Financial Controller. An overview of the tender process is set out below.

June to September 2018	• Audit tender request for proposal issued. • Two firms confirm they will participate in the tender. • Audit Committee Chair and management consider suitable audit firms to determine their capability. • Interviews with Audit Committee Chair, Chairman of the Board, Chief Executive Officer and Chief Operating and Financial Officer. • Presentations and interviews with key stakeholders, including technical exercises. • Submission of tender documents by the firms. • References taken.
October 2018	• Presentations by firms to Audit Committee. • Initial recommendation made by Audit Committee to the Board. • Agreement of commercial terms and fees.
November 2018	• Final decision and recommendation to the Board.

Selection Criteria

Selection criteria were agreed by the steering group in conjunction with the Chair of the Audit Committee. Key elements included sector experience, business understanding, audit approach, quality and service and strength of team. The evaluation was based on the interactions between Burberry and the firms throughout the process.

Invitation to tender

Ernst & Young LLP (EY) and KPMG LLP were invited to tender, Deloitte LLP was conflicted and therefore unable to participate. Second-tier firms were considered for the audit tender but declined to participate. Each firm submitted a detailed tender document, and presented their proposals to the Audit Committee, Chairman of the Board, Chief Executive Officer, Chief Operating and Financial Officer and other members of the senior management team.

Final selection

Following the presentations, the Audit Committee, Chairman of the Board, Chief Executive Officer, and Chief Operating and Financial Officer discussed the relative strengths and weaknesses of the firms. The Committee agreed that both firms were credible candidates and had submitted and presented high-quality proposals. On balance, the Committee members identified EY as the preferred candidate and recommended to the Board their appointment as external auditor from FY 2020/21, subject to shareholder approval at the AGM in 2020. EY will shadow PwC for FY 2019/20.

NOMINATION COMMITTEE REPORT

GERRY MURPHY
Chair, Nomination Committee

NOMINATION COMMITTEE MEMBERSHIP
All the Non-Executive Directors served as members of the Committee throughout the year ending 30 March 2019. Sir John Peace was a member and Chair of the Committee until his retirement from the Board on 12 July 2018. Gerry Murphy has been a member of the Committee since his appointment to the Board on 17 May 2018 and became Chair of the Committee following the retirement of Sir John Peace.

The Committee met three times during the year and, with the exception of one meeting, all members attended all meetings. Where members were unable to attend, they provided feedback to the Chair on the matters to be discussed In advance of the meeting.

Regular attendees at Committee meetings included: the Chief Executive Officer, the Chief People, Strategy and Corporate Affairs Officer, and the Company Secretary.

ROLE OF THE COMMITTEE
The Committee is responsible for keeping under review the composition of our Board and succession planning for senior leadership positions. The main roles and responsibilities of the Committee are set out in written terms of reference, which are available on the Company's website at www.burberryplc.com. The Committee reviews its terms of reference annually and this year recommended changes to the Board for approval. In light of its key responsibilities, the Committee considered the following items of usual business during the financial year in relation to:

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

The Committee continues to work diligently to assist the Board with building on its relevant skills and competencies, according to our Board succession plan.

The principal activities of the Committee during the year included the continued evolution of the Board in light of the review of the structure and composition of our Board.

In relation to our Non-Executive Directors, the Committee has continued to focus on building relevant skills and competencies for the future under its succession plan. During the year, the Committee considered the composition of the Board's committees and in November 2018, recommended the appointment of Ron Frasch as a member of the Audit Committee and Matthew Key as a member of the Remuneration Committee. In February 2019, the Committee also recommended Matthew Key succeed Jeremy Darroch as Chair of the Audit Committee.

As required by the UK Corporate Governance Code, Director's offer themselves for annual re-election. The Committee considered the annual re-election of Directors at the AGM based on Director performance, independence, time commitments and tenure. The Committee recommended that, with the exception of Stephanie George and Ian Carter, all Directors stand for re-election at the forthcoming AGM.

"The Committee is responsible for keeping under review the composition of our Board and succession planning for senior leadership positions."

DIVERSITY

Board succession planning is focused on ensuring the Board has the right mix of skills and experience. All new appointments are based on merit, keeping in mind the Board's composition principles. These principles have been designed to:

- Maintain current core competencies;
- Add new competencies, which reflect the evolution of the Group's business;
- Ensure compatibility with Burberry's culture and values; and
- Promote diversity, including in terms of gender, social and ethnic backgrounds, cognitive and personal strengths.

We believe that diverse boards with the appropriate competencies and values are better boards. The Board supports the Hampton-Alexander Review target for women to represent one-third of directors by 2020. Our Board's current membership comprises 45% women, which exceeds this target. With respect to women holding senior-leadership positions at Burberry, we were very pleased to note that Burberry was recognised as being the top FTSE 100 performer in the 2018 Hampton Alexander Review. We also endorse the spirit of the Parker Review, which aims to encourage greater ethnic diversity on UK boards. We will continue to monitor diversity and take appropriate steps to maintain our position as a meritocratic and diverse business.

We also believe that a diverse workforce not only encourages better performance, but also creates a more inclusive working environment with more engaged colleagues. We champion the development of all of our people and ensure that employees of all backgrounds are treated equally.

DIRECTORS' REMUNERATION REPORT

ORNA NíCHIONNA
Chair, Remuneration Committee

CONTENTS

DEAR SHAREHOLDER,
I am pleased to present to you the Directors' Remuneration Report (DRR) for the year ended 30 March 2019, which has been approved by both the Remuneration Committee (the Committee) and the Board.

This year, we have continued to evolve our remuneration reporting with the aim of providing ever greater clarity and transparency around executive remuneration at Burberry and its linkage with our strategy, performance and the wider business.

The report sets out the remuneration outcomes for FY 2018/19, a year in which we have made excellent progress in the execution of our multi-year plan to transform Burberry.

For FY 2019/20, we will continue to operate under our current Remuneration Policy. A summary of this Policy, and the key decisions made by the Committee for the year ahead, is set out on page 130. This includes how we are responding to the changes in the UK Corporate Governance Code and to evolving investor expectations.

STRATEGIC CONTEXT

As outlined in the Strategic Report on pages 22 to 41, we are currently on a multi-year journey to transform and reposition Burberry firmly in luxury fashion. As we set out at the start, FY 2018/19 and FY 2019/20 are foundational years where we will re-energise our brand, rationalise our distribution and manage through the creative transition, after which we will accelerate and grow. In FY 2018/19, we achieved our year one financial, strategic and operational objectives, which has given us huge confidence as we look forward to FY 2019/20.

FY 2018/19 PERFORMANCE AND REMUNERATION OUTCOMES

During FY 2018/19, we embarked on the first stage of our strategy, making excellent progress in building the foundations for our transformation. Key annual performance highlights, taken into account by the Committee when considering incentive outcomes, include:

- In the first half of the year, we launched our new creative vision with a new logo and refreshed Thomas Burberry monogram and a new product aesthetic, starting with Riccardo Tisci's debut runway collection Kingdom. We asserted our leadership in digital innovation with the introduction of our award-winning B Series, a monthly drop of limited-edition products sold on social platforms.
- We also started to align our distribution network to our new creative vision. We refreshed stores in key fashion cities, including London, Paris, New York, Seoul, Shanghai and Tokyo. In wholesale, we accelerated the closure of non-luxury doors in the US, while opening new, image-driving locations around the world to reach new customers and reinforce our brand positioning.
- These initiatives combined to re-ignite brand heat and drove increased engagement from industry insiders, influencers, press and wholesale partners.
- Against the backdrop of our strategic transformation, we delivered FY 2018/19 results in line with guidance. Revenue was £2.7 billion, flat at reported rates, but up 2% at constant exchange rates (CER), excluding Beauty wholesale. Reported operating profit was £437 million, up 7%. Adjusted operating profit was £438 million, unchanged at CER. Adjusted EPS was 82.1p, up 7% at CER. Our performance was underpinned by operational and financial discipline, delivering £105 million of cumulative cost savings, which was ahead of plan and enabled us to self-fund our transformation. The full year dividend per share was up 3% to 42.5p, in line with our progressive dividend policy.
- We made significant progress on our Responsibility Agenda, earning recognition as the leading luxury brand in the 2018 Dow Jones Sustainability Index. Key achievements included ending the practice of destroying unsaleable finished products, stopping the use of real fur and pledging to reduce plastic usage in our supply chain.
- Our progress was reflected in returns for our investors, as we delivered total shareholder return in excess of 15% over the year, outperforming the FTSE 100 and most sector peers.

The FY 2018/19 annual bonus for the Executive Directors was based on Adjusted PBT, with targets set by the Committee in the context of the first phase of the strategic transition described above. Adjusted PBT (CER) was above target, resulting in a payout of 60% of maximum. The full target range is disclosed on page 133.

The 2016 Executive Share Plan (ESP) award was based on three performance metrics, measured over the three-year period to 30 March 2019. Growth in Revenue of 0.8% per annum (CER) was just below the threshold target, while three-year average Adjusted Retail/Wholesale ROIC of 15.7% was above the top end of the target range. Adjusted PBT (CER) growth of -6.1% per annum was below the target range, reflecting that the targets for this award had been set prior to the commencement of the strategic transformation. This performance will result in overall vesting of the 2016 ESP awards for the Executive Directors of 25% of maximum.

"This year, we have continued to evolve our remuneration reporting with the aim of providing ever greater clarity."

Over the three-year performance period, Burberry delivered total shareholder return of 17% per annum, exceeding both the FTSE 100 and most sector peers, and resulting in the creation of over £3 billion of incremental value for our investors. The value to be received by the Executive Directors from their 2016 ESP awards reflects this value creation, illustrating the direct alignment with shareholders.

The ESP shares to be received by our Executive Directors on vesting will be subject to a post-vesting holding period, in accordance with the terms of our Remuneration Policy.

The Committee believes that the bonus and ESP outcomes appropriately reflected the broader performance context outlined above. As a result, no discretion was exercised by the Committee in respect of either outcome.

CHANGES TO THE UK CORPORATE GOVERNANCE CODE

The Committee noted and welcomed the changes made to the Code during 2018 in respect of executive remuneration. The Committee also closely monitored investor guidance and best practice, which continues to evolve rapidly.

In response, the Committee undertook reviews in a number of areas leading to the following actions:

- **Further reducing pensions for new Executive Director hires.** In our 2017 Remuneration Policy, we reduced the level of pension provision for new Executive Director hires from 30% to 20% of salary. In light of the new Code, the Committee reviewed this policy again and decided to further reduce the level of pension for any new Executive Director hires to 15% of salary, which took effect from 31 March 2019. Burberry operates a defined contribution pension scheme for all UK employees where, in line with common market practice, the level of company contribution operates on a scaled basis from 6% of salary to 15% of salary, based on a number of factors including seniority and role. The changes to pension policy for new Executive Directors would align with this framework, which applies to the UK workforce. The Committee will keep this under review, including as a part of our forthcoming Remuneration Policy review (see page 132).
- **Strengthening malus and clawback provisions.** Our current malus and clawback provisions, which have been in place since 2015, can be applied in the event of a material misstatement of accounts or where the incentive outcome has been incorrectly calculated. For bonus and ESP awards made from 2019 onwards, this framework has been strengthened to allow the provision to also be invoked in the event of serious misconduct. We will ensure plan documentation supports the enforceability of the provision, in line with investor guidance. The full terms of the new provision are set out on page 136.
- **Reviewing discretion to adjust incentive outcomes.** The Committee also reviewed the discretionary powers available in respect of the bonus and ESP and concluded that the framework which already exists in our 2017 Remuneration Policy remains appropriate. In assessing outcomes for FY 2018/19, the Committee took into account the broader performance context, as described above.
- **Achieving long-term alignment between executives and shareholders.** The Committee noted that our reward framework already contains a number of structural features designed to foster long-term alignment with investors. Our shareholding guideline of 300% of salary is upper quartile for our company size and is delivered via a bonus investment requirement. In addition, vested ESP awards cannot normally be sold for a period of five years from grant. At the same time, the Committee notes the new Code requirement for a "policy for post-employment shareholding requirements" and is committed to reviewing our structures in this area as part of our forthcoming Remuneration Policy review.

REMUNERATION POLICY

Our current Remuneration Policy was approved by over 93% of shareholders at the 2017 AGM. In line with UK regulations, we will need to seek approval for a new Remuneration Policy at the 2020 AGM.

The Committee is aware of the observation made by some shareholders and proxy agencies around the significant weighting of Adjusted PBT within the overall incentive framework prescribed by our current Policy. We also recognise the importance of ensuring that incentives align with strategic objectives and with business KPIs, which we use to report our performance externally and drive performance internally.

As indicated in last year's report, during FY 2018/19 the Committee considered the possibility of seeking to introduce a new Remuneration Policy at the 2019 AGM, a year earlier than required by the regulations. However, the Committee subsequently concluded that it would be preferable to wait until the 2020 AGM in order to better align the new Policy, including the selection of annual and long-term performance metrics, with the second phase of our transformation strategy from FY 2020/21, as described above. I can confirm that it is the Committee's current expectation that our new Policy will result in a broadening of the number of performance measures in our incentive framework. I intend to consult closely with shareholders as we develop that Policy.

BROADER EMPLOYEE REWARD

When considering the remuneration arrangements for the Executive Directors and the Executive Committee, the Committee continues to take into account remuneration throughout the Group.

During the year, the Committee considered information on the policies and practices which exist throughout the business. We noted that, although Burberry has a diverse global workforce, the same broad underlying framework for remuneration and reward is cascaded throughout the Group, most notably the significant role of performance-based remuneration, including participation in long-term share awards. We also discussed our approach to, and results of, Burberry's gender pay gap reporting.

In line with the commitment we gave last year, we have chosen to voluntarily disclose our CEO pay ratio ahead of the requirement coming in to force next year (see page 138).

As referred to on page 100, we have reviewed our workforce engagement activities and during FY 2019/20 are building on the wide range of engagement activities already undertaken to ensure there is meaningful two-way conversation with the Board including in the area of remuneration.

FY 2019/20 REMUNERATION APPROACH

In FY 2019/20, we will continue to operate under the current Remuneration Policy. A summary of this Policy, and how it will be applied in the year, is set out on pages 130 to 131.

Key decisions by the Committee in respect of FY 2019/20 include:

- Marco Gobbetti and Julie Brown will both receive a salary increase of 1.6% with effect from 1 July 2019. These increases align directly with the average increase across the broader UK employee population of 1.6% whilst also reflecting both the ongoing need to remain competitive in the global luxury goods market and their performance during the year.
- The annual bonus will continue to be based on Adjusted PBT as prescribed by our current Policy. The targets have been set in the context of our ongoing strategic transformation and are considered by the Committee to be at least as stretching as those set in prior years. The targets will be disclosed in next year's report, due to commercial sensitivity.
- There are also no changes to the performance measures or weightings for the 2019 ESP award, which will continue to be focused on profitability, revenue, and the efficient use of capital, as prescibed by our current Policy.
- The performance target ranges for the 2019 award reflect the anticipated acceleration of growth as we move into the second phase of the transformation strategy while remaining appropriately stretching in the context of continued market uncertainty and execution risk. The Revenue target range of 3% to 8% (2018 award: 1% to 5.5%) and the Adjusted PBT (CER) target range of 4% to 12% (2018 award: 0% to 7.5%) have both significantly increased from last year's award.

ENGAGEMENT WITH SHAREHOLDERS

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

During the year, I engaged with a significant proportion of shareholders on our proposals in response to the Code and our intention to seek a new Policy vote at the 2020 AGM. We received valuable feedback and good support from those consulted.

I would like to thank shareholders for all their feedback this year. I look forward to gaining your support on the Remuneration Report at the Annual General Meeting in July and to engaging again later this year as we develop our proposals for 2020.

ORNA NíCHIONNA
Chair, Remuneration Committee

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

EXECUTIVE DIRECTORS' REMUNERATION AT A GLANCE

This section illustrates how our remuneration framework supports the delivery of our strategy, summarises our Remuneration Policy, including key changes for FY 2019/20, and explains the outcomes from the implementation of our Policy during FY 2018/19.

STRATEGY

FINANCIAL KPIs

- REVENUE GROWTH
- ADJUSTED PROFIT BEFORE TAX GROWTH
- COMPARABLE SALES GROWTH
- ADJUSTED OPERATING PROFIT GROWTH
- ADJUSTED OPERATING PROFIT MARGIN
- ADJUSTED DILUTED EPS GROWTH
- ADJUSTED RETAIL/ WHOLESALE ROIC

For further information on our strategy and KPIs (including non-financial), see pages 22 to 41 and 58 to 60, with the definition of adjusted measures on page 71.

ALIGNING REMUNERATION TO OUR STRATEGY

Our remuneration framework supports us in securing the high-calibre talent needed to execute our strategy in a highly competitive global market.

We are committed to performance-based pay that motivates talent, drives performance and the execution of the Group's strategy, and is aligned with the delivery of long-term shareholder value.

Long-term incentive awards under the Executive Share Plan (ESP) currently use three performance measures, which directly align with the business KPIs.

During our forthcoming Policy review, we will evaluate our framework to ensure it continues to align with the strategy. It is anticipated that this will result in a broadening of the number of performance measures in our incentive framework.

- REVENUE GROWTH
- ADJUSTED PROFIT BEFORE TAX GROWTH
- ADJUSTED RETAIL/WHOLESALE ROIC

OUR EXECUTIVE PAY POLICY

BURBERRY OPERATES A SIMPLE FRAMEWORK CASCADED THROUGH THE BUSINESS
Burberry's broad remuneration framework, consisting of fixed pay, short-term incentives and long-term share awards, is cascaded across all employees in the Group.

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

THIS BROAD FRAMEWORK TRANSLATES TO THE CURRENT POLICY FOR EXECUTIVE DIRECTORS:

SALARY	BENEFITS	ANNUAL BONUS	EXECUTIVE SHARE PLAN (ESP)
Marco Gobbetti: £1,140k Julie Brown: £725.5k (with effect from 1 July 2019)	Pension: 30% of salary (15% for new hires) Cash allowances and non-cash benefits	Maximum 200% of salary based on Adjusted PBT 50% of any net amount received to be invested in Burberry shares until shareholding guideline met	Marco Gobbetti: 325% Julie Brown: 300% Three-year performance period Vesting over four-year period Shares cannot be sold for five years from grant Measures – Adjusted PBT, Revenue and ROIC

OTHER
Shareholding guidelines of 300% of salary
Discretion, malus and clawback provisions on all incentives

PACKAGE MIX

Fixed vs Variable
A significant proportion of maximum total remuneration* is linked to stretching performance targets, illustrated below for FY 2019/20.

	Fixed	Bonus	ESP	Total
Marco Gobbetti	21%	30%	49%	£7.6m
Julie Brown	22%	31%	47%	£4.6m

Cash vs Shares
The majority of total remuneration* is delivered in shares to drive alignment between Executive Directors and shareholders.

Cash	Shares
36%	64%

CHANGES FOR FY 2019/20

With effect from FY 2019/20, we are making two changes to our executive remuneration framework in response to evolving best practice and investor expectations:

Further reduction in pension for new hires

2014 Policy	2017 Policy	Reduced policy from 31 March 2019
30%	20%	15%

Strengthening our malus and clawback provisions

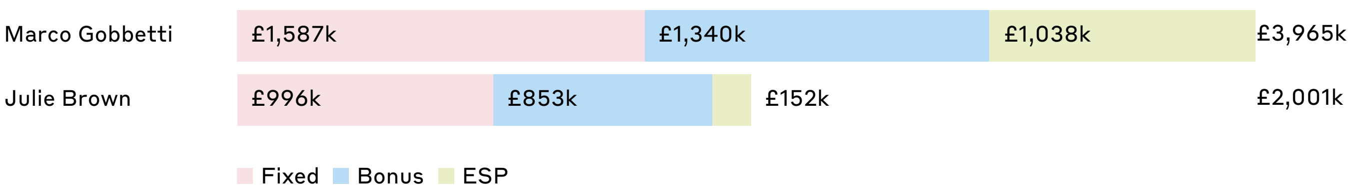
- Incorrect calculation
- Material misstatement
- Serious misconduct – Applicable to awards from 2019 onwards

* Charts based on maximum performance scenario (excluding share price growth). Right hand chart based on the policy before the shareholding guideline has been met.

REMUNERATION OUTCOMES FOR FY 2018/19

SINGLE FIGURE FOR FY 2018/19

The chart below shows the breakdown of the "single-figure" total remuneration for the Executive Directors in respect of FY 2018/19.

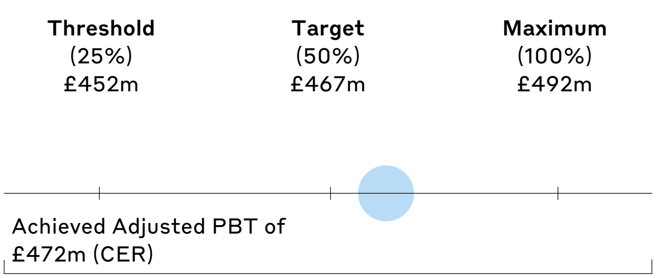


INCENTIVE OUTCOMES FOR FY 2018/19

The performance targets for the annual bonus were set by the Committee at the start of the year to be stretching against a backdrop of profit growth that was anticipated to be broadly stable in the context of the first phase of our strategic plan.

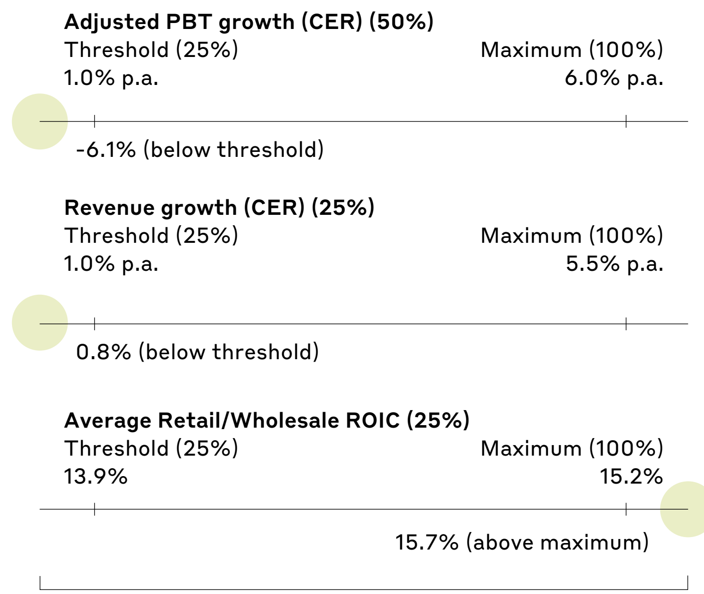
The Committee considered the bonus and ESP outcomes in the context of Burberry's broader performance over the respective performance periods and concluded that the outcomes reflected this performance. As a result, no discretion was exercised by the Committee in respect of either outcome.

Annual bonus: the FY 2018/19 bonus was based on Adjusted PBT (CER) in line with the Policy:



Payout of 60% of maximum

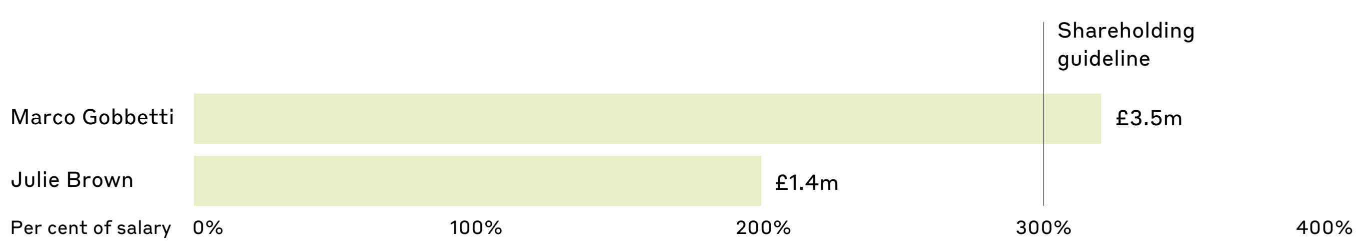
ESP: The 2016 ESP award was based on three performance measures:



Overall vesting of 25% of maximum

ALIGNMENT BETWEEN EXECUTIVES AND SHAREHOLDERS

Executive Directors are subject to a shareholding guideline of 300% of salary, which drives long-term alignment with investors. The chart below illustrates the value of holdings at the year end and the status against the guideline. Marco Gobbetti has now met this guideline and it is anticipated that Julie Brown will do so during FY 2019/20.



OUR REMUNERATION POLICY AND HOW WE WILL IMPLEMENT IT IN FY 2019/20

The Remuneration Policy was approved by shareholders at the AGM on 13 July 2017, and is set out in full in the Directors' Remuneration Report FY 2016/17, which can be found in the Annual Report FY 2016/17 at www.burberryplc.com.

The table below summarises key elements of the remuneration framework for Executive Directors, including how we intend to implement it in FY 2019/20 and the changes being introduced as a result of our recent review.

Element	Summary of current Policy	Implementation in FY 2019/20
Base salary	Salary levels and any increases are set within the same framework and ranges as those for all other employees, taking into account individual performance and overall contribution to the business during the year; cost to the Company; the external economic climate; and positioning against peers. The maximum annual increase for an Executive Director is 10% of base salary. However, annual increases will not normally exceed the average increase for the broader employee population.	In line with the average increase for UK-based employees, Executive Directors will be awarded salary increases of 1.6% with effect from 1 July 2019: • CEO – £1,140,000 • CO&FO – £725,500
Pension	Executive Directors participate in defined contribution arrangements and may elect to receive some or all of their entitlement as a cash allowance. The maximum contribution or cash allowance is 30% of salary per annum for the current Executive Directors. Under the current Policy, for any new external Executive Director appointments, the maximum contribution or cash allowance is 20% of salary per annum.	The cash allowance will continue to be 30% of base salary for current Executive Directors, in line with the current Policy and contractual commitments. For any new Executive Director appointed on or after 31 March 2019, the maximum contribution or cash allowance will be reduced to 15% of salary per annum, which aligns with the scaled pension framework (of 6% to 15%) which applies to the UK employee population (see page 132).
Other benefits	Executive Directors receive a cash allowance and non-cash benefits (which principally include private medical, long-term disability insurance and life assurance). The aggregate maximum value of benefits would not normally exceed £100,000 per individual per annum, other than in circumstances deemed to be exceptional by the Committee.	No changes for FY 2019/20. Annual cash allowances: • CEO – £80,000 • CO&FO – £30,000
Annual bonus	Under the current Policy, the bonus is based solely on Adjusted PBT assessed over the financial year. This recognises that strong financial performance is key to delivering superior shareholder returns and that annual profitability is a key measure of this. Targets are set each year by reference to a range of factors including budget, the strategic plan and long-term financial goals. 25% of maximum pays out at threshold performance and 50% of maximum at target performance. Executives are required to invest 50% of any net bonus earned into Burberry shares until their shareholding guideline is met (see section below). Maximum awards are 200% of salary per annum.	No changes for FY 2019/20. Maximum bonus (% of salary): • CEO – 200% • CO&FO – 200% The Board considers the forward-looking Adjusted PBT bonus targets to be commercially sensitive as they are linked to the Company's financial and strategic plans. Targets will therefore be disclosed in the FY 2019/20 DRR.

<table>
<tr><th>Element</th><th>Summary of current Policy</th><th>Implementation in FY 2019/20</th></tr>
<tr><td>Executive Share Plan (ESP)</td><td>Long-term share awards which vest 50% after three years and 50% after four years, subject to continued employment and achievement against the performance targets.
Performance is measured over three financial years using the following performance measures:
• revenue
• adjusted profit
• a measure to incentivise the efficient use of capital

Targets for the measures are calibrated ahead of each annual grant by reference to a range of factors including the latest strategic plan, long-term financial goals, latest three-year projections and broker earnings estimates for Burberry and its competitors. For each measure, no more than 15% of the maximum may vest for threshold performance.
Holding period: while Executive Directors are employed by Burberry, normally no ESP shares may be sold, except to cover any tax liabilities arising from the award, until five years from the date of grant.
The maximum annual award is 325% of salary (375% in exceptional circumstances).</td><td>No changes for FY 2019/20.

Annual award (% of salary):
• CEO – 325%
• CO&FO – 300%

The following table summarises the performance targets for the 2019 award, which will cover the performance period of three years to 2 April 2022.
<table><tr><th></th><th>Adjusted PBT growth (CER)</th><th>Revenue growth (CER)</th><th>Average ROIC</th></tr><tr><td>Weighting</td><td>50%</td><td>25%</td><td>25%</td></tr><tr><td>Threshold vesting (15% of max)</td><td>4%</td><td>3%</td><td>13.5%</td></tr><tr><td>Maximum vesting</td><td>12%</td><td>8%</td><td>17%</td></tr></table>No vesting below Threshold performance. Growth rates on a per annum basis.</td></tr>
<tr><td>All-Employee Share Plans</td><td>Executive Directors may participate in the Company's two all-employee share plans on the same basis as other employees. The Sharesave scheme offers the opportunity to enter into a three- or five-year savings contract to save a portion of salary which can be used to purchase Burberry shares at up to a 20% discount to the market price. The Free Share Plan grants shares which vest after three years subject to continued employment.</td><td>The maximum savings amount for Sharesave is £6,000 per annum, with which shares can be purchased at a 20% discount. The maximum Free Share award is £500 per annum.</td></tr>
<tr><td>Discretion, malus and clawback</td><td>The 2017 Policy contains provisions which would allow the Committee discretion to adjust the bonus outcome or ESP vesting level. Any exercise of discretion would be disclosed in the relevant report.
Malus and clawback provisions exist for both the annual bonus and ESP and may be invoked in the event of a material misstatement in the Company's audited financial statements or if the incentive outturn has been incorrectly calculated.</td><td>The malus and clawback provisions will be strengthened to include serious misconduct as follows: an award may be reduced (or clawed back) in circumstances where the participant has engaged in serious misconduct (including breach of a Company policy) which results in serious reputational damage for the Company and/or which justifies, or could justify, summary dismissal of the participant.</td></tr>
<tr><td>Shareholding guidelines</td><td>Executive Directors are subject to a shareholding guideline of 300% of base salary, while employed by Burberry.
There is no specific timeline in which shareholding guidelines must be achieved. However, there is an expectation that executives make annual progress towards their guideline, which is supported via the requirement to invest a portion of any net annual bonus as previously described. Only shares that are owned outright count towards the shareholding guideline.</td><td>No changes for FY 2019/20.

The operation of the shareholding guidelines will be reviewed as part of the forthcoming Remuneration Policy review.</td></tr>
</table>

ANNUAL REPORT ON REMUNERATION

FY 2018/19 TOTAL SINGLE FIGURE REMUNERATION FOR EXECUTIVE DIRECTORS (AUDITED)

The table below sets out the single figure of total remuneration received or receivable by the Executive Directors in respect of FY 2018/19 (and the prior financial year). The subsequent sections detail additional information for each element of remuneration.

	Salary £'000	Allowances and benefits £'000	Pension £'000	Bonus £'000	ESP £'000	Prior company shares buy-out[1] £'000	Total £'000
Marco Gobbetti							
Year to 30 March 2019	1,117	135	335	1,340	1,038	–	3,965
Year to 31 March 2018[1]	816	91	245	833	–	4,345	6,330
Julie Brown							
Year to 30 March 2019	711	72	213	853	152	–	2,001
Year to 31 March 2018	700	56	210	714	–	–	1,680

Notes:

1. The amounts shown for Marco Gobbetti in FY 2017/18 relate to the period from 5 July 2017, when he became CEO, to 31 March 2018. The amount shown in "Prior company shares buy-out" reflects compensation for incentives forfeited on leaving his previous employer, which are also disclosed in the table on page 137 and in previous years' reports.
2. The values shown in the ESP column in respect of FY 2018/19 represent the vesting of the 2016 ESP award. The values have been calculated by multiplying the number of shares which will vest based on the performance outcome set out on page 134 (53,829 for Marco Gobbetti and 7,905 for Julie Brown) by the three-month average share price to the end of the financial year (£18.48), plus the value of dividends on these shares (using a cumulative dividend per share of 81 pence).

SALARY (AUDITED)

The table below details annual salaries as at 30 March 2019 and those that will apply from 1 July 2019.

When setting salaries for the Executive Directors, the Committee took into account a number of factors, including the approach for our wider employee population, individual performance and overall contribution to the business during the year, cost to the Company, the external economic climate, and market positioning. The salary increases of 1.6% align directly with the average increase across the broader UK employee population of 1.6% whilst also reflecting both the ongoing need to remain competitive in the global luxury goods market and their performance during the year.

	As at 30 March 2019	**As at 1 July 2019**	% change
Marco Gobbetti	£1,122,000	**£1,140,000**	1.6%
Julie Brown	£714,000	**£725,500**	1.6%

PENSION (AUDITED)

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

Under the current Remuneration Policy approved by shareholders at the 2017 AGM, any new external Executive Director appointment could receive a maximum pension contribution or cash allowance of 20% of salary. As described on page 125, for any new Executive Director appointed on or after 31 March 2019, the maximum pension contribution or pension cash allowance will be reduced to 15% of salary. Burberry operates a defined contribution pension scheme for all UK employees where, in line with common market practice, the level of company contribution operates on a scaled basis from 6% of salary to 15% of salary, based on a number of factors including seniority and role. The changes to pension policy for new Executive Directors would align with this framework which applies to the UK workforce. The Committee will keep the new policy for Executive Directors under review, including as part of the forthcoming Remuneration Policy review.

ALLOWANCES AND BENEFITS (AUDITED)

The table below details the cash allowances and non-cash benefits received by the Executive Directors during FY 2018/19 in accordance with the Policy and disclosed in the single figure table.

FY 2018/19 (£'000)	Cash allowance	Private medical insurance	Life assurance	Long-term disability insurance	Tax advice
Executive Directors					
Marco Gobbetti	80	12	29	6	8
Julie Brown	30	19	5	10	8

ANNUAL BONUS OUTCOMES FOR FY 2018/19 (AUDITED)

The annual bonus for FY 2018/19 for the Executive Directors was based on Adjusted PBT at Constant Exchange Rates (CER) in line with the Remuneration Policy.

As reported last year, the performance targets for this award were set by the Committee at the start of the year, against a backdrop of profit growth for FY 2018/19 that was anticipated to be broadly stable in the context of the first phase of our multi-year strategic plan. The table below sets out the targets, the achieved performance and the level of payout for FY 2018/19.

Annual bonus for FY 2018/19	Maximum bonus opportunity (% of salary)	FY 2018/19 Adjusted PBT target (£m)	FY 2018/19 Adjusted PBT achieved (CER)* (£m)	FY 2018/19 bonus payment (% of maximum)	FY 2018/19 bonus payment (£'000)
Marco Gobbetti	200%	Threshold: 452			1,340
Julie Brown	200%	Target: 467	472	60%	853
		Maximum: 492			

* Adjusted PBT for bonus purposes is calculated using the average exchange rates of FY 2017/18. The level of Adjusted PBT achieved for bonus purposes is therefore higher than the reported FY 2018/19 Adjusted PBT (£443m) to reflect CER.

As shown in the table above, the Adjusted PBT achieved was £5 million ahead of the Target level set by the Committee, which resulted in bonuses for the Executive Directors of 60% of maximum.

In addition to performance against the Adjusted PBT targets, the Committee also took into account the broader performance context for the year when determining the final bonus outcome. This included consideration of strategic progress in building the foundations for our transformation by investing in building brand heat and driving increased engagement from industry influencers and wholesale partners. There was significant progress on our distribution transition as the closure programme of non-luxury doors in the US was stepped up. The focus on Operational Excellence delivered over £105 million of cumulative cost savings, which was ahead of plan. There was also continued progress towards responsibility and sustainability goals (as described on pages 42 to 43). For investors, a total shareholder return in excess of 15% over the year outperformed the FTSE 100 and most sector peers. The Committee concluded that the bonus outcomes appropriately reflected the broader performance context and, as a result, no discretion was applied to the final outcome shown above.

Under the Remuneration Policy, Executive Directors are required to invest 50% of any net bonus earned into Burberry shares until their shareholding guideline of 300% of salary is met. As shown in the table on page 137, Marco Gobbetti has met his shareholding guideline. Julie Brown will invest a portion of her net FY 2018/19 annual bonus into Burberry shares, up to a maximum of 50% of the net amount received.

ANNUAL BONUS FOR FY 2019/20

For FY 2019/20, the maximum bonus opportunity for Executive Directors will remain at 200% of base salary, and will continue to be based fully on Adjusted PBT in line with Policy. The Board considers the forward-looking Adjusted PBT bonus targets to be commercially sensitive as they are linked to the Company's financial and strategic plans, and as such targets will be disclosed in next year's report. Targets have been set to reflect the second year of the strategic transition where operating margins and Adjusted PBT are expected to be broadly stable and are considered by the Committee to be of an equivalent stretch to those set in prior years.

The clawback provision which will apply to this annual bonus is as follows: during the three-year period from the normal date of payment, the Company may seek to recover any bonus in whole or in part in the event of a material misstatement in the Company's audited financial statements; or if the bonus outcome has been incorrectly calculated; or if the individual has engaged during the period from the start of the relevant bonus year to the end of the clawback period in serious misconduct (including, but not limited to, breach of a Company policy), which results in serious reputational damage for the Company and/or justifies, or could justify, summary dismissal of the individual.

EXECUTIVE SHARE PLAN

The following section sets out details of:

- 2016 ESP awards vesting based on performance to FY 2018/19
- 2018 ESP awards granted during FY 2018/19
- 2019 ESP awards to be granted in FY 2019/20

2016 ESP AWARDS VESTING BASED ON PERFORMANCE TO FY 2018/19 (AUDITED)

Marco Gobbetti and Julie Brown hold 2016 ESP awards, which will vest 50% on 30 January 2020 and 50% on 30 January 2021 based on performance over the period from 1 April 2016 to 30 March 2019. The table below sets out the targets and actual performance achieved.

Outcome of 2016 ESP award	Weighting	Threshold (25% of max)	Maximum	Actual performance	Vesting (% of max)
Annual growth in Adjusted PBT[1]	50%	1.0%	6.0%	-6.1%	0%
Annual growth in Revenue[1,2]	25%	1.0%	5.5%	0.8%	0%
Average Adjusted Retail/Wholesale ROIC	25%	13.9%	15.2%	15.7%	100%
Final vesting outcome					25%

1. The ESP outcome is calculated using the average exchange rates of the year on which the targets were based, as set out in the performance conditions to awards.
2. Performance was measured on a like-for-like basis against the targets, taking into account two changes in accounting over the period (the adoption of IFRS 15 and the move to retail calendar reporting). Neither of these impacted the vesting outcome.

In considering the final vesting outcome, the Committee also noted the broader performance context over the performance period: in particular, the strong performance in the execution of the strategic transition and delivery of total shareholder return of 17% per annum, exceeding the FTSE 100 and most sector peers. No discretion was applied to the final vesting outcome shown above.

In line with the Remuneration Policy, vested shares may not be sold until five years from grant (30 January 2022), other than to meet tax liabilities.

2018 ESP AWARDS GRANTED DURING FY 2018/19 (AUDITED)

The table below summarises the ESP share awards granted to Executive Directors during FY 2018/19.

	Type of award	Basis of award	Shares awarded	Face value at grant (£'000)	Performance period
Marco Gobbetti	ESP share award	325% of salary	172,532	£3,646	3 years to 27 March 2021
Julie Brown		300% of salary	101,348	£2,142	

- The ESP shares were granted on 31 July 2018 and will vest 50% after three years and 50% after four years from grant date, subject to the performance conditions outlined below. Awards are granted in the form of nil-cost options.
- The face value of each award is calculated using the three-day average price prior to the date of grant (£21.135), which was the price used to determine the number of shares awarded.

The performance targets for this award are as follows:

Performance targets for 2018 ESP award	Weighting	Threshold (15% of max)	Maximum
Annual growth in Adjusted PBT[1,3]	50%	0.0%	7.5%
Annual growth in Revenue[1]	25%	1.0%	5.5%
Average Adjusted Retail/Wholesale ROIC[2,3]	25%	13.5%	17.0%

1. The vesting outcomes are calculated using Revenue and Adjusted PBT as disclosed in the annual accounts, subject to any adjustments (down or up) made by the Committee to reflect CER and any other items deemed to be outside management's control.
2. Adjusted retail/wholesale ROIC measures the efficient use of capital to ensure that returns on future investment are attractive. Group ROIC includes the contribution from the high-return licensing business. Given the licensing business is not capital-intensive, ROIC will continue to be measured on Burberry's retail/wholesale business only. Retail/wholesale ROIC, for the purposes of the ESP performance measure, is calculated as the retail/wholesale post-tax adjusted operating profit divided by the average retail/wholesale operating assets, measured over the three-year period, on a reported currency basis. A calculation of adjusted retail/wholesale ROIC is included in the five-year summary on page 213.
3. For FY 2019/20 Burberry adopted IFRS 16 for lease accounting. To ensure fair and consistent performance measurement and in accordance with the ESP rules, the Committee will assess final performance for this award taking into account existing lease accounting methodology, which is consistent with the basis of the targets. Further disclosure will be provided at the time of vesting in the relevant report.

2019 ESP AWARDS TO BE GRANTED IN FY 2019/20

2019 ESP awards to the Executive Directors will be made at the same award levels as in FY 2018/19 (325% of salary for Marco Gobbetti and 300% of salary for Julie Brown). The awards will vest 50% after three years and 50% after four years from the date of grant, subject to the performance conditions. In line with Policy, other than to meet tax liabilities, no shares may be sold until five years from grant date.

Awards will continue to be based on Adjusted PBT, Revenue and ROIC performance, which will be measured over the three-year performance period to 2 April 2022 in accordance with the following targets:

Performance targets for 2019 ESP award	Weighting	Threshold (15% of max)	Maximum
Annual growth in Adjusted PBT[1]	50%	4%	12%
Annual growth in Revenue[1]	25%	3%	8%
Average Adjusted Retail/Wholesale ROIC[2]	25%	13.5%	17%

1. See footnote 1 on page 135.
2. See footnote 2 on page 135.
3. The clawback provision which will apply to this award is as follows: during the period of three years from the normal date of vesting, the Company may seek to recover any vested shares or awards from individual Directors in whole or in part (or cash of equivalent value) in the event of:
   - A material misstatement in the Company's audited financial statements; or
   - If the outturn has been incorrectly calculated; or
   - If the individual has engaged during the period from the ESP award date to the end of the clawback period in serious misconduct (including, but not limited to, breach of a Company policy), which results in serious reputational damage for the Company and/or which justifies, or could justify, summary dismissal of the individual.
4. In accordance with the ESP rules, the Committee will ensure performance is measured on a fair and consistent basis to reflect, for example, changes to accounting such as the adoption of IFRS 16 and the impact of a 53 week year as a result of using retail calendar reporting.

SHARE INTERESTS AND SHAREHOLDING GUIDELINES (AUDITED)

Executive Directors are subject to a shareholding guideline of 300% of base salary. There is no specific timeline in which shareholding guidelines must be achieved. However, there is an expectation that executives make annual progress towards their guideline, regardless of any annual bonus paid or shares vesting. Only shares that are owned outright count towards the shareholding guideline.

The following table sets out the total beneficial interests of the Executive Directors (and their connected persons) in ordinary shares of Burberry Group plc as at 30 March 2019, as well as their progress against the shareholding guidelines. The table also summarises conditional interests in share or option awards, with further detail of the underlying awards in the subsequent table.

As at 30 March 2019, Marco Gobbetti had met the guideline and Julie Brown had made good progress towards the guideline. In accordance with our policy, Julie Brown will invest a portion of her FY 2018/19 annual bonus in Burberry shares, up to a maximum of 50% of the net amount.

		Beneficially held shares			Share/option awards		
Director	Number of shares beneficially owned as at 30 March 2019[1]	As % of salary[2]	Shareholding guideline (% of salary)	Guideline met as at 30 March 2019	Vested but unexercised awards	Unvested – subject to performance	Unvested – subject to continued employment
Marco Gobbetti	**189,477**	312%	300%	Yes	17,089	595,537	19,550
Julie Brown	**77,285**	200%	300%	No	8,250	254,966	74,347

1. There have been no changes in the period up to and including 15 May 2019.
2. Based on the three-month average share price as at 30 March 2019.
3. Marco Gobbetti did not exercise any options during the year. On 25 January 2019, Julie Brown exercised 72,750 nil-cost options granted to her on 30 January 2017 and retained these shares (post tax liabilities). The market value of Burberry shares on the date of exercise was £17.855.

The following table provides further underlying detail on the unvested awards at 30 March 2019 included in the table above.

Director	Type of award	Date of grant	Maximum number of shares/ options	Performance period	Vesting date(s)[6]
Marco Gobbetti	2016 ESP[1]	30 Jan 2017	**215,318**	3 years to 30 March 2019	50% on 30 Jan 20/50% on 30 Jan 21
	2017 ESP[2]	31 Jul 2017	**207,687**	3 years to 31 March 2020	50% on 31 Jul 20/50% on 31 Jul 21
	2018 ESP[3]	31 Jul 2018	**172,532**	3 years to 31 March 2021	50% on 31 Jul 21/50% on 31 Jul 22
	Buy-out[4]	8 Feb 2018	**17,607**	N/A	50% on 22 Oct 19/50% on 30 Oct 20
	SAYE	15 June 2018	**1,920**	N/A	1 September 2023
	SIP	31 July 2018	**23**	N/A	31 July 2021
Julie Brown	2016 ESP[1]	30 Jan 2017	**31,620**	3 years to 30 March 2019	50% on 30 Jan 20/50% on 30 Jan 21
	2017 ESP[2]	31 Jul 2017	**121,998**	3 years to 31 March 2020	50% on 31 Jul 20/50% on 31 Jul 21
	2018 ESP[3]	31 Jul 2018	**101,348**	3 years to 31 March 2021	50% on 31 Jul 21/50% on 31 Jul 22
	Buy-out[5]	30 Jan 2017	**73,000**	N/A	64,500 on 22 July 2019/8,500 on 27 Mar 2020
	SAYE	15 June 2017	**1,294**	N/A	1 September 2020
	SIP	31 Jul 2017 and 2018	**53**	N/A	30 on 31 Jul 2020/23 on 31 Jul 2021

1. The performance conditions and final vesting outcome for the 2016 ESP award are set out on page 134.
2. The 2017 ESP awards are subject to the following performance conditions measured over the three years to 28 March 2020: 25% on three-year revenue growth of between 1% and 5.5% p.a., 50% on three-year growth in Adjusted PBT of between 2% and 10% p.a., 25% on three-year average ROIC of between 16.2% and 18.2%. Further detail on these performance conditions is provided in the Directors' Remuneration Report FY 2017/18 and note 3 on page 135.
3. The performance conditions for the 2018 ESP award are set out on page 135.
4. This award of nil-cost options was granted to Marco Gobbetti in February 2018 to buy out awards forfeited on leaving his previous employer in order to join Burberry. Full details of these awards were provided in the Directors' Remuneration Reports FY 2016/17 and FY 2017/18. The award shown in the table above represents the final tranches of this award.
5. This award of nil-cost options was granted to Julie Brown in January 2017 to buy out awards forfeited on leaving her previous employer in order to join Burberry. Full details of these awards were provided in the Directors' Remuneration Reports FY 2016/17 and FY 2017/18. The award shown in the table above represents the final tranches of this award.
6. ESP awards are structured as nil-cost options and vested awards may be exercised in the period until 10 years from grant. Vested ESP awards may not be sold until five years from date of grant, other than to meet tax liabilities.

CEO REMUNERATION RELATIVE TO EMPLOYEES

The table below summarises the change in Marco Gobbetti's base salary, benefits and bonus received as CEO for FY 2018/19 compared to the prior year. The same data is also shown for the UK employee population.

Year-on-year change (%)	Salary	Allowances and benefits	Bonus
CEO*	2%	10%	19%
UK Employees**	2%	0%	18%

* Calculated using FY 2017/18 data on an annualised basis given that Marco Gobbetti was appointed to the role of CEO on 5 July 2017.

** The comparator group includes all UK employees. This group has been chosen to align with the location of the CEO and with the pay ratio reporting below. For the comparator group of employees, the salary year-on-year changes include the annual salary review from July 2018 but exclude any additional changes made in the year, for example on promotion. In FY 2018/19, the bonus outturn based on Adjusted PBT performance was 60% of maximum, compared to 51% of maximum in FY 2017/18. For benefits, there were no changes to benefit policies or levels during the year. The increase in the value of benefits shown for the CEO reflects an increase in the market cost of the same benefits.

In line with the expectation set out in last year's report, and with our ongoing commitment to transparency in pay disclosure, the Committee has decided to voluntarily begin reporting the CEO pay ratio in advance of the formal requirement to do so next year.

The ratios, set out in the table below, compare the total remuneration of the CEO (as included in the single figure table on page 132) to the remuneration of the median UK employee as well as employees at the lower and upper quartiles. The disclosure will build up over time to cover a rolling 10-year period.

	25th percentile (P25)	Median (P50)	75th percentile (P75)
FY 2018/19 (Option A)	170:1	127:1	82:1

Notes regarding calculation:
The ratios are calculated using option A in the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50, and P75, respectively) were determined based on total remuneration for FY 2018/19 using a valuation methodology consistent with that used for the CEO in the single figure table on page 132. This option was selected on the basis that it provided the most accurate means of identifying the median, lower and upper quartile employees. The calculation is undertaken on a full-time equivalent basis.
The total remuneration in respect of FY 2018/19 for the employees identified at P25, P50 and P75 is £23k, £31k, and £48k, respectively. The base salary in respect of FY 2018/19 for the employees identified at P25, P50 and P75 is £20k, £25k, and £42k, respectively.

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

A significant proportion (around 80%) of the CEO's total remuneration is delivered in variable remuneration, and particularly via long-term share awards under the ESP. In order to drive alignment with investors, the value ultimately received from ESP awards is linked to stretching company performance targets and long-term share price movement. As a result, the pay ratio is likely to be driven largely by the CEO's ESP outcome and may therefore fluctuate significantly on a year-to-year basis.

As a broad illustration, based on incentive award sizes under the current Policy, the ratio could fluctuate between approximately 50x for a zero incentive outcome and approximately 250x for a maximum incentive outcome (prior to any potential further impact from share price movement).

RELATIVE IMPORTANCE OF SPEND ON PAY FOR FY 2018/19

The table below sets out the total payroll costs for all employees over FY 2018/19 compared to total dividends payable for the year and amounts paid to buy back shares during the year. The average number of full-time equivalent employees is also shown for context.

Relative importance of spend on pay		**FY 2018/19**	FY 2017/18
Dividends paid during the year (total)	£m	**171.1**	169.4
	% change	**+1.0%**	
Amounts paid to buy back shares during the year	£m	**150.7**	355.0
	% change	**-57.5%**	
Payroll costs for all employees	£m	**519.8**	515.2
	% change	**+0.9%**	
Average number of full-time equivalent employees		**9,862**	9,752
	% change	**+1.1%**	

SERVICE AGREEMENTS

The table below sets out information on service agreements for the current Executive Directors.

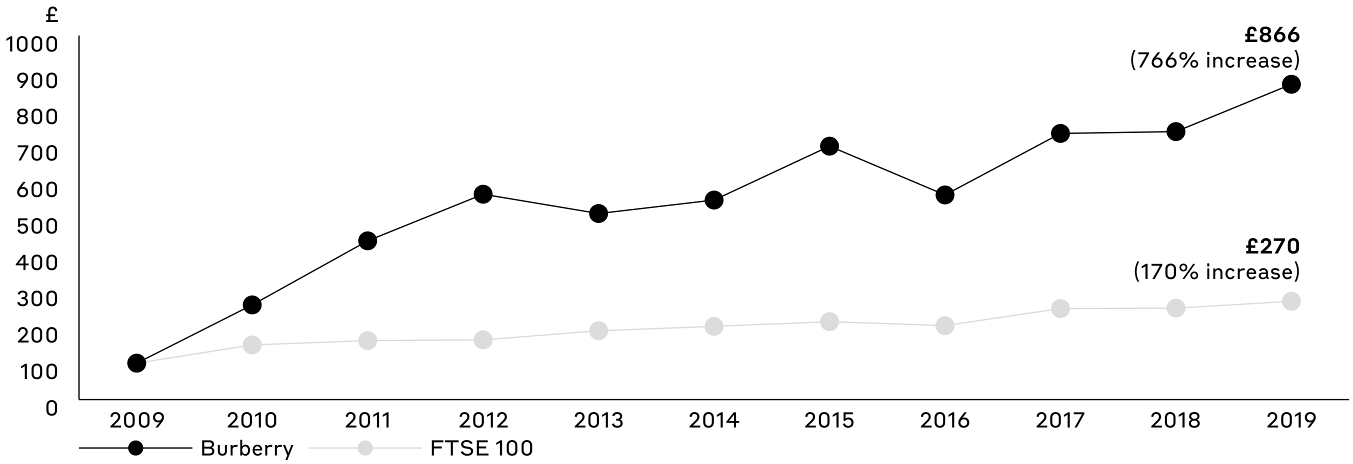
	Date of current service agreement	Date employment commenced	Notice period to and from the Company
Marco Gobbetti	11 July 2016	27 January 2017	12 months
Julie Brown	11 July 2016	18 January 2017	12 months

EXTERNAL APPOINTMENTS

Julie Brown serves as a Non-Executive Director of Roche Holding Limited and it was agreed that fees earned in connection with this appointment can be retained by her. For the period 1 April 2018 to 30 March 2019, Julie's fees for this appointment were CHF 360,000 (c. £276,119). Marco Gobbetti did not hold any external appointment during the year ended 30 March 2019.

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

The following graph shows the Total Shareholder Return (TSR) for Burberry Group plc compared to the FTSE 100 index assuming £100 was invested on 31 March 2009. Data is presented on a spot basis and sourced from DataStream. The table below shows the total remuneration earned by the incumbent Chief Executive Officer over the same 10-year period, along with the percentage of maximum opportunity earned in relation to each type of incentive. The total amounts are based on the same methodology as used for the single figure of total remuneration for FY 2018/19 on page 132.



FY[1]	2009/10 (AA)	2010/11 (AA)	2011/12 (AA)	2012/13 (AA)	2013/14 (AA)	2014/15 (AA)	2014/15 (CB)	2015/16 (CB)	2016/17 (CB)	2017/18 (CB)	2017/18 (MG)	2018/19 (MG)
Total remuneration (£'000)	7,362	16,003	9,574	10,901	8,007	157	7,508	1,894	3,508	1,091	6,330	3,965
Bonus (% of maximum)	100%	100%	100%	75%	70%	–	81%	0%	0%	51%	51%	60%
ESP (% of maximum)	–	–	–	–	–	–	–	–	–	5%	–	25%
Legacy incentive plans (no longer in operation):												
CIP[2] (% of maximum)	100%	100%	–	100%	100%	–	75%	0%	0%	–	–	–
RSP (% of maximum)	42.50%	–	100%	–	–	–	–	0%	19.30%	–	–	–
EPP[3] (% of maximum)	15%	50%	–	–	–	–	–	–	–	–	–	–
Exceptional award[4]	15%	50%	–	–	–	–	–	–	61.70%	59.9%	–	–

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

NON-EXECUTIVE DIRECTORS' REMUNERATION (AUDITED)

The Policy on remuneration for Non-Executive Directors is set out in the Directors' Remuneration Report FY 2016/17 (which can be found in the Annual Report FY 2016/17 at www.burberryplc.com).

The table below sets out the single figure of total remuneration received or receivable by the Non-Executive Directors in respect of FY 2018/19 (and the prior financial year).

		Fees[1] £'000	Benefits & Allowances[2] £'000	**Total £'000**
Non-Executive Directors				
Gerry Murphy	Year to 30 March 2019[3]	371	1	372
Fabiola Arredondo	Year to 30 March 2019	80	108	188
	Year to 31 March 2018	110	150	260
Ian Carter	Year to 30 March 2019	80	102	182
	Year to 31 March 2018	80	55	135
Jeremy Darroch	Year to 30 March 2019	130	–	130
	Year to 31 March 2018	130	2	132
Ron Frasch	Year to 30 March 2019	80	76	156
	Year to 31 March 2018[4]	47	25	72
Stephanie George	Year to 30 March 2019	80	76	156
	Year to 31 March 2018	80	64	144
Matthew Key	Year to 30 March 2019	85	5	90
	Year to 31 March 2018	80	4	84
Dame Carolyn McCall	Year to 30 March 2019	80	3	83
	Year to 31 March 2018	80	3	83
Orna NíChionna	Year to 30 March 2019	115	2	117
	Year to 31 March 2018[5]	25	–	25
Former Non-Executive Directors				
Sir John Peace	Year to 30 March 2019[6]	114	50	164
	Year to 31 March 2018	400	131	531

Notes

1. Fees include the base fee and additional Committee fees in line with the policy set out on page 142. The additional fees for the role of Audit Committee Chair have been split between Jeremy Darroch and Matthew Key to reflect time served in role.
2. Allowances include an attendance allowance of £2,000 for each meeting attended outside the Non-Executive Director's country of residence and the reimbursement of certain expenses incurred by Non-Executive Directors in the performance of their duties, which are deemed by HM Revenue & Customs to be subject to UK income tax. This includes costs in respect of air travel and other incidental costs incurred in attending regular Board and Committee meetings. Any tax liabilities arising on the reimbursement of these costs will be settled by the Company. Amounts disclosed have been estimated and have been "grossed up" at the appropriate tax rate, where necessary. Note that expenses for Fabiola Arredondo, Ian Carter, Ron Frasch and Stephanie George include travel expenses from the US. Expenses for Sir John Peace include healthcare cover and a car and driver.
3. Fees for Gerry Murphy relate to the period from 17 May 2018 when he joined the Board.
4. Fees for Ron Frasch in FY 2017/18 relate to the period 1 September 2017 to 31 March 2018.
5. Fees for Orna NíChionna in FY 2017/18 relate to the period 3 January to 31 March 2018.
6. Fees for Sir John Peace in FY 2018/19 relate to the period 1 April to 12 July 2018, when he stepped down from the Board.

SUMMARY OF CHAIRMAN AND NON-EXECUTIVE DIRECTOR FEES FOR FY 2019/20

The fee structure for the Chairman and Non-Executive Directors for FY 2019/20 is set out in the table below. There are no changes from the prior year.

Summary of Chairman and NED fees for FY 2019/20	Fee level £'000
Chairman[1]	425
Non-Executive Director	80
Senior Independent Director	20
Audit Committee Chair	35
Remuneration Committee Chair	35
Attendance allowance[2]	2

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

CHAIRMAN AND NON-EXECUTIVE DIRECTOR SHAREHOLDINGS (AUDITED)

The table below summarises the total interests of the Chairman and Non-Executive Directors (and their connected persons) in ordinary shares of Burberry Group plc as at 30 March 2019 (or at the date of stepping down, if earlier).

The shareholding guideline for the Chairman and Non-Executive Directors is to hold shares with a market value of £6,000 for each year of their appointment. As at 30 March 2019, all of the Non-Executive Directors had fulfilled this guideline.

Non-Executive Director	Total number of shares owned
Gerry Murphy	5,000
Fabiola Arredondo	7,500
Ian Carter	37,701
Jeremy Darroch	3,000
Ron Frasch	1,265
Stephanie George	41,600
Matthew Key	3,570
Dame Carolyn McCall	2,652
Orna NíChionna	3,067
Former Non-Executive Director	
Sir John Peace	195,738

There have been no changes in the period up to and including 15 May 2019.

REMUNERATION COMMITTEE IN FY 2018/19

Committee membership

The following Directors served as members of the Committee during FY 2018/19:

- Orna NíChionna (Chair)
- Fabiola Arredondo
- Ian Carter
- Ron Frasch
- Stephanie George
- Matthew Key (from 7 November 2018)

Committee remit

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

In addition to setting the remuneration of the Executive Directors, the Committee continues to directly oversee the remuneration arrangements for the Executive Committee.

SUMMARY OF MEETINGS

The Committee typically meets four to six times a year. During FY 2018/19, the Committee met four times and the agenda items discussed at these meetings are summarised below.

May 2018	• FY 2017/18 incentive outcomes • FY 2018/19 performance targets and incentive awards • FY 2018/19 senior executive remuneration • Approval of Directors' Remuneration Report FY 2017/18
November 2018	• Update on external environment (including changes to the Code) from independent advisors • Incentives performance update • Approval of changes to pension policy for new Executive Director hires
February 2019	• Update on external environment from independent advisors • Feedback on investor engagement • Approval of changes to malus and clawback provisions • Changes to Committee Terms of Reference • Consideration of the policies and practices which exist for the broader workforce • All-employee share plan review
March 2019	• Update on external environment from independent advisors • Review of draft Directors' Remuneration Report FY 2018/19 • Bonus and ESP performance update • Gender pay gap reporting

ADVISORS TO THE COMMITTEE

At the invitation of the Committee, except where their own remuneration is being discussed, the following roles may attend meetings and provide advice to the Committee: the Chairman, the Chief Executive Officer, the Chief Operating and Financial Officer, the Chief People, Strategy and Corporate Affairs Officer, the Chief Human Resources Officer, the Senior Vice President, Reward, the General Counsel, and the Company Secretary.

Deloitte was appointed as an independent advisor to the Committee in 2017 following a tender process and continued in that role during the year. Deloitte is a founding member of the Remuneration Consultants' Group (RCG), which is responsible for the development and maintenance of the voluntary Code of Conduct that clearly sets out the role of executive remuneration consultants and the professional standards by which they advise their clients. Fees are charged on a time and expenses basis and totalled £98,975 (plus VAT) during FY 2018/19. During the year Deloitte also provided other consulting services (including strategy, programme management, technology implementation and analytics), HR resourcing, tax compliance and advisory and transfer pricing services. The Committee is satisfied that advice received from Deloitte during the year was objective and independent and that all individuals who provided remuneration advice to the Committee have no connections with Burberry that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

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

REMUNERATION VOTING RESULTS

The table below shows the results of the latest remuneration-related shareholder votes on both the Directors' Remuneration Report (at the 2018 AGM) and the Directors' Remuneration Policy (at the 2017 AGM).

We have continued to engage with and listen to our shareholders during 2018/19 as part of our commitment to build on the constructive dialogue we have established. The Committee and I would like to thank all of you who have invested time with us, as it has helped to inform our thoughts on executive remuneration at Burberry going forward.

AGM voting results	Votes for	Votes against	Votes withheld
To approve the Directors' Remuneration Report for the year ended 31 March 2018	280,724,418 (89.24%)	33,863,557 (10.76%)	71,678
To approve the Directors' Remuneration Policy	315,538,767 (93.40%)	22,283,872 (6.60%)	1,291,775

Approval

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

ORNA NíCHIONNA
Chair, Remuneration Committee

15 May 2019

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated Financial Statements of the Company for the year to 30 March 2019.

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

- Strategic Report on pages 4 to 89.
- Governance Report, which includes the Board, the Corporate Governance Report and the Directors' Remuneration Report, on pages 92 to 144.
- Energy and global greenhouse gas emissions disclosure on page 48.

For the purposes of compliance with the Disclosure Guidance and Transparency Rules 4.1.5R(2) and 4.1.8R, the required content of the management report can be found in the Strategic Report or this Directors' Report, including the material incorporated by reference. The management report is intended to provide a fair, balanced and understandable assessment of the development and performance of the Group's business during the year and its position at the end of the year, its strategy, likely developments, and any principal risks and uncertainties associated with the Group's business.

OTHER GOVERNANCE DISCLOSURES
Revenue and profit
Revenue from continuing business during the period amounted to £2,720.2 million (2018: £2,7328 million). The profit for the year attributable to equity holders of the Company was £339.3 million (2018: £293.5 million).

Going concern and Risk and Viability Report
The going concern statements for the Group and Company are set out on pages 165 and 217 of the Financial Statements and are incorporated by reference and shall be deemed to be part of this report. Additionally, the Directors have considered the longer-term viability of the Company. The Risk and Viability Report can be found on page 74.

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

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

The Group's auditor is PricewaterhouseCoopers LLP. A resolution to reappoint PricewaterhouseCoopers LLP as auditor to the Company will be proposed at the forthcoming Annual General Meeting (AGM). Note 8 of the Financial Statements states the auditor's fees both for audit and non-audit work.

The Independent Auditor's Report starting on page 153 sets out the information contained in the Annual Report, which has been audited by the auditor.

During FY 2018/19 the Audit Committee undertook an external audit tender and Ernst and Young LLP was identified as the preferred candidate and its appointment was recommended to the Board. From FY 2020/21 EY will become the Group's auditor, subject to shareholder approval at the AGM in 2020. Details of the audit tender process are set out on page 119.

Political donations
The Company made no political donations during the year in line with its policy (FY 2017/18: £nil). In keeping with the Group's approach in prior years, shareholder approval is being sought at the forthcoming Annual General Meeting, as a precautionary measure, for the Company and its subsidiaries to make donations and/or incur expenditure, which may be construed as political by the wide definition of that term included in the relevant legislation. Further details are provided in the Notice of this year's AGM.

Financial instruments and risk
The Group's financial risk management objectives and policies are set out within note 26 of the Financial Statements. Note 26 also details the Group's exposure to foreign exchange, share price, interest, credit, capital and liquidity risks. This note is incorporated by reference and deemed to form part of this report.

Annual General Meeting
The AGM of the Company will be held at Conrad London St. James, 22-28 Broadway, London, SW1H 0BH on Wednesday, 17 July 2019. The Notice of this year's AGM is available to view on the Company's website at www.burberryplc.com.

The Directors consider that each of the proposed resolutions to be considered at the AGM are in the best interests of the Company and its shareholders, and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of each of the proposed resolutions, as the Directors intend to do in respect of their own shareholdings.

Directors
The names and biographical details of the Directors as at the date of this report are set out on pages 94 to 97 and are incorporated by reference into this report.

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

At the 2019 AGM, all Directors will offer themselves for re-election except Ian Carter and Stephanie George who are retiring immediately after the AGM. The Notice of this year's AGM sets out why the Board believes the Directors should be re-elected. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office. Brief details of these are also included on pages 123 to 144 of the Remuneration Report.

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

Directors' insurance and indemnities
The Company maintains Directors' and officers' liability insurance, which gives cover for legal actions brought against its Directors and officers. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the financial year ended 30 March 2019 and through to the date of this report.

Directors' share interests
The interests of the Directors holding office at 30 March 2019 in the shares of the Company are shown within the Directors' Remuneration Report on pages 123 to 144. There were no changes to the beneficial interests of the Directors between the period 30 March 2019 and 15 May 2019.

Amendment to Articles of Association
The Company's Articles of Association were adopted at the 2015 AGM. Any amendments to the Company's Articles of Association may be made in accordance with the provisions of the Companies Act 2006 by way of a special resolution. There is no change to the Articles of Association being proposed at this year's AGM.

Substantial shareholdings
As at 30 March 2019, the Company had been notified under Rule five of the Disclosure Guidance and Transparency Rules of the following major interests in its issued ordinary share capital:

	Number of ordinary shares	% of total voting rights[1]
BlackRock Inc.	27,729,908	6.62
Lindsell Train Limited	21,928,267	5.00

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

As at 15 May 2019, the Company had not received any further notifications under Rule 5 of the Disclosure Guidance and Transparency Rules of major interests in its issued ordinary share capital.

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

Listing Rule	Description of Listing Rule	Page reference
9.8.4 (12)	Details of any arrangement under which a shareholder has waived or agreed to waive any dividends.	147

Interests in own shares
Details of the Group's interests in its own shares are set out in note 23 to the Financial Statements.

Share capital
Details of the issued share capital, together with details of movements in the issued share capital of the Company during the year, are shown in note 23. This is incorporated by reference and deemed to be part of this report.

The Company has one class of ordinary share, which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. As at 30 March 2019, the Company had 411,456,001 ordinary shares in issue. The Company does not hold any shares in treasury.

In order to retain maximum flexibility, the Group proposes to renew the authority granted by ordinary shareholder resolution at the AGM in 2018, to repurchase up to just under 10% of its issued share capital. Under the authority from June 2018 to September 2018, £150 million worth of shares were bought back. Further details of the share buyback can be found in note 23 to the Financial Statements. A further share buyback of £150 million will be completed in FY 2019/20. Further details are provided in the Notice of this year's AGM, which is available on the Company's website at www.burberryplc.com.

At the AGM in 2018, shareholders approved resolutions to allot shares up to an aggregate nominal value of £69,017, and to allot shares for cash other than pro rata to existing shareholders. Resolutions will be proposed at this year's AGM to renew these authorities.

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

Details of employee share schemes are set out in note 27 to the financial statements. The Burberry Group plc ESOP Trust has waived all dividends payable by the Company in respect of the ordinary shares it holds. In addition, the Burberry Group plc SIP Trust has waived all dividends payable by the Company in respect of the unappropriated ordinary shares it holds. The total dividends waived in the year to 30 March 2019 were in aggregate £0.9 million (2018: £2.0 million).

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

Dividends
The Directors recommend that a final dividend of 31.5p per ordinary share (FY 2017/18: 30.3p) in respect of the year to 30 March 2019 be paid on 2 August 2019 to those persons on the Register of Members as at 28 June 2019.

An interim dividend of 11.0p per ordinary share was paid to shareholders on 1 February 2019 (FY 2017/18: 11.0p). This will make a total dividend of 42.5p per ordinary share in respect of the financial year to 30 March 2019. The aggregate dividends paid and recommended in respect of the year to 30 March 2019 total £173.5 million (FY 2017/18: £171.7 million).

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

Service agreements
Details of the service agreements of the Executive Directors are set out on page 139 of the Directors' Remuneration Report.

Share plans
The provisions of the Company's employee share plans may cause options and awards granted under such plans to vest upon a change of control.

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

EMPLOYEE INVOLVEMENT

Employee communications
The Company believes that employee communications is an important tool to enhance the Company culture and connectivity, and to motivate and retain employees. A global communications programme, incorporating various physical and digital channels, enables all employees to connect and collaborate closely. These channels are used to efficiently communicate the Company's key strategies, financial performance and other matters of interest and importance.

Burberry World is the key digital intranet channel used by the Company to communicate with employees globally. Through Burberry World the Company shares news, significant brand events and Company announcements.

Other methods and channels used include town halls, face-to-face briefings, open discussion forums with senior management, email and instant messaging. The Company also uses videos, podcasts and digital web pages to communicate key initiatives, events and other brand messages, to enhance internal communications, employee connectivity and the Burberry culture.

Employee share ownership
As part of its remuneration framework the Group operates two all-employee share plans and encourages employee share ownership at all levels of the organisation. Further details of these are set out in the Directors' Remuneration Report on pages 123 to 144.

Under its two all-employee share plans, during FY 2019/20 the Group intends to grant awards of free shares (or equivalent cash-based awards as appropriate) to all eligible employees globally and to invite eligible employees where possible to participate in the Sharesave Scheme. The Group reviews the operation of these plans to ensure that they effectively support the Group's strategy and encourage alignment by employees with the Group's performance.

Further information regarding the Group's approach to employee involvement and communications is provided on page 62.

EMPLOYMENT POLICIES

The Company takes an inclusive approach to employment. More information can be found on page 41. The Company encourages its employees to work across functions, geographies and cultures to enhance understanding and create a connected global community. As the Group continues to grow globally, we are building on our long-term commitment to diversity and inclusion, embracing the cultures of all the countries where we do business. Burberry is committed to making the necessary adjustments to support employment of people with disabilities, and provide training and development to ensure they have the opportunity to achieve their potential.

Further information regarding the Group's employment policies is provided on the Group's website at www.burberryplc.com.

Health and Safety

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

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

In FY 2018/19, as a result of our many initiatives, we have seen improvements across all health and safety topic areas, with specific focus on supporting the business with health and well-being initiatives.

The Strategic Report from pages 4 to 89 and Directors' Report from pages 145 to 149 have been approved by the Board on 15 May 2019 in accordance with the Companies Act 2006.

By order of the Board

GEMMA PARSONS
Company Secretary

15 May 2019

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Registered in England and Wales
Registered number: 03458224