Annual Report 2022/23

BURBERRY

BY APPOINTMENT TO
HM QUEEN ELIZABETH II
WEATHERPROOFERS
BURBERRY LIMITED LONDON

BY APPOINTMENT TO
HRH THE PRINCE OF WALES
OUTFITTERS
BURBERRY LIMITED LONDON

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Gerry Murphy
Chair

Chair's Letter

"Burberry is in very good shape financially, operationally and strategically, thanks to our leadership team and the energy and commitment of our exceptional colleagues around the world."

Dear Shareholder,

I am pleased to report that Burberry is in very good shape financially, operationally and strategically, thanks to our leadership team and the energy and commitment of our exceptional colleagues around the world. Jonathan Akeroyd, who joined Burberry as Chief Executive Officer just before the start of FY 2022/23, has set out a clear ambition for Burberry's longer-term growth as the quintessential British luxury brand and has set about achieving that ambition with great urgency.

Performance

Burberry is performing well and delivered record sales, profits and earnings per share. This strong financial performance has been achieved against a background of continuing global uncertainty, high inflation and ongoing recovery from the COVID-19 pandemic, especially in our important Asian markets where international travel and tourism are still well below pre-pandemic levels, and clearly demonstrates again the agility and resilience of our business.

As well as delivering for shareholders, we continued to bring Burberry's purpose to life, supporting all of our colleagues to reach their full potential and ensuring that Burberry is always and everywhere a welcoming, inclusive, fair and safe place to work and one that reflects, and is enriched by, the diversity of the communities in which we operate.

Our brand is rooted in the enduring values of our founder, Thomas Burberry. As a modern British luxury brand, we are using our products to drive positive change. During FY 2022/23, we renewed our commitment to act responsibly under the banner 'Burberry Beyond', laying out ambitious targets in relation to climate change and preserving the natural world, notably our determination to become Climate Positive by 2040. In this context, we are deepening our engagement with suppliers and continue to strengthen and enforce our rigorous ethical trading standards in our supply chain.

As he signalled a year ago, and detailed at our interim results presentation last November, Jonathan has energised the Group as he reinforces Burberry's position as the standard bearer for modern British luxury, leveraging our unique brand and heritage in the process. Amongst a host of key operational interventions, Jonathan's appointment of Daniel Lee, a young British designer who hails from our Yorkshire heartlands, as our Chief Creative Officer stands out as a statement of intent in this regard. As you can read in Jonathan's letter which follows, Daniel joins an executive team being repurposed to achieve the ambitious goals Jonathan has set for Burberry, adding new talent and ideas to our deeply committed and enthusiastic team.

Governance developments

Our new Directors' Remuneration Policy, which will be presented to shareholders for approval at the Annual General Meeting in July 2023, is set out on pages 212 to 225. Danuta Gray, Chair of our Remuneration Committee conducted an extensive engagement programme, engaging with shareholders controlling around 65% of our issued share capital. We are very grateful for the feedback we have received. Danuta's letter on pages 200 to 207 provides more detail regarding our proposed policy and the consultation process and we look forward to receiving your support.

Board changes

We recently said goodbye to Julie Brown who, as Chief Operating and Financial Officer over the last six years, has made a very significant contribution to Burberry's transformation and delivering our sustainability ambitions. As announced on 15 March 2023, Kate Ferry will succeed Julie as Chief Financial Officer and will join Burberry on 17 July 2023. Kate joins us from McLaren Group where she has overseen financial strategy and investor relations and will be a strong addition to our Board and executive team.

Matthew Key will retire from the Board and as Chair of our Audit Committee at the end of the 2023 AGM having served as a Non-Executive Director for just over nine years. On behalf of the Board, I would like to thank Matthew for his wise counsel, outstanding service to Burberry and his leadership of the Audit Committee since becoming Chair in February 2019. As previously announced, Alan Stewart, who joined the Board as a Non-Executive Director in September 2022 and has extensive experience as a chief financial officer and non-executive director of major international public companies, will take over as Chair of the Audit Committee when Matthew retires.

Dividend

Overall, given the continuing performance of the Group and its strong financial position, the Directors are pleased to recommend a final dividend of 44.5p per ordinary share subject to approval at the Annual General Meeting. This is consistent with our Capital Allocation Framework and gives a full year dividend per ordinary share of 61.0p (FY 2021/22: 47.0p) representing a pay-out ratio of around 50%. Also consistent with our Capital Allocation Policy, the Board has also approved a £400 million share buyback to be completed in FY 2023/24.

"We enter FY 2023/24 with confidence, a clear and coherent vision for Burberry as the beating heart of modern British luxury, renewed creative direction and executive leadership to achieve that vision and a bold and explicit ambition for responsible growth."

Looking ahead

We enter FY 2023/24 with confidence, a clear and coherent vision for Burberry as the beating heart of modern British luxury, renewed creative direction and executive leadership to achieve that vision and a bold and explicit ambition for responsible growth, all built upon the foundations laid down in recent years.

In closing, I want to express my thanks to Jonathan, our executive team and colleagues everywhere for their relentless energy and commitment to this new and exciting phase of Burberry's evolution and to my fellow Board members for their unfailing engagement and invaluable advice to me and our executive team. As always, we thank our shareholders for their support.

Gerry Murphy
Chair

Our purpose and values

At Burberry, we are guided by the core belief that Creativity Opens Spaces. Our purpose informs the choices we make as a company and shapes our long-term goals.

A reference to Thomas Burberry's Open Spaces manifesto, our purpose draws on our heritage of pushing boundaries and making space for creativity to flourish.

For our founder, "open spaces" referred to the tiny pockets of air found within the weave of gabardine, the revolutionary fabric he invented. It was also a nod to the freedom his products gave to the pioneers who wore Burberry clothing, including explorer Sir Ernest Shackleton and aviator Betty Kirby-Green, and the open spaces they explored.

We uphold that tradition of innovation today to inspire and delight our customers with products of the highest quality and exceptional experiences.

Our purpose is underpinned by our values. Being creatively driven, forward thinking, open and caring, and proud of our heritage are hallmarks of our organisation at its best and have remained core to our brand since the Company was founded in 1856.

Jonathan Akeroyd
Chief Executive Officer

Chief Executive Officer's Letter

"We are well positioned to leverage the unique attributes that make Burberry special to drive revenue growth and acceleration."

Dear Shareholder,

When I first wrote to you last year, I spoke of my admiration for Burberry, its position as a unique British brand with an extraordinary heritage, iconic products and house codes, and strong culture and values.

Over the last 12 months, I have had the opportunity to really get to know the business, visiting many of our stores in key luxury locations around the world and seeing our manufacturing facilities, both here in the UK and in Italy. I have been impressed by what I have seen and I believe we are well positioned to leverage the unique attributes that make Burberry special to drive revenue growth and acceleration.

FY 2022/23 performance

Thanks to these strong foundations, we delivered a strong financial performance in FY 2022/23.

- Revenue reached £3.1 billion, up 5% at constant exchange rates (CER) and 10% at reported rates
- Adjusted operating profit was £634 million, up 8% at CER
- Reported operating profit was £657 million, up 21%
- Adjusted diluted earnings per share (EPSA) was 122.5p, up 16% at CER and 30% at reported rates
- Reported diluted EPS was 126.3p, up 29%

Revenue accelerated in the fourth quarter as growth rebounded in Mainland China following the lifting of COVID-19 restrictions. Having travelled there to visit some of our stores and meet with retail partners in person, I was very encouraged by the excitement surrounding Burberry in the market. We also generated strong growth in EMEIA as tourism returned. Our performance in both regions helped compensate for a softening in the Americas. Despite the slowing economy there, I was pleased with the direction in which our business is evolving as we recruited more higher-spending women to our brand, buying into higher value products, particularly leather goods.

Modern British luxury

In October, we appointed Daniel Lee as our new Chief Creative Officer for this next phase, succeeding Riccardo Tisci. Born in Bradford, UK, Daniel is an exceptional talent with a deep understanding of today's luxury consumer and a strong record of commercial success. He understands Burberry's heritage and its unique position as a British luxury brand and his appointment reinforces the ambitions we have for the Company.

In November, we set out a clear strategy to realise Burberry's potential as the modern British luxury brand, with a medium-term target to grow sales to £4 billion at constant exchange rates, and a longer-term ambition to reach £5 billion in revenue. The key elements of our plan are to harness the power of our brand, bring all categories to full potential and strengthen distribution, while continuing to simplify and streamline key processes, deliver on our bold sustainability ambitions, positively impact communities, and ensure our people are supported and inspired to deliver.

A new creative expression

We have made good progress on this since then. We have started to bring more clarity to the brand, refocusing on Britishness and broadening our appeal. In February, we launched a new brand identity with a fresh expression of our wordmark and a modern evolution of our iconic Equestrian Knight Design. We rolled this out across multiple touchpoints including the facades and interiors of our stores in London, Paris, Milan and New York.

Alongside this new creative expression, we launched Daniel's first campaign for Burberry. Shot in London, the multimedia campaign featured a cast of eclectic talent including Vanessa Redgrave, Georgia May Jagger and Kano whom Daniel styled in our iconic rainwear and Burberry Check. It reached an estimated half a billion people in its first week alone and helped drive a very strong acceleration in heritage rainwear sales in the fourth quarter.

We followed this by returning to the London Fashion Week schedule for Autumn Winter 2023, staging Daniel's debut runway in a custom-made tent in Kennington Park, London, to reinforce our connection with the great British outdoors. Opening the show with a modern interpretation of the Burberry trench coat, Daniel introduced a bold new colour palette to our aesthetic and reimagined Burberry's signature codes across product categories. The collection featured a compelling new bag offer and a broader shoe offer. It also provided a fresh take on ready-to-wear, with a fuller offer for the Burberry woman. The collection was very well received and we are excited about it landing in stores and online later this year.

At the same time, we advanced the rollout of our store refurbishment programme, upgrading 60 stores in the year, and delivered a material improvement in store productivity. With 30% of our full-price network now in a new format, we remain on track to complete the refurbishment of all our stores by FY 2025/26. We also focused on strengthening our foundations in e-commerce and we have developed a comprehensive plan to unlock our potential in this channel. This includes elevating the customer experience and enhancing product and merchandising on Burberry.com.

Operational delivery

To drive the delivery of our growth ambition, we have made changes to our operating model and hired specialists in new leadership roles. We created an innovation function and integrated responsibility for global e-commerce, digital product and analytics under a new Chief Digital, Customer and Innovation Officer Giorgio Belloli. We streamlined our commercial collection structure and strengthened the connection between product merchandising, planning and design under a new Chief Merchandising Officer Delphine Sonder. We brought together supply chain and product development under a new Chief Supply Chain and Industrial Officer Klaus Bierbrauer to improve efficiency, while ensuring end-to-end ownership for delivery. We also appointed Melissa Johnston to the newly-created role of Chief Visual Officer, with responsibility for visual merchandising and architecture. The positive impact of these changes is already being felt.

We also announced the appointment of Kate Ferry as our new Chief Financial Officer, succeeding Julie Brown. Kate has extensive experience of public markets, business transformation and development and an excellent understanding of the consumer and luxury industry. She is a strong addition to our leadership team and I am excited about her joining on 17 July 2023 to support this next phase of Burberry's development.

Alongside this, we are strengthening our industrial capabilities by entering into an agreement to acquire a product development business from a longstanding Italian supplier. This strategic investment will enhance our technical outerwear capabilities, building on our strong manufacturing heritage in the UK, where we will continue to weave gabardine and make our heritage trench coats, and provide greater control over the quality, delivery and sustainability of our products.

In addition, we continued to make progress on our social and environmental responsibility programme. This included further reducing our scope 1, 2 and 3 carbon emissions and expanding our aftercare services to cover more products in more stores. To support our UK employees through the cost-of-living crisis, we brought forward the Living Wage increase by more than six months. We also expanded our wellbeing programme to benefit more than 5,000 workers in our extended supply chain. We continued to positively impact young people through community programmes and The Burberry Foundation.

Looking ahead

As we reflect on the past 12 months and look to the year ahead, I would like to take this opportunity to thank Riccardo Tisci and Julie Brown for their support and the significant contribution they have made to elevating our brand and business. They have left strong foundations on which we can build.

I would also like to thank my Burberry colleagues for their continued passion and commitment. We have a clear plan to drive growth and acceleration that the whole team has bought into. We have made good progress on this. While the external environment remains uncertain, we are confident we can achieve our ambitions and realise Burberry's potential as the modern British luxury brand. We are excited about the opportunity that lies ahead.

Jonathan Akeroyd
Chief Executive Officer

Financial Highlights

Revenue by region[1,2,3]

Americas	Europe, Middle East, India and Africa	Asia Pacific
£743m	£1,004m	£1,297m
-4% at CER	+22% at CER	-1% at CER
Number of stores: 85	Number of stores: 102	Number of stores: 226

Total revenue by channel

Retail/wholesale revenue by destination (£m)

Period ending	**1 April 2023**	2 April 2022
Retail	**2,501**	2,273
Wholesale	**543**	512
Licensing	**50**	41

Revenue by product[2]

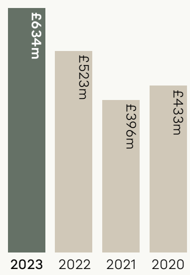
Retail/wholesale revenue by product (£m)

Period ending	**1 April 2023**	2 April 2022
Accessories	**1,125**	1,017
Women's	**867**	784
Men's	**868**	807
Children's, Beauty and other	**184**	177

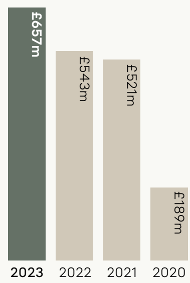
1. All references to revenue growth are presented at Constant Exchange Rates (CER) and exclude the impact of the 53rd week in FY 2021/22. See page 45 for reconciliation to total revenue.
2. Retail/wholesale revenue.
3. For more detail on performance see Financial Review on pages 38 to 46.

Revenue

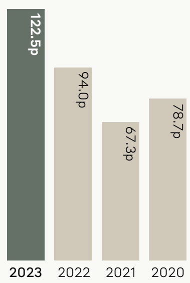
Adjusted operating profit



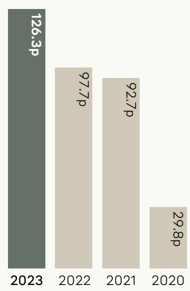
Operating profit



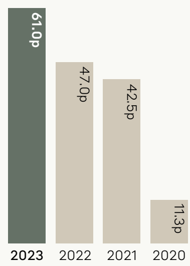
Adjusted diluted EPS



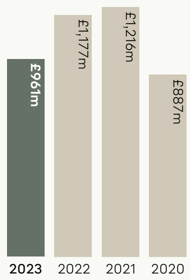
Diluted EPS



Dividend per share



Cash (net of overdrafts)*



Alternative performance measures, including adjusting measures, are defined on page 45.

* The Group also had borrowings at 1 April 2023 of £298m (2 April 2022: £298m, 27 March 2021: £297m, 28 March 2020: £300m).

Business Model

Born from innovation, Burberry is a global luxury brand with a rich British heritage.

What we do

Design
We design products to inspire and excite our customers. We think and act creatively, and our teams across the business work collaboratively with common goals in mind.

Source
We source the finest materials available to create our products. We put sustainability and the wellbeing of our people and communities at the heart of our business decisions.

Sell
We sell products through our directly operated and franchised stores, as well as via wholesale partners and online. For some products, including eyewear and beauty, we collaborate with licensing partners, leveraging their product and distribution expertise.

Make
We make our products at Burberry-owned sites in the UK and Italy, as well as in collaboration with a network of global suppliers. All our activities are underpinned by a commitment to responsible craftsmanship.

What makes us different

Purpose-driven people
We are an open, inclusive and caring employer. We believe our people's diversity of skills, background and life experiences fuel innovation. Today, our colleagues represent 140 nationalities across 34 countries and territories.

A global luxury brand with a rich British heritage
Our identity is intrinsically linked to our British heritage and the 167-year-old legacy of our founder. With the invention of gabardine in 1879, Thomas Burberry established our brand as an outerwear pioneer driven by creativity. We build on this today.

Delivering growth while playing a positive role in society

Customers
We create opportunities for our customers to explore the world of Burberry and discover our products. We engage with our customers both in-store and online, building a sense of community through memorable experiences.

People
We put our people at the heart of what we do and strive to provide a rich and rewarding colleague experience in a workplace where our people can express their creativity and bring their best and true selves to work. We also seek to have a positive impact on people in our external supply chain.

Communities
We play a positive role in society by contributing to local economies. We support communities through direct partnerships and in collaboration with relevant organisations.

Environment
We are committed to being a responsible business. We innovate to reduce our environmental impact and collaborate with our industry peers to create a more sustainable future for luxury fashion.

Shareholders
We aim to provide return on investment and create sustainable long-term value for our shareholders. To achieve this, we focus on: revenue growth, operating profit margin accretion and capital efficiency.

Unique supply chain rooted in British craftsmanship
We combine traditional craftsmanship and innovative manufacturing techniques to create products that are designed to stand the test of time.

We weave gabardine and manufacture our Heritage Trench Coats at our sites in Yorkshire, where we employ more than 700 people. Our cashmere scarves are made in Scotland and we oversee all aspects of the manufacture of our leather goods products at our centre of excellence in Tuscany.

Digital pioneer with global retail footprint
We offer retail experiences aligned to our brand vision through our global network of stores. We make Burberry available whenever and wherever our customers wish to engage with our brand. We seek to deliver customer service of the highest standard.

Investment Case

Our vision is to realise our potential as the modern British luxury brand, delivering sustainable, high-quality growth and value for all our stakeholders.

Strategy

Harness the power of our brand	Bring all product categories to full potential	Strengthen distribution
Burberry's British heritage permeates our brand and our products. We are harnessing our unique story and leveraging what makes Burberry special to deepen our relationship with our customers, enhance our storytelling and drive growth.	We are known for creating beautiful products that are made to last. We are elevating each of our product categories to reach their full potential, strengthening our focus on accessories, and creating a wearable luxury wardrobe.	We are strengthening distribution by focusing on elevation and execution across all channels and regions, ensuring that our customers can better connect with our brand and discover the products they love with ease.

Seamless execution

Read more about our strategy on pages 20 to 29.

Environmental and Social Responsibility

Product

Responsible craftsmanship

Read more on page 51

Planet

Become Climate Positive

Read more on page 56

People

Diversity, Equity, Inclusion and Wellbeing

Read more on page 68

Communities

Positively impact young people

Read more on page 82

Read about our commitment to Responsibility on pages 50 to 93.

Value creation

Our value creation framework focuses on three pillars: revenue growth, adjusted operating profit margin accretion and capital efficiency.

Revenue growth

Our target in the medium term is to deliver revenue of £4 billion (at FY 2021/22 CER). Our longer-term ambition is to develop Burberry into a £5 billion revenue brand.

Adjusted operating profit margin accretion

High single-digit revenue growth will drive operating leverage, ensuring progression to our target of over 20% adjusted operating profit margin (at FY 2021/22 CER) in the medium term.

Capital efficiency

Burberry has a Capital Allocation Framework, which prioritises the use of cash while maintaining an appropriate capital structure for the business. Our uses of cash are summarised below.

Our Capital Allocation Framework

1. Reinvest for organic growth
2. Progressive dividend policy
3. Strategic inorganic investments
4. Return excess cash to shareholders

Maintain a strong balance sheet with a solid investment grade credit rating

Read more about our Capital Allocation Framework on page 47.

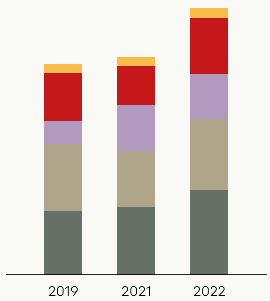
Luxury Market Environment

The luxury sector

In 2022, the personal luxury market grew by 15% to a record €353 billion.

Growth in the sector was a result of strong performances across most geographies, particularly South Korea and South East Asia, followed by Europe and the Americas. Mainland China remained challenging throughout 2022 due to prolonged COVID-19-related restrictions, which impacted traffic and performance across all channels and categories. Recovery is expected in 2023 following the lifting of COVID-19 restrictions from December 2022. Growth in Europe outperformed expectations due to sustained local consumption and a rebound in tourist activity, while the US posted solid first-half sales across all channels and categories. Overall, luxury markets surpassed pre-COVID-19 levels and are expected to remain resilient despite continued global uncertainty.

Market growth by geography



Americas
+26% YOY
(+34% vs 2019)

Europe
+26% YOY
(+6% vs 2019)

Mainland China
(1)% YOY
(+94% vs 2019)

Americas · Europe · Mainland China · Rest of Asia · Rest of World

Luxury geographies

Asia

Mainland China's luxury market reduced 1% compared with 2021. Growth was, however, up 94% from 2019, representing the highest increase of all regions. The year-on-year decline was fuelled by prolonged lockdowns in the first and fourth quarters, which impacted traffic and performance across all channels and categories. With traffic recovering after the lifting of COVID-19 restrictions, Mainland China's luxury market is expected to grow 15% year-on-year. In the rest of Asia, overall sales increased by 43% versus 2021 and 14% versus 2019. South Korea and South East Asia saw strong growth across all categories. In Japan, sales increased by 18% versus 2021 and 1% versus 2019 as a result of solid local consumption and a resumption in tourism.

Americas

In the Americas, the personal luxury goods market grew 26% in 2022 versus 2021, and 34% versus 2019. This was due to an increase in local demand and a rebound in tourism. Across the region, performance was particularly strong in the first half of 2022, while consumption softened in the second half of the year. In the US, traditional luxury hubs such as New York and Los Angeles returned to growth post lockdowns and demand in second-tier markets, including Chicago and Houston, remained strong. Since the start of 2023, the outlook for the personal luxury goods market in the Americas has become more uncertain.

Europe and Middle East

Europe's luxury market surpassed pre-pandemic levels, growing 26% versus 2021 and 6% versus 2019, following strong local demand (+50%) and increased tourist spending from intra-regional and extra-regional travellers (+50%). International tourism, particularly in France and Italy, was led by tourists from the Americas who have more than doubled their spending versus 2019 due to a strong dollar. The Middle East continued to experience strong growth, consistent with trends seen in Europe.

Product

Leather goods
Leather goods remained a strong category in 2022, increasing by 24% versus 2021. The category continued to attract customers purchasing both iconic pieces and new hero items. Growth was primarily seen in fashion-oriented pieces, particularly in the small leather goods category, which continued to gain traction.

Apparel
The apparel category grew by 23% in 2022 versus 2021 and 16% versus 2019, a significant rebound from 2019 levels after several years of stagnation. In parallel, elevated streetwear, formal wear and occasion wear also regained traction after the rise of comfort wear during lockdowns.

Shoes
The footwear market grew by 21% versus 2021, with strong performances registered across most geographies. Formal styles experienced a rebound due to renewed interest post-lockdowns. As a result, the formal category returned to 2019 levels, while demand for sneakers cooled in favour of new casual categories.

Market growth by product

Leather goods	Apparel	Shoes
+24% YOY	+23% YOY	+21% YOY
(+40% vs 2019)	(+16% vs 2019)	(+35% vs 2019)

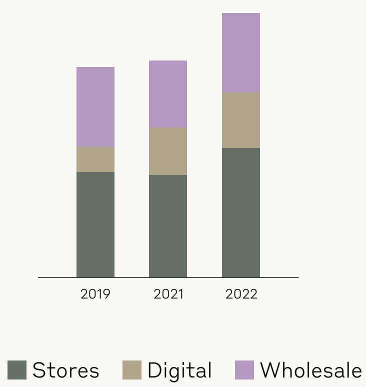
Channels

Stores
Retail channels continued to see positive growth in 2022 as a result of customers returning to stores. Mainline stores grew by 27% versus 2021 and returned to 2019 levels in terms of channel mix. Other offline channels continued to grow, with outlets registering a 19% uptick versus 2021 and travel retail delivering the highest growth at 40% versus 2021, returning to pre-pandemic levels.

Digital
Online channels grew by 16% in 2022 versus 2021, reaching a channel penetration of 21%, almost double that of 2019 (12%). This indicates a normalising trend compared to the dramatic acceleration experienced throughout the pandemic. Brand.com outperformed third-party distribution, as brands accelerated efforts to engage their customers through digital platforms under their control.

Wholesale
Wholesale continued to lose market penetration in 2022 as a result of consumers' increasing reliance on digital and direct-to-consumer channels. Despite this, wholesale experienced a recovery from 2019 due to the resurgence in tourism in Europe and a renewed value proposition in the US. Within wholesale channels, department stores and speciality stores grew 18% and 15%, respectively, compared to 2021.

Market growth by channel



Stores
+27% YOY
(+23% vs 2019)

Digital
+16% YOY
(+120% vs 2019)

Wholesale
+18% YOY
((1)% vs 2019)

Key themes

The luxury market continues to demonstrate its resilience despite macroeconomic uncertainty. This has been supported by strong generational trends and an expanding customer base, as well as solid fundamentals, including product elevation, the continued strength of full-price channels, and luxury brands' power to inspire and engage consumers.

Broadening customer base

The luxury consumer base is rapidly expanding and broadening across generations, spend levels and geographies. In 2022, the luxury market approached ~400 million customers and is expected to grow further to reach 500 million by 2030. By generation, Gen Z and Gen Y customers continued to grow their share of revenue from 44% in 2019 to 65% in 2022. Gen Z and Gen Alpha customers, born in the early 2010s, are expected to have the biggest impact on the development of the luxury market. Spending from these generations is anticipated to grow three times faster versus older generations until 2030, encouraged by an informed approach to luxury.

The affluent customer base also grew from 35% to an estimated 40% of market value in 2022, increasing both in terms of customer numbers and average spending. Luxury brands are developing bespoke strategies to offer unique, dedicated and enhanced product offerings and experiences to engage this segment.

While traditional luxury geographies still hold the majority share of the market, smaller markets, such as India and South East Asia, are emerging as new pockets of growth for the industry.

Brand clarity and authenticity

Across all segments, consumers expect brands to have a clear purpose and to communicate with them in a meaningful, coherent and authentic way. Successful brands are leveraging their attributes to offer a unique proposition to customers who are increasingly knowledgeable.

To engage their customers, luxury brands are continuing to invest in local activities, taking over key cities and landmarks to boost brand visibility and heat. The strong cadence of local activations, including shows, exhibitions, collaborations and pop-ups, experienced over the last several years will likely continue.

Product elevation

In 2022, the market saw a continuation of the product elevation trend, which impacted demand over the last three years, both in terms of categories and pricing strategies. The formal-wear category, which declined significantly during the early phases of the COVID-19 pandemic, rebounded in 2021 and continued to grow in 2022. In parallel, the definition of formal wear has evolved. While work attire has shifted to become more casual, occasion wear is predicted to dominate the category. Brands have also continued to implement deliberate pricing elevation strategies, particularly in strategic categories such as leather goods.

Digital acceleration

The pandemic boosted the adoption of digital channels among consumers. Share of sales through online channels grew 20% in 2022 versus 2021. Online channels are expected to continue to accelerate in the medium term and to reach up to 34% of market value by 2030, consolidating online's role as the primary channel for transactions. To capture this opportunity, brands have continued to invest in their own transactional channels, enriching content while accelerating the development of omnichannel services and formats to create an integrated customer experience. As consumer targeting through traditional digital marketing channels becomes less effective and more costly, compounded by changes in data privacy regulations, brands are investing more in fuelling organic traffic to their websites through inspirational campaigns and new channels, including the metaverse and non-fungible tokens (NFTs).

Sources

1. Bain Altagamma Luxury Goods Worldwide Market Study Fall 2022 – 21st edition.
2. The State of Fashion 2023 – Business of Fashion and McKinsey & Company.
3. Goldman Sachs luxury industry estimates (December 2022).

Strategy Overview

Over the past five years, we have elevated our product offer and brand positioning to reflect Burberry's unique qualities and extraordinary heritage. In the next phase of our strategy, we are focusing on revenue growth and acceleration.

In November 2022, we set out the next phase of our strategy to realise our potential as the modern British luxury brand. In the medium term, we are targeting revenue of £4 billion (at FY 2021/22 CER). Our longer-term ambition is to develop Burberry into a £5 billion revenue brand. This will drive significant operating leverage, increasing our adjusted operating profit margin well above 20%.

Building on a very strong platform, we have identified opportunities across the business to unlock growth.

The key elements of our plan are as follows:

Modern British luxury

Harness the power of our brand	Bring all product categories to full potential	Strengthen distribution
Seamless execution		

Opportunities to unlock growth in the next phase

	2017-2022: Brand elevation	**2022+:** Modern British luxury
Brand	Elevated the brand	Improve clarity Broaden appeal through modern luxury aesthetic Refocus on Britishness
Communications	Redefined brand image	Drive consistent brand message across all touchpoints Supercharge customer focus
Product	Established the leather goods category	Bring all categories to full potential, shifting our mix more towards accessories
Distribution	Reoriented business to full price Cleaned up wholesale Upgraded store network	Accelerate store refurbishments Seize opportunities in e-commerce
Enablers	Operational efficiency	Value chain excellence Inspired people Values and sustainability

Harness the power of our brand

In this next phase of our strategy, we are reinterpreting the richness of our heritage with a modern vision and refreshed aesthetic to support revenue growth and acceleration. We are also improving brand clarity and broadening our appeal by strengthening the connection between our brand messaging and product.

In February 2023, we brought to life modern British luxury as a desirable and relatable lifestyle with the launch of Daniel Lee's first creative expression for Burberry. The campaign presented a sharper and more coherent brand image, which we consistently rolled out across customer touchpoints. We will continue to leverage our Britishness, and cement our connection with British design, craft and culture to enhance storytelling and encourage growth.

At the same time, we are strengthening our relationship with our customers and building loyalty to increase customer lifetime value, while setting ambitious targets to acquire new customers at pace.

Bringing all product categories to full potential

We are known for creating beautiful luxury products that are made to last. In line with our new strategy, we are elevating each of our product categories to reach their full potential.

Our long-term ambition is to grow accessories to more than 50% of our business, while also growing our leather goods and shoes businesses. We are bringing an even greater level of desirability to our leather goods offer and are creating icons in women's bags, expanding our small leather goods (SLGs) assortment, and taking advantage of the market growth opportunity in men's bags. In shoes, we are building an offer to cover both formal and casualwear, strengthening our existing sneaker business and seizing opportunities in the outdoors category.

We are developing a distinctive aesthetic for Burberry womenswear, creating an everyday and wearable luxury wardrobe. We are rebalancing our product range, particularly in underrepresented categories, such as dresses. We are also ensuring our new women's ready-to-wear offer is represented in depth across our store network, and we are taking a similar approach to men's ready-to-wear.

Within outerwear, we are building on our legacy of innovation by developing newer categories, such as quilts and downs, and diversifying our silhouettes while reinforcing our hero products.

Medium-term targets

Product

- **~2x** leather goods business
- **>2x** shoe sales
- **~2x** women's ready-to-wear, rebalancing offering and driving high-potential categories
- **~1.5x** outerwear sales

Strengthen distribution

Medium-term targets

Distribution

- All stores **refurbished** by FY 2025/26
- Increase store productivity to **£25,000** per square metre per annum
- Double e-commerce sales, reaching approximately **~15%** retail penetration

In recent years, we have been upgrading our store network, focusing on full-price sales and rationalising wholesale. In this next phase, we are strengthening our distribution, focusing on elevation and execution across all channels and regions.

We are increasing investment in our full-price stores to accelerate refurbishments and present a consistent brand image and experience to our customers. In addition, we are transforming our productivity by focusing on high average unit retail (AUR) categories, such as bags and outerwear, maximising opportunities to drive conversion with SLGs, belts and small accessories.

We are boosting momentum across our core markets while maintaining a well-balanced portfolio. We are accelerating store refurbishment in the Americas and Europe, Middle East, India and Africa (EMEIA), while continuing to focus on Mainland China, and grow our business and gain market share in Japan.

We are developing a stronger presence in key wholesale doors, particularly to attract new customers as we grow our business in accessories and womenswear. In the medium term, we expect our wholesale penetration to decrease as our growth in full-price stores continues to outpace wholesale.

We are strengthening our omnichannel capabilities to improve productivity and achieve greater integration into the retail network. We have a significant opportunity to improve conversion and boost performance in several ways: a refreshed website in line with our new brand aesthetic; a compelling product assortment; improved customer experience; and a deeper relationship with our community through innovation.

Seamless execution

Execution is key to delivering our strategy. We are simplifying our supply chain and ensuring a stronger connection between merchandising and design.

At the same time, we are continuing to deliver on our bold sustainability commitments and are positively impacting our communities. Our people are fundamental to this, and we are passionate about ensuring they are supported and inspired to deliver great outcomes for our customers, communities and other stakeholders. More information on our Environmental and Social Responsibility strategy can be found on pages 50 to 93.

To support our ambition, we plan to make investments in key strategic priorities, which will deliver significant shareholder value:

- Maintain marketing and visual merchandising investment at a high single-digit percentage of sales to support our new creative vision
- Increase store capital expenditure to approximately £120 million in FY 2023/24 to accelerate refurbishments
- Increase total capex to approximately £200 million in FY 2023/24 to support other business investments, including IT, digital, Environmental and Social Responsibility and Horseferry House campus refurbishment

FY 2022/23 Business Update

We delivered a strong financial performance in FY 2022/23, delivering high single-digit growth in comparable retail sales compared with last year. This performance was supported by good progress in our core leather goods and outerwear categories, with revenue accelerating in the fourth quarter as growth rebounded in Mainland China.

Brand

During the year, we connected with our customers through campaigns and activations rooted in our brand heritage. In the first half FY 2022/23, we dedicated a major brand moment to the leather goods category and launched our seasonal TB Summer Monogram collection.

To celebrate our Autumn Winter 2022 outerwear collection, we launched a dedicated campaign and activated it through a series of Burberry Alpine Outpost pop-ups in major shopping districts around the world. The immersive spaces showcased products in our new Night Check pattern, alongside a wide range of ready-to-wear items.

We followed this with our Festive campaign starring Shakira and Burna Boy called The Night Before, which celebrated the excitement and anticipation of festive preparations.

We celebrated our heritage later in the year with the launch of our first book, *Burberry*, in partnership with Assouline. The richly illustrated volume depicts our evolution from a family-run company to a renowned global luxury brand, and is filled with content from the Burberry archive.

In October 2022, we began an exciting new chapter in Burberry's history with the appointment of Daniel Lee as our Chief Creative Officer. Born and raised in Bradford, UK, Daniel is an award-winning designer with a unique understanding of today's luxury consumer and a strong record of commercial success.

In February 2023, with Daniel, we launched a new creative expression for the brand, with a new wordmark and a refreshed version of our heritage mark, the Equestrian Knight Design (EKD). We rolled this out across all our customer touchpoints, including the facades and interior of our stores in key fashion cities.

Alongside this, we launched Daniel's first campaign for Burberry. The campaign was anchored in Britishness and featured our iconic products, outerwear and the Burberry Check.

We followed this by returning to the London Fashion Week schedule for Autumn Winter 2023. Read more on pages 26 to 27.

A new creative expression inspired by our heritage

In early February 2023, we revealed a new brand identity with a new Burberry wordmark. Alongside this, we refreshed our iconic EKD. This is a heritage mark from our archive that has existed since 1901. Daniel revisited it and brought it to life in a bold new colour.

We launched the new branding across multiple touchpoints, including the facades and interiors of our stores in key fashion cities. In each location, we presented the EKD in a unique way, through colours, textures and shapes specifically designed for each space. For example, for our store in Rue Saint-Honoré Paris, we collaborated with British artist Tom Atton Moore, who created seven back-to-back suspended works to hang in the store's windows as well as a bespoke rug installation. This brought to life our new vision in a cohesive yet highly localised way, elevating the customer experience in each store.

Alongside this, we launched Daniel's first campaign for Burberry. Shot in London, the multimedia campaign featured a cast of eclectic talent including Vanessa Redgrave, Georgia May Jagger and Kano whom Daniel styled in our iconic rainwear and Burberry Check. The campaign also drew on our British heritage through symbols including English roses and swans.

The campaign presented a sharper and more coherent brand image, which we rolled out across a number of customer touchpoints, including Burberry.com and high visibility out-of-home displays. We also took a fresh approach to social media to deliver a more inspirational experience.

Fashion tailored to the outdoors

Building on the momentum and excitement generated by the introduction of our new brand identity, we returned to the London Fashion Week schedule with our Autumn Winter 2023 show. For Daniel's debut collection, we built a custom-made tent in Kennington Park, London to create a show space that reinforced our connection with the great British outdoors.

The collection introduced a bold new colour palette to our aesthetic and reimagined codes synonymous with Burberry such as gabardine, the Equestrian Knight and check. It also brought function to luxury fashion.

Drawing on our unique Archive, the story of Burberry was told through oversized trench coats, tartan-inspired kilts over trousers, chunky Aran and Argyle jumpers and whimsical touches, such as oversized hats and ultra-cosy hot water bottles.

The collection featured new families of distinctive bags, including saddle bags and satchels in sturdy fabrics, inspired by Burberry's connection with the outdoors. It also introduced a broader shoe offer including equestrian and rubber rain boots, which nodded to Burberry's legacy of equipping explorers, and sandals, mules and pumps in faux fur and shearling. Daniel also presented a fresh take on ready-to-wear, with a fuller offer for the Burberry woman.

Guests from the worlds of fashion, film, sport and music attended the show, alongside many of the cast members from Daniel's debut campaign. The show was very well received and together with our new creative expression generated over 4,000 pieces of coverage with an estimated reach of 4 billion.

Product

During FY 2022/23, we developed and elevated our product offer, exciting our customers with new and desirable products supported by a strong programme of brand activations.

In outerwear, comparable store sales grew 7% in the period. We took a 360-degree approach to supporting our most iconic category which helped drive performance. We put rainwear front and centre of our brand campaign; we dressed VIPs and brand ambassadors in heritage Trench Coats at our Autumn Winter 2023 show; and we launched a refreshed version of our Trench Coat in certified organic cotton.

This approach delivered a very strong acceleration in heritage rainwear sales, which doubled in the last quarter.

Leather goods comparable store sales grew 12% in the year. Our Lola handbag continued to be our best performing range. We introduced new shapes, including the Frances bag, and enhanced our offer further, launching the new Vintage Burberry Check line in February 2023.

Ready-to-wear excluding outerwear grew broadly in line with the Group average for the year with womenswear increasing a double-digit percentage and men's up a mid single-digit percentage.

We are excited to build on this with Daniel's new offer, which will be available later this year.

Distribution

During FY 2022/23, we strengthened our customers' connection with our brand in store and online.

We continued to roll out our store refurbishment programme, updating 60 stores in the year, including Northpark Dallas in USA, Taipei 101 and Nanjing Deji Plaza in Mainland China. Almost 30% of our full-price network has been refurbished and we aim to complete the remainder by FY 2025/26.

At the same time, we delivered a material improvement in store productivity, supported by our refurbishment programme and strong growth in higher-priced categories.

We also deepened our relationship with our community, building on our legacy and credentials in digital innovation. In July 2022, we partnered with Mythical Games for the second consecutive year to launch a new NFT collection for its flagship title, Blankos Block Party. We also introduced a virtual Lola handbag collection on the online gaming platform Roblox.

In October 2022, we partnered with Minecraft, one of the world's most popular video games, to launch a bespoke in-game adventure as well as a limited-edition physical capsule collection. Drawing inspiration from our pioneering heritage, the adventure was set in a fantastical version of London and was punctuated by creative references to our house codes, including an Equestrian Knight, a Thomas Burberry Monogram maze and a range of characters from the Burberry animal kingdom.

We also focused on strengthening our foundations in e-commerce and we have developed a comprehensive plan to unlock our potential in this channel. This includes elevating the customer experience and enhancing product and merchandising on Burberry.com.

Operations

To execute our plan, we made changes to our operating model and hired specialists in new leadership roles.

We created an innovation function and integrated responsibility for global e-commerce, digital product and analytics under a new Chief Digital, Customer and Innovation Officer Giorgio Belloli. We streamlined our commercial collection structure and strengthened the connection between product merchandising, planning and design under a new Chief Merchandising Officer Delphine Sonder. We brought together supply chain and product development under a new Chief Supply Chain and Industrial Officer Klaus Bierbrauer to improve efficiency, while ensuring end-to-end ownership for delivery.

We also announced the appointment of Kate Ferry as our new Chief Financial Officer.

In March 2023, we entered into an agreement to acquire a product development business from a longstanding Italian supplier.

This strategic investment will strengthen our technical outerwear capabilities, building on our strong manufacturing heritage in the UK, where we will continue to weave gabardine and make our heritage trench coats, and provide greater control over the quality, delivery and sustainability of our products.

During the year, we also continued to make progress on our social and environmental responsibility programme. This included further reducing our scope 1, 2 and 3 carbon emissions and expanding our aftercare services to cover more products in more stores. To support our UK employees through the cost-of-living crisis, we brought forward the Living Wage increase by more than six months. We also expanded our wellbeing programme to benefit more than 5,000 workers in our extended supply chain. We continued to positively impact young people through community programmes and The Burberry Foundation.

Read more on pages 82 to 86.

Key Performance Indicators

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

Non-financial measures

We have developed non-financial measures to assess our performance against our ongoing colleague objectives and FY 2022/23 Responsibility targets, with progress regularly monitored by our Board.

For further details on Environmental and Social Responsibility activities and progress against FY 2022/23 targets, see pages 50 to 93. The Group has considered the non-financial reporting requirements under sections 414CA and 414CB of the Companies Act 2006 and has included details in the Annual Report.

Objective	Measure	Performance
Product		
Source certified key raw materials • 100% of key raw materials in our products to be certified[1] and traceable by FY 2029/30[1]	• Percentage of certified organic cotton Percentage of certified recycled nylon and polyester • Percentage of Canopy Green Shirt rated viscose • Percentage of certified wool • Percentage of leather from certified tanneries • Percentage of feather and down to be maintained as responsibly sourced (Responsible Down Standard) • Percentage of key raw materials in our products to be traceable (to country level as a minimum)	• 31%^ of our cotton was certified organic in FY 2022/23[2] • 44% of our nylon and polyester is recycled • 100% of our viscose is Canopy 'Green Shirt' rated • 46% of our wool in soft accessories and knits is certified • 96% of our leather is from tanneries with environmental, traceability and social compliance certification • Maintained 100% of our virgin feather and down certified to Responsible Down Standard • Commenced traceability pilot using traceability tool and plan to extend this trial to other supply chain partners in FY 2023/24. Further details provided on page 52

1. See our Basis of Reporting and Responsibility Data Appendix on Burberryplc.com for further details about the scope of our raw material targets.
2. Based on cotton consumption in our products. Applies to all main materials and main linings, including blends where 50% or more of the composition within the material is cotton. Accepted certification includes Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS). Detailed methodology for our organic cotton target can be found in our Basis of Reporting on Burberryplc.com.

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected planet and product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

Objective	Measure	Performance
Product (continued)		
Embed circular business models • Continue to evolve aftercare offer and trial new circular business models	• Number of circular business model trials in progress during the year	• By the end of FY 2022/23, over 300 stores across 33 countries and territories offered one or more aftercare services. Nearly 45,000 products were repaired or refreshed using our aftercare offer during the year. We have continued to evolve and expand our aftercare and refresh services. Further details provided on page 54
Eliminate plastic packaging • Eliminate plastic from our consumer packaging by FY 2025/26 • Eliminate unnecessary plastics used in operational packaging and maximise recycled content (with at least 50% of plastic to be made from fully recycled content) by FY 2029/30	• We collect data on packaging raw materials, including total weight and % recycled/certified	• Details on key areas of progress are provided on page 55

Objective	Measure	Performance
Planet		
Reduce our scope 1, 2 and 3 emissions, and become Climate Positive by 2040 • Across our own operations, we aimed for a 95% reduction in scope 1 and 2 GHG emissions by FY 2022/23 (from FY 2016/17) and to maintain this year-on-year through to FY 2039/40 • Across our extended value chain, we aim for a 46% reduction in scope 3 GHG emissions[1] by FY 2029/30 (from FY 2018/19) and a 90% reduction in scope 3 GHG emissions by FY 2039/40 (from FY 2018/19) • Become Climate Positive by FY 2039/40 by neutralising residual emissions through carbon removal projects	• Total scope 1 and scope 2 (market-based) emissions • Total scope 3 emissions • Total emissions across all scopes	• Scope 1 and 2 emissions reduced by 93% from our FY 2016/17 baseline. Further details provided on page 59 • Scope 3 emissions reduced by 40%^ from our FY 2018/19 baseline. Further details provided on page 61 • We continue to expand our support for regenerative agriculture practices within our supply chain, building our capacity to identify and source future carbon removal opportunities • In partnership with PUR we are working with our wool producers in Australia to promote regenerative farming practices. The project was piloted in 2021 and was extended to cover 12 farms in 2023 • Further details provided on page 65

1. The SBTi-approved target is a near-term commitment to reducing absolute scope 3 GHG emissions by 46.2% by FY 2029/30 from a FY 2018/19 base year.

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected planet and product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

Objective	Measure	Performance
Planet (continued)		
Embed sustainable manufacturing processes across our supply chain • Extend our sustainable manufacturing initiatives, covering energy, water and waste, both within our own manufacturing and across our supply chain	Multiple KPIs tracked, including: • Percentage of finished goods vendors sourcing renewable electricity • Percentage of key supply chain partners assessed using our water conservation framework • Number of finished goods vendors enrolled in waste reduction and recycling programme	• Energy: 73% of finished goods vendors globally used electricity from renewable sources • Water: we assessed 84% of our raw material suppliers and finished goods vendors in relation to their water resilience. The overall percentage of our products delivered by green-rated raw material suppliers increased from 14% to over 45% • Chemicals: rated Aspirational by ZDHC for a second consecutive year • Waste: 33 finished goods vendors globally took part in our waste reduction and recycling programme in FY 2022/23 • Further details provided on pages 56 to 67
Protect nature • Contribute to sustainable management of natural forests and support zero deforestation across our products and supply chain by FY 2025/26	• Percentage of Canopy 'Green Shirt' rated viscose • Percentage of our leather from certified tanneries	• 93% of all paper-based packaging procured in FY 2022/23 was Forest Stewardship Council (FSC™) certified[1] • 100% of our viscose is 'Green Shirt' rated in the Canopy Hot Button Ranking Report • 96% of leather procured from certified tanneries in FY 2022/23 • Continued commitment to not sourcing any leather from high-risk countries • Started a raw materials traceability programme • Further details provided on page 65

1. In order to calculate the percentage of FSC™-certified paper-based packaging, we have relied on the accuracy of the information supplied to us by our nominated packaging suppliers regarding the value of certified paper packaging sold to Burberry.

Objective	Measure	Performance
People		
Being a luxury brand which is inclusive of all • Achieve a 95% completion rate globally for episodes 1 and 2 of our online Diversity, Equity and Inclusion learning journey	• Percentage of colleagues who have completed episodes 1 and 2 of the online training	• 90% of colleagues have completed episode 1 and 96% of colleagues have completed episode 2
Increase representation • Ensure shortlists across all recruitment campaigns are gender-balanced • Increase hiring representation to 25% ethnic minority candidates in the UK • Increase hiring representation to 25% Black/African-American candidates in the US	• Percentage of female candidates shortlisted • Percentage of ethnic minority candidates in the UK • Percentage of Black/African-American candidates in the US	• In FY 2022/23, shortlists across all recruitment campaigns consisted of 60% female, 38% male and 2% 'other' candidates[1] • In FY 2022/23, hiring representation in the UK consisted of 39.5%[2] ethnic minority candidates • In FY 2022/23, hiring representation in the US consisted of 16% Black/African-American candidates
Ethical trading • Ensure our responsible sourcing standards and audit requirements are upheld by suppliers across our supply chain • Extend our capacity building programme to help our key vendors of finished goods introduce and manage their own ethical trading monitoring programmes	• Number of audits carried out in the last year • Number of vendors participating in the Vendor Ownership Programme during the financial year	• 98% of our finished goods supply chain globally is in line with our responsible sourcing standards • We conducted 449 audits and 19 engagement activities across our finished goods and raw material supply chains • Our Vendor Ownership Programme is now in place at 22 vendors, reaching over 16,500 workers across 252 subcontractors, an increase of 3% compared with FY 2021/22. Further details are provided on pages 79 to 81
Wellbeing in the supply chain • Extend our Supply Chain Engagement Programmes to further advance wellbeing, livelihoods, inclusivity and worker voice across our supply chain	• Number of sites covered by worker Wellbeing Programme • Number of calls to Burberry-sponsored hotlines in the last year	• Our Wellbeing Programme reached 15 key finished good vendors in manufacturing facilities and has impacted over 5,000 workers globally • Burberry-sponsored worker hotlines are in place across 38 factories in our supply chain, covering more than 27,000 workers, an increase from 19,000 workers in FY 2021/22 • Further details are provided on pages 80 to 81

1. These values are based on candidates who chose to voluntarily disclose.
2. This data excludes those who choose not to disclose their ethnicity, which is c.33% of total UK hires.

Objective	Measure	Performance
People (continued)		
Create a workplace where all our colleagues are engaged with our brand, purpose and values to drive positive business outcomes	• Colleague engagement score as measured by our Glint survey	• Colleague engagement score of 75 points*
Ensure our policies, processes, practices and resources promote equal gender representation in our leadership population	• Number of women globally in Director and above roles, divided by the total number of Director and above roles	• Women account for 54% of the leadership population
Communities		
Empower young people to create better futures • Positively impact 500,000 people by FY 2025/26, particularly young people in underserved communities	• Number of people positively impacted through community programmes supported by The Burberry Foundation or Burberry Group plc	• In FY 2022/23, 160,785 people were positively impacted through community programmes supported by Burberry Group plc and The Burberry Foundation. See pages 83 to 86 for further details
Increase volunteering opportunities for colleagues • 20% increase in the number of colleagues volunteering in FY 2022/23 (from FY 2021/22) • 10% increase in volunteering hours in FY 2022/23 (from FY 2021/22)	• Number of employees who participated in volunteering and fundraising activities • Total hours of employee time volunteered	• In FY 2022/23, 3,685 colleagues participated in volunteering and fundraising activities, a 168% increase from 1,374 colleagues in FY 2021/22 • They collectively contributed over 6,615 hours to charitable causes this financial year, around the same level as FY 2021/22[1]

* Employee engagement score as measured by Glint employee engagement surveys undertaken in March 2023. Engagement index based on completed survey responses only.

1. Volunteering hours are calculated based on colleagues' disclosures.

Financial Measures

Revenue growth*

KPI

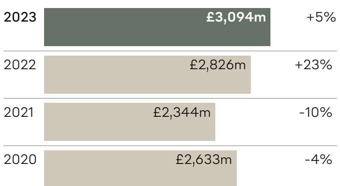
This measures the appeal of the Burberry brand to customers through all of our sales channels.

Financial ambition in medium term: £4 billion of revenue (at FY 2021/22 exchange rates) equating to high single-digit growth over the period.

Measure

CER Revenue growth %

+5%



Performance

FY 2022/23 revenue increased by 5% at CER.

Comparable sales growth*

KPI

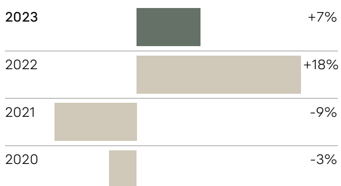
This measures the growth in productivity of existing stores. It is calculated as the annual percentage increase in sales from retail stores that have been open for more than 12 months. It is adjusted for permanent closures and refurbishments, and includes all digital revenue.

Financial ambition in medium term: £4 billion of revenue (at FY 2021/22 exchange rates) equating to high single-digit growth over the period.

Measure

CER Comparable store sales growth %

+7%



Performance

FY 2022/23 comparable sales increased by 7% in the year as a result of good progress in our core leather goods and outerwear categories.

Adjusted operating profit growth*

KPI

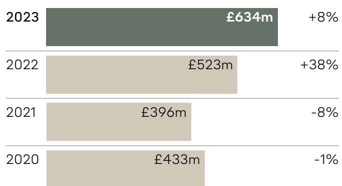
This measure tracks our ongoing operating profitability and reflects the combination of revenue growth and cost management.

Financial ambition over time: adjusted operating profit growth ahead of revenue growth.*

Measure

CER Adjusted operating profit growth %

+8%

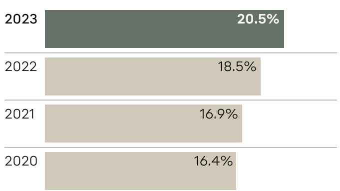
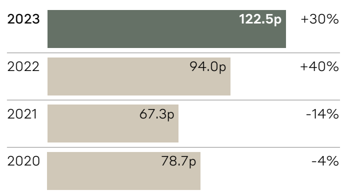
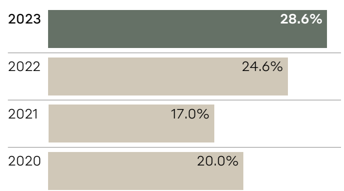


Performance

Adjusted operating profit in FY 2022/23 increased by 8% at CER. This was as a result of the growth in revenue and controlling adjusted operating cost growth as a result of strong cost management.

* At CER and adjusted for the 53rd week in FY 2021/22.

Details of alternative performance measures are shown on pages 45 and 46.

	Adjusted operating profit margin	Adjusted diluted EPS growth	Adjusted Group ROIC
KPI	This measures how we drive operational leverage and disciplined cost control, with thoughtful investment for future growth building the long-term value of the brand. Financial ambition: progression to our target of over 20% at FY 2021/22 exchange rates in the medium term.	Growth in adjusted diluted EPS reflects the increase in profitability of the business, movement in the tax rate and share repurchase accretion. Financial ambition over time: adjusted diluted EPS growth ahead of revenue growth.*	Adjusted Group ROIC measures the efficient use of capital on investments. It is calculated as the post-tax adjusted Group operating profit divided by average adjusted operating assets over the period. Financial ambition over time: ROIC significantly ahead of Weighted Average Cost of Capital (WACC).
Measure	Adjusted operating profit margin % 20.5%  	Adjusted diluted EPS growth % +30%  	Adjusted Group ROIC % +28.6% 
Performance	Adjusted operating profit margin improved by 200 bps which was 60 bps at constant exchange rates as a result of the leverage from revenue growth in excess of operating cost growth and 140 bps from the impact of FX and the 53rd week in FY 2021/22.	Adjusted diluted EPS increased by 30% year-on-year, due to the improvement in adjusted operating profit, the reduction in net finance expense and the accretion from the share buyback.	Adjusted Group ROIC increased to 28.6%, significantly ahead of the Group's WACC, in FY 2022/23, mainly due to the increase in adjusted operating profit. Average operating assets increased by 5%.

Financial Review

The Group has delivered a strong financial performance, supported by good progress in our core leather goods and outerwear categories, and saw revenue accelerating in the fourth quarter as growth rebounded in Mainland China.

The performance metrics and commentary included in the Group Financial Highlights exclude adjusting items unless stated otherwise. The alternative performance measures presented in this section include: CER, adjusted profit measures, comparable sales, free cash flow, cash conversion, adjusted EBITDA and net debt.
The definition of these alternative performance measures is on page 45.

Revenue

- Revenue of £3,094 million increased 5% at CER and 10% on a reported basis with comparable store sales up 7% and up 14% excluding Mainland China
- Strong performances across core outerwear and leather goods categories with leather goods comparable store sales up 12% and outerwear comparable store sales up 7% in the year
- Regional performance of comparable store revenue was EMEIA +27%, APAC +19%, Americas -7%

Adjusted Profit

- Adjusted operating profit of £634 million increased 8% at CER and 21% on a reported basis
- Adjusted operating margin increased to 19.0% at CER and 20.5% reported

Summary income statement

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	YoY % change 52 vs 53-week Reported FX	YoY % change 52 vs 52-week CER
Revenue	**3,094**	2,826	10	5
Cost of sales*	**(912)**	(831)	10	8
Gross profit*	**2,182**	1,995	9	4
Gross margin*	**70.5%**	70.6%	(10bps)	(80bps)
Net operating expenses*	**(1,548)**	(1,472)	5	2
Net opex as a % of sales*	**50.0%**	52.1%	(210bps)	(140bps)
Adjusted operating profit*	**634**	523	21	8
Adjusted operating profit margin*	**20.5%**	18.5%	200bps	60bps
Adjusting operating items	**23**	20		
Operating profit	**657**	543		
Operating profit margin	**21.2%**	19.2%		
Net finance charge**	**(23)**	(32)	(30)	
Profit before taxation	**634**	511	24	
Taxation	**(142)**	(114)		
Non-controlling interest	**(2)**	(1)		
Attributable profit	**490**	396	24	
Adjusted profit before taxation*	**613**	492	25	11
Adjusted diluted EPS (pence)*	**122.5**	94.0	30	16
Diluted EPS (pence)	**126.3**	97.7	29	
Weighted average number of diluted ordinary shares (millions)	**388.0**	404.8	(4)	

* Excludes adjusting items. All items below adjusting operating items are on a reported basis unless otherwise stated.

** Includes adjusting finance charge of £2 million (FY 2021/22: £1 million).

Revenue analysis

Revenue by channel

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	YoY % change 52 vs 53-week Reported FX	YoY % change 52 vs 52-week CER
Retail	**2,501**	2,273	10	6
Comparable store sales growth	**7%**	18%		
Wholesale	**543**	512	6	1
Licensing	**50**	41	23	22
Revenue	**3,094**	2,826	10	5

Retail

- FY 2022/23 Retail sales grew 6% at CER; 10% reported
- Impact of space -1%
- Comparable store sales grew 7%, directly affected by COVID-19 restrictions in Mainland China. Excluding Mainland China comparable store sales grew by 14%

Comparable store analysis by region

Asia Pacific saw volatile growth in the year due to COVID-19-related disruption in Mainland China in Q1 and Q3 impacting full-year growth of 2%.

- Mainland China comparable store sales fell 11% in the year. The significant disruption in Q1 and Q3 (comparable store sales -35% and -23% respectively) was only partially offset by Q2 (comparable store sales -1%) and the start of recovery in Q4 that saw 13% comparable store sales growth
- South Korea grew 7% in both the year and Q4. The region has seen consistent growth in the year, benefiting from over 50% of stores being updated by the year end
- Japan also saw strong comparable store sales growth up 27% in the year and 30% in Q4
- Rest of Asia rose over 35% in the year with a strong performance in Q4 that increased more than 50%, boosted by returning Chinese tourists

EMEIA had an excellent year with comparable store sales up 27% in FY 2022/23 and Q4.

- The region benefited from strong tourist growth that more than doubled in the year with the share of mix from tourists increasing to over 40% of total sales (less than 25% in FY 2021/22) with a strong performance from US, Middle East, and Asia outside of Mainland China
- Continental Europe outperformed in the region with the UK broadly in line with the region average

Americas fell 3% in the year with a deterioration to -7% in Q4.

- We continue to see higher AUR categories, especially rainwear and leather outperforming, with pressure on the entry level items. Globally, the Americas customer fell low single-digit percentage in Q4 with the decline in locals broadly offset by tourist spending as Americans transitioned to buying Burberry in EMEIA

Comparable store analysis by product

- We maintained our focus on the core leather and outerwear categories with both showing a good performance in the year
- Outerwear comparable store sales grew 7% in FY 2022/23 and 30% in Q4. The strong traction at the end of the period was mainly from rainwear following the brand refresh featuring the heritage range
- Leather goods comparable store sales grew 12% in the year and 15% in Q4. This was driven by bags especially from the continued success of our Lola campaign as well as the Frances shape
- Ready-to-wear excluding outerwear saw growth broadly in line with the Group average for the year, with womenswear increasing double-digits while menswear saw mid-single digit growth

Store footprint

The transformation of our distribution network continued during the year.

- We opened 21 full price stores, closed 25 stores with one outlet opened and two closed
- Including refurbishments, we increased the number of updated stores by 60
- Key openings/refurbishments included Northpark Dallas in USA, Taipei 101 and Nanjing Deji Plaza in Mainland China
- As of 1 April, we have 107 stores in the new design: 79 in Asia including 25 in South Korea and 26 in Mainland China, 21 in EMEIA and seven in Americas
- We completed seven more in April and remain on track to complete the roll out by FY 2025/26
- We remain pleased with the performance of updated stores that saw both store productivity and AUR higher by mid-teens percentages compared with equivalent stores following their openings

Wholesale

Wholesale revenue increased 1% at CER (6% at reported rates) with good growth in EMEIA offsetting pressure in Asia travel retail.

Licensing

Licensing revenue grew 22% at CER and 23% at reported exchange rates.

Operating profit analysis

Adjusted operating profit

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022	YoY % change 52 vs 53-week Reported FX	YoY % change 52 vs 52-week CER
Revenue	**3,094**	2,826	10	5
Cost of sales*	**(912)**	(831)	10	8
Gross profit*	**2,182**	1,995	9	4
Gross margin %*	**70.5%**	70.6%	(10bps)	(80bps)
Net operating expenses*	**(1,548)**	(1,472)	5	2
Net operating expenses as a % of sales*	**50.0%**	52.1%	(210bps)	(140bps)
Adjusted operating profit*	**634**	523	21	8
Adjusted operating margin %*	**20.5%**	18.5%	200bps	60bps

* Excludes adjusting items.

Adjusted operating profit increased 8% at CER and 21% reported with the margin up 60bps and 200bps respectively:

- Gross margin declined by 80bps at CER with benefits from price increases more than offset by cost inflation and regional sales mix headwinds. It fell 10bps at reported rates
- Adjusted net operating expenses rose by 2% at CER
- Adjusted operating profit came in at £634m including a £78m FX tailwind in FY 2022/23

Adjusting items*

Adjusting items were a net credit of £21m (FY 2021/22: £19m net credit).

Period ended **£ million**	**52 weeks ended 1 April 2023**	53 weeks ended 2 April 2022
The impact of COVID-19		
Inventory provisions	**1**	16
Rent concessions	**13**	18
Store impairments	**6**	(5)
Government grants	**2**	2
Receivable impairments	**–**	1
COVID-19 adjusting items**	**22**	32
Restructuring costs	**(16)**	(11)
Profit on sale of property	**19**	–
Revaluation of deferred consideration liability	**(2)**	(1)
Adjusting operating items	**23**	20
Adjusting financing items	**(2)**	(1)
Adjusting items	**21**	19

* For more details see note 6 of the Financial Statements.

** Includes a £1m credit (FY 2012/22: £16m credit) that has been recognised through cost of sales.

The key adjusting items are as follows:

- The impact of the COVID-19 pandemic saw a total credit of £22m from COVID-19-related adjustments with a £1m inventory provision reversal that has now completed, £13m of rent concessions, £2m of Government grants outside of the UK and £6m reversal of the store impairment provision
- We incurred £16m of restructuring costs relating to the completion of our multi-year cost reduction programmes, bringing the total spend on our programmes to £154m, with cumulative cost savings of £206m
- The profit on sale of property relates to the sale of a freehold property in Boston, USA completed in the year

Adjusted profit before tax*

After an adjusted net finance charge of £21m (FY 2021/22: £31m), adjusted profit before tax was £613m (FY 2021/22: £492m).

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

Taxation*

The effective tax rate on adjusted profit was flat at 22.2% (FY 2021/22: 22.2%). The reported tax rate on FY 2022/23 profit before taxation was 22.4% (FY 2021/22: 22.3%).

* For detail see note 9 of the Financial Statements.

Total tax contribution

The Group makes a significant economic contribution to the countries where it operates through taxation, either borne by the Group or collected on behalf of and paid to the relevant tax authorities. In FY 2022/23, the total taxes borne and collected globally by the Group amounted to £509m. In the UK, where the Group is headquartered and has significant operations, Burberry paid business taxes of £166m and collected a further £32m of taxes on behalf of the UK Exchequer. For further information see Burberryplc.com.

Cash flow and leverage

Summary statement of cash flows

The following table is a summary presentation of the cash flows, excluding financing cash flows to align with our definition of free cash flow.

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Adjusted operating profit	**634**	523
Depreciation and amortisation	**344**	313
Working capital	**(76)**	54
Other including adjusting items	**10**	19
Cash generated from operating activities	**912**	909
Payment of lease principal and related cash flows	**(210)**	(206)
Capital expenditure	**(179)**	(161)
Proceeds from disposal of non-current assets	**32**	8
Interest	**(22)**	(30)
Tax	**(140)**	(180)
Free cash flow	**393**	340

Free cash flow was £393m in the year (FY 2021/22: £340m).

The major components were:

- Cash generated from operating activities increased to £912m from £909m, inclusive of a working capital outflow of £76m (FY 2021/22: £54m inflow)
- Capital expenditure of £179m (FY 2021/22: £161m)
- Tax cash of £140m, down £40m compared to the prior year which included one-off payments

Cash net of overdrafts on 1 April 2023 was £961m, compared to £1,177m on 2 April 2022. On 1 April 2023 borrowings were £298m from the bond issue leaving cash net of overdrafts and borrowings of £663m (2 April 2022: £879m). With lease liabilities of £1,123m, net debt in the period was £460m (2 April 2022: £179m).

Net Debt/Adjusted EBITDA was 0.5x, at the lower end of our target range of 0.5x to 1.0x. The increase in leverage from 0.2x at the FY 2021/22 year end has primarily been driven by the share buyback programme.

Period ended £ million	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Adjusted EBITDA – rolling 12 months	**975**	836
Cash net of overdrafts	**(961)**	(1,177)
Bond	**298**	298
Lease debt	**1,123**	1,058
Net Debt	**460**	179
Net Debt/Adjusted EBITDA	**0.5x**	0.2x

Outlook

We maintain our guidance of high single-digit revenue CAGR at CER from a FY 2019/20 base and 20% adjusted operating profit margin at CER for FY 2023/24, and our medium-term target of £4bn sales at FY 2021/22 CER.

We expect our Wholesale business to be broadly stable for FY 2023/24, with a low double-digit percentage decline in the first half and recovery in the second half, and for the retail space that we occupy to be broadly stable.

We will continue to roll out the store refurbishment programme and expect capital expenditure to be around £200m including around £120m on stores and for over 50% of the network to be refurbished or opened in the new format by the end of FY 2023/24.

Due to the increase in the UK corporate tax rate to 25% from 1 April 2023, the Group's adjusted tax rate is expected to increase to around 27% for FY 2023/24.

Based on 21 April 2023 spot rates we expect a currency headwind of around £70m on revenue and around £40m on adjusted operating profit in FY 2023/24.

A full-year dividend of 61.0p per share is proposed, an increase of 30% in line with adjusted EPS growth and a planned share buyback of £400 million in line with our capital allocation framework.

Store portfolio

	Directly-operated stores				
	Stores	Concessions	Outlets	Total	Franchise stores
As at 2 April 2022	**218**	**143**	**57**	**418**	**38**
Additions	13	8	1	22	3
Closures	(12)	(13)	(2)	(27)	(6)
As at 1 April 2023	**219**	**138**	**56**	**413**	**35**

Store portfolio by region*

	Directly-operated stores				
As at 1 April 2023	Stores	Concessions	Outlets	Total	Franchise stores
Asia Pacific	107	96	23	226	8
EMEIA	51	33	18	102	27
Americas	61	9	15	85	–
Total	**219**	**138**	**56**	**413**	**35**

* Excludes the impact of pop-up stores.

Alternative performance measures

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

<table>
<tr><th>APM</th><th>Description and purpose</th><th>GAAP measure reconciled to</th></tr>
<tr><td>Constant Exchange Rates (CER)</td><td>This measure removes the effect of changes in exchange rates and the 53rd week compared to the prior period. The constant exchange rate incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also on foreign currency procurement and sales through the Group's UK supply chain.</td><td>Results at reported rates</td></tr>
<tr><td>Comparable Sales</td><td>The year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.</td><td>Retail Revenue:
<table>
<tr><th>Period ended YoY%</th><th>52 weeks ended 1 April 2023</th><th>53 weeks ended 2 April 2022</th></tr>
<tr><td>Comparable sales</td><td>7%</td><td>18%</td></tr>
<tr><td>Change in space</td><td>(1%)</td><td>2%</td></tr>
<tr><td>CER retail</td><td>6%</td><td>20%</td></tr>
<tr><td>53rd week</td><td>(2%)</td><td>2%</td></tr>
<tr><td>FX</td><td>6%</td><td>(3%)</td></tr>
<tr><td>Retail revenue</td><td>10%</td><td>19%</td></tr>
</table></td></tr>
<tr><td>Adjusted Profit</td><td>Adjusted profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance.</td><td>Reported Profit:

A reconciliation of reported profit before tax to adjusted profit before tax and the Group's accounting policy for adjusted profit before tax are set out in the Financial Statements, in the income statement and note 2.</td></tr>
</table>

APM	Description and purpose	GAAP measure reconciled to
Free Cash Flow	Free cash flow is defined as net cash generated from operating activities less capital expenditure plus cash inflows from disposal of fixed assets and including cash outflows for lease principal payments and other lease related items.	Net cash generated from operating activities:

Period ended £m	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Net cash generated from operating activities	**750**	699
Capex	**(179)**	(161)
Lease principal and related cash flows	**(210)**	(206)
Proceeds from disposal of non-current assets	**32**	8
Free cash flow	**393**	340

APM	Description and purpose	GAAP measure reconciled to
Cash Conversion	Cash conversion is defined as free cash flow pre-tax/adjusted profit before tax. It provides a measure of the Group's effectiveness in converting its profit into cash.	Net cash generated from operating activities:

Period ended £m	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Free cash flow	**393**	340
Tax paid	**140**	180
Free cash flow before tax	**533**	520
Adjusted profit before tax	**613**	492
Cash conversion	**87%**	106%

APM	Description and purpose	GAAP measure reconciled to
Net Debt	Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.	Cash net of overdrafts:

Period ended £m	As at 1 April 2023	As at 2 April 2022
Cash net of overdrafts	**961**	1,177
Lease liability	**(1,123)**	(1,058)
Borrowings	**(298)**	(298)
Net debt	**(460)**	(179)

APM	Description and purpose	GAAP measure reconciled to
Adjusted EBITDA	Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double-counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our leverage ratios.	Reconciliation from operating profit to adjusted EBITDA:

Period ended £m	52 weeks ended 1 April 2023	53 weeks ended 2 April 2022
Operating profit	**657**	543
Adjusted operating items	**(23)**	(20)
Amortisation of intangible assets	**37**	39
Depreciation of property, plant and equipment	**95**	86
Depreciation of right-of-use assets*	**209**	188
Adjusted EBITDA	**975**	836

*Excludes £3 million depreciation on right-of-use assets included in adjusted operating items.

Capital Allocation Framework

Burberry's Capital Allocation Framework is used to prioritise the use of cash generated by the Group. The framework addresses the investment needs of the business, regular dividend payments and additional returns to shareholders. The framework also seeks to maintain an appropriate capital structure for the business and a strong balance sheet with a solid investment grade credit rating.

Net Debt/Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was 0.5x in FY 2022/23 (FY 2021/22: 0.2x), at the lower end of our target range of 0.5x to 1.0x. In September 2020, we went through a formal process to obtain a credit rating and Moody's rated us as Baa2 (stable). Moody's updated their credit rating to Baa2 (positive) in September 2022. The diagram below summarises our key priorities.

1.

Reinvest for organic growth

Capital spend across store portfolio, including new spaces and refurbishments; IT infrastructure, including digital and the supply chain. Spend includes investment in Environmental, Social and Governance initiatives, for example, costs incurred in meeting our Sustainability Bond use of proceeds commitments as set out on pages 92 to 93.

2.

Progressive dividend policy

The absolute amount of dividend per share will remain stable or increase on a full-year basis, broadly targeting a pay-out of around 50% of adjusted earnings per share at reported rates of exchange. The interim dividend pay-out is 30% of the absolute value of the prior year full-year dividend.

3.

Inorganic strategic investments

Investment in inorganic structural changes to our business activities, which are expected to be infrequent.

4.

Return excess cash to shareholders

Returns to shareholders based on target leverage range of 0.5x to 1.0x, after considering future cash generation and the external environment.

Maintain a strong balance sheet with a solid investment grade credit rating

- Review the principal risks of the Group and relevant financial parameters, both historical and projected, including liquidity, net debt and measures covering balance sheet strength
- These risks and financial parameters are considered by the Board when assessing the viability of the Group, as set out on pages 118 to 151

Capital structure metrics	**As at 1 April 2023**	As at 2 April 2022
Cash net of overdrafts	**£961m**	£1,177m
Lease liability	**(£1,123m)**	(£1,058m)
Borrowings	**(£298m)**	(£298m)
Net debt	**(£460m)**	(£179m)

Non-Financial and Sustainability Information Statement

This section of the strategic report constitutes Burberry's Non-Financial and Sustainability Information Statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006.

The information listed is incorporated by cross-reference.

Reporting requirement	Policies and standards which govern our approach	Information necessary to understand our business and its impact, policy due diligence and outcomes
Environmental matters	• Global Environmental Policy • Responsible Sourcing Policy • Chemical Management Standards	• Environmental and Social Responsibility section, pages 50 to 94 • Responsibility section on Burberryplc.com • Task Force on Climate-related Financial Disclosures (TCFD), pages 94 to 111
Employees	• Code of Conduct • Our Culture and Values • Global Health and Safety Policy • Ethical Trading Code of Conduct • Global Diversity, Equity and Inclusion Policy	• Directors' Report, pages 246 to 251 • Directors' Remuneration Report, pages 200 to 245 • Our Purpose and Values, page 5 • Stakeholder Engagement, pages 112 to 115 • Gender and Ethnicity Pay Gap Report on Burberryplc.com • Environmental and Social Responsibility section, pages 50 to 94
Respect for human rights	• Human Rights Policy • Ethical Trading Code of Conduct • Child Labour and Young Worker Policy • Migrant Worker Policy • Data Protection Policies • Information Security Policies • Model Wellbeing Policy • Global Diversity, Equity and Inclusion Policy • Partner Non-Compliance Policy	• Human Rights Statement, page 78 • Responsibility section on Burberryplc.com • Transparency in the Supply Chain and Modern Slavery Statement on Burberryplc.com
Social matters	• Ethical Trading Code of Conduct • Local Stakeholder Engagement Policy • Volunteering and Match Funding	• Responsibility section on Burberryplc.com
Anti-corruption and anti-bribery	• Anti-Bribery and Corruption Policy • Cash Acceptance Policy • Fraud Risk Management Policy	• Reflecting the needs of our stakeholders, People, page 113 • Reflecting the needs of our stakeholders, Customers, page 113
Additional disclosure		• Business Model, page 12 to 13 • Key Performance Indicators, pages 30 to 35 • Risk and Viability Report, pages 118 to 152 • Our Purpose and Values, page 5


PRORSUM

Environmental and Social Responsibility

We are committed to working towards creating a more sustainable future for luxury and beyond. As a brand with a deep affinity for the outdoors, we strive to act responsibly with respect to the environment, the communities in which we operate and those employed within our business and wider supply chain.

Since the late nineteenth century, Burberry has enabled explorers as they traversed the globe, opening new spaces and widening knowledge of the planet as they went. Today, Burberry is empowering our people and working with our communities around the world to find innovative solutions to secure a better future for our planet and the generations to come.

Tackling the climate crisis, protecting nature and supporting communities through the cost-of-living crisis are some of the biggest challenges the world faces today, and we want to make sure we are playing our part in addressing these. Our commitment to responsible business is enduring, and we are embedding sustainable practices across our entire Company footprint.

In FY 2022/23, we updated our Responsibility strategy to focus on four priorities: Product, Planet, People and Communities. We set 12 targets across these priorities to embed responsible business practices, building on our ongoing policy commitments.

Our Responsibility strategy

Our latest Responsibility strategy, Burberry Beyond, encompasses everything we do across our Company, our supply chain and our communities to create a better world for the next generation.

Burberry Beyond | strategic priorities

As the modern British luxury brand, we are committed to acting responsibly as a business to achieve our goals. We have set ambitions across four priorities, supported by 12 targets against which we track progress to create lasting change:

Product

Responsible craftsmanship

1. Sourcing certified key raw materials
2. Embedding circular business models
3. Eliminating plastic packaging

Read more on page 51

Planet

Become Climate Positive

1. Reducing our scope 1, 2 and 3 emissions
2. Embedding sustainable manufacturing processes across our supply chain
3. Protecting nature

Read more on page 56

People

Champion Diversity, Equity and Inclusion, and wellbeing across our Group's value chain

1. Being an inclusive luxury brand
2. Increasing representation
3. Ethical trading
4. Wellbeing in the supply chain

Read more on page 68

Communities

Positively impact young people

1. Empowering young people to create better futures
2. Increasing volunteering opportunities

Read more on page 82

Product

For over a century and a half, we have carefully crafted products that are made to last. From the materials we use, to the aftercare services we provide, we are committed to increasing the longevity of our pieces for our customers. We are consistently improving and innovating in our manufacturing processes.

Working across our value chain, we are focused on sourcing certified and traceable key raw materials, embedding circular business models and eliminating plastic from our packaging.

Progress against targets

Target	Progress in FY 2022/23
Source certified key raw materials	
100% of key raw materials in our products to be certified[1] and traceable by FY 2029/30. This includes:	
• 100% certified organic cotton	• 31%^ of our cotton was certified organic in FY 2022/23[2]
• 100% certified recycled nylon and polyester	• 44% of our nylon and polyester was certified recycled in FY 2022/23
• 100% Canopy Green Shirt rated viscose	• 100% of our viscose was Canopy 'Green Shirt' rated in FY 2022/23
• 100% certified wool	• 46% of our wool in soft accessories and knits was certified in FY 2022/23
• 100% of leather from certified tanneries	• 96% of our leather was from certified tanneries in FY 2022/23
• 100% of virgin feather and down to be maintained as responsibly sourced	• Maintained 100% of our virgin feather and down certified to the Responsible Down Standard
• 100% of key raw materials in our products to be traceable (to country level as a minimum)	• Commenced traceability pilot using traceability tool and plan to extend this trial to other supply chain partners in FY 2023/24. Further details are provided on page 52
Embed circular business models	
• Continue to evolve our aftercare offer and trial new circular business models	• In FY 2022/23, we launched three new circular business model (CBM) trials alongside the expansion of our existing services • By the end of FY 2022/23, over 300 stores across 33 countries and territories offered one or more aftercare services. Nearly 45,000 products were repaired or refreshed using our aftercare offer during the year • We have continued to evolve and expand our aftercare and refresh services. Further details are provided on page 54
Eliminate plastic packaging	
• Eliminate plastic from our consumer packaging by FY 2025/26	• Details on key areas of progress are provided on page 55
• Eliminate unnecessary plastics used in operational packaging and maximise recycled content (with at least 50% of plastic to be made from fully recycled content) by FY 2029/30	• Details on key areas of progress are provided on page 55

1. See our Basis of Reporting and Responsibility Data Appendix on Burberryplc.com for further details about the scope of our raw material targets.
2. Based on cotton consumption in our products. Applies to all main materials and main linings, including blends where 50% or more of the composition within the material is cotton. Accepted certification includes Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS). Detailed methodology for our organic cotton target can be found in our Basis of Reporting on Burberryplc.com.

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected planet and product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

Sourcing certified materials

Raw material sourcing

Having substantially met our previous target to achieve 100% of products with more than one positive attribute by the end of FY 2021/22, we set a new target of 100% of key raw materials in our products to be certified and traceable.

This includes: cotton, nylon, polyester, viscose, wool, leather, feather and down.

In FY 2022/23, we developed internal action plans and created working groups to govern the data required to meet these raw material targets. Based on this work, we have revised the time horizon for meeting these targets from FY 2025/26 to FY 2029/30 to align with our traceability project delivery. This decision was approved by the Board.

In terms of volume, we also increased our use of raw materials, which are certified to sustainability standards, in FY 2022/23. (See progress table on page 51 for details.)

We aim to source 100% certified wool and this year 46% of wool used in soft accessories and knits was certified. By using animal welfare certifications which promote good practices and prohibit the practice of mulesing*, we ensure our wool comes from responsibly treated sheep and from farms with a progressive approach to land management. We are also supporting a regenerative wool farming project in Australia aimed at producing lower impact wool and contributing positively to animal welfare and biodiversity (see Planet, page 56).

We are increasing the proportion of recycled materials in our products, including the use of ECONYL®, a sustainable nylon yarn made from regenerated fishnets, fabric scraps and industrial plastic.

We have also started implementing a traceability programme to enable us to assess more closely and manage the carbon, biodiversity and social impacts of raw material sourcing. We commenced a traceability pilot project with a number of our key suppliers, using a third-party traceability tool that tracks materials back to farm and country of origin. We have started to scale this and plan to extend this trial to other supply chain partners in FY 2023/24. We aim to have full traceability of all certified key raw materials in our products by FY 2029/30.

Our commitment to source more sustainable raw materials also supports our climate and biodiversity goals. Around 40% of our total greenhouse gas (GHG) emissions come from raw materials used in our products. We are working to reduce this by increasing our use of recycled and lower-carbon-footprint materials as well as through sustainable manufacturing programmes. See page 56 for further details of our emissions targets.

Animal welfare

We aim to constantly deepen our understanding of species-specific best practice through collaboration with industry experts and peers. We support the use of certified materials where animal welfare is prioritised. Sourcing certified materials also supports us in achieving our ambition to ensure all key raw materials in our products are 100% traceable by FY 2029/30, where at least country of origin is verified and disclosed.

See our Responsible Sourcing Policy (available on Burberryplc.com) and our Beauty license holder Coty's Against Animal Testing Policy & Programme (available on Coty.com) for further details of our commitments on animal welfare and no animal testing.

* Mulesing is the process of removing folds of skin from the tail area of a sheep, intended to reduce fly strike.

Fashion industry partnerships

We work in partnership with others to share best practice and drive innovation on sustainable materials. Examples of our industry partnerships include:

The Fashion Pact

We are a signatory of The Fashion Pact, a global initiative of companies in the fashion and textile industry, which aims to accelerate industry-wide change across three areas: stopping global warming, restoring biodiversity and protecting the oceans. Jonathan Akeroyd, our CEO, is a member of the Steering Committee.

In FY 2022/23, we participated in several Fashion Pact initiatives, including a packaging trial of paper-based alternatives to polybags and a biodiversity research project to review impacts across our cotton supply chain in the USA.

Textile Exchange

We are a member of the Textile Exchange, a global not-for-profit organisation driving positive action on climate change. We participate in the Textile Exchange's annual Corporate Fibre and Materials Benchmark (CFMB) survey and actively engage in its raw materials roundtables.

In FY 2022/23, we took part in the Textile Exchange Maturation Model Pilot to explore solutions and challenges to shifting to more sustainable materials.

Sustainable Markets Initiative

We are a member of the Sustainable Markets Initiative. The initiative was set up in 2020 by His Majesty King Charles III to coordinate the adoption of sustainable practices across the private sector.

The current focus of the Fashion Task Force is the adoption of a digital ID system designed to inform consumers of the sustainability credentials of products. The group is also exploring how regenerative farming practices can reverse the damage being done to the planet.

Communicating with consumers

Engaging customers on our sustainability ambitions is a key part of our agenda. To better understand our customers and their sustainability expectations, our Responsibility team joined staff at our Regent Street store in London for a listening session in November 2022. Throughout this session, our retail colleagues spent time detailing the sustainability-related questions and comments they have received first-hand from our customers. Following this session, the Responsibility team continued to develop and enhance our consumer-facing messaging.

In FY 2022/23, through events in our key London stores, we trained retail colleagues on the sustainability features of a range of our products to enable them to share these details with clients.

In addition, we conducted surveys to increase our understanding of how sustainability considerations can affect customer decision-making. Within our Product Quality surveys, we asked our customers about their awareness of how our products are sustainably manufactured and to rank sustainability among a range of quality attributes. The findings of this survey highlighted the importance of communicating our sustainability credentials to customers across their preferred channels to enhance their knowledge and awareness of our efforts.

Since FY 2020/21, our key product categories have contained a dedicated sustainability label, which provides customers with information on specific certified material credentials of the product. The sustainability labels indicate how a product meets a range of stringent criteria, such as the amount of organic content or recycled natural fibres used in composite materials.

Circular business models

Burberry products are made to last using the highest quality materials and craftsmanship. We are committed to helping create a more sustainable fashion industry through innovation on circular business models that aim to keep products and materials in use for longer.

Aftercare

Our aftercare services help our customers enjoy their purchases for longer. Building on the popularity of our Leather and Trench Refresh services, we extended our aftercare offer in FY 2022/23 to include other product categories. Our Cashmere Refresh service launched in select stores globally in September 2022, and we launched a Sneaker Refresh pilot in select UK and USA stores in March 2023. We plan to expand our reproofing service in FY 2023/24 to include selected additional outerwear products.

By the end of FY 2022/23, over 300 stores across 33 countries and territories offered one or more aftercare services. Nearly 45,000 products were repaired or refreshed using our aftercare offer during the year.

Rental

We are launching a UK-based pilot for product rental with My Wardrobe HQ (MWHQ), the UK's leading fashion rental platform. We have also begun a trial with Cocoon, a luxury bag subscription service in the UK. These pilots will help inform our circular business model strategy going forward.

Sustainable packaging

Eliminating plastic packaging

Although the vast majority of our packaging is made from paper and cardboard, we are committed to eliminating plastic from our consumer packaging by FY 2025/26 and to eliminating unnecessary plastics used in operational packaging as well as maximising recycled content by FY 2029/30.

Key areas of progress in FY 2022/23 include:

- Removing plastic lamination from retail bags and gift boxes so they are now made with paper-based materials, which are widely recyclable and reusable
- Replacing polyester ribbons with cotton
- Began rolling out plastic-free dust bags, garment covers and swing tickets without plastic tag locks
- Our oak and pistachio papers are certified by the Forest Stewardship Council™ and consist of a minimum 40% post-consumer recycled content

Additionally, we have begun to work with industry experts on finding suitable plastic-free alternatives to garment hangers, and are collaborating with The Fashion Pact to develop plastic-free polybag alternatives.

Recycled materials in packaging

We are also working to increase the use of recycled materials in our packaging and have a commitment to maximise recycled content (with at least 50% of plastic to be made from fully recycled content) by FY 2029/30.

We avoid using plastics in any new packaging developments. Our garment covers are currently made from 100% recycled polyester and our hangers contain a minimum of 60% recycled plastic.

Planet

The climate crisis, water security and biodiversity loss are significant challenges faced by businesses and society at large. Our ability to deliver on our climate and nature commitments over the coming years will determine the long-term success of our business, so it is vital that we play our part. We aim to be Climate Positive by 2040 and we have set science-based targets to reduce absolute emissions across our own operations and value chain. We are also committed to protecting nature and ensuring our product footprint does not contribute to deforestation.

Progress against targets

Target	Progress in FY 2022/23
Reduce our scope 1, 2 and 3 emissions	
• Across own operations, we committed to reducing absolute scope 1 and 2 GHG emissions by 95% by FY 2022/23 from a FY 2016/17 base year, and to maintain this year-on-year from FY 2022/23 through to FY 2039/40	• In FY 2022/23, we achieved a 93% reduction in scope 1 and 2 emissions from a FY 2016/17 base year, meaning we have not met our target of 95% this year. Further details are provided on page 59. We will undertake energy audits across our operations through the first half of FY 2023/24 to identify opportunities to reach our target
• Across our extended supply chain, we aim for a 46% reduction in scope 3 GHG emissions by FY 2029/30 and a 90% reduction in scope 3 GHG emissions by FY 2039/40 (from FY 2018/19)	• 40%^ reduction in scope 3 emissions from a FY 2018/19 base year. Further details are provided on page 61
• Become Climate Positive by FY 2039/40 by neutralising residual emissions through carbon removal projects	• We continue to expand our support for regenerative agriculture practices within our supply chain, building our capacity to identify and source future carbon removal opportunities • In partnership with PUR we are working with our wool producers in Australia to promote regenerative farming practices. The project was piloted in 2021 and was extended to cover 12 farms in 2023 • Further details are provided on page 65
Embed sustainable manufacturing processes across our supply chain	
• Continue to extend our sustainable manufacturing initiatives, covering energy, water and waste, both within our own manufacturing and across our supply chain	• Energy: 73% of our finished goods vendors globally used electricity from renewable sources • Water: we assessed 84% of our raw material suppliers and finished goods vendors in relation to their water resilience. The overall percentage of our products delivered by green-rated raw material suppliers increased from 14% to over 45% • Chemicals: rated Aspirational by ZDHC for a second consecutive year • Waste: 33 finished goods vendors globally took part in our waste reduction and recycling programme in FY 2022/23 • Operational waste[1] – In FY 2022/23, 99.5% of our waste from key operational sites was diverted from landfill • Further details provided on pages 56 to 67

1. Operational waste consists of dry mixed recycling (cardboard, plastic, paper), confidential paper, general waste, organic waste, glass, wood, and metal leftover materials. 10.54 tonnes^ of operational waste was sent to landfill in FY2022/23. More details on our methodology can be found in our Basis of Reporting on Burberryplc.com.

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected Planet and Product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

Target	Progress in FY 2022/23
Protect nature	
• Contribute to sustainable management of natural forests and support zero deforestation across our products and supply chain by FY 2025/26	• 93% of all paper-based packaging procured in FY 2022/23 was FSC™ certified[1] • 100% of our viscose is 'Green Shirt' rated in the Canopy Hot Button Ranking Report • 96% of our leather was procured from certified tanneries in FY 2022/23 • Continued commitment not to source any leather from high-risk countries and initiated a raw materials traceability programme • Further details are provided on page 65

1. In order to calculate the percentage of FSC™-certified paper-based packaging, we have relied on the accuracy of the information supplied to us by our nominated packaging suppliers regarding the value of certified paper packaging sold to Burberry.

Reducing our scope 1, 2 and 3 emissions

We are committed to becoming Climate Positive by 2040. To demonstrate this, we have set science-based targets to reduce absolute emissions across our own operations and value chain (see targets table on page 56). Our targets have been validated by the Science-Based Targets initiative (SBTi) and are in line with a 1.5°C degrees pathway and the SBTi's Net-Zero Standard.

Our Climate Positive commitment is a key priority for the business and we are working with internal and external stakeholders, including supply chain partners and industry organisations, to regularly refine and deliver our decarbonisation actions.

In FY 2022/23, we achieved a 93% reduction in scope 1 and 2 emissions since FY 2016/17 which means we have missed our target of 95% this year. However, we are working with our operational teams to identify further energy efficiency opportunities to enable us to reach and maintain a 95% reduction.

On scope 3, we are aware that tackling emissions will require a longer-term effort to incorporate increasingly accurate data, harness technological advancements, leverage partnerships and adjust to evolving science and ecosystem changes. In the near term, our immediate priority areas include raw materials, energy use at first-tier suppliers and circularity. Over the next financial year, we will work to define our future focus areas.

As we deliver on our priority actions, we are also reviewing our operating model to ensure that scope 3 emissions reduction plans are embedded in our business. This includes investing in digital systems to better capture, manage and analyse emissions data, developing GHG metrics to support business decisions and delivering a communication, engagement and training programme to relevant teams.

We aim to constantly improve both the quality and quantity of data from our own business and from our value chain partners. For example, we have started implementing a raw materials traceability programme to allow us to capture more accurately the quantity of emissions at each stage of raw material production and work more closely with our key suppliers on achieving reductions (more details on our traceability pilot programme can be found on page 52).

Our targets in the journey to becoming Climate Positive by 2040

2023	2030	2040	
95%	46%	90%	Climate Positive by 2040
Reduce absolute operational emissions 95% from baseline levels by FY2022/23	Reduce absolute emissions across our extended value chain 46% from baseline levels by FY2029/30	Reduce absolute emissions across our extended value chain 90% from baseline levels by FY2039/40	Neutralise our residual emissions through investing in high-quality carbon removal projects, and any emissions thereafter
Emissions scopes: 1 and 2	*Emissions scopes: 3*	*Emissions scopes: 3*	

Our own operations (scope 1 and 2 emissions)

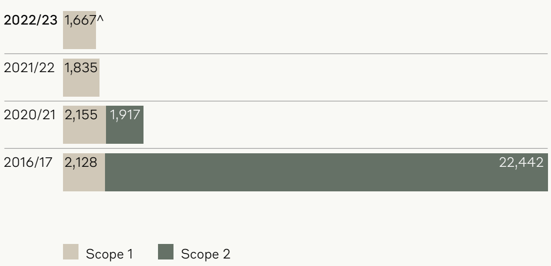
We reduced absolute GHG emissions from our own operations (scope 1 and 2 emissions) by 93% from our FY 2016/17 baseline, achieving a 9% year-on-year improvement versus FY 2021/22.

Key to our emissions reductions has been our use of renewable electricity throughout our operations. In FY 2022/23, 100% of the electricity we used was from renewable sources and we now have solar panels installed at our headquarters in London and our distribution sites in Italy and the US.

We have also improved energy efficiency (see page 59) and decarbonised heating at our Castleford manufacturing site in the UK. Gas-fuelled steam boilers have been replaced by electrical boilers, meaning gas is now exclusively used for space heating in our Castleford manufacturing site, leading to a 24% reduction in the site's scope 1 emissions since FY 2021/22. We plan to undertake several energy audits in FY 2023/24 to identify the energy efficiency opportunities required to meet and maintain our 95% reduction target through to FY 2039/40.

In FY 2022/23, we compensated for our residual scope 1 and 2 emissions, equal to 1,667 tCO_2e, through the use of verified carbon credits.

Our scope 1 and 2 carbon footprint (tonnes CO_2e)



^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected planet and product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

In addition, to compensate for the emissions associated with our FY 2022/23 runway presentations and key events, Burberry purchased carbon credits from a range of nature-based and sustainable living projects under the American Carbon Registry (ACR) and Gold Verified Standard, which deliver against a number of UN Sustainable Development Goals.

Energy consumption in our own operations

To achieve our climate-related goals, we focus on energy efficiency first and foremost. In FY 2022/23, our total energy consumption decreased by 34% from a FY 2016/17 baseline and 23% from FY 2021/22. Our increased energy efficiency has been driven by a strengthened monitoring of consumption and energy saving measures implemented in our sites globally.

We have built a network of operational contacts to regularly monitor energy consumption, analyse usage trends and identify efficiency opportunities. In FY 2022/23, we held quarterly meetings with key stakeholders across our sites and worked with the team at our distribution centre in Italy to switch to a green energy account. Additionally, our store network represents a key source of energy consumption across our global operations. For this reason, we have worked with our Architecture team to increase energy use visibility by placing Panoramic Power energy monitoring systems in 22 additional stores in FY 2022/23. A total of 142 stores globally now operate on Panoramic Power technology.

We also require all new buildings to achieve green building certification to ensure high standards of energy efficiency. We require either LEED certification (Platinum or Gold level) or BREEAM certification (Outstanding or Excellent level). In FY 2022/23, we obtained the LEED Gold certification in 38 additional stores and the BREEAM Excellent certification at one more store, yielding a total of 72 certified stores since FY 2021/22.

Global GHG emissions

	Current reporting year 2022/23		Reporting year 2021/22		Reporting year 2020/21	
	Global	UK and offshore only	Global	UK and offshore only	Global	UK and offshore only
Total energy including: purchase of electricity, the operation of any facility, combustion of fuel for facilities and vehicles/kWh	56,262,614^	15,518,973	72,548,109	18,517,153	63,113,580	20,826,276
Combustion of fuel and operation of facilities (scope 1)/tCO_2e	1,585^	1,082	1,768	1,311	2,089	1,478
Combustion of fuel from owned or leased transport (scope 1)/tCO_2e)	82	2	67	1	66	0
Electricity purchased and used for operations (scope 2, location-based)/tCO_2e	17,692^	1,872	25,866	2,390	20,563	2,934
Total emissions location-based (scopes 1 and 2)/tCO_2e	19,359^	2,956	27,701	3,702	22,718	4,412
Electricity purchased and used for operations (scope 2, market-based)/tCO_2e	0^	0	0	0	1,917	0
Total emissions (scopes 1 and 2, market-based)/tCO_2e	1,667^	1,084	1,835	1,312	4,072	1,478
Total emissions offset by Verified Emissions Reduction Certificates/tCO_2e	1,667	1,084	1,835	1,312	2,081	1,478
Scope 1 and 2 intensity (location-based tCO_2e per £1,000,000 sales revenue)	6.3	N/A	9.8	N/A	9.7	N/A
% of energy from renewable sources	84%^	62%	86%	61%	76%	61%

Burberry applies an operational control approach to defining its organisational boundaries. Data is reported for sites where it is considered that Burberry has the ability to influence energy management. Data is not reported for sites where Burberry has a physical presence but does not influence the energy management for those sites, such as a concession within a department store. Overall, the emissions inventory reported equates to 100% of our net selling space square footage. Burberry uses the Greenhouse Gas Protocol (using a location- and market-based approach to reporting scope 2 emissions) to estimate emissions and applies conversion factors from UK BEIS, IEA and RE-DISS. All material sources of emissions are reported. Refrigerant gases were deemed not material and are not reported. Market-based emissions globally and for the UK relating to purchased electricity within our operations (scope 2) are stated as zero due to us procuring an amount of renewable electricity equivalent to 100% of our annual consumption. Combustion of fuel use from owned or leased transport is reported from FY 2018/19 onward. GHG emissions data reported is based on the period from 1 April 2022 to 31 March 2023. For the avoidance of doubt, the Company's financial accounting period is from 3 April 2022 to 1 April 2023. However, references to FY 2022/23 for the selected KPIs included in the Responsibility section of Burberry's Annual Report 2022/23 refer to the period 1 April 2022 to 31 March 2023.

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected Planet and Product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

Our value chain (scope 3 emissions)

In FY 2022/23, we decreased our overall value chain emissions by 11% from FY 2021/22, and by 40% since our FY 2018/19 base year, against which we are measured for our 2030 and 2040 Science Based Targets.

Purchased goods and services account for over 75% of our carbon footprint and include emissions associated with the cradle-to-gate production of raw materials in our products. As expected, we have seen some sources of emissions (e.g. business travel) increase year-on-year following two years of COVID-19-related disruptions.

Our scope 3 emissions performance is largely determined by both our product mix (what we sell) and product volumes (how much we sell). While this is partly conditioned by the evolution of the business and external factors, we continue to make targeted interventions to ensure our commercial and environmental objectives remain fully aligned.

Our scope 3 carbon footprint (tonnes CO_2e)

Total scope 3 emissions (tonnes CO_2e)

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected planet and product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

For example, we are working to reduce emissions from purchased goods and services by increasing our use of recycled and organic materials (see page 51). We are also lowering the carbon footprint of our most iconic products by prolonging their life through the roll out of circular business models.

Within our supply chain, we are working closely with our manufacturing partners to promote energy efficiency and the use of renewable energy (see page 61). In FY 2022/23 we also rolled out training on climate action to our EMEIA finished goods vendors. This training is designed to increase supplier understanding of the business case for climate action and teach them how to accurately calculate emissions, to set emission reduction targets, and identify opportunities for cutting emissions.

For a category breakdown of our scope 3 emissions, please see our Responsibility Data Appendix on Burberryplc.com.

Embedding sustainable manufacturing processes across our supply chain

Supply chain energy and waste

We are working closely with supply chain partners to promote energy efficiency and renewable electricity in our supply chain. More specifically, we track energy and waste performance across our finished goods production sites.

Key areas of progress in FY 2022/23 include:

- 73% of finished goods vendors globally used electricity from renewable sources
- 100% of finished goods vendors in APAC participated in our energy reduction programme
- Our supplier waste reduction and recycling programme promotes the reduction and recycling of manufacturing wastes. Globally, 33 finished goods vendors took part in this programme in FY 2022/23

Water

At Burberry we value water as a precious resource to our environment, our communities and our business. Our dedicated Sustainable Manufacturing team is responsible for implementing and monitoring projects to improve the management of water and chemicals in our supply chain. Our Water Conservation programme's mission is to preserve water for our future by delivering water-responsible luxury fashion. This includes continuing to progress our supply chain water profile by increasing resource efficiency, reducing our water impacts and increasing our water resilience. To achieve this, we work closely with our supply chain partners[1], cultivating a culture of openness and transparency to understand and monitor our water impacts at the manufacturing stage of our value chain.

As part of our Water Conservation Programme, we have developed a water resilience assessment (as shown in the diagram on page 63). This allows us to evaluate and monitor the progress of our supply chain water resilience profile, and is foundational to our ability to reduce our water footprint and impacts. Using the WWF Water Risk Filter, we assess three variables: our partners' water management against best-in-class practices; their sites' water intensity (absolute and relative), and their geographical water risk. These three variables help us identify potential hotspots, which are sites where water management levels are disproportionate to their levels of water intensity and risk. We work closely with identified sites to co-develop strategies to improve their water resilience. We aim to have zero hotspots by 2030.

Our assessment serves as a roadmap for improved water management at our partners' sites, including promoting better understanding of their water demand, driving water efficiency, promoting water recycling and encouraging greater disclosure. Since 2020, Burberry has completed the assessment of 84% of our supply chain partners. We have improved our resilience profile annually through partner engagement, capacity building and direct support.

1. Supply chain partners assessed by our Water Conservation Programme include finished goods vendors and raw material suppliers.

Beyond our manufacturing value chain, water is a key resource for raw material production and we are taking steps to mitigate both impacts and risks at this stage. Burberry's raw material certification targets aim to minimise water impacts at this stage of the value chain.

We continue to monitor risks associated with raw material commodities at their source (as detailed in our TCFD disclosure on page 109). We map climate change-related risks for key raw materials sourcing regions, including water stress and flooding, and their potential business impact.

Meeting our traceability goal by 2030 (page 52) will enable further assessment and management of these risks and the development of tailored adaptation strategies.

We are committed to advocating for change across our industry and beyond. In March 2023 at the UN 2023 Water Conference, Burberry participated alongside other industry stakeholders in an event to share our experience and progress made in wastewater management within our value chain, and to highlight the key role of education and knowledge sharing for greater impact at scale.

Water resilience assessment

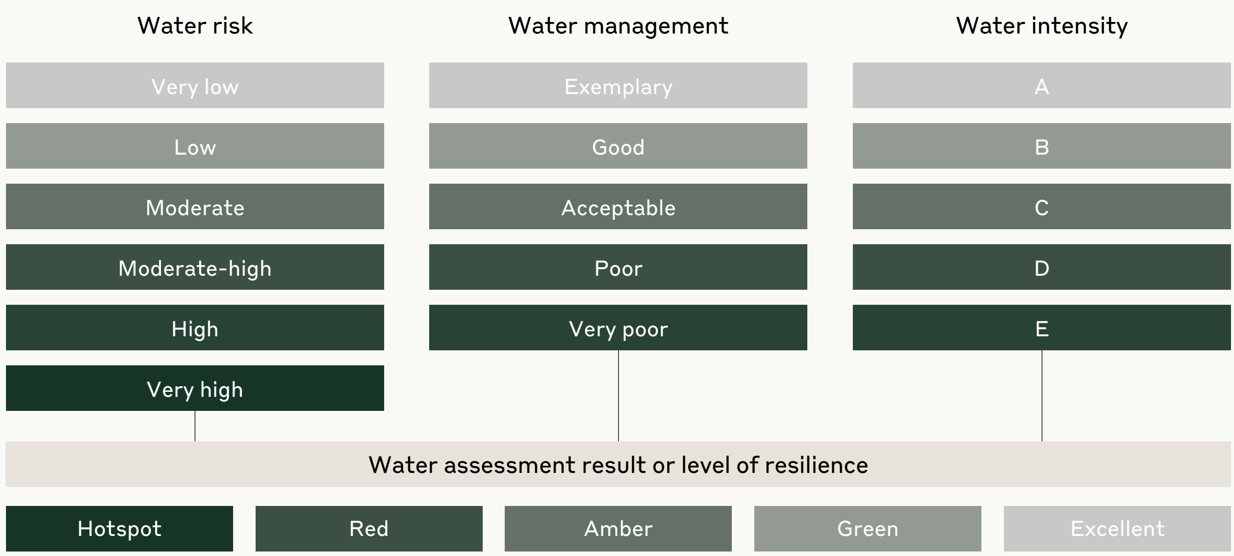


Table of progress (Raw material suppliers)	**FY 2022/23 (year 2)**	FY 2021/22 (year 1)	FY 2020/21 (baseline)
Supply chain coverage	**86.3%**	78%	51%
Green/Excellent	**45.7%**	14%	3.5%
Amber ratings	**24.7%**	37.5%	9.5%
Red/Hotspot	**12.1%**	26%	38%

Table of progress (Finished goods vendors)	**FY 2022/23 (year 2)**	FY 2021/22 (year 1)	FY 2020/21 (baseline)
Supply Chain coverage	**81.2%**	72%	38%
Green/Excellent	**27.8%**	11%	6%
Amber ratings	**43.5%**	42%	22%
Red/Hotspot	**10%**	19%	9%

Chemicals

Our mission is to ensure the safety of our people, planet and the products we create by implementing best practices for sustainable chemical management across our value chain. Our Chemical Management Programme supports Burberry's goals of embedding sustainable manufacturing and protecting nature, and is regularly updated to ensure it aligns with global sustainable practices.

Our programme promotes safer chemicals use in our value chain to ensure safer products, reduced exposure for communities in and adjacent to our supply chain, and cleaner water and air outputs into the environment. Our Manufacturing Restricted Substances List (MRSL) is fully aligned with the latest Zero Discharge of Hazardous Chemicals (ZDHC) list. Additionally, we prohibit polyfluorinated and perfluorinated chemicals (PFCs), extending our restrictions to include all long- and short-chain PFCs.

We implement the ZDHC Supplier to Zero (S2Z) programme across our value chain to ensure the best chemical management practices and procedures are in place. In FY 2022/23, we fully transitioned to this programme from our internal chemical assessment tool. By the end of FY 2022/23, more than 85% of our direct value chain partners (finished goods vendors and raw material suppliers) were certified, reflecting the implementation of best industry practices. In addition, we monitor the safety of our products through the Burberry Product Restricted Substances List (PRSL) and robust testing standards.

We are also aligned to ZDHC's Wastewater Guidelines, ensuring that wet processors perform wastewater testing twice a year. The results are published annually on Burberryplc.com.

Burberry colleagues have served on the Board of the ZDHC Foundation since June 2018. As a result, Burberry, alongside other brands and luxury peers, third-party suppliers and external chemical experts, has helped to shape the direction of the industry on the chemical management roadmap. Since December 2022, our Director of Quality and Sustainable Manufacturing has chaired the ZDHC Board of Directors. In 2022, our chemical management implementation was recognised as Aspirational for the second consecutive year, the highest attainable level in ZDHC's Brands to Zero Leader Programme.

Protecting nature

We aim to protect, restore and regenerate nature across our value chain and are members of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum to share learnings with others on how to improve disclosure on biodiversity risks. Prior to the UN Biodiversity Conference in Montreal in December 2022 (COP15), Burberry signed the COP15 Business Statement calling for mandatory assessment and disclosure of impacts and dependencies on nature.

We carried out a biodiversity impact assessment in FY 2021/22 with The Biodiversity Consultancy. This identified that our most significant biodiversity impacts are in our raw materials supply chain, particularly farming practices associated with natural fibres, including wool, cashmere and cotton. The sourcing of leather and wood-derived packaging also poses risks of deforestation.

We are working to address our biodiversity impacts identified in our impact assessment by sourcing raw materials that are certified to sustainability standards (see page 51). For example, certified organic cotton helps to improve soil health and reduce the use of harmful chemicals.

Supporting regenerative farming projects

The Burberry Regeneration Fund aims to support regenerative farming projects in our supply chain to promote biodiversity, store carbon and support livelihoods in local communities. In partnership with PUR, we are working with our wool producers in Australia to promote regenerative farming practices. The project was piloted with two farms in 2021 and was scaled up to six farms in 2022, and was again extended to cover 12 farms in 2023. With support from PUR, the farmers are implementing regenerative farming methods, such as seeding new pasture grasses, setting aside wildlife corridors, and installing new fencing and paddocks to allow more rotational grazing. A farmers' network has been created to encourage sharing of best practice. Baseline assessments have been carried out at the six farms that joined the project by the end of 2022. The long-term aim is for farmers to be able to measure both carbon sequestration in the soil and biodiversity impacts; enabling them to trade carbon credits and gain financially from producing lower impact wool while contributing positively to animal welfare and biodiversity.

Protecting nature in practice

As part of our efforts to protect nature across our value chain we have clearly defined Sustainability Principles with which we require all external partners and internal Marketing and Production teams to comply. These are a mandatory and comprehensive guide to tackling waste, reducing our environmental impact and ensuring the wellbeing of people, animals and landscapes involved in Burberry events, productions, visual merchandising and gifting. For our recent Check Landscapes Campaign, shot in South Africa and the Canary Islands, we partnered with local experts, governmental bodies and The Biodiversity Consultancy to screen and mitigate risks and impact to biodiversity in the respective conservation areas of Greyton Fynbos Region and Parque Rural Frontera. While the campaign was designed to be an expression of Burberry's heritage of adventure and the outdoors, it demonstrated our continued commitment to pursuing sustainable practices in all our productions.

Supporting zero deforestation

We aim to contribute to the sustainable management of natural forests and zero deforestation across our products and supply chain by FY 2025/26. Key initiatives we are taking to support zero deforestation include:

- **Viscose:** all of our viscose is Green Shirt rated in Canopy's Hot Button Ranking, which ensures suppliers have been audited and assessed as low risk, take substantive action to eliminate sourcing from Ancient and Endangered Forests, and are ZDHC-compliant through our Chemical Management Programme
- **Leather:** we are committed to avoiding deforestation and forest degradation driven by sourcing leather. We are also committed to not sourcing leather from high-risk countries and have set a target to use leather from certified tanneries only (see page 51)
- **Paper-based packaging:** our retail bags and gift boxes are certified by the FSC™ and include a minimum of 40% post-recycled content. In addition, we are working to increase sustainable sourcing of all cardboard used across consumer and operational packaging. In FY 2022/23, 93% of all paper-based packaging procured was FSC™ certified[1]

1. In order to calculate the percentage of FSC™ certified paper-based packaging, we have relied on the accuracy of the information supplied to us by our nominated packaging suppliers regarding the value of certified paper packaging sold to Burberry.

Waste

We seek to minimise waste across our supply chain and to send zero waste to landfill across our key operations, abiding by clear waste hierarchy principles. These comprise reuse, resell, repurpose, donate and recycle. We also focus on limiting the causes of waste across design, supply chain and merchandising.

We continue to expand existing routes, while developing new partnerships and revaluation solutions. We manage our stock position closely by proactively allocating current stock across channels and regions to meet demand.

Textile and leather waste

While we seek to minimise waste at all stages of our value chain, we also recognise the fashion industry's shared challenge with respect to the carbon impacts of excess fabric and textile waste. Supply chain efficiency and management of materials is a key area of focus. By putting in place systems to optimise the procurement and utilisation of our materials and finished goods, we can reduce their associated climate impacts.

We continue to support creative communities and promote a circular economy by donating to schools through the British Fashion Council (BFC). This programme provides donations of leftover fabrics to fashion students, upcycling surplus fabric and saving it from going to waste. The total amount of fabric donated in FY 2022/23 totalled more than 220,000 metres and was distributed equally to 32 universities, including Central Saint Martins in London. This programme encourages the next generation to consider new ways of thinking about their creative methods and material sourcing, and gives them the opportunity to develop tomorrow's approach to fashion design and production.

Additionally, in FY 2022/23 we donated 118,900 metres of fabric to Progetto Quid, a not-for-profit cooperative, which upcycles excess materials into clothes and accessories and employs people from vulnerable backgrounds. We also donated 7,600 metres of fabric to the Nuova Accademia di Belle Arti fashion school in Milan and Rome, benefiting 650 students.

We invest in the development of revaluing solutions for challenging materials, such as leather. Since 2018, we have donated leather hides and skins to the Alta Scuola di Pelletteria in Florence to be used as part of the school's training activities. This school offers professional leather training courses to young people who want to learn a specific skill. Through this partnership, we aim to help to bridge a skills gap faced by the leather manufacturing companies in Tuscany and connect them to young people, many of whom are categorised as not in employment, education or training (NEET). In FY 2022/23, the school offered 10 leather work and leather craft courses, and 109 students benefited from our donation of hides and skins.

We also funded a two-year research project, which concluded this financial year, with the Hong Kong Research Institute of Textiles & Apparel (HKRITA) to develop a system for post-consumer leather products recycling. To date, the project has successfully developed a recycled leather, which tested positively in terms of strength, abrasion resistance and thickness. Additionally, our partnership with HKRITA has resulted in the development of a prototype for an artificial intelligence (AI) garment-sorting algorithm, which speeds up the process of identifying garment type, material, fabric construction and colour, so increasing yield and accuracy for recycling.

People

Together, we open spaces for creativity to flourish by prioritising our people's wellbeing and being an open, inclusive and caring employer. By listening to, valuing and amplifying the voices of our people around the world, we ensure Burberry reflects the rich diversity of our people, our customers and our communities and fosters a culture of true inclusion and belonging.

We are committed to supporting our people, both within Burberry and across our value chain. From workers' wellbeing, to driving progress towards our diversity, equity and inclusion ambitions, we collaborate closely with partners and colleagues to build a more inclusive future where creativity can thrive.

Progress against targets

Target	Progress in FY 2022/23
Being a luxury brand which is inclusive of all	
• Achieve a 95% completion rate globally for episodes 1 and 2 of our online Diversity, Equity and Inclusion learning journey	• 90% of colleagues have completed episode 1 and 96% of colleagues have completed episode 2
Increase representation	
• Ensure shortlists across all recruitment campaigns are gender-balanced • Aim to increase hiring representation to 25% ethnic minority candidates in the UK • Aim to increase hiring representation to 25% Black/African-American candidates in the US	• FY 2022/23, shortlists across all recruitment campaigns consisted of 60% female, 38% male and 2% 'other' candidates[1] • In FY 2022/23, hiring representation in the UK consisted of 39.5%[2] ethnic minority candidates • In FY 2022/23, hiring representation in the US consisted of 16% Black/African-American candidates

1. These values are based on candidates who chose to voluntarily disclose.
2. This data excludes those who choose not to disclose their ethnicity, which is c.33% of total UK hires.

Target	Progress in FY 2022/23
Ethical trading	
• Continue to ensure our responsible sourcing standards and audit requirements are upheld by partners across our supply chain (this applies to finished goods vendors and key raw material suppliers)	• 98% of our finished goods vendors are globally in line with our responsible sourcing standards • We conducted 449 audits and 19 engagement activities across our finished goods and raw material supply chains • Further details of our Ethical Trading Programme are provided on page 79
• Extend our flagship capacity building programme to help our key vendors of finished goods introduce and manage their own ethical trading monitoring programmes	• Our Vendor Ownership Programme is now in place at 22 vendors, reaching over 16,500 workers across 252 subcontractors, an increase of 3% compared with FY 2021/22. Further details are provided on pages 79 to 81
Wellbeing in the supply chain	
• Extend our Supply Chain Engagement Programme to further advance wellbeing, livelihoods, inclusivity and worker voice across our supply chain	• Our Wellbeing Programme reached 15 key manufacturing facilities and finished goods vendors, and has impacted over 5,000 workers globally • Burberry-sponsored worker hotlines are in place across 38 factories in our supply chain, covering more than 27,000 workers, an increase from 19,000 workers in FY 2021/22 • Further details are provided on pages 80 to 81

We are creating a workplace where all our colleagues feel appreciated, valued, and heard. When people bring their authentic self to work, they are more engaged, deliver better results and are more empowered to make a meaningful contribution to the world around us.

We design our colleague experience in collaboration with our people to ensure that their needs and perspectives are reflected in how we support them. By embedding our Leadership Standards into each pillar of our business, keeping an open dialogue with our colleagues about their experiences, and recognising colleagues who are actively living our values, we are building a stronger company.

Embedding our Leadership Standards

Our Leadership Standards empower everyone at Burberry to live our values, help us maintain an open and inclusive culture, and drive growth through high performance. In FY 2022/23, we embedded these standards into our development programmes to ensure they are understood and implemented among our colleague population.

Our Leadership Standards have also been included in our colleague reward and recognition programmes. In FY 2022/23, we introduced a new performance rating system for year-end reviews whereby all colleagues are measured in equal weighting on what they have achieved, and how they have demonstrated our Leadership Standards. The aim is to promote colleague conduct aligned to our standards.

Enhancing the colleague experience

Keeping an open dialogue with our colleagues by gathering feedback about their experience at Burberry ensures the policies, processes, programmes and initiatives we are building as an organisation reflect the support our people require to thrive.

We continued to evolve our colleague listening approach to offer more dynamic, continuous listening, with enhanced capability to deliver customised reports to our leaders and teams. This approach provides deeper insight into how our colleagues are feeling and recommended actions that can be taken to enhance our colleagues' experience at work.

For the second consecutive year, our colleagues' confidence in their leaders and feeling of support scored highest on the survey. These scores reflected our leaders' continuing efforts, supported by improvements in our leadership development programmes and the focus on Leadership Standards across the organisation.

Resolution framework

To promote a culture of resolution, trust and transparency, we refreshed our processes for formally speaking up. Our belief is that each of us has a role to play in creating a workplace where we all have a voice, and have confidence that we will be heard, that situations will be dealt with fairly and that we will be protected. Guided by our Code of Conduct and Leadership Standards, we launched our Resolution Hub in November 2022, a centralised location where colleagues can access information about how to speak up and the support that they can expect. The Resolution Hub includes our innovative Steps to Resolution framework, a tool which enables a globally consistent process to share and manage concerns, with a focus on resolution.

Designing the future workplace

To ensure our workplaces can best meet the changing needs of our people, we are re-imagining Burberry's London headquarters. The Horseferry House campus will be transformed into a hub of creativity and collaboration, with bespoke working environments for our colleagues. New collaboration and breakout areas will come to life across the buildings, providing spaces that foster creative thinking and enable greater connectivity. The refurbishment commenced in April 2023 and is due to conclude during FY 2024/25.

Developing our people

Learning and development helps our colleagues to continually grow and overcome new challenges in the workplace. To support personal development, we offer a range of in-person and virtual resources, including our self-directed digital learning platform, B Learning. This platform offers courses on a variety of topics, including Building Effective Teams, Conflict Resolution and Project Management, as well as a toolkit with over 50 subjects available in the form of podcasts, articles, videos and workbooks.

For our UK colleagues, we also offer government-funded Burberry apprenticeships in partnership with training providers.

Putting wellbeing at the heart of every day

Throughout FY 2022/23, we continued to focus on wellbeing, supporting our people with programmes and initiatives designed to help our colleagues create healthy, sustainable working practices and support their work and personal wellbeing.

This year we developed content within our Leadership Development programmes on supporting wellbeing within our teams. We also incorporated guidance within our year-end ratings, which allows leaders' approach to wellbeing to be included in their leadership rating. We continued to provide all colleagues with wellbeing days, in addition to their normal leave entitlement, to provide dedicated space for their personal health and welfare.

Building on an early iteration of our dedicated menopause support site, in FY 2022/23, we enhanced the range of tools and resources available to support colleagues experiencing menopause. For our UK colleagues, we introduced specialist care through an external provider, which offers professional guidance, private prescriptions and 24/7 support from menopause-trained nurses.

Model wellbeing

We are committed to protecting the wellbeing and health of models engaged by the brand globally. We have a dedicated Model Wellbeing Policy, which covers the maintenance of health and safety standards, mandated rest breaks, privacy and channels for models to provide feedback or raise any concerns. We review this policy periodically with external authorities and industry specialists to ensure it is kept up to date.

Alongside enacting the policy, we work with the Models Trust to gather survey data from models on their experience at our runway shows. This anonymised data is reviewed by Burberry and any steps to improve the experience are actioned accordingly. We are also rolling out this survey to models on campaign shoots.

Overview of Diversity, Equity and Inclusion

Our Diversity, Equity and Inclusion strategy underscores our commitment to living Burberry's values and to honouring our founder's legacy. As a proudly open, caring and inclusive employer, we are dedicated to providing platforms for all communities to thrive. We understand that we need to create opportunities for underrepresented communities and to amplify voices both within our industry and beyond.

Integrating equity

We see equity as creating fair access to opportunity and advancement for everyone. In addition to conducting an audit of our internal practices and initiatives, the team launched the latest iteration of our Diversity, Equity and Inclusion strategy.

The integration of equity into our initiatives and best practices is supported by continued efforts in the following areas: enhancing our data collection; progressing our learning journey; aiding the governance of our internal networks and working groups; and actively engaging with our full range of internal audiences.

Commitment to equal pay

Our Reward Policy is to pay all colleagues in line with their level and experience at a competitive market rate. We regularly undertake a pay analysis to ensure we meet our commitment to equal pay.

For FY 2022/23, we voluntarily disclosed ethnicity pay and bonus gap data for the second consecutive year, reflecting our commitment to transparency and to creating lasting change by continually monitoring our progress. Based on the information available for our second year of reporting, the data was segmented into white and ethnically diverse colleagues and reported that both the median ethnicity pay gap and the median ethnicity bonus gap had moved in favour of ethnically diverse colleagues, while the mean ethnicity pay gap and mean ethnicity bonus gap had both narrowed.

We recognise this segmentation is not a full reflection of our colleague population and there are large variances between ethnic groups, which can directly impact socioeconomic circumstances. As we continue to enhance our data collection and build a more complete picture of our people, we will be able to identify further areas in which we can improve and will set our objectives accordingly.

Burberry is committed to the promotion and adoption of a Living Wage in our own operations and supply chain and is proud to have become the first luxury retailer and manufacturer to achieve accreditation as a UK Living Wage Employer.

In 2022, we brought forward the new UK real Living Wage pay rates, as defined by The Living Wage Foundation, by more than six months to directly employed colleagues. Johnstons of Elgin, the manufacturer of Burberry's Heritage Cashmere Scarves and our longest-standing supplier, is also a proud Living Wage Employer, as are other key partners in our UK supply chain.

Diversity, Equity and Inclusion pillars

- Attracting and retaining diverse talent
- Fostering an open and inclusive culture
- Educating and raising awareness
- Implementing a global approach

Talent acquisition goals

Globally:
hiring aspiration of gender-balanced shortlists

UK:
hiring aspiration of 25% ethnic minority candidates

US:
hiring aspiration of 25% Black/African-American candidates

Gender diversity

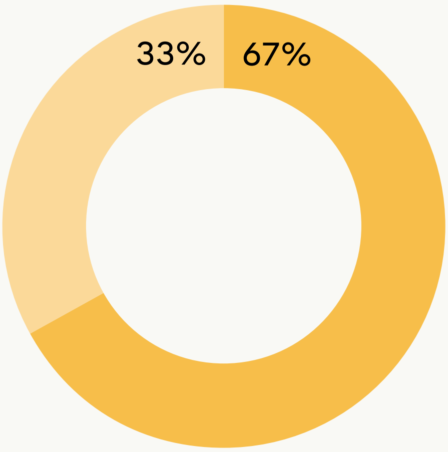
We are committed to fostering a culture of diversity, equity and inclusion. As of March 2023, the representation of women and men in the Burberry workplace is:

	Total	Number of women	Percentage of women	Number of men	Percentage of men
Board	12	5	42%	7	58%
Executive Committee	10	3	30%	7	70%
Leadership (Director and above)[1]	335	181	54%	154	46%
All workforce	9,201	6,129	67%	3,072	33%

1. Senior managers as defined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Share of women in our workforce

We are committed to better understanding our workforce through greater disclosure. In the charts below, women in junior management are categorised as colleagues below Director level, with women in senior management being Director level and above. Women in positions relating to science, technology, engineering and mathematics (STEM) sit within our Manufacturing and Product Development teams, while women in revenue-generating functions sit across Digital, Retail, Customer Service, Wholesale, Franchise and Licensing teams.



All Workforce

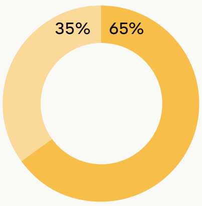
6,129 Female

3,072 Male

Total: 9,201

Female Male

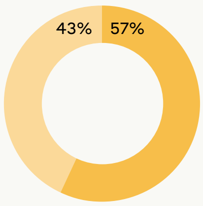
Junior Managers



713 380

Total: 1,093

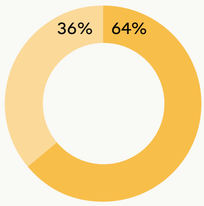
Senior Managers



238 180

Total: 418

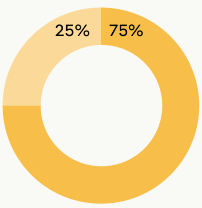
Revenue-Generating Managers



303 171

Total: 474

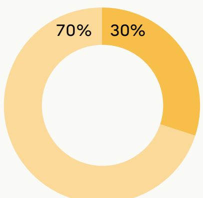
STEM-Related Positions



709 239

Total: 948

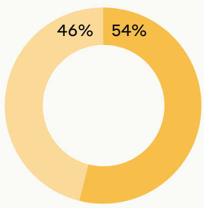
Executive Committee



3 7

Total: 10

Leadership (Director and Above)



181 154

Total: 335

Our four Diversity, Equity and Inclusion pillars

Attracting and retaining diverse talent

Attracting and retaining the best people at Burberry is a critical part of our global Diversity, Equity and Inclusion strategy and we are committed to ensuring that our processes are fair and inclusive.

Recruitment
We make every effort to ensure that every stage of our recruitment process is fair. Steps we have taken include ensuring all job descriptions are gender neutral, using standardised interview forms, and running mandatory unconscious bias training for talent acquisition teams and hiring managers.

Talent pipeline
We forge strategic partnerships with key organisations, charities and communities, including: The Outsiders Perspective, Mobolise and Generation, to build a diverse talent pipeline.

Early careers
In FY 2022/23, our dedicated Early Careers team launched our first Design Graduate Programme and our first Undergraduate Placement Year Programme to help over 30 graduates and students begin their careers at Burberry in roles across several departments.

Fostering an open and inclusive culture

Internal networks
Our Employee Resource Groups (ERGs) create space for colleagues to come together to mark cultural moments and share knowledge, experiences and learnings. Our ERGs include: Asians in Americas; Pride; Sustainability; Women Empowered; Latinxs of Burberry; Empowered Black Network; Working Parents at Burberry; and Women in Tech.

This year, the chair of the Women Empowered ERG discussed women championing change in a globally streamed panel curated by leading Esports organisation Gen.G. Our Vice President of Diversity, Equity and Inclusion spoke at the Snapchat DEI Innovation Summit, discussing how businesses can ensure diversity, equity and inclusion in the workplace. Our Pride ERG Co-Chair also spoke at a #ProudinBusiness event in New York City in partnership with Verizon. This was one of two events that the Diversity, Equity and Inclusion team ran in London and NYC with Verizon.

Disability inclusion
We endeavour to ensure our colleagues feel valued and have the support they need to thrive at Burberry. We have incorporated inclusive hiring procedures across Burberry to ensure fair practices are upheld and that people with disabilities are equally considered. We are making reasonable adjustments for people with disabilities throughout their career at Burberry and work with external organisations to ensure our sites, policies and processes are inclusive of people with both visible and non-visible disabilities.

During FY 2022/23, we continued our relationship with the Business Disability Forum, the leading business membership organisation in disability inclusion, to evaluate our policies and ensure that we are removing all barriers to access.

Diversity information
We support our colleagues of all identities and encourage all to voluntarily and confidentially share data on ethnicity, gender identity, sexual orientation and visible and non-visible disabilities. This information provides us with a more complete picture of our colleague population, allowing us to identify areas for improvement and set objectives accordingly.

Educating and raising awareness

Internal Diversity, Equity and Inclusion Conference
In October 2022, we hosted our first internal Diversity, Equity and Inclusion Conference called The Gender Edition. It created space for our colleagues to listen, learn and share their experiences. Moderated by Dr June Sarpong OBE, the event explored inclusive leadership, intersectionality, gender balance and the role men can play in delivering our diversity, equity and inclusion ambitions. Attended by over 300 leaders, the conference was conducted in person for those based in London and virtually for leaders based around the world. Many parts of the conference were also streamed to the wider business and featured speakers from several of our ERGs, including Women Empowered, the Empowered Black Network and Women in Tech.

Diversity, Equity and Inclusion Education Programme
Our Diversity, Equity and Inclusion Education Programme includes Understanding Allyship and Mitigating Bias training episodes, and a Demonstrating Allyship workshop. Across the business 90% of colleagues have completed episode 1 and 96% of colleagues have completed episode 2.

A third episode on Microaggressions is in development and will be launched in FY 2023/24.

Implementing a global approach

We work with a range of strategic partners across the world, including organisations, charities and communities, to support our objectives, further raise awareness of the importance of diversity, equity and inclusion and celebrate those enacting positive change within our industry and beyond.

Some examples of this include curating workshops and panel discussions with the expert insight of Stonewall, Global Butterflies and Investing in Ethnicity, and sponsoring The British Diversity Awards, which celebrates individuals, organisations and initiatives creating positive change.

Accountability
All leaders across the business are accountable for the delivery of our Diversity, Equity and Inclusion objectives. Our Executive Committee members have Diversity, Equity and Inclusion objectives as part of their goals, with attracting and retaining diverse talent and promoting an inclusive culture within Burberry being key priorities. Supporting Diversity, Equity and Inclusion plans both visibly and authentically is also the responsibility of our line managers and is assessed as part of our Leadership Standards.

To ensure our Diversity and Inclusion initiatives are aligned with best practice, we take part in industry-wide benchmarking. In FY 2022/23 Burberry was recognised by the Bloomberg Gender-Equality Index (GEI) for the third consecutive year. We also maintained a leading position in the 2023 FTSE Women Leaders Review, being named as a top performer in the Women in Leadership ranking. We performed above the average across leadership and talent pipeline, inclusive culture and external brand. The results highlighted areas in which our Diversity, Equity and Inclusion strategy is successfully enacting change across the business and enabled us to identify areas where we can further support our colleagues and communities.

Human rights

Human rights statement

We are committed to respecting and upholding human rights wherever we operate. Our Human Rights Policy sets out our approach to managing human rights risks across our own operations and extended supply chain. The policy is aligned with international standards, including the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights. Responsibility for the policy lies with Burberry's Chief Executive Officer. Our Human Rights Policy is available on Burberryplc.com.

Burberry's Ethics Committee oversees human rights risks and due diligence, and reports to the Audit Committee (see page 164 for further details of our governance structure). Our General Counsel and Global Human Resources team are responsible for ensuring our Human Rights Policy is upheld in our direct operations. Our Chief Supply Chain and Industrial Officer and VP of Corporate Responsibility are responsible for overseeing human rights and upholding human rights policies in our supply chain.

Every two years, we conduct a Human Rights Impact Assessment (HRIA) of our operations and activities and those of our extended supply chain. We have implemented this process since 2014 and continue to evolve and develop our human rights due diligence approach as well as our Ethical Trading Programme. Over the last two years we have implemented a number of mitigation action plans focused on the three highlighted areas from our FY 2020/21 assessment: diversity, equity and inclusion, worker voice, and modern slavery.

Our latest impact assessment took place in the fourth quarter of FY 2022/23, where in addition to our standard assessment we conducted a supplementary analysis looking at where migrant workers' human rights may mostly be affected. This assessment also included considerations related to the United Nations General Assembly's recognition of the right to a clean, healthy, and sustainable environment, under international law. We used this opportunity to explore what this could mean for the workers throughout our supply chain, who carry out a variety of manufacturing processes, in many different environments across the world.

These assessments identified the following key areas where human rights violations are more likely to be identified across our finished goods vendors and raw materials suppliers. These are:

- Working and living conditions, including access to health services
- Worker voice
- Diversity, equity and inclusion
- Modern slavery

In FY 2023/24, we will continue to build out our action plans to further address these risk areas, as well as driving a clear focus on ensuring our business practices have a positive impact on workers in the supply chain.

To ensure our HRIA methodology remains comprehensive and provides us with a material assessment of Burberry's operational human rights footprint, we are working closely with an external consultant to revise and enhance our methodology.

Supply chain due diligence

Our due diligence model includes and combines the activities we put in place to manage social risks across our supply chain. We review our due diligence model regularly to ensure it meets the heightened expectations of our external stakeholders such as consumers, investors and governments, and ensure alignment to legislation.

Ethical trading

We require all our supply chain partners to comply with our Responsible Business Principles, and incorporate this into our contractual agreements with them. The Principles include our Ethical Trading Code of Conduct, which sets out standards to protect the rights of workers across our supply chain, as well as policies that aim to protect vulnerable workers, including a Migrant Worker Policy, Homeworker Policy, and Child Labour and Young Worker Policy. Any violations of our Code of Conduct must be remedied in line with our Partner Non-Compliance Policy.

Ethical audits across our supply chain are carried out by ethical trading experts in our Responsibility team who are supported by interpreters and cultural facilitators where required. External accredited auditing agencies are also appointed to conduct audits in some cases.

We carry out announced and unannounced audits. Where there is non-compliance, we require our supply chain partners to implement a corrective action plan to gradually make progress and meet all our corporate responsibility standards. The scope of our ethical auditing programme covers all our supply chain partners, including our finished goods vendors, key raw material suppliers (RMS), our Distribution Centres (DC) and Local Fulfilment Centres (LFC). In FY 2022/23, we focused our RMS due diligence efforts in our APAC supply chain and we will be enhancing our risk mitigation in EMEIA in the coming year.

We have also continued to extend the scope of our ethical audit programme to cover service providers and suppliers of goods not for resale, where we identify risks based on location, worker demographic or processes carried out at the facility. In FY 2022/23, we carried out ethical audits at gifting and marketing vendors, and at packaging and visual merchandising suppliers, and we will continue to enhance our risk mitigation in these areas of our supply chain.

In FY 2022/23, we conducted 449 audits and 19 engagement activities across our global supply chain partners. During the audits, we conduct interviews with workers to better understand their needs and perceptions, while gathering insights into the direct and indirect impacts of our business.

We also have projects to address specific areas of risk, including risks associated with sub-contracting and migrant workers. For example, we have extended our flagship capacity building programme – named our Vendor Ownership Programme – which helps our finished goods vendors to introduce their own ethical trade monitoring programme across their subcontractors. This is now in place at 22 vendors (21 in Italy and one in the UK) reaching over 16,500 workers across 252 subcontractors. We also developed a new dual capacity building initiative aimed at reinforcing our supply chain partners' management of migrant-worker-related risks (see page 80 for case study).

More details of our Ethical Trading Programme can be found in our latest Transparency in the Supply Chain and Modern Slavery Statement available on Burberryplc.com.

Dual capacity building initiative

In FY 2022/23, we designed a dual capacity building initiative, aimed at educating vendors (top-down) and building awareness with workers (bottom-up) on risk management, prevention and remediation, to consolidate legal compliance across our EMEIA finished goods supply chain.

From the bottom-up perspective, a grievance mechanism for migrant minorities has been designed to provide human rights awareness and a grievance remediation channel with the support of experts in modern slavery to identify, report and address potential instances confidentially. A selection of nine supply chain partners has been finalised and the pilot is due to start in FY 2023/24.

For the top-down approach, in cooperation with the International Organization for Migration (IOM), a training programme has been customised to be deployed by IOM experts and social mediators to our partners across our finished goods and raw material supply chain. This training aims at setting conditions to ensure basic human rights enforcement for migrant workers with a specific focus on their recruitment journey, and includes a deep dive on diversity, equity and inclusion best practices in order to support migrant workers' integration into the local workshop population. The aim of this is to mitigate human rights violations by educating first-tier and second-tier partners on legal standards, and internal and external auditors on risk identification.

In total, this training reached 77 supply chain partners and impacted 9,500 workers in FY 2022/23. This included 37 of our first-tier partners in Italy and eight direct partners of our own Italian manufacturing facility, Burberry Manifattura, as well as 100% of first-tier and second-tier partners in Poland, Romania and Moldova. Across our supply chain partners, attendees included managers, human resources teams and internal auditors. In addition, 100% of our Vendor Ownership Programme auditors, as well as Burberry internal auditors, have been trained to identify red flags and deep dive into recruitment dynamics.

Based on the positive feedback received from attendees, we are currently exploring new opportunities for creating a longer-term partnership with the IOM to enhance due diligence and migrant workers' voice on a more permanent basis, across the whole impacted value chain.

Supply Chain Wellbeing Programme

We have continued to work on our wellbeing programme, building on the benefits achieved since its inception in 2018. In FY 2022/23, the programme involved 15 key finished goods vendors and manufacturing facilities globally. Over 5,000 workers in our supply chain have benefited from the positive impacts of the programme. As well as ensuring continuous improvements to workers' overall wellbeing, we also focused on responding to specific needs. These include maintaining critical skills, attracting and retaining unique talents, creating and spreading a responsible employee-conscious culture and ensuring a healthy supply chain through specific actions.

In particular we designed an awareness and implementation path based on participants' needs consisting of:

- Training sessions to lay the foundation and increase knowledge about wellbeing-related topics and provide assistance and useful tools to implement the project
- A digital wellbeing survey which was originally developed in partnership with Oxfam, and adapted to respond both to the participants' needs and the external context, to measure key wellbeing areas such as happiness at work, job satisfaction, personal and professional development, relationships at work and physical wellbeing

This was the first year we piloted the use of a digital survey in EMEIA, shared through an online platform. This has helped to cascade it more efficiently. In the next year, we will expand its scope, reaching out to a wider number of workers within our supply chain.

During both the initial phase of the project and after the survey was completed, one-to-one meetings and workshops were held to share the results and support the management team in identifying strengths and opportunities and guide them through areas of improvement. Based on the needs outlined by the survey, we have begun working with our key vendors and manufacturing facilities to develop specific action plans and monitor the progress made.

During FY 2023/24, we plan to maintain engagement with current participants, working with them to strengthen the improvements achieved, measure the results obtained and cascade the project to their own supply chain where applicable. Moreover, we are planning to include more key vendors and manufacturing facilities to broaden our positive impacts across our supply chain.

Worker grievance mechanism

We seek to ensure that colleagues and workers in our supply chain have access to confidential support and advice. We provide grievance mechanisms for our colleagues, including a global helpline which is managed by an independent company. We also sponsor confidential hotlines run by NGOs for workers in our supply chain, which provide advice on workers' rights and wellbeing and confidential support. These worker hotlines are in place across 38 factories in our supply chain, covering more than 27,000 workers compared to 19,000 workers in FY 2021/22. During FY 2022/23, Burberry-sponsored hotlines received 502 calls (compared to 435 calls in FY 2021/22). Grievance resolution is monitored by the Corporate Responsibility team.

Further disclosures on human rights and ethical trading are included on our website at Burberryplc.com. These include:

- Our Ethical Trading Code of Conduct and Human Rights Policy
- Our Transparency in the Supply Chain and Modern Slavery Statement FY 2022/23, which is prepared in accordance with the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010

Communities

Burberry is a responsible company: we believe in doing the right thing by our people, our customers, the communities we touch and the world around us. Our values of being creatively driven, forward thinking, open and caring, and proud of our heritage, are deeply embedded in how we operate and have been core to our brand since the Company was founded by Thomas Burberry in 1856. We continue Thomas Burberry's altruistic legacy today by supporting young people, championing our communities and collaborating with organisations to make a positive impact on the world.

The Burberry Foundation, an independent charity set up in 2008 by Burberry Group plc, is focused on empowering young people, particularly those from underrepresented communities, to create better futures.

Progress against targets

Target	Progress in FY 2022/23
Empower young people to create better futures	
• Positively impact 500,000 people by FY 2025/26, particularly young people in underrepresented communities	• In FY 2022/23, 160,785 people were positively impacted through community programmes supported by Burberry Group plc and The Burberry Foundation • See pages 83 to 86 for further details
Increase volunteering opportunities for colleagues	
• 20% increase in the number of colleagues volunteering in FY 2022/23 (from FY 2021/22) • 10% increase in volunteering hours in FY 2022/23 (from FY 2021/22)	• In FY 2022/23, 3,685 colleagues participated in volunteering and fundraising activities, a 168% increase from 1,374 colleagues in FY 2021/22 They collectively contributed over 6,615 hours to charitable causes this financial year, around the same level as FY 2021/22[1] • See page 86 for further details

1. Volunteering hours are calculated based on colleagues' disclosures.

Community impact

Our Communities strategy

In FY 2022/23, we updated our Communities strategy to focus on three areas where we can make a meaningful difference:

Empowering youth
Charitable initiatives that inspire young people to explore their creativity, develop life skills, broaden career horizons, and come together in safe environments.

Fostering creativity
Global creative training and scholarship programmes supporting students from underrepresented groups and collaborations with LGBTQ+ organisations.

Protecting communities
Philanthropy to protect people in our local communities, by supporting causes which our colleagues care about and responding to humanitarian needs.

In FY 2022/23, 160,785 people were positively impacted through community programmes supported by Burberry Group plc and The Burberry Foundation.

The Burberry Foundation

The Burberry Foundation is an independent charity (UK registered charity number 1154468), with an ambition to harness the power of creativity to drive positive change.

Introduced in 2022, its new global strategic mission focuses on empowering disadvantaged youth and expanding The Burberry Foundation's activities to include Burberry's key operational geographies.

The Burberry Foundation focuses its grant-making on supporting youth organisations around the world working to break down barriers faced by marginalised young people. These safe spaces provide essential services to help young people gain confidence and develop valuable skills to improve their lives and progress their career pathways.

Empowering youth

Through this focus area, we support charitable initiatives that inspire young people to explore their creativity, develop life skills, broaden career horizons, and come together in safe environments.

Burberry Inspire

The Burberry Foundation champions youth empowerment through Burberry Inspire. A core belief of Burberry Inspire is that young people who have positive role models, safe spaces, and opportunities to develop and exercise their creativity can become empowered, self-confident individuals.

Burberry Inspire seeks to enable young people to unlock their creativity and drive positive change in their communities. Informed by the Creative Youth Development Partnership's programme framework, this global programme supports projects that foster creativity in young people aged 10 to 24 through the visual and performing arts, STEM-related skill development activities, and a host of activities associated with leadership development and social engagement. The programme's theory of change is that engaging and developing young people's creativity, and giving them well-designed opportunities to develop and learn, enables them to:

- Gain greater self-confidence and other foundational life skills that are critical for success in life
- Acquire the information, connections and motivation needed to further their educational and/or career plans in the future
- Become empowered to play a positive role in their communities

In FY 2022/23, The Burberry Foundation established a global partnership with the International Youth Foundation and appointed regional delivery partners for the programme. These include OnSide in the UK, and four regional organisations in the US. The Burberry Foundation and its partners aim to have a long-term sustainable impact by developing and supporting innovative solutions to youth challenges.

Fostering creativity

We seek to achieve meaningful difference by supporting global creative training and scholarship programmes supporting students from underrepresented groups and through collaborations with LGBTQ+ organisations.

In December 2022, we commenced a partnership with LEEDS 2023, a year-long celebration of community and culture in the city of Leeds and the wider West Yorkshire region, to spotlight how creativity and greater access to cultural experiences can open opportunities for all.

As part of the partnership, we are supporting a number of creative learning initiatives, including Smeaton300, a series of STEAM events and interactive workshops in schools and public places.

Burberry x China Women's Development Foundation

At the end of FY 2021/22, in partnership with the China Women's Development Foundation and the China National Textile and Apparel Council, we launched a three-year training programme to empower women with training to develop their traditional handicraft design skills and encourage entrepreneurship.

So far, working with local experts, we have provided training to 60 female designers from three ethnic minority groups across the South and Southwest of Mainland China: Miao in Guizhou, She in Guangdong and Yao in Guangxi. Their creative specialties range from Miao embroidery to brocade, batik, traditional Miao costume design and jewellery creation.

Participants were given the opportunity to exhibit their creations at national events, including Beijing Fashion Week in September 2022 and at Burberry's stand at the China International Import Expo in November 2022. Once the three-year programme concludes it will have directly trained 200 women and positively impacted up to 30,000 others, preserving intangible cultural heritage for generations.

Protecting communities

Our founder Thomas Burberry's longstanding dedication to community serves as the foundation of our culture. As an open and caring company with a deep commitment to communities and the environment, we are proud to continue that legacy today. We aim to protect people in our local communities, by supporting causes that our colleagues care about and responding to humanitarian needs.

Ukraine humanitarian crisis

In response to the escalating refugee crisis, we donated to UNICEF, Save The Children and the British Red Cross, enabling the distribution of food, hygiene products, warm clothes and aid to meet urgent and immediate needs.

Turkey-Syria earthquake

To support relief efforts from the devastating earthquakes, we donated to the Disasters Emergency Committee (DEC) Turkey-Syria Earthquake Appeal. This is enabling DEC charities and their local partners to scale up their response and reach more people.

Community investment

We support communities through Burberry Group plc charity partnerships and initiatives, and by funding The Burberry Foundation. The Foundation's Board, which meets quarterly, is chaired by Lord Holmes of Richmond.

Since 2010, our policy has been to donate at least 1% of Group adjusted profit before tax (PBT) to charitable causes. We set an annual charitable budget, which aligns with this policy and is approved by the Board.

Our Group charitable donations are reviewed by the Ethics Committee bi-annually. The Board also receives an overview of community activities, including spend, when approving the 1% budget for the next financial year.

We have reviewed and updated our methodology for reporting on community investment to align with the B4SI framework, which is a recognised global standard in measuring and managing corporate community investment.

Charitable spend

In FY 2022/23, we donated £6.3 million to charitable causes (FY 2021/22: £6.1 million), equivalent to 1.04% of Group adjusted PBT.

More details of our FY 2022/23 charitable donations can be found in our Responsibility Data Appendix on Burberryplc.com.

In-kind donations

We provide finished product donations to schools, charities and social enterprises, including long-time partner Smart Works, which provides high-quality interview clothes and coaching to disadvantaged unemployed women. In FY 2022/23, we donated over 14,000 items of business clothing to our charity partners in the UK and Italy. Our valued partners include Smart Works, and the Aurelio Saffi Hospitality School in Florence. Thanks to this partnership, Burberry's business clothing donations were provided to students from economically deprived communities, to support them to attend training labs and career fairs. We also continue to donate fabrics, yarns and trims to various charities and design schools globally.

We have also leveraged the support of our manufacturing operations and supply chain partners.

Internal manufacturing teams and supply chain partners produced over 20,000 blankets for Ukrainian refugees through a donation to the UNHCR.

Volunteering

We mobilise our colleagues to engage with the projects they care most about and support our communities. Our Global Volunteering Policy allows colleagues to take up to three paid volunteering days per year. In FY 2022/23, 3,685 colleagues participated in 128 volunteering and fundraising activities. This compares to 1,374 colleagues and 88 activities in FY 2021/22.

We organised events and roadshows during the year to engage our colleagues in our community activities and worked with our charity partners to create volunteering opportunities. For example, we worked closely with our UK charity partner OnSide to develop a suite of creative activities for young people attending the Croydon Youth Zone as part of our wider Festive campaign with the theme of giving back. Activities ranged from baking Burberry Trench Coat cookies to a gingerbread house building competition. This multifaceted Festive campaign also saw colleagues taking part in volunteering activities as part of a Company-wide competition. Prizes and vouchers were allocated to the most creative activities. Colleague engagement over this period increased by 85%, with 1,121 colleagues taking part in an activity compared to 605 in FY 2021/22.

We have also established a global network of Community Champions to organise and promote local community projects, lead by example and help colleagues do the same. We currently have 61 Community Champions across eight countries.

Fundraising

We provide match funding up to a value of £3,000 for team activities involving five or more colleagues. This allows colleagues to provide even more support to the causes they care about and encourages teams to collaborate outside their normal roles.

Our Responsibility Approach

Our responsibility governance

We have embedded Environmental and Social Responsibility into our governance and management structures.

The Board is responsible for ensuring its approach to sustainability is integrated into and implemented across the business, reflecting the importance of these topics to the Group and society as a whole.

The governance framework of committees oversee the implementation of our Environmental and Social Responsibility strategy and provide regular updates and key information to the Board.

These include:

- Sustainability Committee: oversees our strategy, targets and progress on environmental issues and the Sustainability Bond. It is chaired by our CEO and includes other senior leaders. Each member of the Committee is responsible for embedding our Responsibility strategy within their business area. In FY 2022/23, the Committee met four times and reported to the Board twice on progress across our Responsibility agenda
- Ethics Committee: regularly reviews progress on social issues, including worker wellbeing across our supply chain and community investment, and reports to the Audit Committee
- Risk Committee: oversees risks relating to environmental and social issues. It also reviews and makes recommendations to the Board regarding our climate-related financial disclosure, and reports to the Audit Committee. More information on climate change as a principal risk can be found on page 128

Our governance framework is outlined in the Corporate Governance Statement on page 153. Further details on these executive committees and their actions in FY 2022/23 can be found in our Task Force on Climate-related Financial Disclosures on page 94.

Embedding corporate responsibility into our business

The structure and membership of these executive committees are reflective of key business areas and ensures our Environmental and Social Responsibility strategy is embedded in our business.

Our Corporate Responsibility team was established 18 years ago and consists of over 40 dedicated experts. Focusing on environmental and social issues, the team also includes ethical trading experts who monitor labour compliance standards across our supply chain (see ethical trading on page 79).

We also have a Sustainable Manufacturing team embedded within our Supply Chain, and a Sustainable Finance team working within our Finance function. In addition, other key functions across the business, such as IT and Product Development, are central to the delivery of our Responsibility agenda from creating more sustainable products to identifying solutions for monitoring and measuring GHG emission reductions.

We believe that all colleagues have a role to play in delivering our responsibility agenda. We seek to inspire, educate and equip our people to do so through training, events, strategic communications and volunteering opportunities.

Our Finance and Operations team runs a "Sustainability in Action" programme to engage colleagues on how they can embed sustainability into their roles. In FY 2022/23, seven webinars were held on topics including circular business models, sustainable finance and IT, with between 100 and 250 colleagues attending each session.

This year we launched a Sustainability Professionals Network to connect colleagues across the business who work on our Burberry Beyond agenda or have an interest in sustainability. The purpose of the network, which is open to all Burberry colleagues globally, is to spearhead a culture change by creating an active and engaged community that supports each other in decision-making, information sharing and championing best practice. Members have access to insights, events and webinars on various topics, including Burberry Beyond updates, industry trends, best practice and regulation.

We also seek feedback from our colleagues through our Employee Engagement Surveys and Global Workforce Advisory Forum. In June 2022, we engaged with the Forum on sustainability issues, to gain a deeper insight into the topics that matter most to our colleagues and their perception of our progress. Another session on sustainability is planned to take place in June 2023.

Managing risk

Environmental and social risks are embedded into our risk management process and are regularly reviewed by our Risk Committee. Our Risk and Viability Report (page 118) covers our principal risks and actions taken in the year to mitigate risks. Through our Environmental and Social Responsibility strategy, we seek to mitigate a number of our principal risks, including risks associated with climate change and image and reputation.

Our Climate-related Financial Disclosure section (page 94) provides further details on our climate risks and is aligned with the recommendations set out by the TCFD. We have a cross-functional TCFD working group, which includes members from Risk Management, Finance and Corporate Responsibility teams. The working group reports to the Risk Committee. We are also a member of the Taskforce on Nature Related Financial Disclosure (TNFD) Forum in order to share learnings with others on nature- and biodiversity-related risks.

Our policies

As set out in our Responsible Business Principles, we have a number of more detailed policies on environmental and social issues. These include a Global Environmental Policy, Human Rights Policy and Responsible Sourcing Policy.

All contractual agreements with our supply chain partners require compliance with our Code of Conduct and Responsible Business Principles, including our Ethical Trading Code of Conduct.

Our policies are available on Burberryplc.com and details of how each policy governs our approach can be found in our Non-Financial and Sustainability Information Statement on page 48.

Embedding responsibility targets into our corporate annual bonus plan

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's longer term climate goals, via the annual bonus plan and a sustainability underpin in the Burberry Share Plan (BSP).

For FY 2023/24, 25% of the Executive Director's bonus is once again linked to strategic measures including environmental and social measures and there will also be a sustainability underpin in the 2023 BSP award.

Building on this, in FY 2023/24 we are introducing specific sustainability metrics linked to our ambition to become Climate Positive by 2040 to the annual corporate bonus plan for the wider workforce. We believe that cascading sustainability targets represents an invaluable opportunity to drive the cultural evolution necessary to achieve our long-term goals.

Awards and recognition

We continue to rank highly in external benchmarks and indices.

We rank as a leader, with a AAA rating.

We rank second out of 192 companies in the textiles and apparel sector and are rated as Negligible Risk.

We received a disclosure score of 93%, ahead of the sector average of 66%.

We are included in the FTSE4Good Index, with a rating of 4.2 out of 5, significantly above the industry average of 2.3.

We achieved a leadership (A) score in the 2022 CDP Climate Change survey.

Partnerships

Being open and caring is firmly rooted in Burberry's values. We believe in being responsible, being guided by our conscience and working together to achieve common goals. To that end, we frequently collaborate with key stakeholder groups, industry peers and business partners to effect wider industry change.

Key partners include:

About our responsibility data and reporting

We aim to align our data and reporting with best practice standards. We publish a separate Responsibility Data Appendix on Burberryplc.com with more detailed environmental and social performance data. Our Responsibility Data Appendix also summarises how we align with external frameworks, including the UN SDGs.

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance on selected planet and product metrics. The data marked by the following symbol ^ is in scope for PwC assurance procedures over selected Responsibility KPIs on pages 50 to 94. The assurance statement for selected Responsibility KPIs is available at Burberryplc.com. The data marked by the following symbol ^{V} is in scope for PwC assurance procedures over the Use of proceeds. The assurance statement for the Use of proceeds is available at Burberryplc.com. Additionally, our Basis of Reporting contains details of our data collection methodology for our assured metrics (available on Burberryplc.com). Details of our methodology for our non-assured metrics can be found in our Responsibility Data Appendix on Burberryplc.com.

We comply with reporting regulations on climate change. We publish a Climate-related Financial Disclosure consistent with TCFD Recommendations (see page 94) to comply with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and FCA Listing Rules. We publish UK energy and carbon data (page 58) to comply with the UK's Streamlined Energy and Carbon Reporting requirements.

We are also working to prepare for new reporting requirements under the EU Corporate Sustainability Reporting Directive (CSRD) that will apply in future years.

Our contribution to the UN SDGs

We take action on the goals that are most relevant to our Company and where we can have the biggest positive impact. Our strategic priorities and associated initiatives contribute to many of the UN SDGs as outlined in the Progress Against Targets tables under each pillar on pages 51, 56, 68 and 82. We have outlined the main ways we contribute to the SDGs in more detail in our Responsibility Data Appendix on Burberryplc.com.

Sustainability Bond – use of proceeds report

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

Burberry issued a debut five-year sterling Sustainability Bond on 21 September 2020 for £300 million at a coupon of 1.125% (the "Sustainability Bond"). As part of the Sustainability Bond Framework[1] (the "Framework"), a commitment was made to publish a use of proceeds report within one year of the issuance of the Bond and annually thereafter.

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

Eligibility Criteria and oversight

The categories of our Eligibility Criteria are as follows:

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

Burberry's responsibility targets are owned by senior leadership across all regions and key functions and progress is reviewed by the Sustainability Committee.

The Sustainability Committee was established in 2019 to review and oversee the Group's strategy on Environmental, Social and Governance issues related to our Sustainability agenda. The Sustainability Committee convened four times during FY 2022/23 and is chaired by the CEO, who is accountable for ensuring oversight of climate-related risks and opportunities for the Group.

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

The Sustainability Committee has considered the Eligibility Criteria in the Framework and reviewed the spend on projects eligible for financing under the Sustainability Bond and allocated the proceeds accordingly.

Allocation of proceeds

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

The allocation across categories is summarised below.

Unallocated proceeds

The unallocated proceeds under the bond are £45 million. The cash is kept on deposit in accordance with Burberry's Treasury Policy.

Project examples

Green buildings:

Projects include the financing or refinancing of properties, which have one of the following certifications. For existing buildings, certification has been received within the last four years.

Certifications include:

a. LEED: Platinum or Gold level

b. BREEAM: Excellent or Outstanding level

Environmentally sustainable management of living natural resources and land use:

Burberry continues to promote more sustainable farming practices among its suppliers and also remains committed to driving demand for organic cotton. As part of this, 31%^ of total cotton was certified organic in FY 2022/23, however, organic cotton does not meet the Eligibility Criteria under the Framework document and therefore no proceeds have been allocated this year.

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

Pollution prevention and control

Burberry is passionate about driving positive change and building a more sustainable future. Our sustainable packaging materials commitment aims to minimise the amount of packaging used and, where packaging is unavoidable, to maximise use of recycled, reusable and recyclable materials in line with circular economy principles.

All Burberry retail bags and gift boxes are now made with paper-based materials, which are widely recyclable and reusable. Our garment covers are currently made from 100% recycled polyester and our hangers contain a minimum of 60% recycled plastic.

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

External assurance of the use of proceeds

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over the allocation of use of proceeds. Information subject to assurance is denoted with a V. PwC's assurance report and Burberry's Sustainability Bond Framework are available on Burberryplc.com.

Categories of spend	Total allocation from 21 September 2017 to 1 April 2023 £m	United Nations Sustainable Development Goals (UN SDG)
Green buildings	100.4	9 Industry, Innovation and Infrastructure
Environmentally sustainable management of living natural resources and land use	90.2	15 Life on Land
Pollution prevention and control	64.4	12 Responsible Consumption and Production
Total	255.0[v]	

1. The Framework can be found at: https://www.burberryplc.com/en/investors/debt.html.

v Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over the allocation of use of proceeds. Information subject to assurance is denoated with a v symbol. PwC's assurance report and Burberry's Sustainability Bond Framework are available on Burberryplc.com.

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected planet and product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

Task Force on Climate-related Financial Disclosures

FCA Listing Rule 9.8.6R(8)

The Company has included in its Annual Report climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

TCFD recommendations and recommended disclosures		Disclosure location within Annual Report 2022/23
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	Task Force on Climate-related Financial Disclosures, pages 94 to 111
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Task Force on Climate-related Financial Disclosures, pages 94 to 111
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Publication on Burberryplc.com: Burberry Beyond Climate Positive 2040 report
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	
	b. Describe the organisation's processes for managing climate-related risks.	
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Risk and Viability Report, pages 118 to 148.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Task Force on Climate-related Financial Disclosures, pages 94 to 111
	b. Disclose scope 1, scope 2 and, if appropriate, scope 3 GHG emissions and the related risks.	Planet pages 56 to 67 Task Force on Climate-related Financial Disclosures, pages 94 to 111
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Task Force on Climate-related Financial Disclosures, pages 94 to 111

Burberry has a longstanding commitment to addressing the impacts of climate change and is a luxury industry leader in taking steps to advance our decarbonisation agenda. Since 2016, we have reduced our market-based scope 1 and 2 emissions by 93%, becoming carbon neutral across our own operations by compensating for residual emissions through the use of verified carbon credits and maintaining our commitment to use 100% of our electricity from renewable sources.

Building on these accomplishments, in FY 2022/23 we published our latest Responsibility strategy, Burberry Beyond, to focus on four strategic priorities: Product, Planet, People and Communities. Our pledge to become Climate Positive by 2040 is ahead of the UK Government's net-zero by 2050 target and aligns with the Planet pillar of our strategy. To achieve this, we are committed to continued emissions reduction across our extended supply chain and investing in nature-based projects with carbon benefits that restore and protect natural ecosystems, enhancing the livelihoods of global communities. See Planet on pages 56 to 67 for further details.

We have adopted the recommendations of the TCFD and reported on its four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets, since FY 2019/20. This section builds on our previous reports and describes our approach to scenario analysis, the results of the scenario analysis, and the actions taken in response to these results. Climate change and the transition to a low-carbon economy also present opportunities for efficiency, innovation and growth, all of which are built into our Climate Positive by 2040 ambition.

As scientific understanding of climate change and the global transition towards a lower-carbon economy evolves, we will continue to develop our assessment of climate-related risks and mitigation strategies and evolve our TCFD disclosures to reflect such changes, ensuring they follow latest guidance and leading practice.

The Burberry TCFD Basis of Reporting outlines how we have prepared the financial statements and disclosures, considering relevant TCFD guidance publications and the principles for effective disclosure. We have engaged EY as independent auditors to provide a limited assurance statement in accordance with ISAE 3000 on our FY 2022/23 TCFD disclosures. The TCFD Basis of Reporting and assurance statement is available on Burberryplc.com.

Governance

The Board is responsible for ensuring its approach to sustainability is integrated into and implemented across the business. The governance framework of committees and advisory forums provide updates and key information to the Board to ensure that it is able to make informed decisions. Our governance framework is outlined in the Corporate Governance Statement on page 153 and more detail on the roles of the Board and its committees is set out in the Matters Reserved for the Board and its Committees' terms of reference, which are available in the Corporate Governance section of Burberryplc.com. The Board is also responsible for overseeing and monitoring the management of risks and opportunities, including those related to climate change. Further information on the risk management process is included in the Risk and Viability Report on page 118.

The Group's strategy on environmental and climate-related issues is governed by the Sustainability Committee, which convened four times in FY 2022/23 and is chaired by the CEO. The Committee plays an important decision-making role to support Burberry's Responsibility strategy, with membership including senior leaders from across the organisation who are responsible for the execution of the responsibility strategy within their respective business areas. Topics discussed in the Sustainability Committee in FY 2022/23 include plastic packaging, circular business models and a scope 3 GHG emissions update. The Company Secretary or their designate is secretary to the Committee.

During FY 2022/23, the Board received two updates from the Sustainability Committee, which included progress against the Group's sustainability-related goals and targets. The Board also received an update on Burberry's climate ambition including progress towards our industry-leading goal to become Climate Positive by 2040.

The cross-functional TCFD working group, which includes members from the Finance, Corporate Responsibility and Risk teams, defines the approach for identifying and assessing climate-related risks. In FY 2022/23, the TCFD working group provided an update on the outputs of the scenario analysis and proposed draft disclosure to the Risk Committee, which was chaired by the Chief Operating and Financial Officer (CO&FO).

The Audit Committee reviews the work performed by the TCFD working group, including progress against the four TCFD pillars, outcomes of the scenario analysis and proposed disclosure. The Board reviews our climate-related reporting as part of its overall assessment of the fair, balanced and understandable nature of the Annual Report.

Knowledge and skills

Burberry seeks to ensure that our Board and senior leadership have the relevant knowledge and skills to help us build a business that is both successful and responsible. We currently have five members of our Board who have extensive leadership experience on sustainability issues. Details on the sustainability skills and experience of these Board members is included in Board Leadership and Company Purpose on page 157.

We also worked with the Cambridge Institute for Sustainability Leadership (CISL) to build sustainability awareness and knowledge among our Board and senior leaders. In May 2022, CISL delivered a training session to our Board on global sustainability challenges, including climate change, biodiversity and the potential implications of these on our business. This followed a similar session presented to the Executive Committee in March 2022.

Similarly, we are committed to having a suitable pool of internal sustainability experts with relevant knowledge and skills to support decision-making. Members of the TCFD working group participate in external training courses and educational events, including the Accounting for Sustainability Academy, to keep abreast of relevant climate and nature-related topics. We also educate employees on various sustainability-related topics through frequent engagement, focused events, strategic communications and volunteering opportunities. See our Responsibility Approach on pages 87 for further details.

Remuneration

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's longer term climate goals, via the annual bonus plan and a sustainability underpin in the Burberry Share Plan (BSP).

For FY 2023/24, 25% of the Executive Director's bonus is once again linked to strategic measures including environmental and social measures and there will also be a sustainability underpin in the 2023 BSP award.

Building on this, in FY 2023/24 we are introducing specific sustainability metrics linked to our ambition to become Climate Positive by 2040 to the annual corporate bonus plan for the wider workforce. We believe that cascading sustainability targets represents an invaluable opportunity to drive the cultural evolution necessary to achieve our long-term goals.

Strategy

This section describes our key climate-related risks and opportunities, their potential impact on our business and its resilience to such impacts, which has been assessed using scenario analysis as described below. Our strategy to address climate-related risks is integrated into our business strategy and decision-making in areas such as capital allocation, investment appraisal, supply chain planning and raw material sourcing.

Our Burberry Beyond Climate Positive 2040 report details our strategic direction and plan to reduce GHG emissions across our operations and supply chain. With the majority of our GHG emissions arising from our extended supply chain, we are focusing on five key impact areas with each having defined actions to drive progress: Raw Materials, Circularity and Product-related Waste, Supply Chain Decarbonisation, and Sustainable Transportation. Further details on initiatives under each of these areas are provided in the Decarbonising our Value Chain section of the Burberry Beyond Climate Positive 2040 report.

Background to scenario analysis

Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states, under conditions of uncertainty. Scenarios are hypothetical constructs and not designed to deliver precise outcomes or forecasts. Instead, scenarios provide a way for the Group to consider how the future might look if certain trends continue, or certain conditions are met, and to assess the Group's strategic resilience.

As the scientific understanding of climate change and availability of data evolves, we expect greater rigour and sophistication in approaches to scenario analysis. We will continue to develop and update our scenario analysis to support our assessment of the resilience of our business strategy to climate-related risks and ensure relevant mitigating strategies are in place.

Our approach to scenario analysis

Our scenario analysis incorporates the Group's financial forecasts, operational footprint, supply chain information and environmental data, to create a digital twin representation of the business. The product portfolio is modelled based on our updated strategy, with the Group's value chain being modelled using historical data. This information is combined with industry reference scenarios on climate emission pathways, including assessments by the Intergovernmental Panel on Climate Change and International Energy Agency, to consider the potential impact of physical and transition risks on the Group.

Our scenario analysis considers the impacts of both physical and transitional risks.

	Physical Risks	**Transition Risks**
Definition	Risks related to the physical impacts of climate change. They include both acute weather events, such as heatwaves, and chronic long-term climate shifts, such as rising sea levels.	Risks which may occur while transitioning to a lower-carbon economy. These could include policy, market, reputation and liability risks. The level of risk depends on the nature and speed of the transition.
Timing of impacts	Acute physical risks are already occurring, and these are expected to happen more often and with greater severity. Chronic physical risks are more likely in the long term.	The timing of transitional risks is uncertain, but they are more likely to occur in the short to medium term.

In addition, we have considered the risk that a market shock caused by transition to a low-carbon economy would impact the Group's cost of debt, and how low-carbon innovations would devalue the Group's technology. We have concluded that these risks are not significant at this time due to the Group's strong net cash position, focus on renewable energy consumption and absence of carbon intensive machinery. We will continue to monitor and report on these risks.

The impact of physical and transition risks has been considered over a range of emission trajectories and global average temperatures. This is in line with the recommendations of the TCFD to select a set of scenarios that cover a reasonable variety of future outcomes, both favourable and unfavourable. We have also included a low-emissions scenario aligned to the Paris Agreement aspiration to limit global warming to 1.5°C, as per the TCFD recommendation that organisations use a 2°C or lower scenario. These are defined below, alongside a summary of the potential global impact of physical and transition risks under these scenarios.

Average global temperature rise compared to pre-industrial levels by 2100

1.5°C 2°C – 3°C > 4°C

	Scenario description	Global impact of climate-related risks over time
	The world takes immediate and substantial action in line with the Paris Agreement to lower emissions.	To limit global warming to 1.5°C compared to pre-industrial levels, collective global action will be needed. The nature and speed of the transition to a low-carbon economy is uncertain, but transition risks are more likely to occur in the short to medium term. By taking such collective action, the impact of physical risks occurring in the long term may be reduced.
	The world partially implements policies to lower emissions with no further actions taken.	If limited global action is taken to tackle climate change and reduce GHG emissions, transition risks would reduce in the short term. However, inaction would increase the severity and frequency of physical risks in the long term.
	The world takes limited or no actions to limit emissions.	Without any global action at all, transition risks would be limited and the impact of physical risks would become even greater in the long term.

We have defined our time horizons as short term (five years), medium term (five to 20 years) and long term (more than 20 years). The time horizon used for our detailed scenario analysis is a short-term outlook of five years, during which we can influence decisions through strategy, capital allocation, costs and revenues. Typically, three years is used for our financial and operational planning, as this is sufficient to cover almost all approved capital expenditure projects, and most current business development projects will be completed in the three-year period. Our viability assessment is also aligned to this time period, with ongoing concern typically considered over 18 months. We have extended the period to five years using a growth assumption, which more closely aligns with our expected asset lifetimes, and strategic plans. Beyond five years, there is less certainty around the impact of climate-related risks as this is dependent on the pace and effectiveness of the global transition to a lower-carbon economy.

Building on our detailed analysis, which covers a five-year time horizon, we have also considered the impact of climate-related risks in the short to medium time period of 10 years, which we will use to support our strategy over this period.

Each physical and transition risk was modelled independently due to the complexity and uncertainty associated with measuring the interconnectivity of risks and how they influence each other. Planned future mitigating actions, including those to deliver our ambition to be Climate Positive by 2040, have not been taken into consideration in the scenario analysis.

Scenario analysis results

In FY 2022/23, we further developed our scenario analysis to best reflect our current understanding of how climate change could impact the Group. This includes incorporating the latest scientific data on the global impact of climate change, increased sophistication when modelling transition risks and updating the digital twin representation of our business.

The tables below show the results of our scenario analysis and our strategic response. The financial impact represents the estimated loss of value to the Group's discounted cash flows over the next five years assuming no mitigating actions are taken. This impact has been rated as High, Medium or Low, reflecting materiality to the Group's financial statements.

At Burberry, we believe our long-term success depends on actively addressing the potential impact of climate-related risks and adapting to potential opportunities. As such, we have adopted strategies and actions to mitigate these risks and ensure our strategy adapts to the potential opportunities. Where such actions have quantifiable investments associated with them, these are embedded within our Board-approved financial plans, which are translated in to annual budgets, and detailed in Our Strategic Response on pages 100 to 104. We have also considered the impact of climate change in the preparation of our Financial Statements, which can be found on page 270.

Impact: potential impact on Burberry's cumulative discounted cash flows over five years, assuming no mitigating actions are taken:

Low	(<£1m – £25m)
Medium	(£25m – £125m)
High	(£125m – £250m)

Physical risk

Global emissions environment

Average global temperature rise compared to pre-industrial levels by 2100

	> 4°C	2°C – 3°C	1.5°C
Impact	Medium	Medium	Medium

Timeframe for most significant **impact:** long term

How we modelled the risk

We quantified how extreme weather events and chronic changes in the climate might impact sourcing of raw materials, disrupt manufacturing and distribution of goods, damage assets and impact retail activities leading to changes in consumption patterns.

Potential areas of impact

An increase in the frequency and severity of acute weather events may impact raw material sourcing, disrupt operations and damage facilities. Facility disruption may result from an increased risk of tropical windstorms and floods in Asia as well as increased risk of droughts and heatwaves in Asia, Europe and the Americas.

The impact of physical risks will become more significant in the medium and longer term, particularly in the >4°C and 2°C to 3°C scenarios. The impact of chronic physical risks, such as increasing global temperatures, will be particularly impactful over this time period.

Key assumptions

- Scenario analysis is based on our current asset base and value chain. Planned changes to our asset base and sourcing locations have not been taken into consideration in quantifying the five-year earnings at risk
- We have considered the extent to which financial impacts may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash
- Update in methodology in FY 2022/23 to include range of Representative Concentration Pathways (RCPs), Coupled Model Intercomparison Project Phase (CMIP6) data, updated hazard definitions and improved granularity when considering likelihood of hazards

Our strategic response

- We are committed to reducing our impact on the environment, promoting more sustainable practices in our supply chain, and ensuring that we build resilience in our operations. The quantifiable financial investments associated with these actions are included in our financial plans
- We are committed to sourcing 100% certified organic cotton, which holds environmental benefits and is traced via a chain of custody by FY 2029/30
- We continue to develop our business continuity and resilience plans to allow us to respond to the impacts of physical risks at key locations such as our distribution centres. Our Incident Management teams were convened to respond to a number of weather-related events in FY 2022/23
- We require regular effluent testing and work with over 40 wet processing facilities to monitor and improve effluent management practices. We also work with suppliers to identify water-saving opportunities, such as water recycling and leak repairs
- We continue to monitor and adapt our supply chain to ensure we are able to both mitigate climate-related risks to the Group and achieve our Climate Positive by 2040 ambition
- All Burberry retail bags and boxes are reusable, recyclable and certified by the FSC™

See also: Planet, pages 56 to 67.

Policy risk

Global emissions environment
Average global temperature rise compared to pre-industrial levels by 2100

	> 4°C	2°C – 3°C	1.5°C
Impact	Low*	Low	Low

Timeframe for most significant impact: short to medium term

How we modelled the risk

We quantified how the implementation of carbon pricing may result in increased costs associated with production, distribution and raw materials.

Carbon prices and projected changes in these have been considered at a country level.

Potential areas of impact

An increase in costs of production, distribution and raw materials in the short to medium term, with a higher carbon price required to achieve a lower temperature scenario.

* Under a >4°C scenario there is potential for a minimal positive impact due to reversal of current carbon pricing policies.

Key assumptions

- Scenario analysis and quantification of the five-year earnings at risk does not take into consideration our actions to be Climate Positive by 2040 and therefore assumes a growth in GHG emissions aligned to an average growth rate used in our financial forecast
- GHG emissions are based on our assured FY 2021/22 emissions footprint
- We have considered the extent to which financial impacts incurred may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash. Global carbon prices used in the modelling are shadow prices, which are a measure of overall policy intensity and expected to increase on a straight-line basis over the period. The annual carbon price has been interpolated based on the final carbon price reached at the end of the scenario modelling period. The global average carbon prices reached by the end of our scenario modelling period are:
  - 1.5˚C = USD 75 per tonne
  - 2°C – 3°C = USD 5 to USD 45 per tonne
  - > 4°C = USD 0 per tonne

Our strategic response

- In FY 2022/23, we published our Burberry Beyond: Climate Positive by 2040 report, which details our current GHG emissions footprint and our commitment to reducing this
- We have reduced our absolute scope 1 and 2 GHG emissions by 93% from our FY 2016/17 base year and will continue to identify the energy efficiency opportunities required to reach and maintain our 95% reduction target in FY 2023/24. We also aim to reduce our absolute scope 3 GHG emissions by 46% by FY 2029/30. Our emissions targets are recognised by SBTi, and we will continue to report our progress against these
- The remuneration of our Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards our Group climate goals
- Our £300 million Revolving Credit Facility (RCF) is linked to our scope 3 GHG emissions reduction target
- To support our strategic response, we have also quantified the potential impact of our Climate Positive by 2040 ambition on the Group's exposure to this risk

The quantifiable financial investments associated with these actions are included in our financial plans. We will continue to embed our Climate Positive by 2040 roadmap and monitor this through KPIs applied across the business. We continue to monitor regulatory and market developments in carbon pricing to inform our strategy and financial plans.

See also: Planet, pages 56 to 67.

Market risk

Global emissions environment
Average global temperature rise compared to pre-industrial levels by 2100

	> 4°C	2°C – 3°C	1.5°C
Impact	Low	Medium	High

Timeframe for most significant impact: short to medium term

How we modelled the risk

We quantified how shifts in consumer preferences towards more sustainable and less carbon intensive products may impact demand for our products.

Consumer preference shifts have been considered at a country level.

Potential areas of impact

A shift away from products constructed using less sustainable raw materials, including animal-based products, towards organic, regenerative or recycled fabrics. This shift is expected to happen in the short to medium term, and more quickly in geographical regions where public attention on sustainable materials used to produce clothing is greater. The shift will be more apparent in a lower temperature scenario, which assumes that a higher proportion of consumers will adopt more sustainable choices.

Key assumptions

- Consumer perception of Burberry products is assumed to be linked to the carbon footprint of sourcing raw materials, production and distribution
- Scenario analysis is based on Burberry's future product strategy, aligned with its updated strategic vision and projected raw material usage
- We have considered how shifts in consumer preferences may impact operating margin and net cash. This has been assessed in line with our current cost structure

Our strategic response

- We are committed to shifting to more sustainable, low-impact materials. We have a series of ambitious targets to achieve this aim with Product being a key pillar of our Burberry Beyond strategy
- We are a member of the Textile Exchange, which is a not-for-profit organisation working to increase the global market for sustainable fibres and to create certifiable sustainability standards for key raw materials
- In FY 2022/23 we joined Fashion For Good, a global platform established to drive sustainable solutions within the textile industry. We have hired a Materials Innovation Manager to pilot innovation in the raw materials space
- We are aiming to ensure all key materials are 100% traceable by FY 2029/30, supported by our use of certified materials where the country of origin is verified and disclosed. To support this, we are investing in a traceability solution. The quantifiable financial investments associated with these actions are included in our financial plans
- We continue to evolve our aftercare offer and trial new circular business models. See Opportunities and Product on pages 51 to 55
- To support our strategic response, we have also quantified the potential impact of achieving some of our key raw material targets on our exposure to this risk

See also: Product, pages 51 to 55.

Reputation risk

Global emissions environment
Average global temperature rise compared to pre-industrial levels by 2100

	> 4°C	2°C – 3°C	1.5°C
Impact	Low	Low	Low

Timeframe for most significant impact: short to medium term

How we modelled the risk

We quantified how climate activism due to negative perception of our climate impact and strategy may result in reputational damage, disruption to spending patterns and loss of revenue.

Society's opinion with respect to the threat of climate change has been considered at a country level.

Potential areas of impact

Society may engage in climate activism in the short to medium term with companies perceived as less sustainable being targeted, decreasing revenue and reducing market share. Despite minimal shifts in consumer preferences in the short term under a >4°C scenario, a section of society may engage in general activism against organisations due to their inaction in relation to climate change, resulting in disruption and lost revenue.

Key assumptions

- Scenario analysis is based on Burberry's future Product strategy, aligned with its updated strategic vision
- We have considered the extent to which financial impacts incurred may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash
- Scenario analysis uses a performance percentile to benchmark Burberry against its wider industry in terms of GHG emissions

Our strategic response

- Sustainability is an increasingly important factor in consumers' purchasing decisions. Consumers, particularly the younger generations, expect brands to have a clear and comprehensive agenda with respect to sustainability and social responsibility, including carbon reduction efforts; sustainable raw material sourcing and traceability; fair labour practices; diversity and inclusion, and protecting nature
- We are working to reduce our environmental footprint and meaningfully support our global communities while seeking to transform our industry
- We have made a number of industry-leading climate change commitments, which have been recognised externally:
  - Burberry received a Highly Commended in Communicating Integrated Thinking at the 2022 Finance for the Future awards
  - In 2022, Burberry was ranked by CDP in the Leadership band, receiving an A for its climate change submission
- We continue to play a role in shaping policy and regulation within our industry and are working collaboratively with partners, suppliers and other organisations to achieve our ambition. This includes the United Nations Global Compact, the Fashion Pact, The UN Fashion Charter, RE100, Race to Zero, Lowering Emissions by Accelerating Forest finance (LEAF) and the Prince's Trust Accounting for Sustainability project

See also: Planet, pages 56 to 67 and Product, pages 51 to 55.

Liability risk

Global emissions environment
Average global temperature rise compared to pre-industrial levels by 2100

	> 4°C	2°C - 3°C	1.5°C
Impact	Low	Low	Low

Timeframe for most significant impact: short to medium term

How we modelled the risk

We quantified how perceived involvement in activities, which drive climate change, such as the emission of GHGs, may result in additional operating expenses due to litigation.

Potential areas of impact

Potential operating expenses may arise from fines, settlement and legal costs in the short to medium term.

Key assumptions

- We quantified how perceived involvement in activities, which drive climate change, such as the emission of GHGs, may result in additional operating expenses due to litigation

Our strategic response

- We monitor and continuously improve processes to gain assurance that our licensees, suppliers, franchisees, distributors and agents comply with Burberry's contractual terms and conditions, its ethical and business policies, and relevant legislation
- Specialist teams at corporate and regional level, supported by third-party specialists where required, are responsible for ensuring the Group's compliance with applicable laws, ethical and business policies and regulations, and that employees are aware of the policies, laws and regulations relevant to their roles
- Our Global Environmental Policy stipulates our commitments relating to energy, emissions, chemicals, water and raw materials. This is mandatory and applies to all of our own and business associates' activities

See also: Risk and Viability Report, pages 118 to 144.

Beyond a five-year time horizon, the level of uncertainty increases. Transition risks are expected to be the most impactful in the short to medium term, continuing the trends our five-year scenario analysis have identified. Physical risks are expected to become most impactful in the long term, with the size of the impact dependent on the success of global initiatives to limit the repercussions of climate change. These long-term physical risks may disrupt our supply chain and create operational challenges. Our commitment to more sustainable, low-impact materials and our partnerships focused on innovation are key to limiting this impact. We will remain agile and continue to monitor this risk, informed by the latest scientific understanding of climate change.

Overall, the results of our scenario analysis indicate that the physical and transition risks associated with climate change could impact the Group in the short, medium and long term. The size of the impact will depend on the nature and speed of the global transition towards a lower-carbon economy. The 1.5°C scenario would have most impact on Burberry in the short to medium term before considering any mitigating actions. We will continue to consider and identify how the results of our scenario analysis may be utilised to inform future strategic planning where appropriate.

Opportunities

In addition to these climate-related risks, there are also opportunities for risk mitigation and growth, which may arise for the Group as it transitions toward a lower-carbon economy.

The Group's approach to identifying climate-related opportunities is integrated within its wider strategy to deliver positive change with sustainability at its core. Supported by the Group's overarching Climate Positive by 2040 ambition, the Sustainability Committee is key to the identification, prioritisation and realisation of climate-related opportunities.

Examples of such climate-related opportunities are summarised below.

TCFD Opportunity Area	Opportunity Description	Actions Taken To Realise Opportunities	Time Horizon of Impact
Resource efficiency	Use of more efficient production and distribution processes	Moved to electrically operated steam boilers in our key internal manufacturing site	Short/medium term
	Move to more efficient buildings	Improved building efficiency through obtaining LEED and BREEAM certification for stores	Short/ medium term
Energy Source	Use of lower-emission sources of energy	100% of the electricity used in our own operations is from renewable sources and we will continue to maintain this	Short term
Products and Services	Development and/or expansion of low-emission goods and services	Our collections increasingly feature products made with certified key raw materials, supported by our targets in this area	Short/medium term
		We offer Trench, Cashmere and Leather Refresh services globally and continue to expand these initiatives	Short/medium term
	Development of new products or services through research and development, and innovation	We are currently funding a two-year research project with HKRITA to design a post-consumer leather goods recycling system. Read more about this project in the Environmental and Social Responsibility section on page 67	Short term
Markets	Access to new markets	In FY 2022/23 we began a handbag rental trial with Cocoon and are planning to launch a product rental service with the UK's leading fashion rental platform, My Wardrobe HQ	Short term
		See more on our circularity initiatives in Product, page 54	Short/medium term
Resilience	Participation in renewable energy programmes and adoption of energy efficiency measures	We are currently working with the Apparel Impact Institute (AII) to implement the Clean by Design programme and improve energy, water and chemical use at eight mills known for producing high-quality textiles for luxury garments	Short/medium term
	Resource substitutes/ diversification	We continue to invest in a traceability solution, which will enable us to better manage risks and opportunities associated with our key raw materials supply chains	Short/medium term

We recognise the potential impact of climate change, which remains a principal risk for the Group. While there are challenges ahead, the Group is well positioned to both address these and capitalise on the identified opportunities, which will arise in the transition towards a lower-carbon economy. Our Climate Positive ambition will be key in ensuring the Group's resilience to the potential impacts of climate change, supported by our wider Burberry Beyond strategy see Responsibility (pages 50 to 94) and underpinned by ambitious targets, which are detailed in Metrics and Targets (see pages 30 to 35).

Risk Management

Climate change has been identified as a principal risk to Burberry see page 95 and has the potential to impact our business in the short, medium and long term as detailed on page 99.

The overarching approach to identifying climate-related risks is the same as for all principal risks and is described on page 97. Additionally for climate-related risks, we have undertaken qualitative scenario analysis since FY 2018/19 and a quantitative scenario analysis since FY 2019/20 to support our identification and understanding of such risks.

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

The cross-functional TCFD working group defined the risk management methodology and approach for identifying and assessing climate-related risks and mitigating controls. Using scenario analysis, the working group quantified climate-related risks to Burberry and evaluated their size and scope. This supported the working group in prioritising risks and assessing the resilience of our business strategy to potential climate-change impacts.

When sustainability and climate-related risks are assessed, existing mitigating activities and controls are highlighted and, where relevant and appropriate, additional activities and controls are implemented if risks fall outside of appetite. Progress against these mitigating activities is assessed by the Risk Committee and is subject to independent review by Group Internal Audit as part of the annual audit plan. During the year, the Audit Committee reviewed the work performed by the TCFD working group, including progress against the four TCFD pillars and proposed disclosure.

Climate-related risks and opportunities are continually monitored as part of our Enterprise Risk Management framework. This allows us to evaluate the relative significance of our risks based on their likelihood and impact, and to prioritise accordingly. The Group has also developed a risk platform, which enables us to track our business objectives, including those that create or protect financial, social, environmental and reputational value.

We also monitor the environment for new and emerging risks, and to keep abreast of evolving regulatory requirements. We will continue to develop our scenario analysis to improve our understanding of these risks and opportunities and align our strategy and actions accordingly.

Metrics and targets

We have a number of metrics and targets in place to monitor and manage the most significant risks and opportunities arising from climate change. These are outlined in the tables on pages 105 to 109 and are linked to the risks modelled as part of the scenario analysis and the opportunities identified by the Group.

Theme	Metrics	Targets
	Physical risks	
Water	Supply chain water management practices, water intensity across supply chain sites in absolute and relative terms, and water risks based on the geographical area. Our water risk assessment, which incorporates the WWF Water Risk Filter, considers physical risk, regulatory risks and reputational risks. Water scarcity, quality and flooding risk details are collected by supply chain partners and reviewed by Burberry against our water conservation framework. The framework rates sites as red, amber or green and identifies hotspots, which are defined as sites in areas of high water stress. If these risks are deemed to be high, Burberry conducts specific risk assessments for the site covering emergency and mitigation plans, and water stewardship activities.	• Maintain regular assessment coverage of at least 80% of our vendors and raw material suppliers • We are aiming for zero water conservation hotspots by 2030 and monitor the percentage of products delivered by supply chain partners rated as hotspots

Theme	Metrics	Targets
	Policy	
GHG emissions	GHG emissions across scopes 1, 2 and 3.	GHG emissions reductions: • Burberry committed to reduce absolute scope 1 and 2 GHG emissions by 95% by FY 2022/23 from a FY 2016/17 base year and to maintain the reduced level of emissions thereafter. Scope 1 and 2 progress for this year is 93% • To reduce absolute scope 3 GHG emissions by 46% by 2030, from a FY 2018/19 base year See our Responsibility KPI results on page 56 and our GHG emissions table on page 60 Renewable electricity: • 100% renewable electricity across our operational footprint by end of FY 2021/22. This target has been achieved and maintained See our results on page 60 These metrics and targets also support the Resource Efficiency and Energy Source opportunity areas.
Sustainability Bond	Our Sustainability Bond proceeds are allocated across three categories outlined in the Framework as Eligibility Criteria: • Green buildings • Environmentally sustainable management of living natural resources and land use • Pollution prevention and control (including waste prevention, waste reduction and waste recycling) This metric also supports the Resource Efficiency opportunity area.	• We aim to allocate the full use of proceeds from the Sustainability Bond to these three categories and are on track to do this by 2025 when the bond matures
Remuneration	• The remuneration of our Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's climate goals. More details of this are set out in the Directors' Remuneration Report on pages 200 to 245 • We have included environmental and social KPIs into personal objectives for our senior leaders, which also form part of the corporate bonus. • Building on this, in FY 2023/24 we are introducing specific sustainability metrics linked to our ambition to become Climate Positive by 2040 to the annual corporate bonus plan for the wider workforce. We believe that cascading sustainability targets represents an invaluable opportunity to drive the cultural evolution necessary to achieve our long-term goals.	• In FY 2022/23, 10% of the annual bonus for Executive Directors was linked to KPIs on our scope 3 GHG emissions and Diversity, Equity and Inclusion goals

Theme	Metrics	Targets
	Market	
Product and sustainable raw materials	• Percentage of traceable and certified materials • Total number of products refreshed using our aftercare offer. See Product on page 54 for further details on our ambitions around circular business models • % share of low-carbon materials procured for use in Burberry products • % of low-carbon products produced. This is based on products manufactured at vendors where we achieved GHG emissions reductions. Details are available in our CDP Climate disclosure	100% of key raw materials in our products to be certified. This includes: • Source 100% certified recycled nylon* and recycled polyester* by FY 2029/30, where nylon or polyester is the product's main material • Source 100% certified wool* by FY 2029/30, supporting certifications that uphold the highest animal welfare standard • Source 100% certified organic cotton* by FY 2029/30 which holds environmental and social benefits and is traced through our supply chain via a chain of custody. This builds on our target to source 100% of our cotton more sustainably by end of FY 2021/22. For details of our FY 2022/23 results, see page 51 • Source 100% of our leather* from certified tanneries by FY 2029/30, with environmental, traceability and social compliance certificates. For details of our FY 2022/23 results, see page 51 * Where the material referred to is the product's main material. These metrics and targets also support the Product and Services opportunity area.
	Reputation	
Consumer sentiment	Burberry monitors consumer perception metrics on the extent to which Burberry is considered a socially responsible brand. We are committed to continued participation in CDP, FTSE4Good Index, MSCI and Sustainalytics indices	• N/A
	Due diligence	
Liability	Burberry monitors activity across its supply chain in line with its Responsible Business Principles, which includes its Global Environmental Policy. Key metrics include: • Number of supply chain audits and engagement visits conducted • Supply chain chemical management assessment results • Effluent testing results (available on Burberryplc.com)	• N/A

Setting and monitoring targets is key to driving progress towards our Burberry Beyond strategy and we have an extensive range of KPIs focusing on our four pillars of Product, Planet, People and Communities. These KPIs are integral in ensuring we both build a better world for the next generation and safeguard the long-term success of our business. See our Responsibility Data Appendix on Burberryplc.com, which includes further details on how we monitor performance in this space and the latest KPI data. We have also considered the cross-industry climate-related metrics and targets recommended by the TCFD and will continue to develop metrics and targets in relation to transition risks, physical risks and opportunities, where they are deemed to facilitate comparability.

Our climate-related metrics and targets cover renewable energy procurement and GHG emissions reductions across scopes 1, 2 and 3. Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected KPIs as part of our Responsibility strategy, as well as key metrics reported in our GHG table. KPIs subject to assurance by PwC are denoted with a ^ throughout this Annual Report.

Our GHG emissions reduction targets are approved as science based by the SBTi:

- **To reduce absolute scope 1 and 2 GHG emissions by 95% by FY 2022/23 from a FY 2016/17 base year and maintain 95% emissions reduction**
  - We reduced absolute scope 1 and 2 GHG emissions by 93% from our FY 2016/17 base year. We have therefore not met our target this year, however, we will continue to identify the energy efficiency opportunities required to reach and maintain our 95% reduction target in FY 2023/24. We also continued to ensure 100% of our electricity was sourced from renewable sources
- **To reduce absolute scope 3 GHG emissions by 46% by FY 2029/30 and by 90% by FY 2039/40 from a FY 2018/19 base year**
  - In FY 2022/23, we reduced our absolute scope 3 emissions by 11% from the previous year (FY 2021/22), and by 40% since our FY 2018/19 base year
  - Independent limited assurance has been obtained by the Group over our FY 2022/23 reduction in scope 3 emissions from a FY 2018/19 base year, as we progress towards our Science-Based Target. The assurance report is available on Burberryplc.com

In addition, we have a number of internal targets to achieve our Climate Positive and Net-Zero Roadmap with accountability sitting with relevant Executive Committee members. Looking ahead, we are committed to reviewing and refining these internal targets as required.

Reporting

We align our reporting on climate-related metrics to recognised standards, including the GHG Protocol, The UK's Streamlined Energy and Carbon Reporting and the TCFD.

In line with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, our GHG emissions are set out on page 60.

In recognition of the importance of the TCFD and Sustainability Accounting Standards Board (SASB) being key Environmental, Social and Governance reporting frameworks for our stakeholders, we continue to produce a SASB-aligned disclosures report, which is available within our Responsibility Data Appendix on Burberryplc.com.

As part of the development of our transition plan, we have baselined the Group's current position and set our Climate Positive by 2040 ambition (which can be found within Planet on page 58). We will continue to monitor the developments of the Transition Plan Taskforce to ensure we align with its requirements.

Reflecting the importance of CDP as a gold standard for environmental reporting with the richest and most comprehensive dataset on corporate action on climate, we have been reporting to CDP since 2010. In 2022, Burberry was ranked by CDP in the Leadership band, receiving an A for its climate change submission.

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

Stakeholder Engagement

Understanding our stakeholders and doing right by them is fundamental to sustaining Burberry's success in the long term.

The Board is aware of its obligations, both collectively and individually, to promote the success of the Company for the benefit of its stakeholders.

Ensuring regular, comprehensive engagement with those stakeholders helps us to understand their perspectives, values and insights. This knowledge informs our decision-making and planning, and allows us to deliver our strategy, conscious of the potential impact of our actions.

Papers submitted to the Board for approval from various areas of the business are required to outline the impact on stakeholder groups to enable the Board to have informed discussions before reaching key strategic decisions.

Section 172(1) statement and statement of engagement with employees and other stakeholders

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

Reflecting the importance of our stakeholders and the impact they have on our strategy, reputation and the Group's long-term success, consideration has been given to them throughout the FY 2022/23 Annual Report. The table on pages 116 and 117 identifies where further information can be found on how the Board has engaged with our stakeholders.

People

We are committed to attracting and retaining the best talent in an inclusive environment where everyone thrives.

Why they matter to us	Our people are Burberry's greatest asset. We believe that an engaged and motivated workforce is essential to the growth of our business. We are committed to the professional and personal development of our people.	
What matters to them	• Career development • Operational efficiency	• Wellbeing and flexible working • Fostering a diverse, equitable and inclusive culture
Board engagement	Meaningful two-way communication between the Board and our workforce is crucial. How the Board has engaged: • The Global Workforce Advisory Forum • Colleague surveys	• Holding and participating in global town halls • For FY 2022/23 this included town halls in the USA, Japan and Korea in which the Chair participated in person

Customers

We serve our customer base through Burberry.com, directly operated stores, concessions and wholesale partners.

Why they matter to us	Providing exceptional customer service and assistance is vital for any luxury brand. We aim to create a cohesive experience, where our customers can engage with our brand, our product, our campaigns and our people, in person and online.	
What matters to them	• Product innovation and newness • Customer service and brand experience	• Addressing evolving customer habits and changes in buying patterns • Environmental and social impact
Board engagement	Understanding our customers and what they are looking for is key to the success of our brand. How the Board has engaged: • Customer insights provided through presentations from our CEO and senior management team	• Regular store visits, including visits which formed part of strategy meetings in October 2022 • Personal customer experience across all of our channels

Shareholders

We are creating long-term sustainable value for our shareholders through the delivery of the Group's refreshed strategy.

Why they matter to us	It is important to develop an open and transparent relationship with our shareholders so they can make informed decisions based on knowledge of our business and its strategy.	
What matters to them	• Capital gain through share price appreciation and capital return via dividend • Operation of the Capital Allocation Framework, which included the quantum of the share buyback programme • Quality of governance	• Environmental, Social and Governance and, in particular, climate-related strategies • Profitability and business growth potential
Board engagement	The Board benefits from the views of the investment community in its decision-making. How the Board has engaged: • Review of all shareholder communications, including trading updates, results, the Annual Report and Notice of Annual General Meeting (AGM)	• AGM enables shareholders to directly engage

Communities

At Burberry, we have a longstanding commitment to operating as a responsible business and supporting our communities through various programmes and initiatives.

Why they matter to us	Caring for our communities is intrinsic to our Company values. We support The Burberry Foundation (UK registered charity number 1154468) in creating long-term partnerships that drive positive change in our communities and help build a more sustainable future through innovation.	
What matters to them	• Positively impacting the communities living and working around us	• Employment within our communities • Increased focus on Environmental and Social Responsibility initiatives
Board engagement	As a global business, the Board recognises the importance of supporting our communities. How the Board has engaged: • Approval of donation to The Burberry Foundation, which in FY 2022/23 was 1% of Group adjusted profit before tax, for social and community causes worldwide	• Receiving updates on how Burberry is supporting communities through sustainability initiatives and projects

Partners

Our partners include our suppliers, companies, non-governmental organisations (NGOs), civil society groups and retail third parties.

Why they matter to us	We build collaborative relationships with our partners and take pride in sharing knowledge and expertise to find solutions and opportunities for innovation. We nurture close relationships with members of our supply chain to drive social and environmental improvements.
What matters to them	• Increased focus on Environmental and Social Responsibility initiatives • Driving collaboration and contributing to the UN Sustainable Development Goals (SDGs)
Board engagement	The Board recognises the importance of engaging with our partners to support our strategic goals. How the Board has engaged: • Supplier visits, which formed part of strategy meetings in October 2022 • The Board receives regular updates on sustainability-related matters in our supply chain, including those related to climate change • The Board reviewed and approved the Transparency in Supply Chain and Modern Slavery Statement • The Audit Committee receives updates on ethical audits across our supply chain • Receiving updates on collaborations and knowledge sharing with partners including industry experts and peers. See page 91 for details of the organisations we are working with

Governments

Governments influence long-term retail environments, environmental priorities, employment laws, trade and other business matters, which impact Burberry.

Why they matter to us	We regularly engage with governments in the countries and territories where we operate to understand their concerns so we can seek solutions to shared environmental, social, economic and governance issues.
What matters to them	• Industry/product policies such as taxes, restrictions, trade and regulations • Employment • Increased focus on Environmental and Social Responsibility initiatives
Board engagement	As a global organisation, the Board is mindful of the impact local governments can have on our business. How the Board has engaged: • The Board is briefed on engagements with governments. In FY 2022/23 this included topics such as trade compliance matters, corporate tax including tax compliance, cross-border tax agreements and developments in domestic and international regulations • The Group Tax Strategy which includes the Group's approach to engaging with tax authorities in the territories in which we operate, is reviewed and approved by the Audit Committee

Board Engagement

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

Section 172 responsibilities

Strategic Report	Corporate Governance Report	Burberryplc.com
a. Long-term results – the likely consequences of any decision in the long term		
Business Model page 12	Report of the Audit Committee page 190	
Chair's Letter page 3		
Chief Executive Officer's Letter page 7		
Capital Allocation Framework page 47		
Investment Case page 14		
Key Performance Indicators page 30		
Risk and Viability Report page 118		
b. Our workforce – the interests of the Group's employees		
Business Model page 12	Chair's Introduction page 155	Gender and Ethnicity Pay Gap Report
Purpose page 5	Division of Responsibilities page 173	Environment and Social Responsibility
Operational Risks page 131	Directors' Remuneration Report page 200	
Environmental and Social Responsibility page 50	Directors' Remuneration Policy page 212	
	Report of the Audit Committee page 190	
c. Our business relationships – the importance of developing the Group's business relationships with suppliers, customers and others		
Business Model page 12		
Environmental and Social Responsibility page 50		
Stakeholder Engagement page 112		

Strategic Report		Corporate Governance Report		Burberryplc.com
d. Communities and the environment – the impact of the Group's operations on our communities and the environment				
Environmental and Social Responsibility	page 50			Responsibility
Climate Change Risks	page 128			
Task Force on Climate-related Financial Disclosures	page 94			
Communities	page 82			
e. Our reputation/our desire to maintain our reputation for high standards of business conduct				
Environmental and Social Responsibility	page 50	Board Roles	page 174	Transparency in Supply Chain and Modern Slavery Statement
Planet	page 56	Other Governance Disclosures and Tax Governance Framework	page 172	
Human Rights Statement	page 78			
Compliance Risks	page 143			
Non-Financial Information and Sustainability Statement	page 48			
f. Fairness between our shareholders – our aim is to act fairly as between members of the Company				
Stakeholder Engagement	page 112	Engagement with Shareholders	page 114	
		Directors' Remuneration Report	page 200	
		Board Roles	page 174	

Risk and Viability Report

Risk management at Burberry supports value creation and protects existing value. Our approach is to understand external and internal risks to Burberry, quantify the value at risk, implement and monitor controls, and maintain governance processes. This approach allows us to make informed decisions about which risks to prioritise and the controls necessary to mitigate and manage them.

Our approach to risk

Comprehensive risk management is essential to effective decision making in executing our strategy and delivering sustainable financial, environmental, social and reputational value. We identify risks to our strategic objectives and support the implementation of mitigations to manage those risks within our appetite. Risk assessments are formally updated, documented and approved at least twice a year.

The Board is ultimately responsible for determining the nature and extent of the principal risks that impact our ability to achieve our strategic objectives (the Group risk appetite), and challenging management's development and implementation of effective systems of risk identification, assessment and mitigation. The Board has delegated the responsibility for reviewing the effectiveness of the Group's internal controls and risk management arrangements to the Audit Committee. Ongoing review of these controls is provided through the Risk and Ethics Committees and supporting internal governance processes.

The Group Risk team (Group Risk) comprises risk management, risk analytics, business continuity and insurance. This team assesses and prioritises risks to determine mitigating actions and to secure a more resilient organisation. Group Risk also promotes agility, by highlighting areas of control, which require further investment, and supports the Group's incident response to urgent emerging challenges. The Group Incident Management team is a senior multi-disciplinary team established to manage global incidents with significant impact on our business and is chaired by our CEO.

Risk management activities are reviewed by Internal Audit and other control functions, which provide assurance to the Risk Committee, Audit Committee, and Board, as described on page 145. In FY 2022/23, we further developed our in-house predictive modelling capabilities, which helped inform Board discussions in October 2022 and March 2023.

Risk Management Approach

External risks
Risks that could impact Burberry's ambitions and objectives

Key milestones
Understand key milestones in Burberry's strategy

Internal risks
Identify internal risks to key milestones

Controls
Identify investments required to manage risk exposure to within risk tolerance

Audit
Provide assurance over the previous steps

Risk appetite
We seek to protect the long-term value and reputation of our brand, maximising commercial benefits to support responsible and sustainable growth within a defined risk tolerance.

We accept some risk in pursuit of growth through brand elevation commensurate with our position in luxury fashion.

We approve capital investment in strategic projects and accept a moderate to high level of risk in our dynamic pursuit of profitable growth through our creativity and innovation, balancing a reasonable return on capital with a proportionate level of commercial risk within the approved Capital Allocation Framework.

Complying with applicable laws and regulations and doing the right thing are part of our culture and underpin our strategic ambition. In evaluating risks and opportunities, we prioritise the interests and safety of our customers and our people.

Our principal risks
The Board considers principal risks to be the most significant risks faced by the Group, including those most material to our performance and those which could threaten our business model or the future long-term solvency or liquidity of Burberry. The Risk Committee, Audit Committee and Board approve the risk positions, movements and outlooks for each of the principal risks at least twice a year. Where any risks are outside of tolerance, we put additional plans in place to mitigate the risk exposure within a reasonable timeframe. The principal risks do not comprise all the risks associated with our business and are not set out in priority order in the Annual Report. We conduct horizon scanning to identify additional risks not known to management, or currently deemed to be less material, which may also have an adverse effect on our business.

Our risk framework is structured using the following categories of risk: External, Strategic, Operational and Compliance. Each principal risk is linked to one of these categories and may impact one or more of our strategic priorities. Climate change has been included in our strategic risk category for FY 2022/23.

Review of principal risks

We have reviewed and updated the Group's principal risks, descriptions, risk ownership, tolerance levels, associated risks, and mitigating actions. This review has resulted in the revision of our Business Interruption principal risk to incorporate pandemic risk and the separate categorisation of a Supply Chain principal risk. We have revised our Global Chinese Consumer Spending principal risk to be included under a new principal risk of Global Consumer Demand to better align to our global strategy. The UK withdrawal from the EU has been incorporated into Regulatory risk and Ethical/ Environmental standards.

For each principal risk, we have assessed the level of risk compared to the previous financial year and discussed the risk outlook for the year ahead with the business risk owners.

Our reviews of and changes to principal risks are approved by the Risk Committee, Audit Committee, and Board. The business has implemented a new reporting tool to monitor the risk movement and outlook of principal risks as well as the status of controls and mitigating actions.

Business continuity and insurance

Our risk management integrates business continuity and insurance. Risk controls are considered when setting our insurance strategy to assure efficient insurance cover.

Our business continuity approach focuses on critical risks and controls, enabling the business to prioritise resources and investment in the processes, which are essential to business operations. Risk scenarios are simulated with the Group Incident Management team to plan a response to the materialisation of significant risks.

1. Macroeconomic and geopolitical uncertainty

The Group operates in a wide range of markets and is exposed to changing economic, regulatory, social and political developments, which may impact consumer demand or affect our supply chain and manufacturing, and therefore our profitability. Adverse macroeconomic conditions or country-specific crises, such as natural disasters, global health emergencies or civil unrest, may significantly impact our markets and our ability to operate.

Risk movement and outlook

The risk has increased since last year. The outlook remains uncertain as we continue to see disruption to the macroeconomic environment following escalations in geopolitical tensions. Changes in the geopolitical environment and the impact on the global economy are difficult to predict. Our global operations and strategy support our ability to adapt and respond.

Link to strategy

Volatility in the external environment could impact our overall financial performance and ability to operate in and/or trade with individual countries or regions.

Risk tolerance

We recognise external factors can be more difficult to mitigate as they are often outside our control. This requires us to be resilient, while retaining the agility required to respond effectively.

Examples of risks

- Rising inflation in a supply chain, business operations and consumer context increasing production costs and reducing consumer discretionary spending on Burberry products
- Recession or low economic growth in a significant market for Burberry
- Rapidly changing market sentiment caused by international crises, leading to uncertainty in the economic outlook for the luxury sector
- Global health emergencies affecting the economies of countries and regions where Burberry operates
- Increased customs and duty charges resulting from international trade disputes
- International trade or operational restrictions
- Interest rate rises on financial products, raising the cost and reducing the availability of capital for investment opportunities

1. Macroeconomic and geopolitical uncertainty continued

Actions taken by management

- Burberry's strategy supports an agile response to macroeconomic and political changes
- Burberry continues to operate its strategy by leveraging its brand appeal and global reach across multiple customer segments and regions to mitigate reliance on a particular customer group or nationality
- Group Risk and Finance teams monitor the macroeconomic environment at regional level to model the outlook for the luxury industry in Burberry's key operating regions. Burberry combines this modelling with specialist external consultant group expectations for the industry to inform growth ambitions
- Burberry performs scenario analysis for macroeconomic and geopolitical uncertainties to support financial planning and analysis
- Macroeconomic, political, regulatory and social changes are monitored by Group Risk, Strategy, Legal, Commercial and Finance teams
- Group Risk and Group Strategy perform horizon scanning for emerging political and economic risks
- Burberry continues to assess shifts occurring in the industry and in consumer preferences to ensure our plans are dynamic and responsive to the market
- Our coordinated cross-function, cross-region Group Incident Management team and supporting operational groups perform training and planning to prepare for leading the Group-level response to global or regional disruption from macroeconomic and political events
- Burberry always prioritises the safety and wellbeing of its people and customers when responding to political or economic disruption
- Burberry balances reputational, environmental, social and financial value when considering growth opportunities
- We monitor worldwide retail and wholesale pricing to assess opportunities for price rises to offset inflation and higher costs

2. Foreign exchange

Volatility in foreign exchange rates could have a significant impact on the Group's reported results. Burberry is exposed to uncertainty through foreign exchange movements. Major events in the macroeconomic and geopolitical environment could impact foreign exchange rates, which in turn would have ramifications for the Group's reported results.

Risk movement and outlook

This risk has increased since last year following increased volatility in the macroeconomic and geopolitical environment. The outlook for this risk remains uncertain.

Link to strategy

Volatility in foreign exchange rates could impact our regional revenues, costs, investments and overall financial performance.

Risk tolerance

Burberry mitigates some of the transaction foreign exchange risk arising from third-party purchasing through the netting of cash flows, but does not use financial products to mitigate foreign exchange risk relating to sales to its overseas retail operations or the translation of sales by its overseas subsidiaries.

Examples of risks

- Burberry operates on a global basis and earns revenues, incurs costs and makes investments in a number of currencies. Burberry's financial results are reported in sterling. Most reported revenues are earned in non-sterling currencies, with a significant proportion of costs in sterling. Therefore, changes in exchange rates, which are driven by multiple factors, such as global economic trends, could impact Burberry's revenues, margins, profits and cash flows

Actions taken by management

- Burberry hedges some external purchases of goods and some intra-group balances using financial instruments
- Burberry monitors the overall impact of unhedged exchange movements and provides guidance to shareholders if exchange rates move on a quarterly basis

3. Image and reputation

We invest in building trust in our brand and protecting our image and reputation globally. Unfavourable incidents, unethical behaviour or negative media coverage relating to the Group's people, practices, products or third-party suppliers could damage the Group's image and reputation, potentially lead to a slowdown in sales as well as a loss of customers, and negatively impact the value of our brand. While internal enhancements continue to be made to protect Burberry's image and reputation, we operate in an increasingly complex and volatile external environment and scrutiny of our brand is high. As such, the risk to our brand is elevated.

Risk movement and outlook

This risk has continued to increase amid ongoing scrutiny of our brand and incremental regulation. We expect the environment to remain complex and we will continue to ensure our processes and resources are applied appropriately to manage the risk.

Link to strategy

All strategic pillars.

Risk tolerance

Protecting and elevating our brand safeguards our licence to operate and is fundamental to the success of our business. We have a low risk tolerance supported by processes and controls to avoid or mitigate any reputational risk or loss of brand heat where possible.

Examples of risks

- Unethical behaviour on the part of individuals or entities connected with the Group
- Regulatory non-compliance and failure to comply with our Code of Conduct
- Failure to understand social issues and to respect cultural sensitivities around product and marketing content
- Failure to meet consumer expectations of the luxury industry for sustainability and implement proactive measures to address climate change impacts
- An organisation, association, celebrity, influencer, collaborator or model associated with Burberry becoming involved in a reputational incident
- Failure of our people or those acting on Burberry's behalf to adhere to Burberry's Model Wellbeing Policy
- Alleged infringement or appropriation of third-party rights in connection with the production of content and design of product
- Suppliers or partners not respecting the Group's Responsible Business Principles
- Unfavourable or erroneous media coverage or negative discussions on social networks about the Group's products, content or practices

3. Image and reputation continued

Actions taken by management

- Oversight of mitigation of reputational issues by the Ethics, Risk and Audit Committees
- Supplier audits and supplier training programmes are completed by our Corporate Responsibility team to ensure compliance in day-to-day operations and compliance with the Group's Responsible Business Principles
- Group Risk reviews and monitors reputational risks and mitigation plans across the business, providing assurance for Audit and Risk Committees through risk registers and deep dives
- Our Marketing, Brand Protection, Corporate Relations, Legal and Health and Safety teams perform risk assessments and document risk registers ahead of all campaigns, runways, events, and experiences. These include assurance of alignment to Burberry's Global Diversity, Equity and Inclusion, Global Health and Safety, and Model Wellbeing Policies, as well as our commitments to sustainability and Burberry's heritage.
- Our Corporate Responsibility team provides support and guidance on sustainability and ethical practices throughout the organisation via partnerships with relevant teams. These include Marketing, Store Architecture, Supply Chain and Sourcing, and Product Development
- Quality Control and Product Engineering teams review product to ensure they meet Burberry's quality requirements and comply with all applicable regulatory, chemical and safety standards
- Review process in place for engagements with collaborators, influencers and/or celebrities
- Continued enhancements to our approval processes and editorial controls to ensure all product and external content is reviewed and signed off prior to external release
- Renewal of Cultural Advisory Council members
- Codified Incident Management Policy, monitoring of social networks and response procedures
- Due Diligence Policy in place in connection with retention of talent and partners
- Training and monitoring of adherence to Burberry's Model Wellbeing Policy for all people who engage with models on Burberry's behalf, including employees, freelancers, casting agents, contractors and third parties
- Burberry teams work with Models Trust to gather survey data from models on their experience working at Burberry castings, shows and campaigns to further inform our policies and processes
- Training and monitoring of adherence by personnel to the requirements of our Code of Conduct
- Continued development of our global Diversity, Equity and Inclusion strategy as well as the widening of our Internal Diversity, Equity and Inclusion Council membership to support its implementation

4. Global consumer demand

Global consumer demand for Burberry's creative and innovative products is subject to influence by external factors, including economic, regulatory and social or political disruption, which could alter regional spending and consumer preferences for the consumption of luxury products.

Burberry's product design, quality and range of product offerings combined with the effectiveness of marketing and customer service channels impact demand for Burberry products.

Inability to offer a global assortment of luxury products that appeal to consumers in key luxury markets or nationalities would impact the Group's revenue and profits.

Risk movement and outlook

Global Consumer Demand is a new risk for FY 2022/23, incorporating the previous Global Chinese Consumer Spending principal risk.

Despite headwinds from geopolitical tensions, elevated levels of inflation, reduced Gross Domestic Product (GDP) growth and COVID-19 continuing to impact key regions, the luxury industry held up well during FY 2022/23.

The outlook for the luxury industry is positive. Burberry's creative transition supports global growth opportunities and the key pillars of Burberry's strategy. Burberry remains responsive to factors that could impact demand for Burberry products.

Link to strategy

All strategic pillars

Risk tolerance

Burberry operates a global strategy that is underpinned by the creation of innovative product, requiring Burberry to adapt to changes in consumer demands and preferences. To maximise growth opportunities, we recognise the need to take a moderate level of risk in our exposure to changes in preferences on the part of consumer nationalities and socio-economic groups.

Examples of risks

- Inability to offset a loss or significant demand changes in a key current luxury market or group of consumers, for example Mainland China
- Strong luxury market growth and/or dominance by a particular region, increasing geographical concentration risk
- Regional market growth and financial performance does not meet the expected return on investment either in magnitude or in timing
- Failure to identify new growth opportunities in new regions, channels or product lines. For example, inability to capture additional consumer spend resulting in lost sales opportunities in these markets
- Failure to adapt our product and creative offering to emerging consumer preferences and changing demographics causing a deterioration in brand desirability. This includes changes to consumer demand for luxury, digital offerings, online delivery, sustainable materials, circular business models and other emerging consumer preferences
- Inefficiency or ineffectiveness of customer services, e-commerce and fulfilment to deliver a positive luxury customer journey
- Product, marketing quality, design or our range of offerings does not meet consumer expectations or respond to local cultural sensitivities in key markets

4. Global consumer demand continued

Actions taken by management

- The Group's strategic plan aims to balance regional concentration exposures with growth opportunities
- Burberry's Group Strategy and Group Risk teams regularly consult with industry specialists to discuss emerging risks and consumer preferences in the luxury industry, market outlook, and opportunities for growth
- Expansion of the Group's product offering and services to widen its target consumer base
- The Group's global strategy provides flexibility to reallocate inventory to another region following regional disruption or reduced demand
- Close monitoring and regular reporting of return on investment and performance at regional and store level
- Commercial, Strategy, Digital and Merchandising teams work closely together to identify emerging trends, new growth areas and/or demand changes. Collaboration supports Burberry to align product design, investments, technology and campaigns to strategic growth ambitions
- Burberry's Regional teams provide input to Central Merchandising and Design teams on international product preferences and customer feedback to guide product design and category offerings
- Careful management of the balance of new product design versus carry-forward of core products
- Burberry's Corporate Relations team provides training on Burberry policies and procedures to the Group's Creative teams to mitigate image and reputational risks as detailed on page 124. This includes the involvement of Legal and Brand Protection in the key review stages of a new collection
- Burberry prioritises investment in quality materials, manufacturing, product development and technology to create durable, long-lasting products
- Burberry invests in regional expertise in customer services, e-commerce technology, visual merchandising and marketing to create in-store and online experiences for customers, which enhance the desirability of Burberry products

5. Climate change

The success of our business over the long term will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage any potential climate change impacts on our business model and performance. As the global climate crisis becomes more critical, we recognise the importance of addressing long-term sustainability challenges and potential impacts of climate change on our business in reputational, operational compliance and financial terms. Failure to implement appropriate cross-functional action plans and strategies, such as incorporating the recommendations of TCFD and our Climate Positive by 2040 ambition, could hinder mitigation of long-term climate risks and our ability to future-proof our business.

Risk movement and outlook

Physical risk movement and outlook:

The aggregated physical risks and impacts of climate change on the business continues to increase. During FY 2022/23, several episodes of extreme weather including flooding, droughts and new temperature records were reported. Without significant global mitigation efforts from government, businesses and their value chains alongside collaboration from wider industry and civil society, the effects are predicted to increase year on year and cause irreversible impacts.

Transitional risk movement and outlook:

Transitional risks have continued to increase in significance since last year with more stringent environmental standards and greater customer expectations for businesses in the luxury industry to transition to sustainable operations and reduce contributions to climate change. This trend is expected to continue. The business will continue investment to support these regulatory standards and customer expectations aligned to its climate targets.

Link to strategy

Our values and our approach to sustainability support our seamless execution strategic pillar. Our Climate Positive by 2040 target is part of our ambition to be an industry leader in responsible and sustainable luxury, and to deliver long-term value for our shareholders. Key milestones include reducing our absolute scope 3 emissions by 46% against a 2019 baseline by 2030, and neutralising our residual emissions.

Risk tolerance

We have a low tolerance to business disruption and reputational damage from climate change. We are dedicated to achieving our Climate Positive by 2040 ambition and building resilience in our operations and supply chain.

5. Climate change continued

Examples of risks

Physical risks

Acute

- Increased severity of extreme weather events, from floods to droughts, could cause disruption to our operations and supply chain; impact our business model; and affect the sourcing of raw materials, as well as the distribution of our products. Acute physical risks are already occurring and are expected to happen more often and with greater severity

Chronic

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

Transitional risks

Policy

- Increased regulation and more stringent environmental standards, such as national or international carbon pricing mechanisms, could impact our business by affecting operational and production costs and the flexibility of our operations

Market

- Consumer perception of the sustainability of luxury fashion products, their materials and associated GHG emissions may have an impact on consumer behaviours and purchasing decisions. Failure to meet consumer demand for more sustainable products and services could threaten our relationship with consumers and may result in a loss of Group revenues

Reputation

- Failure of the luxury fashion industry to meet expectations around sustainability could lead to climate activism and threaten relationships with employees, investors, regulators and interest groups, which may result in a loss of Group revenues

Liability

- Litigation against activities, which drive climate change, resulting in potential operating expenses arising from fines, settlements and legal costs

Actions taken by management

Physical risks

- To support our understanding of the impact of climate-related risks on Burberry, in FY 2022/23 we further developed our scenario analysis to best reflect our current understanding of how climate change could impact the Group. This included incorporating the latest scientific data on the global impact of climate change when considering physical risk impacts. The scope of our scenario analysis includes three emissions pathways, including a 1.5°C Paris Agreement aspiration scenario. Further details of this can be found on pages 94 to 97. Our climate-change scenarios included specific analysis around the impact of physical climate-related risks on our key facilities, operations and supply chain
- As part of our Water Conservation Programme, we continue to use the WWF Water Risk Filter to evaluate and monitor the water resilience profile in our operations and supply chain. This helps us to identify current risks, anticipate potential future strains on water resources, understand emerging long-term risks, and prioritise water management and efficiency opportunities

5. Climate change continued

Physical risks continued

- Burberry is committed to reducing its GHG emissions as set out in our Climate Positive by 2040 commitment. Our targets have been validated by the SBTi and are in line with a 1.5°C degrees pathway and the SBTi's Net Zero Standard. We will disclose our progress towards these on an annual basis to ensure full transparency to stakeholders, including our customers
- We support a number of industry initiatives which address climate change impacts, including the British Retail Consortium's net-zero commitment, RE100, Race to Zero, the UN Fashion Industry Charter for Climate Change, The Fashion Pact, LEAF, and Accounting for Sustainability
- The Burberry Regeneration Fund was established in 2020 to support a portfolio of verified carbon projects, which enable Burberry to compensate and store carbon, promote biodiversity, facilitate the restoration of ecosystems and support the livelihoods of local communities
- We invest in programmes that help to sustain our industry and supplier communities, specifically initiatives that support socioeconomic development in remote communities
- We also educate employees on various sustainability-related topics through frequent engagement, focused events, strategic communications and volunteering opportunities. See Our Responsibility Approach on page 87 for further details

Transitional risks

- In FY 2022/23, we further developed our scenario analysis to best reflect our current understanding of how a transition towards a more sustainable future might impact the Group. This included building on the sophistication of our transition risk modelling, which quantifies the impact of policy, market, reputational and liability risks
- Realising our Climate Positive ambition not only sets our strategic direction but also mitigates the impact of transitional risks on the business. For example, our sustainable raw material and traceability targets enable us to lower our scope 3 emissions. This will enhance the sustainability of our products and will be communicated to our customers and stakeholders
- Through our membership of various industry bodies, associations and external assurance partners, we contribute to consultations and stay informed of upcoming environmental legislative changes
- Environmental sustainability matters are reported to the Sustainability Committee, the Ethics Committee, the Audit Committee and the Board
- In FY 2022/23 we published our latest Responsibility strategy, Burberry Beyond, to focus on four strategic priorities: Product, Planet, People and Communities
- We are committed to shifting to more sustainable, low-impact materials, and using our brand to influence consumers and our industry peers to reduce their environmental impacts. We have a series of ambitious targets to achieve this aim, full details of which can be found on pages 50 to 93
- We are mitigating transitional risks by focusing on initiating circular concepts and business models and continuing our commitment to a zero-waste mindset across the business. We have a clearly defined waste hierarchy and set targets and KPIs that cover operational, manufacturing and finished goods waste as well as packaging. These targets and KPIs are a key component of our Climate Positive ambition and roadmap

6. People

Inability to sustain a culture based on our purpose and values, and failure to attract, motivate, develop and retain our people so they perform to the best of their ability and help us meet our strategic objectives.

Risk movement and outlook

This risk remains a priority. It is subject to complex macro factors, which have led to an increase in the level of risk over the last 12 months. Attrition has been stable and aligned to pre-pandemic levels throughout the last 12 months, and we have maintained high levels of engagement; however, the pressures of cost-of-living increases together with strong labour markets increase the risk related to attracting and retaining colleagues.

Link to strategy

Inspired People is a key element of our seamless execution strategic pillar. The successful delivery of our strategy relies on our ability to engage and inspire our people to deliver outstanding results for the Group.

Risk tolerance

We have a low tolerance for risk related to our people and prioritise investment in Diversity, Equity and Inclusion and wellbeing under our People strategy.

Examples of risks

- Loss of critical talent/knowledge or unmanageable levels of attrition heightened by continued economic uncertainty
- Failure to attract, build and retain the required capabilities throughout the organisation
- Inability to sustain a culture based on our purpose and values, supporting our people to reach their potential
- Reduced physical and mental wellbeing of our people
- Failure to manage change to meet the needs of our people
- Failure to attract and retain a workforce that is reflective of our Diversity, Equity and Inclusion targets

6. People continued

Actions taken by management

Leadership and culture

- All leaders have leadership and Diversity, Equity and Inclusion objectives included in their goals. Executive Committee members are accountable for attracting and retaining diverse talent and fostering an inclusive culture
- During FY 2022/23, we maintained focus on embedding our Leadership Standards across the organisation. These standards bring to life our purpose and values with tangible examples for both people leaders and colleagues
- Throughout the year, we sourced in-the-moment feedback from our colleagues. During FY 2022/23 we hosted two Company-wide surveys with our provider, Glint. Our first survey focused on colleague engagement and the second on our culture. Results demonstrated that employees remained very engaged, had a strong connection with the brand and felt supported by their leaders
- We foster an inclusive culture where all employees feel connected to their work
- We empower and equip leaders to lead through change
- We engage employees through our ongoing commitment to corporate responsibility and embedding our Environmental, Social and Governance ambitions across the business and the Group's Responsible Business Principles

Talent and careers:

- Strengthened capabilities and enhanced our approach to talent management throughout the organisation
- Scaled learning opportunities for all our people through enhanced self-directed digital content
- Maintained rigorous processes to identify and engage high-potential talent and support succession planning
- Enhanced performance management through refined processes and systems, elevated support materials, and increased communications and leader touchpoints
- Further interview training cascaded to ensure an equitable recruitment experience

Reward and recognition

- Simplified our retail commission and incentive schemes to drive performance and business results
- Deployed an in-the-moment feedback tool to recognise and share gratitude between colleagues
- Maintained a pay-for-performance culture

6. **People** continued

Diversity, Equity and Inclusion

- We hosted our first global Diversity, Equity and Inclusion Conference where we discussed how we achieve gender balance and leadership ownership of diversity, equity and inclusion matters to further build a culture of innovation and inclusion
- We conducted an internal audit of our Diversity, Equity and Inclusion practices. The results of the audit informed our 2023 strategy and helped to shape our People agenda
- Employee Resource Groups (ERGs) continued to build in strength and momentum, connecting colleagues across key diversity themes to support an inclusive culture across all parts of our organisation
- Regional and functional Diversity, Equity and Inclusion working groups deployed action plans to attract and retain diverse top talent, foster an open and inclusive culture, and educate and raise awareness
- Our Cultural Advisory Council engaged directly with colleagues through In Conversation sessions
- In FY 2022/23, we offered global training across the business, including online learning modules and a Demonstrating Allyship workshop. Across the business 90% of colleagues have completed episode 1 and 96% of colleagues have completed episode 2

Colleague experience, including wellbeing and employee relations

- Refreshed both the Summer and Festive Programmes to focus on Burberry's wellbeing offering
- Maintained our Wellbeing Days to provide all colleagues with paid time off to focus on wellbeing
- Launched new inclusive policies and support, including a global portal to help colleagues who experience domestic abuse, in addition to a Bereavement Policy and a menopause support site
- Continued our partnership with Headspace, providing free access for all colleagues to its award-winning mental health app. The partnership's goal is to support all colleagues in forging habits that benefit their mental health. We also launched the Flow app for our colleagues in Mainland China and the Calm app for our colleagues in Japan and South Korea
- In our bid to become a period-positive workplace, we launched a pilot with TOTM to provide free period products for our colleagues in our headquarters in London, Leeds (Queen Street), Castleford and Blyth. Our aim is to roll this out to further Burberry locations
- Following the launch of our Menopause Guidance last year, we announced our new partnership with BUPA, which offers tailored support plans for anyone experiencing menopause symptoms in the UK
- We launched a Resolution Hub, for colleagues, alongside a Resolution Framework, which enables us to sustain an open and honest culture where colleagues can raise concerns proactively. The aim is to encourage early effective resolution

7. Loss of data or cyberattack

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

Risk movement and outlook

This risk is assessed to remain heightened as a result of the continued elevated global cyber threat during the year.

Link to strategy

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

Risk tolerance

We adopt a focused risk-based approach to cybersecurity and data loss through the use of technology, processes and wider business controls to help mitigate our exposure to key cyber threats.

Examples of risks

- Malware resulting in a loss of system control causing business disruption and/or major data loss
- Attack on a service provider, supplier or wholesale customer leading to data loss and/or disruption
- A social engineering attack attempting to exploit human error to gain access to Company systems, resulting in data loss or manipulation of Burberry or customer data
- Ransomware attack causing business disruption and/or major data loss
- Credential compromise of customer or employee accounts leading to business disruption and/or major data loss
- Personal and/or sensitive data loss or disclosure leading to regulatory fines and/or reputational damage
- Compromise or misconfiguration of externally facing assets causing business disruption and/or major data loss
- Fines or business disruption due to failure to comply with EU General Data Protection Regulation (GDPR) and/or equivalent applicable data protection legislation globally

7. Loss of data or cyberattack continued

Actions taken by management

- Governance provided through a cross-functional Cybersecurity Steering Group and separate Data Privacy Steering Group with Executive membership and sponsorship
- Cross-functional collaboration between Data Protection, Legal, IT and Information Security teams to help ensure policies are adhered to in respect of the appropriate collection, security, storage, retention and deletion of personal data
- Continued investment in information security capabilities
- 24/7/365 security monitoring and analytics capability supported by security incident response processes
- Information Security Advisory function to embed security in new projects and initiatives
- Security training and awareness and phishing tests rolled out to employees globally with completion monitoring
- Implementation of solutions to help detect personal and sensitive data loss with improved control over user access management
- Testing of responses to cybersecurity incidents through exercises and simulations
- Second line assurance checks reporting on control effectiveness to Executive and IT management
- Third line assurance over cloud transformation and enterprise IT security was completed in FY 2022/23
- In line with other organisations, Burberry encounters information security incidents from time to time and has policies, processes and technologies in place to detect and respond to these as appropriate

8. Business interruption

Significant disruption to our operations caused by a wide range of events at a country level, including changes in the geopolitical landscape, natural catastrophe, pandemic or changes in regulations; or at a local level, such as fire, terrorism, industrial action or quality control failures.

Risk movement and outlook

The risk level of business interruption remains, although we continue to take appropriate steps to mitigate such risks and demonstrate resilience. We expect a heightened level of risk of business interruption to continue for the foreseeable future due to continuing instability in the geopolitical landscape. While the risk of COVID-19 has reduced globally, a resurgence and associated restrictions would have the potential to disrupt suppliers, manufacturers and markets.

Link to strategy

Our Product and Distribution strategic pillars set out the framework for us to operate effectively and efficiently. We harness Value Chain Excellence to supply compliant products and services of the highest quality to our customers. Our ability to continually operate key sites and factories to develop, manufacture, distribute and sell our products is a key strategic priority.

Risk tolerance

We aim to minimise disruption to business operations wherever possible. We will always prioritise the safety of our people and customers in the event of an incident.

Examples of risks

- We operate three owned factories and a global network of storage and distribution hubs. These face typical property risks, such as fire, flood and terrorism, which may disrupt operations
- A network outage preventing communication across Burberry and our ability to operate
- Damage from an extreme weather event disrupting manufacturing and distribution sites, impacting our ability to fulfil orders, deliver inventory to stores and run campaigns
- New regulation may prevent us from operating within or trading with a key nation or with a key supplier
- A global health emergency occurs in a key market or region, which significantly impacts the health of our employees and their ability to operate
- Enforced government shut down of stores, offices and/or other key locations
- Social unrest or industrial action at a key location
- Trade restrictions significantly preventing flow of goods to and from key locations or regions

8. Business interruption continued

Actions taken by management

- Management has policies and procedures in place designed to help protect the health and safety of our employees and respond to major incidents
- The Group continues to evolve its supply chain organisational design to develop its manufacturing base and reduce dependence on key sites and vendors
- A Group incident management framework is in place to ensure that incidents are reported and managed effectively at the appropriate level
- Prioritising our people, customers and communities, we manage multiple incidents, including fire, flood and weather-related issues or interruptions in the regular running of stores, offices and systems
- Our Global Incident Management team and Regional Incident Management teams take part in training and incident management exercises involving large parts of the Group, our customers, and our Corporate Communications function
- Business continuity plans are in place for our eight main sites, including our three major distribution centres, our two UK factories, and Burberry Manifattura in Italy
- Our product suppliers and vendors are subject to a quality control programme, which includes regular site inspections and independent product testing
- Robust security arrangements are in place across our store network to protect people and products
- The Group implements controls to help maintain continuity of IT systems, including the evolution of IT recovery plans, which would be implemented in the event of a major failure. Plans tested during the year were found to be effective
- Management has identified key business processes as part of a Minimum Viable Company initiative and is now working to further review, develop and test associated business continuity plans
- A comprehensive insurance programme supported by natural catastrophe modelling and insurance optimisation studies is in place to offset the financial consequences of insured events, including fire, flood, natural catastrophes and product liabilities
- Burberry closely monitors emerging trade regulations across all key markets and implements appropriate actions to minimise potential disruption to flow of goods

9. Supply chain

Inability to source raw materials, manufacture, procure and distribute finished products on a timely basis at the required quality, quantity and cost from suppliers and vendors who meet our standards in terms of quality and ethics.

Risk movement and outlook

Supply Chain has been separated from the Business Interruption principal risk for FY 2022/23.

The risk outlook presents challenges from geopolitical tensions, border delays, inflationary pressures and increasing environmental standards and regulations. The business has aligned its strategic targets with addressing these risks.

Link to strategy

Our Product and Distribution strategic pillars set out the framework for us to operate effectively and efficiently. We harness Value Chain Excellence to supply compliant products and services of the highest quality to our customers.

Risk tolerance

We have a low tolerance for risks to our end-to-end supply chain, and we source from suppliers and vendors who meet our required standards in quality and ethics.

Examples of risks

- An incident at a key manufacturing site or distribution hub
- Burberry works with several specialist suppliers of high-quality raw materials, which could be difficult to replace quickly. Loss of access to these suppliers could interrupt the delivery of core products or a seasonal collection
- A serious product quality issue may result in a product recall
- Socio-political tension, sanctions, countersanctions and trade compliance challenges may impact the effectiveness and efficiency of our supply chain
- Instability in the geopolitical landscape leads to trade disruption between key countries resulting in an inability to move product between countries or significant delays across borders
- Poor supplier or vendor ethical practices resulting in the termination of the relationship
- Failure of a supplier or vendor to deliver an order at the required time, quality, cost or quantity
- A technology system outage preventing inventory management information flow across the business
- Social unrest, global health emergency, extreme weather or fire at any of our key suppliers, vendors or distributors delaying the production and transportation of finished goods
- Increased environmental standards and regulation increasing production costs and/or requiring diversification of supply chain
- Increased energy costs or decreased energy availability increasing operating costs and/or reducing operating capacity
- Raw material shortages resulting in delays to production and/or reduced product availability

9. Supply chain continued

Actions taken by management

- Business continuity plans are in place for our eight main sites, including our three major distribution centres, our two UK factories, and our Italian manufacturing site Burberry Manifattura
- The Group continues to evolve its supply chain organisational design to develop its manufacturing base and reduce dependence on key sites, suppliers and vendors
- The Group regularly reviews geopolitical risk and ethical practices in the context of the supply chain
- Our Legal team performs horizon scanning for regulatory risks impacting the supply chain in collaboration with our Supply Chain and Corporate Responsibility functions
- Our product suppliers and vendors are subject to a quality control programme, which includes regular site inspections and independent product testing. We receive samples from all new vendors before placing an order for a seasonal collection or runway campaign
- All new vendors and suppliers are checked by our Procurement and Corporate Responsibility teams for compliance with regulation, geopolitical exposures and ethical practices. All must abide by the Group's Responsible Business Principles
- Burberry provides training to vendors, suppliers and employees on the Group's Responsible Business Principles and due diligence processes
- The Group is investing in a comprehensive programme to implement traceability through the supply chain to support the Group's raw material traceability targets and evidence for compliance with emerging regulations. Assurance for the programme is provided by our Internal Audit team
- Burberry operates an advanced inventory management system supported by the Data Science and Analytics, and Insight Group functions to optimise inventory size and distribution through demand forecasting and sales analytics
- We perform quality and quantity checks upon receipt and dispatch of finished goods at our distribution centres and retail stores
- The Group has a comprehensive insurance programme covering our eight key sites. Natural catastrophe modelling is completed by our insurance brokers to quantify the risks of natural disasters and the potential financial consequences of insured events to inform our insurance strategy

10. IT operations

There is a risk that IT operations fail to provide or support critical processes across the Group, including Retail and Digital, as well as Group functions, such as Supply Chain and Finance.

Risk movement and outlook

The impact of this risk has remained the same, with the likelihood remaining high. This is due to the continued migration of services to new cloud environments and the volume of business transformation requiring new or evolved IT services, which increases the potential risk of system outages. Our focus remains on key system upgrades and ongoing maintenance to contribute to our security and resilience, while supporting strategic business initiatives and addressing key underpinning risks through essential investment.

Link to strategy

All strategic pillars.

Risk tolerance

We adopt a focused risk-based approach to investment in our IT operations to improve functionality and help mitigate our exposure to outages or IT system disruption.

Examples of risks

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

Actions taken by management

- IT Portfolio Forum in place with Executive representation to support IT investment decisions and oversee delivery of prioritised IT programmes and initiatives
- IT function has clear alignment between the IT teams, the strategic pillars, business functions and operations
- Implementation of controls to help maintain continuity of the Group's IT systems, including evolution of IT recovery plans, which would be implemented in the event of a major failure
- A tested Group incident management framework is in place to report, escalate and respond to high-impact events
- Further evolution of the IT operating model with a Business Systems Platform function to elevate the performance and security of core systems, supported by a business-wide steering committee
- Elevated focus on key risks to support decision making on operating budgets and investment
- External technology partner network and focused delivery in line with current risk appetite and strategic priorities

11. Intellectual property and brand protection

Sustained breaches of Burberry's intellectual property (IP) rights or allegations of infringement by Burberry pose a risk to our brand. Counterfeiting, copyright, trademark and design infringement in the marketplace could reduce demand for genuine Burberry merchandise and impact the luxury positioning of the brand. Failure to implement appropriate brand protection controls in connection with our commitment to not destroy unsaleable finished products could negatively impact the integrity and the sustained luxury positioning of the brand.

Risk movement and outlook

Management of this risk remains a key area of focus to protect our IP rights. The likelihood of this risk has been assessed to have remained stable.

Link to strategy

Protecting the integrity of the brand, safeguarding and elevating its luxury position and complying with applicable laws and regulations underpin all our strategic pillars.

Risk tolerance

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

Examples of risks

- Counterfeiting, copyright, trademark and design infringement in the marketplace can reduce the demand for genuine Burberry merchandise and impact revenues
- Unauthorised use of trademarks and other IP, as well as the unauthorised sale of Burberry products and distribution of counterfeit products, damages Burberry's brand image and profits
- Sophistication in counterfeiters' ability to manufacture at pace has increased infringements and counterfeiting of our brand
- New branding may not immediately be protected, and we rely on national laws to secure IP rights, which afford varying degrees of protection and enforcement opportunities depending on the country
- Increased cancellation actions by third parties in response to claims of infringement as well as an increase in bad faith filings
- Allegations from third parties of IP infringement by Burberry could negatively impact Burberry's reputation, result in claims and financial loss through withdrawing infringing products
- Distribution outside of our authorised network and parallel trade could negatively impact demand for Burberry products and negatively impact our luxury reputation
- Unauthorised trade in NFTs and virtual items incorporating Burberry's IP could damage Burberry's brand and impact our initiatives in the metaverse

11. Intellectual property and brand protection continued

Actions taken by management

- The Group's Brand Protection team is responsible for brand protection efforts globally, online and offline. Where infringements are identified, these are addressed through a mixture of criminal, civil and administrative legal action and negotiated settlements
- Trademarks, copyrights and designs are registered globally across all appropriate categories
- The Brand Protection team partners with the Design teams to ensure that our products do not infringe the rights of third parties and to verify that we have adequate protections in place prior to market entry
- The Brand Protection team explores new and emerging threats and ways to combat threats, including expanding our trademark protection across the metaverse
- The Brand Protection team partners regionally with enforcement agencies and digital platforms to minimise the visibility of counterfeit and infringing products both online and offline
- We aim to disrupt the flow of counterfeit products by enforcing at source level
- Brand protection controls have been implemented to safeguard the brand in connection with our commitment to stop destroying unsaleable finished products
- The Brand Protection team is involved in the vendor onboarding process, supporting the process to assess brand protection risk in our new vendors and educating vendors to ensure they respect our IP

12. Regulatory risk and ethical/environmental standards

The Group is subject to a broad spectrum of laws and regulations in the various jurisdictions in which it operates. These include, product safety, intellectual property, anti-bribery and corruption, competition, data, corporate governance, employment, environment, tax, trade compliance, human rights, and employee and customer health and safety. Changes to laws and regulations, including potential non-compliance with sanctions and counter-sanctions, or a major compliance breach, could have a material impact on the business and our financial performance.

Risk movement and outlook

The relative significance of this risk has remained stable despite the continuing changing regulatory environment, as we take proactive mitigating steps to ensure compliance.

Link to strategy

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

Risk tolerance

We have a low tolerance for risk in complying with laws and regulations, including customer and employee safety, environmental and ethical legislation relevant to our operations and supply chain, anti-bribery and corruption, tax and trade compliance.

Examples of risks

- Regulatory non-compliance (including, for example, failure to comply with applicable data protection legislation, anti-money laundering regulations, environmental standards and reporting or applicable sanctions legislation) by the Group or associated third parties working on its behalf may result in financial costs and/or penalties and reputational damage to our business
- Failure by the Group or associated third parties to act in an ethical manner consistent with our Code of Conduct, our Responsible Business and Environmental, Social and Governance principles, or our Responsibility agenda could result in reputational damage to the Group
- Non-compliance with labour, human rights and environmental standards and laws across our own operations and extended supply chain could result in financial penalties, disruption in production and reputational damage and legal proceedings to our business
- Tax is a complex area where laws and their interpretations change regularly, including the requirement for increased transparency. Non-compliance by Burberry and its associated third parties could result in unexpected tax and financial loss
- Additional customs duty, increased supply chain lead times and increased exposure to trade barriers and quotas
- Differences between UK and EU laws and regulations increase complexity of compliance throughout our operations and supply chain following the UK's withdrawal from the EU

12. Regulatory risk and ethical/environmental standards continued

Actions taken by management

- The Group seeks to continuously improve processes to gain assurance that its licensees, suppliers, franchisees, distributors and agents comply with the Group's contractual terms and conditions, its ethical and business policies, and relevant legislation
- Specialist teams at corporate and regional levels, supported by third-party specialists where required, are responsible for ensuring the Group's compliance with applicable laws, tax requirements, ethical and business policies and regulations, and that colleagues are aware of the policies, laws and regulations relevant to their roles
- Ethical trading and community investment matters are reported to the Ethics Committee, Audit Committee and Board
- Environmental sustainability matters are reported to the Sustainability Committee, Audit Committee and Board to ensure compliance with applicable laws and regulations as well as to mitigate associated legal and reputational risk
- Annual independent and internal assurance processes are in place to monitor mitigating actions in relation to principal risks, with results reported to our Ethics Committee, Risk Committee and Audit Committee
- We have an established framework of policies that aim to drive best practice across our direct and indirect operations, including our Responsible Business Principles and Global Environmental Policy. Policies (available on Burberryplc.com) are owned by senior leadership. They are issued to and form part of our contractual agreements with supply chain partners. Implementation of these policies is monitored on a regular basis
- We maintain our Code of Conduct for our people and third parties, which sets out policies and guidance to ensure that our colleagues and third parties act lawfully and in accordance with Burberry's values. Training on the Code of Conduct for colleagues is conducted annually
- Our Data Privacy Committee oversees compliance with applicable data legislation
- International tax reform is a key focus of attention with significant developments reported to the Audit Committee

Risk Management Activities in FY 2022/23

Monitoring of principal risks

We identify and review risk through two processes:

- A "bottom-up" process undertaken across the Group's business areas and functions
- A "top-down" process to assess key risks to our strategic priorities, overseen by the Risk Committee

Key risk themes were analysed and our principal risks reviewed to reflect changes in the business and the external environment. A revised schedule of the Group's principal risks was discussed at the Risk Committee and Audit Committee meetings, and approved by the Board in March 2023.

Emerging risks

Our understanding of emerging risks, which have potential to affect our business, continues to be an area of focus. We undertake detailed horizon scanning in conjunction with our Strategy team and principal risk owners to identify and assess emerging risks and opportunities and how to address them. Emerging risks are by their nature highly uncertain; to better understand them and their potential impacts we involve specialist third parties where necessary. Our risk management approach considers short-term to be one year, medium-term to be two to five years and long-term more than five years.

External emerging risk considerations

Political	• **Trade restrictions** – increasing geopolitical tensions and resulting policies may restrict free trade, for example through quotas and higher customs duties, as well as limit access to countries where we sell product and/or our suppliers and extended supply chain
Economic	• **Energy and raw material availability and price volatility** – unpredictable changes in energy costs or availability may disrupt our operations and cost base • **Wage inflation and labour shortages** – may bring challenges to our ability to operate and achieve our target margins
Social	• **Acceleration of consumer Environmental, Social and Governance preferences** – the pace of change in consumer expectations with respect to sustainable luxury may increase faster than the business is able to adapt, impacting revenues. This includes raised expectations regarding sustainable sourcing and circular business models featuring recycled materials, as well as rental and repair services • **Consumer focus on Environmental, Social and Governance performance** – increasing scrutiny of operations and expectations around transparency • **Influential groups and third parties** – influencers having greater impact on consumer spending patterns in the luxury goods industry, requiring increased investment in collaborations
Technology	• **Expanding digital channels** – changing consumer spending habits and expectations may accelerate demand for digital luxury (for example, virtual products and stores, NFTs, access to the metaverse, payment methods, integrated channels and seamless end-to-end customer journeys) • **Full supply chain traceability** – may require investment in new technologies and/or complex data systems in combination with greater collaboration between participants in the fashion value chain • **Cyber risk** – may accelerate (for example, quantum computing) requiring enhanced encryption to protect corporate data and systems • **AI technology** – expectations around the use of and the implications of generative AI may increase risks to luxury fashion and our business

External emerging risk considerations continued

Legal	• **Data and financial reporting regulations** – increasing financial reporting requirements and data compliance standards (including UK corporate governance regulations); and Chinese data regulations (including, the Personal Information Protection Law and Multi-Level Protection of Information Security legislation), increase the risk of non-compliance and complexity of operations • **Environmental standards/regulations** – increased regulatory requirements around sustainability disclosures and detailed evidence of progress on Environmental, Social and Governance initiatives and commitments and new regulations aimed at promoting the circular economy and reducing waste, increase the risk of non-compliance and complexity of operations • **Shifting sanctions and counter-sanctions landscape** – sanctions impacting access and complexity of international trade
Environmental	• **Physical climate risks** – chronic and acute changes in extreme weather and climatic conditions increase the risk of interruption to our business operations. This includes reduced raw material availability (including water), reduced energy availability, natural catastrophe impacting key sites or sourcing locations (for example, flooding), transportation delays, and unsuitable human working conditions (extreme temperatures)

Identification of risks

Investing in risk management

The volatility in the external risk environment has continued to challenge the operating environment of large multi-national corporate organisations and further intensified the need for an effective approach to managing risk and uncertainty. We identify and manage risks, which could prevent us creating and protecting financial, environmental and social value. Throughout FY 2022/23, we invested in our risk analytics capabilities to support our leadership teams with identification and high-quality risk insights that support decision making. This included investment in technology to support the business with a systemic approach to risk monitoring and reporting, in addition to scenario modelling. Our Risk, Insurance, Business Continuity and Risk Analytics functions are managed together. This integrated approach allows us to focus on value growth and protection, while prioritising Environmental, Social and Governance considerations. Together, these functions ensure audit resources are deployed effectively to provide assurance to the most significant risk areas of our business.

We also carry out work programmes to ensure our Business Continuity Planning function and our insurance strategy are as effective and efficient as possible, addressing our need for a resilient business, able to take rapid, effective decisions on key risks.

Risk process

Our approach aligns the risks reported by our regional businesses with those identified in our principal risk analysis. By aligning our risks, we are better able to support the business by investing in appropriate Group and local controls. In addition, we have focused areas of risk capability, specifically:

- **Legal and ethics:** our Legal team manages a wide spectrum of risks through in-house experts and a network of external specialist advisors. Ethics matters are governed through a dedicated Ethics Committee
- **IT:** our IT function manages operational risks on significant IT programmes, assuring delivery, efficiency and value for money. IT is responsible for the cybersecurity framework and operation. Our IT risk capability works very closely with our Business Continuity and Incident Response Manager, ensuring that we prioritise key systems and processes

Strategic risk

We have reviewed the key risks, which may impede our ability to achieve our strategic goals, and use scenario analysis and risk appetite mechanisms to manage them.

Scenario analysis

Risk modelling capability is used to quantify risks and understand the impacts of various scenarios on the luxury industry and on Burberry. The model is designed to quantify the risks posed by significant world trends, including global recession, pandemic and others at various levels of severity. The modelling and scenario analysis provide information for the Group Financial Planning and Group Strategy functions, and will be expanded further to incorporate more of the principal risks in FY 2023/24.

Risk appetite

The Group's risk appetite, principal risks and associated tolerance levels were approved by the Board in March 2023, following review by the Risk Committee and the Audit Committee.

In April 2023, the Risk Committee reviewed the risk movements of each of the principal risks and the outlook for the year ahead, following discussions with risk owners across the business. These reviews occur at least twice a year and inform the adequacy and refinement of mitigation plans and progress. The Audit Committee and the Board approved the assessment of the risk movements and outlook in May 2023.

Compliance functions provide independent assurance to management, the Audit Committee and the Board on the effectiveness of management actions.

Burberry's Internal Audit function periodically reviews the risk management process, with any changes to the process discussed at Audit Committee.

Our Group Strategy team and the business owners for each strategic pillar undertake regular reviews of progress on our strategy with the Executive Committee and the Board.

Additionally, several deep dives into the management of the risks were completed during the year and presented to the Board and the Audit Committee.

Deep dives:

- IT/Cyber: Audit Committee reports covering IT operations and cybersecurity
- Macroeconomic and geopolitical risks: two deep dives featuring scenario analysis of macroeconomic and geopolitical risks completed by Group Risk and Group Financial Planning
- Supply chain and business interruption:
  - Business continuity assessment at our main distribution centre in Piacenza
  - Minimum Viable Company analysis of key risks and key controls for business operations
- Climate change: Environmental, Social and Governance targets and milestones in addition to financial targets to prioritise our risks and mitigations
- Strategic plan: a risk assessment of the refreshed strategic plan using the principal risk framework
- Global consumer demand: three-year model to forecast the value of the luxury market by region, supporting risk management and providing insights across the business to Group Financial Planning and Analysis, Commercial and Group Strategy functions
- Risk platform: a bespoke internal tool for linking risks to objectives, used across the business and by the Risk Committee to monitor and report on the Group's principal risk movements, outlooks and the status of mitigations

Viability Statement

Corporate planning process

Burberry's annual corporate planning process consists of preparing a long-term strategic plan, forecasting the current year business performance and preparing a detailed budget for the following year. These plans form the basis for assessing the longer-term prospects of the Group. Our strategic planning process includes detailed reviews of the budget, forecasts and long-term plan by our CEO and CFO in conjunction with our Regional and Functional Management teams, followed by a presentation and discussion of the long-term strategic plan at the Board. Delivery against the plan is monitored through monthly reporting on actual performance, the annual budget process and subsequent forecast updates.

The key assumptions considered in our strategic plan are future sales performance by product, channel and geography; the cost to procure and produce our products; other expenditure plans; cash generation, and that there is no material long-term impairment to the Burberry brand. We also consider the Group's projected liquidity, balance sheet strength and the potential impact of the plan on shareholder returns. Where appropriate, we have made adjustments to our planning process to include scenarios relating to key assumptions as a result of the uncertain macroeconomic and geopolitical environment.

Assessment of prospects

We remain confident in our ability to consolidate our position in luxury fashion and are committed to our strategic vision for Burberry. The Group's strategy is set out on pages 20 to 29. Key strategic focus areas to respond to the current industry backdrop are:

- **Harness the power of our brand:** the luxury market continues to demonstrate resilience despite macroeconomic uncertainty, and a strong luxury positioning is paramount during this period. We are leveraging the British heritage that makes Burberry special to deepen our relationship with customers and drive growth. In a challenging macroeconomic environment, consumers are likely to become increasingly discerning in their purchases, orientating towards strong brands. Diminished demand in certain markets is also likely to increase competition and reinforce the importance of investing in brand and inspiration
- **Bring all product categories to full potential:** under the creative direction of Daniel Lee, we are focused on bringing an even greater level of desirability to our offer, strengthening our focus on accessories and creating a wearable luxury wardrobe. We are focused on our leather goods offer, creating icons in women's bags and taking advantage of the growth opportunity in men's bags. In shoes, we are building an offer to cover both formal and casualwear, strengthening our existing sneaker business and developing opportunities in the outdoors category. We are developing a distinctive aesthetic for womenswear and rebalancing our product range, particularly in underrepresented categories, such as dresses. Within outerwear we are building on our legacy of innovation by developing new categories, such as quilts and downs, and diversifying our silhouettes while reinforcing our hero products
- **Strengthen distribution:** we are focusing on elevation and execution across all channels and regions ensuring that our customers can better connect with our brand. We are transforming our productivity by focusing on high average unit retail categories, such as bags and outerwear, and plan to accelerate momentum across our core markets while maintaining a well-balanced portfolio
- **Balance sheet and liquidity:** our objective is to manage the business efficiently and flexibly, maintaining control and preserving the long-term value of the Burberry brand while ensuring we secure the financial headroom required to fuel growth as market opportunities arise. The business is expected to remain strongly cash generative creating further optionality for investment and increased returns to shareholders

Viability assessment approach

In light of the continuing uncertain macroeconomic and geopolitical environment, we have prepared a number of planning scenarios based on a range of assumptions and potential outcomes. In assessing the viability of the Group, the Board has carried out a robust assessment of the principal risks of the Group, as set out in the Risk Report on page 118, and the principal risks and uncertainties as set out on page 119. The Directors have considered the potential impact of the risks on the viability of the Group.

Basis of assessment

The assessment of viability has been made with reference to the Group's current position and expected performance over a three-year period to March 2026. This is considered appropriate for use by the Directors because:

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

Scenarios

We have developed a range of scenarios. These were informed by a comprehensive review of macroeconomic scenarios using third-party projections of macroeconomic data for the luxury fashion industry and financial outcomes of risks materialising across the industry over the last 10 years. In developing these scenarios, the Directors have assumed there is no material long-term impairment to the Burberry brand.

- The Group central planning scenario reflects a balanced projection with a continued focus on maintaining momentum as part of the customer strategy, and a balanced assumption for economic uncertainty. It reflects growth in FY 2023/24 and the subsequent two-year period to March 2026
- As a sensitivity, this central planning scenario has been flexed by a 16% downgrade to revenues in FY 2023/24 and a 13% reduction in revenues across the full three-year period, as well as the associated consequences for EBITDA and cash. Management considers this represents a severe but plausible downside scenario appropriate for assessing going concern and viability. This was designed to test an even more challenging trading environment as a result of macroeconomic uncertainty together with the potential impacts of the Group's other principal risks, as described on pages 119 to 120
- For the purposes of the reverse stress test, we have considered the plausibility of a scenario that erodes the remaining cash headroom by reference to the lowest cash level in the annual business cycle. This test identified that the amount of revenue decline required on top of the severe but plausible scenario before the Group requires additional fundraising over the three-year period to March 2026 was, in the Group's opinion, implausible

The severe but plausible downside modelled the following risks occurring simultaneously:

- A more severe and prolonged reduction in GDP growth assumptions in the Eurozone and Americas compared to the central planning scenario
- A severe reduction to our global consumer demand arising from a change in consumer preference
- A significant reputational incident, such as negative sentiment propagated through social media
- The impact of a business interruption event over three months and a consequent two-week interruption in one of our geographies arising from the supply chain impact
- The impact of a one-month interruption to one of our channels following a technology vulnerability
- The occurrence of a one-time physical risk relating to climate change in FY 2023/24 and the materialisation of a severe but plausible ongoing market risk relating to climate change in line with a scenario reflecting a 2°C global temperature increase compared to pre-industrial levels
- The payment of a settlement arising from a regulatory or compliance-related matter
- A short-term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

This approach provides the Board reasonable comfort that the Group's going concern and viability positions have been assessed to a severity level, which more than accommodates the impact of one or more of the Group's principal risks.

Funding

In assessing the viability of the Group, the Directors have also considered the Group's current liquidity and available facilities (set out in note 27 of the Financial Statements), financial risk management objectives and hedging activities (set out in note 27 of the Financial Statements). In our central planning and severe but plausible downside scenarios, the Group maintained the necessary liquidity levels.

On 21 September 2020, the Group issued a five-year £300 million 1.125% unsecured sterling Sustainability Bond. The viability modelling undertaken includes the capacity for this to be repaid in September 2025 during the period under review. The Group also has access to a £300 million Revolving Credit Facility (RCF), currently undrawn and not relied upon in the viability assessment.

Conclusion

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over the period to March 2026.

The Strategic Report up to and including page 151 was approved for issue by the Board on 17 May 2023 and signed on its behalf by:

Gemma Parsons
Company Secretary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Corporate Governance Statement

Gerry Murphy
Chair

Chair's Introduction

"Burberry's long-term success depends on our values and strong culture, underpinned by robust governance."

Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 1 April 2023. This report describes Burberry's corporate governance framework and procedures and summarises the work of the Board and its Committees to illustrate how we have discharged our responsibilities this year.

Burberry's long-term success depends on our values and strong culture, underpinned by robust governance. This report sets out how our governance processes support Burberry's long-term success and the Board's role in overseeing the implementation of strategy and monitoring of the Group's culture. We explain the various ways in which we engage with our key stakeholders to assess whether Burberry's culture is embedded across the business and is reflected in the way we do business and in our dealings with stakeholders.

During the year, the Board has overseen the development of the sustainability strategy under the banner Burberry Beyond. The Board has taken time, with a dedicated session in May 2022 led by the Cambridge Institute for Sustainability Leadership, to discuss Burberry's sustainability performance, strategic evolution and key focus areas. Other areas of Board focus are detailed on pages 168 to 171.

It is just over a year since Jonathan Akeroyd joined Burberry as CEO. I have welcomed the wealth of experience and insight he brings to the Board and his energy and commitment to drive important changes within Burberry.

Board changes during FY 2022/23

Julie Brown stepped down from the Board as CO&FO on 1 April 2023 after more than six years at Burberry. During her tenure, Julie played a key role in Burberry's transformation and built a strong financial base for the next chapter of growth. On behalf of the Board, I would like to thank Julie and wish her the best in her future endeavours.

Following a recruitment process led by the Nomination Committee, we appointed Kate Ferry as Chief Financial Officer (CFO). Kate will join Burberry on 17 July 2023 and, in the interim, Ian Brimicombe has been appointed as Interim Chief Financial Officer from 2 April 2023. Ian is exceptionally qualified to lead our financial strategy during this transition period, having played a central role in steering our financial strategy over the past six years.

We also welcomed Alan Stewart who was appointed to the Board on 1 September 2022. More information on the recruitment process for Kate and on Alan's induction programme can be found in the Nomination Committee Report on pages 186 and 187.

There were further changes to the Committees during the year. Orna NíChionna was appointed as Senior Independent Director on 2 April 2022. Danuta Gray succeeded Orna as Chair of the Remuneration Committee on 1 September 2022. As announced on 5 August 2022, Matthew Key will retire as a Non-Executive Director following the Annual General Meeting (AGM) in July 2023 having served on the Board for just over nine years. Following Matthew's retirement, Alan Stewart will be appointed as Chair of the Audit Committee.

Board effectiveness

This year the Board undertook an internal performance review. An explanation of the process undertaken and the findings of the review can be found on pages 179 to 181, together with an update on our progress in addressing the actions identified following the FY 2021/22 review. My role as Chair includes ensuring that the Board operates effectively within an environment of openness and inclusivity and that all Board members contribute to the fullest extent, so that we make the most of their diverse skills and experience. We ensure that new Board members receive everything they need to contribute fully as soon as possible and I review the performance of individual Board members with a view to ensuring the optimum functioning of the Board.

Following the 2022 AGM we contacted shareholders who had voted against the re-election of Antoine de Saint-Affrique to understand their concerns. We explain on page 184 why we believe that Antoine continues to be an effective and valuable member of the Board and the actions taken to understand shareholder concerns since the 2022 AGM.

Directors' Remuneration Policy

The Burberry Directors' Remuneration Policy was last approved by shareholders in 2020 and shareholders will be asked to renew that approval at the 2023 AGM in line with the Companies Act 2006 which requires shareholder approval at least every three years. As set out in the letter from the Chair of the Remuneration Committee, which introduces the Directors' Remuneration Report commencing on page 200 of this Annual Report, the Committee is not recommending any material changes to the Policy. When considering changes to Executive Director remuneration arrangements, the Committee takes into account the experience of the wider workforce and has been particularly mindful of the impact of the cost-of-living crisis on colleagues, particularly those in lower-paid roles.

Compliance with the UK Corporate Governance Code

Burberry complied with the requirements of the UK Corporate Governance Code during FY 2022/23 with the exception of Provision 38, which refers to Executive Directors' pensions compared to the wider workforce. Full compliance with Provision 38 was confirmed with effect from 1 January 2023 when the pension contribution levels for our CO&FO were aligned with the maximum rate available to the majority of our UK workforce.

Gerry Murphy
Chair

Board of Directors

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

Dr Gerry Murphy (67)
Chair

Appointed as Chair:
12 July 2018

Appointed to the Board:
17 May 2018
Nationality: Irish
Committees: (N)
Board skills

Key skills and experience

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

Current Appointments

- Chair, Tate & Lyle plc
- Trustee, The Burberry Foundation

Previous Appointments

- Non-Executive Director: British American Tobacco plc, Merlin Entertainments plc, Reckitt Benckiser plc, Abbey National plc and Novar plc
- CEO: Kingfisher plc, Carlton Communications plc (now ITV), Exel plc and Greencore Group plc
- Chair: The Blackstone Group International and partner in the firms's private equity investment unit

Jonathan Akeroyd (56)
Chief Executive Officer

Appointed: 15 March 2022
Nationality: British
Board skills

Key skills and experience

Jonathan is an experienced leader with a strong track record of building luxury brands and driving profitable growth. He has extensive experience across the fashion and luxury goods sector, with a focus on brand and product elevation, strategic development, digital and global expansion. He shares our values and our ambition to build on Burberry's unique British creative heritage, and his deep expertise and strong leadership will be pivotal in advancing the next phase of Burberry's evolution.

Previous Appointments

- CEO of Gianni Versace SpA
- President and CEO of Alexander McQueen
- Harrods: various senior retail roles including Executive Merchandise Director and Director, Menswear, Sports and Childrenswear

Committee key

Chair (R) Remuneration Committee (N) Nomination Committee (A) Audit Committee

Skills key

Operational excellence Digital and media Retail, sales and marketing
Luxury brands Environment / Sustainability Financial expertise

Orna NíChionna (67)
Senior Independent Director

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

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

Current Appointments
- Trustee, Institute for Fiscal Studies
- Trustee and Chair designate, The Eden Trust

Previous Appointments
- Senior Independent Director: Saga plc and Royal Mail
- Non-Executive Director: Bupa, HMV, Northern Foods and Bank of Ireland UK
- Interim Chair, The National Trust
- Chair, Founders Intelligence
- Partner, McKinsey & Company and co-lead of its European Retail Practice

Fabiola Arredondo (56)
Independent Non-Executive Director

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

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

Current Appointments
- Non-Executive Director: Campbell Soup Company and Fair Isaac Corporation
- National Council Member, World Wildlife Fund for Nature
- Member, Council on Foreign Relations
- Board Member, FINRA Board of Governors
- Managing Partner, Siempre Holdings

Previous Appointments
- Non-Executive Director: Experian plc, BOC Group plc (now Linde Group), Saks Incorporated (now Hudson's Bay Company), Bankinter S.A., National Public Radio, Rodale Inc., Intelsat Inc., Sesame Workshop and the World Wildlife Fund UK and USA
- Senior executive roles at Yahoo! Inc., the BBC and Bertelsmann AG

Committee key
◯ Chair Ⓡ Remuneration Committee Ⓝ Nomination Committee Ⓐ Audit Committee

Skills key
Operational excellence Digital and media Retail, sales and marketing
Luxury brands Environment / Sustainability Financial expertise

Sam Fischer (55)

Independent Non-Executive Director

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

Key skills and experience

Sam has a wealth of global leadership experience, including leading iconic heritage premium brands from across the lifestyle and consumer sectors. He has a strong track record in driving business growth and a deep understanding of key Asian markets, which is a tremendous asset to Burberry as we continue to engage our communities in the region with innovative products and culturally relevant experiences.

Current Appointments

- CEO, Lion Group

Previous Appointments

- Senior executive roles at Diageo plc, including President, Asia Pacific and Global Travel, Executive Committee member, Managing Director for Greater China and Managing Director for South East Asia
- Various commercial and general management roles at Colgate-Palmolive, including Managing Director for Central Europe

Ron Frasch (74)

Independent Non-Executive Director

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

Key skills and experience

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. While 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.

Current Appointments

- CEO, Ron Frasch Associates LLC
- Non-Executive Director, Crocs Inc.

Previous Appointments

- Non-Executive Director, MacKenzie Childs and Aztech Mountain
- President and Vice Chairman, Saks Fifth Avenue Inc.
- President and CEO, Bergdorf Goodman
- President of the Americas for an Italian licensing company of luxury fashion brands

Committee key

◯ Chair Ⓡ Remuneration Committee Ⓝ Nomination Committee Ⓐ Audit Committee

Skills key

Operational excellence | Digital and media | Retail, sales and marketing
Luxury brands | Environment / Sustainability | Financial expertise

Danuta Gray (64)

Independent Non-Executive Director

Appointed: 1 December 2021
Nationality: British
Committees: R N
Board skills

Key skills and experience

Danuta is a highly experienced Non-Executive Director and Chair with a strong understanding of consumers, technology, sales and marketing within the UK and international business markets gained through her executive career. Her extensive UK plc board experience and deep understanding of UK governance requirements make her a strong asset to our Board.

Current Appointments

- Chair, Direct Line Insurance Group PLC
- Board member, Employ Autism Development
- Chair, North SP Limited

Previous Appointments

- Chair, St Modwen Property plc
- Senior Independent Director, Aldermore Bank plc
- Non-Executive Director and Remuneration Committee Chair, Old Mutual plc and Page Group plc
- Non-Executive Director, Paddy Power plc, Aer Lingus plc and UK Ministry of Defence
- CEO, Telefónica O2 and Executive Director, Telefónica Europe plc

Matthew Key (60)

Independent Non-Executive Director

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

Key skills and experience

Matthew has significant strategic, regulatory and operational experience in the e-commerce and technology sectors. He brings a wealth of experience of managing dynamic and fast-moving international companies and has an extensive understanding of the consumer market. Matthew is a qualified chartered accountant and his deep financial knowledge and expertise are important to the Board, as reflected in his appointment as Chair of the Audit Committee. Matthew qualified as a chartered accountant with Arthur Young (now EY).

Current Appointments

- Non-Executive Director and Chair of Audit and Risk Committee, BT Group plc

Previous Appointments

- Chair and CEO, Telefónica Europe plc and Telefónica Digital
- Member, Advisory Board of Samsung Europe
- Executive positions included various financial roles at Grand Metropolitan plc (now part of Diageo plc), Kingfisher plc, Coca-Cola and Schweppes

Committee key

Chair | R Remuneration Committee | N Nomination Committee | A Audit Committee

Skills key

Operational excellence | Digital and media | Retail, sales and marketing
Luxury brands | Environment / Sustainability | Financial expertise

Debra Lee (68)

Independent Non-Executive Director

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

Key skills and experience

Debra is one of the most influential female voices in the entertainment industry and has a deep understanding of the American consumer and culture. She is the former Chairman and CEO of Black Entertainment Television, which under her leadership became the largest global provider of entertainment for the African-American audience and consumers of black culture. Debra is a passionate advocate of women and people from ethnically-diverse backgrounds.

Current Appointments

- CEO and founder, Leading Women Defined, Inc.
- Non-Executive Director, Warner Bros. Discovery, Inc., Marriott International, Inc. and The Proctor & Gamble Company

Previous Appointments

- Chairman and Chief Executive Officer, Black Entertainment Television LLC
- Non-Executive Director, Twitter, Inc. and AT&T Inc.
- Attorney, Steptoe & Johnson

Antoine de Saint-Affrique (58)

Independent Non-Executive Director

Appointed: 1 January 2021
Nationality: French
Committees: Ⓐ Ⓝ
Board skills

Key skills and experience

Antoine has a wealth of experience in the consumer sector, having led a number of global brands throughout his career. As CEO of Barry Callebaut, Antoine put sustainability at the heart of the company's strategy, setting ambitious targets that addressed the most pertinent challenges in the chocolate supply chain. His strong understanding of sustainability and of the consumer market makes him a valued asset to our Board as we continue to focus on positively impacting the environment and our communities.

Current Appointments

- CEO and Director, Danone
- Non-Executive Director, Barry Callebaut

Previous Appointments

- CEO, Barry Callebaut
- President, Unilever Foods and member of the Group Executive Committee at Unilever plc
- Non-Executive Director, Essilor International

Committee key

◯ Chair Ⓡ Remuneration Committee Ⓝ Nomination Committee Ⓐ Audit Committee

Skills key

- Operational excellence
- Digital and media
- Retail, sales and marketing
- Luxury brands
- Environment / Sustainability
- Financial expertise

Alan Stewart (63)

Independent Non-Executive Director

Appointed: 1 September 2022
Nationality: British
Committees: A N
Board skills

Key skills and experience

Alan has a wealth of corporate finance and accounting experience gained from a variety of industries, including retail and leisure. He has considerable executive leadership experience, including various Chief Financial Officer positions within top FTSE organisations. Alan is currently a member of Chapter Zero, a community of non-executive directors committed to achieving net-zero targets, and was a founding member of the Accounting 4 Sustainability CFO network. His keen interest in sustainability is important to the Board in driving forward Burberry's climate change strategy. Alan qualified as a chartered accountant with Deloitte.

Current Appointments

- Non-Executive Director and Chair of Audit Committee, Diageo plc
- Non-Executive Director and Chair of Remuneration Committee, Reckitt Benckiser Group plc

Previous Appointments

- Non-Executive Director and Audit Committee Chair, Games Workshop Group
- Chief Financial Officer, Tesco PLC
- Chief Financial Officer, Marks & Spencer PLC

Gemma Parsons

Company Secretary

Appointed: 1 October 2018
Nationality: British

Experience

Current Appointment

- Fellow of the Chartered Governance Institute and has more than 25 years' company secretarial experience
- Member of the Chartered Governance Institute's Company Secretaries' Forum and of the Association of General Counsel and Company Secretaries of FTSE 100 companies

Previous Appointments

- Company Secretary of The Berkeley Group Holdings plc
- Deputy Company Secretary of Smith & Nephew plc
- Deputy Company Secretary of TSB Banking Group plc

Directors whose tenure ceased during FY 2022/23
- Julie Brown stepped down as CO&FO on 1 April 2023

Committee key

Chair | R Remuneration Committee | N Nomination Committee | A Audit Committee

Skills key

- Operational excellence
- Digital and media
- Retail, sales and marketing
- Luxury brands
- Environment / Sustainability
- Financial expertise

Executive Committee

Jonathan Akeroyd
Chief Executive Officer

Ian Brimicombe
Interim Chief Financial Officer

Giorgio Belloli
Chief Digital, Customer and Innovation Officer

Klaus Bierbrauer
Chief Supply Chain and Industrial Officer

Leonie Brantberg
Chief of Staff, Strategy and Growth Projects

Gianluca Flore
Chief Commercial Officer

Rod Manley
Chief Marketing Officer

Mark McClennon
Chief Information Officer

Edward Rash
General Counsel

Delphine Sonder
Chief Merchandising Officer

Melissa Johnston
Chief Visual Officer

Changes to the Executive Committee since FY 2021/22

- Delphine Sonder joined the committee on 9 January 2023
- Giorgio Belloli joined the committee on 10 January 2023
- Adrian Ward-Rees was a member of the committee until 16 January 2023
- Erica Bourne was a member of the committee until 24 January 2023
- CP Duggal was a member of the committee until 31 January 2023
- Julie Brown was a member of the committee until 1 April 2023
- Ian Brimicombe joined the committee on 2 April 2023
- Klaus Bierbrauer joined the committee on 3 April 2023
- Jérôme Le Bleis was a member of the committee until 14 April 2023
- Melissa Johnston joined the committee on 11 May 2023

Corporate Governance Report

UK Corporate Governance Code compliance

The 2018 UK Corporate Governance Code (the Code) sets out the framework of governance for premium listed companies within the UK. The Code is published by the Financial Reporting Council (FRC) and can be found on its website frc.org.uk. As a premium listed company, we describe Burberry's corporate governance from two points of view: the first dealing generally with the application of the Code's main principles, and the second dealing specifically with non-compliance with any of the Code's provisions.

Together with the Directors' Remuneration Report on pages 200 to 245, this report sets out the Board's approach to governance and the work undertaken during FY 2022/23. We have complied with the provisions of the Code during FY 2022/23 with the exception of Provision 38, which refers to the Executive Directors' pensions compared to the wider workforce. The pension contribution level for our former CO&FO was aligned with the maximum employer pension contribution rate available to the majority of our UK workforce with effect from 1 January 2023 and we have complied with Provision 38 since that date. Under the Remuneration Policy approved by shareholders at the 2020 AGM, pension contribution levels for new Executive Directors align with the maximum employer pension contribution rate available to the majority of the UK workforce and this applies to our CEO and our new CFO, who will join Burberry on 17 July 2023.

Further information on how the Company has applied the principles of the Code is set out in this Corporate Governance Statement. Key highlights of the Company's compliance with the Code along with cross references to other sections of the Annual Report are detailed below.

How we apply the principles of the Code

Governance structure and division of responsibilities

The Board (supported by its Committees) is collectively responsible for how Burberry is directed and controlled. Its responsibilities include:

- Promoting Burberry's long-term success
- Setting its strategic aims and values
- Supporting leadership in delivering strategy
- Supervising and constructively challenging leadership on the operational running of the business
- Ensuring a framework of prudent and effective controls
- Reporting to shareholders on the Board's stewardship

More information on the Company's governance structure can be found on page 173.

Environmental, Social and Governance

Sustainability is an essential element of Burberry's strategy for which the Board is responsible. Accordingly, the Board is also responsible for ensuring its approach to sustainability is integrated into and implemented across the business, reflecting the increasing importance of these topics to the Group and society as a whole. The governance framework of committees and advisory forums (as shown in the diagram on page 173) provides regular updates and key information to the Board, to ensure that it is able to make informed decisions. Sustainability is embedded into the remit of the committees where appropriate.

For more information on the Group's Environmental, Social and Governance priorities see pages 50 to 93.

Stakeholder engagement

As highlighted by the Code, the Board recognises the importance of identifying its key stakeholders and understanding their perspectives and values. Through regular dialogue and communication, the Board is mindful of all of Burberry's stakeholders when planning or making decisions of strategic significance.

The Board has chosen to engage with the workforce through the formally-constituted Global Workforce Advisory Forum which is one of the methods set out in Code Provision 5. The Board uses additional ways to understand employee views including the employee engagement survey and site visits. During the year, the Board visited Italy and had the opportunity to tour our manufacturing facility and speak to colleagues.

Our Investor Relations team met with over 280 investors during the financial year. Our Chair, the Chair of the Remuneration Committee, Executive Directors and other members of senior management met with over 60 investors. 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 Burberryplc.com), as well as meetings with the Group's 20 largest investors. Topics discussed in investor meetings included Jonathan Akeroyd's strategy, Daniel Lee's appointment and first show, regional performance and management changes. The team also arranged specific ESG engagements with analysts.

At the 2022 AGM, all resolutions were passed although the Company received more than 20% of votes against the re-appointment of Antoine de Saint-Affrique as a Non-Executive Director of the Company. The Board acknowledges the outcome of the vote and has actively engaged with significant shareholders to understand their concerns. Further details can be found on page 184.

At the 2023 AGM, the Company will be seeking approval of its Directors' Remuneration Policy. In developing the policy the Chair of the Remuneration Committee has engaged with our major shareholders and key proxy bodies.

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.

Further information on how the Board has engaged with its key stakeholder groups can be found on pages 112 to 117.

Monitoring our Corporate Culture

In FY 2022/23, we continued to build on Burberry's Leadership Standards, using our organisation's purpose and values as a common framework for how we operate and the expectations we have of our colleagues. As a Board, we recognise the vital role of ensuring that Burberry's workplace culture is aligned with our purpose, values and strategy. We are equally cognisant of the opportunities created when our colleagues bring this purpose to life.

How we measure culture

The Board has continued its programme of day-to-day interactions with Burberry colleagues, through site and store visits. Our Global Workforce Advisory Forum (the Forum) has also created opportunities for meaningful discussions with colleague representatives. The Forum brings together colleague representatives to meet with members of the Board to discuss key topics.

In FY 2022/23, the Forum met three times and discussed reward and benefits, sustainability, colleagues' views and sentiment on our purpose statement 'Creativity Opens Spaces' and colleagues' expectations and hopes for Burberry's new Chief Creative Officer. The Forum is chaired by our Chief People Officer with each meeting attended by our Chair and one other Non-Executive Director. The Forum has proportionate representation from all areas of our business and the countries and territories in which we operate.

To provide additional insight into Burberry's workplace culture, we ran a Company-wide culture survey in March 2023. It focused on our colleagues' experience, views on our progress, and how we can continue to create a working environment where our colleagues can do their best work. We measure our progress on culture by tracking against six key cultural measures using insights gathered through listening sessions, colleague surveys and our people data on attrition, learning and wellbeing.

With the aim of supporting a culture where our colleagues can thrive, we embedded our Leadership Standards into our culture by directly linking our assessment of performance and reward to them. For the first time, all colleagues have been formally assessed in two parts: equally weighting "what" they have achieved and "how" they have achieved this, demonstrating the importance of being guided by our purpose and values in all we do.

Our cultural indicators

Measure	Description
Purpose	Creativity Opens Spaces and guides our interactions with each other, our customers and communities.
Collaboration	We listen, work well together and support each other to get things done.
Learning	We incorporate learning on critical topics into our work to remain safe and secure.
Humanity	We create safe environments for colleagues at work and care about their health and wellbeing.
Execution	We move quickly and reliably and create great experiences for our customers.
Integrity	We are fair and objective when dealing with colleague behaviour and create psychological safety for colleagues to speak up.

Our culture survey tells us what our colleagues feel it is like to work at Burberry. The overall results from our FY 2022/23 survey provided another positive response from our colleagues, with strong engagement, an increasing belief that we have the right culture to be successful in the future and faith that we demonstrate our values at work.

Culture survey scores

75 points

People at Burberry make decisions with the customer in mind

February 2022: 76 points

76 points

I would recommend Burberry as a great place to work

February 2022: 75 points

74 points

Burberry has the right culture to be successful in the future

February 2022: 72 points

76 points

Burberry is innovative

February 2022: 74 points

Principal Areas of Focus for the Board During FY 2022/23

The table below gives details of Directors' attendance at Board and Committee meetings during the year ended 1 April 2023. This is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

	Board	Audit	Nomination	Remuneration
Gerry Murphy	8/8	–	3/3	–
Jonathan Akeroyd	8/8	–	–	–
Julie Brown[1]	8/8	–	–	–
Orna NíChionna	8/8	–	3/3	5/5
Fabiola Arredondo	8/8	–	3/3	5/5
Sam Fischer[2]	8/8	–	3/3	4/5
Ron Frasch	8/8	4/4	3/3	5/5
Danuta Gray[3]	7/8	–	3/3	5/5
Matthew Key	8/8	4/4	3/3	5/5
Debra Lee[4]	8/8	3/4	3/3	–
Antoine de Saint-Affrique	8/8	4/4	3/3	–
Alan Stewart[5]	4/4	3/3	2/2	–

1. Julie Brown stepped down from the Board on 1 April 2023.
2. Sam Fischer was unable to attend one Remuneration Committee meeting which was convened at short notice.
3. Danuta Gray was unable to attend one Board meeting which was convened at short notice.
4. Debra Lee was unable to attend one Audit Committee meeting due to an unavoidable diary clash.
5. Alan Stewart joined the Board on 1 September 2022.

The Board held six scheduled meetings during the financial year, including an in-depth strategy session in Italy where Directors visited suppliers, as well as manufacturing and retail operations. Two additional meetings were called at short notice. If any Directors are unable to attend a meeting they are given the opportunity to provide feedback in advance of the meeting.

At each Board meeting, the Chair and Non-Executive Directors held a closed session without management present. In addition, the Board met informally on a number of occasions to receive business updates and in connection with the resignation of Julie Brown as the CO&FO and appointment of the new Chief Creative Officer and new CFO. Throughout the year, Directors also devoted time to meeting with investors and interviewing candidates for both executive and non-executive roles. In addition, Directors undertook store and site visits and attended our fashion shows, town halls, brand events and meetings of the Global Workforce Advisory Forum.

The Board and Committee agendas were shaped to ensure that discussion was focused on our key strategies and responsibilities, as well as reviews of significant issues arising during the year, such as changing macro economic and geo-politcal conditions. The Group's ongoing performance against strategic priorities is reviewed at each scheduled meeting.

Decision for the proposed acquisition of Pattern SpA

On 28 March 2023, the Company announced it had entered into an agreement to acquire a business from long-term supplier Pattern SpA which is expected to complete later in the year. In considering the transaction, the Board identified and assessed the impact on stakeholders as part of its decision-making process. Some of those considerations were as follows:

- Sustainability: opportunity to further embed sustainability in the value chain
- Customer and shareholders: opportunity to grow outerwear category
- Shareholders: rigorous commercial and financial evaluation to analyse return on investment
- People: additional skills brought in house as a result of staff transfers to Burberry
- Partners: determined that there would be minimal impact on our supply chain partners at this point in time

Principal areas of focus for the Board during FY 2022/23

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
Strategy			
Strategic review	• Reviewing strategy to take stock of progress and prioritise areas of focus within the long-term strategic plan • Considering market trends and assessing their implications on areas of strategic focus	• Providing feedback, questions and challenge throughout the process • Supporting the programmes undertaken	**Relevant stakeholders:** Customers; shareholders; people; partners; communities **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships
Performance	• Reviewing regional updates	• Providing feedback and asking questions	**Relevant stakeholders:** Customers, shareholders, people, partners, communities **s.172 duties:** long-term results; workforce; reputation; and business relationships

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
Shareholder engagement			
Shareholder feedback, including activist themes	• Reviewing updates from the Investor Relations team on share price performance, register activity and analyst sentiment • Discussing specific issues raised by shareholders, including the re-election of Antoine de Saint-Affrique • Engaging with major shareholders and key proxy bodies on the proposed Directors' Remuneration Policy	• Inclusion of shareholder themes within the Board's strategic and/or other considerations	**Relevant stakeholders:** Shareholders **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships
Finance			
Budget and capital allocation	• Approving the FY 2022/23 budget • Scrutinising financial performance • Considering capital structure, distributions and liquidity • Reviewing the quarterly financial results • Reviewing FY 2023/24 budget scenarios and three-year forward plan • Reviewing and approving capital expenditure projects	• 'In principle' support for the FY 2023/24 budget • Prior year (March and May 2022) budget delivered • Approval of a £400 million share buyback to be implemented in FY 2022/23 • Approval of the payment of a final dividend for FY 2021/22 and an interim dividend for FY 2022/23	**Relevant stakeholders:** Customers; shareholders; people **s.172 duties:** Long-term results; workforce; and fairness between our shareholders
Governance			
Monitoring culture	• Reviewing the delivery of key areas of focus to embed our purpose and values • Discussing the results of the Colleague Engagement Surveys, including trends, and receiving feedback following Global Workforce Advisory Forum meetings	• Support for management's approach • Greater understanding of the views of the workforce to strengthen the colleague voice in the Boardroom • Refer to pages 166 to 167 covering monitoring culture for further detail	**Relevant stakeholders:** Customers; shareholders; people; communities **s.172 duties:** Long-term results; workforce; reputation; and business relationships
Board evaluation	• Progress update against FY 2022/23 areas of focus • Discussing the results of the FY 2022/23 Board evaluation and reflecting on the effectiveness of the Board and its Committees	• Refer to pages 179 to 181 covering Board evaluation for further detail	**Relevant stakeholders:** Customers; shareholders; people **s.172 duties:** Long-term results; workforce; and reputation

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
Risk			
Risk appetite	• Considering the Board's appetite for risk • Considering emerging and principal risks, including changes to the risk profile • Reviewing and approving directors' and officers liability provisions	• Approval of the Group's risk appetite • Refer to the Risk and Viability Report on pages 118 to 151 for further detail	**Relevant stakeholders:** Customers; shareholders; people; communities **s.172 duties:** Long-term results; and reputation
Risk deep dives	• Reviewing geopolitical market context • Reviewing business continuity, cybersecurity, fraud and GDPR risks	• Support for the programme to be undertaken	**Relevant stakeholders:** People; shareholders **s.172 duties:** Long-term results; and reputation
People, culture and values			
Diversity, Equity and Inclusion	• Discussing the Diversity, Equity and Inclusion strategy for FY 2023/24 • Holding meetings with the Internal Diversity and Inclusion Council and the Cultural Advisory Council	• Support for the Diversity, Equity and Inclusion strategy for FY 2023/24	**Relevant stakeholders:** People; shareholders; communities; customers; governments **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships
Environmental and Social Responsibility	• Discussing the Community Investment strategy for FY 2023/24 • Reviewing and approving the Company's Modern Slavery Statement • Considering the proposed Environmental, Social and Governance priorities • Reviewing and discussing updates on progress towards our climate ambition • Audit Committee review of progress against four TCFD pillars and the proposed disclosure	• Approval in May 2022 to donate 1% of FY 2022/23 adjusted profit before tax to social and community causes worldwide • Approval of the response to the humanitarian crisis in Ukraine • Approval of the response to the Turkey-Syria earthquake	**Relevant stakeholders:** People; shareholders; communities; customers; partners; governments **s.172 duties:** Long-term results; workforce; environment; reputation; and business relationships

Managing conflicts of interest

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

Under the Company's Articles of Association, the Board has the authority to approve situational conflicts of interest. It has adopted procedures to manage and, where appropriate, approve such conflicts.

Authorisations granted by the Board are recorded by the Company Secretary in a register and are noted by the Board at its next meeting. A review of situational conflicts that have been authorised is undertaken by the Board annually.

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

Productivity

The Company continues to demonstrate and develop improving levels of productivity, owing to strong human capital, training and development programmes, and focus on elevating the customer experience throughout our distribution and retail networks. Further information about these aspects of the business is provided on pages 20 to 29 and 68 to 81.

Other governance disclosures

The Group is committed to acting with integrity and transparency on all tax matters and complying fully with applicable tax laws, having regard to international standards and guidance on tax practice and tax reporting. The Group will only engage in responsible tax planning aligned with genuine commercial economic activities. 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 do not participate in transactions with parties based in tax haven jurisdictions when the transactions are not in the ordinary course of Group trading business or which could be perceived as artificially transferring value to low tax jurisdictions. We are also committed to engaging in open and constructive relationships with tax authorities in the territories in which we operate. The Group Tax strategy directs our tax planning, reporting and compliance activities and is aligned with the Group's strategic objectives. Further information regarding the Group Tax strategy is provided on Burberryplc.com.

Tax governance framework

The CFO is responsible for the Group Tax strategy, the effectiveness of tax risk management, tax processes and transparency of disclosures. The strategy is implemented by the global tax and trade compliance teams with the assistance of the finance leadership team. Compliance with the Group Tax strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Audit Committee is responsible for reviewing the Group Tax strategy at least once a year and significant tax matters as they arise.

Share capital

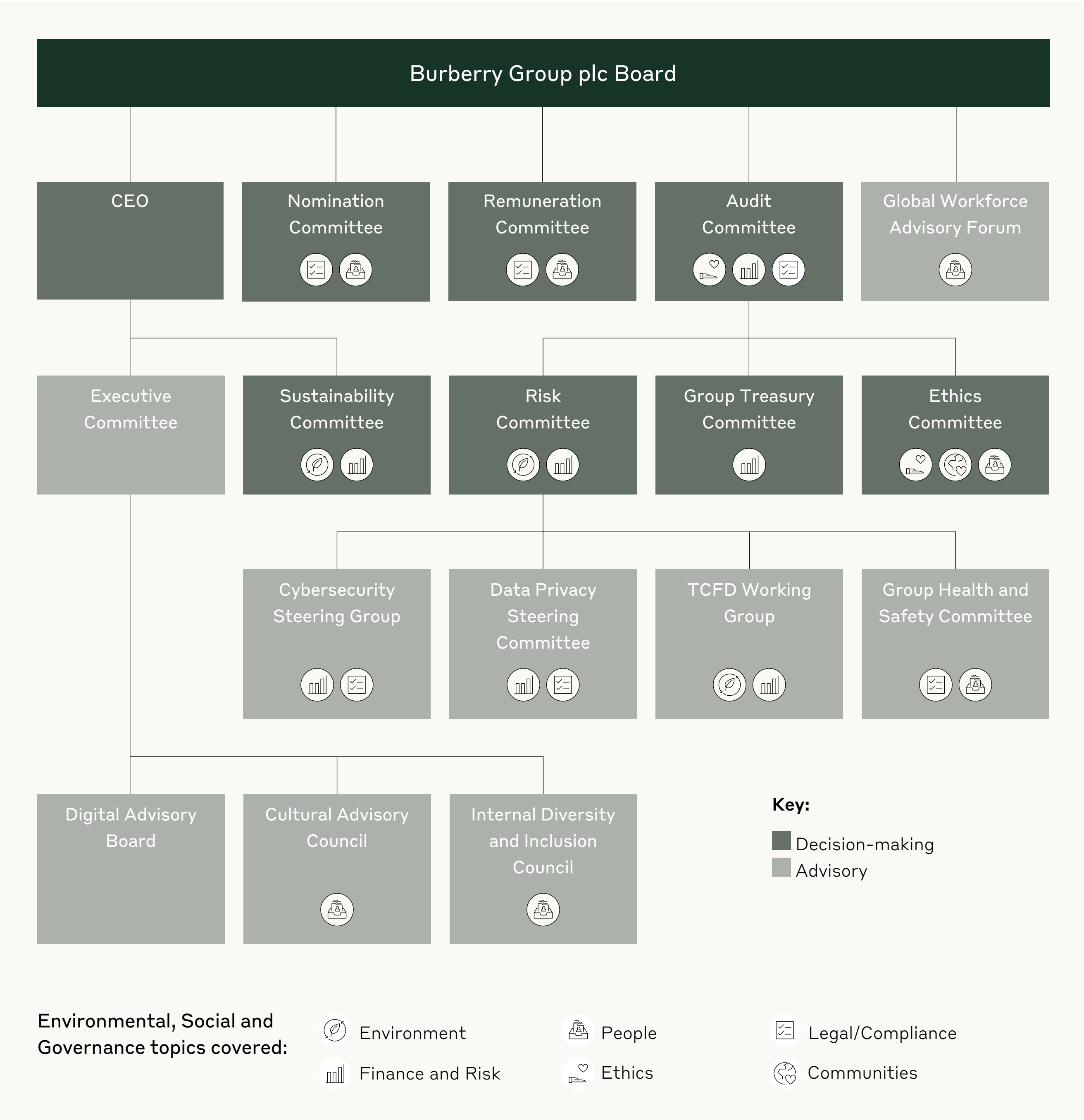
Further information about the Company's share capital, including substantial shareholdings, can be found in the Directors' Report on page 246.

Governance Structure and Division of Responsibilities

Governance structure for Burberry

The diagram below illustrates our governance structure of Committees and advisory forums and the key environmental, social and governance topics within their scope.

This structure establishes an information flow to the Board, enabling it to make informed decisions.



Roles and responsibilities

Governance

The Board is responsible for promoting Burberry's long-term success. This is achieved through effective governance and keeping the interests of stakeholders at the fore in decision-making. The Board establishes the Group's purpose and values and sets the Group's strategy, including sustainability and climate goals, ensuring alignment with our culture, and overseeing its implementation by management.

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

The Board has established Committees to assist with exercising its authority.

Audit Committee

Chaired by Matthew Key

Monitors the integrity of Financial Statements, including disclosures associated with the TCFD recommendations 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, the Risk Committee and the Group Treasury Committee.

The Audit Committee Report can be read on pages 190 to 199.

Remuneration Committee

Chaired by Danuta Gray

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

Oversight of wider employee reward policies.

The Directors' Remuneration Report can be read on pages 200 to 245.

Nomination Committee

Chaired by Gerry Murphy

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

The Nomination Committee Report can be read on pages 182 to 189.

CEO and Executive Committee

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

The Board is responsible for supporting management in its strategic aims, which enable the Company to continue to perform successfully and sustainably for our shareholders and wider stakeholders. The Audit Committee, the Nomination Committee and the Remuneration Committee support the Board in its activities. The terms of reference for each of these Committees can be viewed in the Corporate Governance section of Burberryplc.com. Pages 173 to 177 outline our governance structure as well as the roles and responsibilities within that framework.

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

Board roles

Our Board currently comprises 11 members: the Chair, the CEO, and nine independent Non-Executive Directors who are experienced and influential individuals, drawn from a wide range of industries and backgrounds with the skills to promote the long-term sustainable success of the Group. The Board has determined that all Non-Executive Directors are independent and the Chair was also considered to be independent on appointment. Further to the resignation of the CO&FO, the Board has appointed Kate Ferry as CFO. Kate will join the Company as an Executive Director on 17 July 2023. Ian Brimicombe has been appointed as Interim CFO but he is not an Executive Director.

Directors' biographies, tenures, key skills and experience and external appointments are set out on pages 157 to 162.

All Directors are appointed to the Board for an initial fixed three-year term, subject to annual re-election by shareholders at the Company's AGM. In accordance with the Code, with the exception of Matthew Key, all Directors will retire and offer themselves for re-election at the 2023 AGM. Alan Stewart, who joined the Board on 1 September 2022, will offer himself for election having joined the Board since the last AGM. Matthew Key will cease to be a Non-Executive Director following the 2023 AGM.

To ensure the Board performs effectively, there is a clear division of responsibilities between the leadership of the Board and the executive leadership:

Our Chair

- 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 performance review and addressing any subsequent actions
- Promoting the highest standards of corporate governance
- Ensuring the views of stakeholders are taken into account when making decisions
- A full description of the Chair's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com

Our Senior Independent Director

- Acting as a sounding board for the Chair
- Acting as an intermediary for the other Directors, where necessary
- Chairing meetings in the absence of the Chair
- 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 Chair on an annual basis
- Leading the search and appointment process and recommendation to the Board of a new Chair, if necessary
- A full description of the Senior Independent Director's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com

Our Non-Executive Directors

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

Our CEO

- Day-to-day management of the Group
- Responsible for all commercial, operational, risk and financial elements of the Group
- Developing the Group's strategic direction and implementing the agreed strategy
- Ensuring effective communication and information flows to the Board and the Chair
- 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, Global Commercial, Corporate Responsibility and IT
- Responsible for oversight of the sustainability agenda and climate goals
- A full description of the CEO's role and responsibilities can be found in the Corporate Governance section of the Group's website Burberryplc.com

Our CFO

- Supporting the CEO in developing the Group's strategy and its implementation
- Overseeing the global Finance and Business Services functions and developing the Group's Capital Allocation Framework
- Responsible for establishing financial planning and maintaining adequate internal controls over financial reporting
- Representing the Group to external stakeholders
- Responsible for the oversight of the following key functions: Investor Relations, Internal Audit and Risk Management, Business Continuity, Burberry Business Services, Finance, Insurance, Tax, Treasury and Trade Compliance

Our Company Secretary

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

External directorships

Our Board's Executive Directors are permitted to hold one external non-executive directorship. Jonathan Akeroyd is the only Executive Director at present and does not hold any other external directorships. Kate Ferry, who will join the Board on 17 July 2023 as an Executive Director and CFO is currently an independent non-executive director of Greggs plc.

Time allocation and independence

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 Chair and Senior Independent Director are expected to spend additional time over and above this to carry out their extra responsibilities. The Chair, Senior Independent Director and CEO also have clearly defined responsibilities, which delineate the scope of their roles. A full description of these roles can be found in the Corporate Governance section of the Group's website Burberryplc.com. The Board has noted changes to Non-Executive Directors' external appointments during the year and confirms that they were not perceived to impact their independence or responsibilities to the Company. The Board considers that the Chair and all Non-Executive Directors have fulfilled their required time commitment during FY 2022/23. In making this assessment the Board considered the views of certain shareholders regarding Antoine de Saint-Affrique's time commitments, further details of which can be found in the Nomination Committee Report on page 184.

Each year, in accordance with its terms of reference, the Nomination Committee reviews the independence of the Non-Executive Directors (excluding the Chair), taking into account a range of factors, including those set out in Provision 10 of the UK Corporate Governance Code. The Nomination Committee concluded this year that all the Non-Executive Directors continued to be independent.

Notwithstanding that Matthew Key was appointed to the Board in September 2013 and has therefore served on the Board for over nine years, the Nomination Committee concluded that Matthew Key's independence was not compromised.

Information flow and professional development

Our Chair works closely with the Company Secretary in the planning of agendas and scheduling of Board and Committee meetings. Together, they ensure that information is made available to Board members on a timely basis and is of a quality appropriate to enable the Board to effectively carry out its duties. The Board is kept up to date on legal, regulatory, compliance and governance matters through advice and regular papers from the General Counsel, the Company Secretary and other advisors. In addition, Executive Committee members and other senior managers are invited, as appropriate, to Board and strategy meetings to inform and update the Board on their areas of responsibility. The CEO, the Chief People Officer and the Company Secretary regularly attend Board and Committee meetings.

Induction, training and business engagement

The Company Secretary assists the Chair in designing and facilitating a formal 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. Following the initial induction for Non-Executive Directors, an understanding of the business is developed through ongoing meetings and engagements as appropriate.

The Chair considers the training needs of individual Directors on an ongoing basis. During FY 2022/23, a number of Directors participated in a sustainability workshop in May 2022. The Board also held informal meetings with our Internal Diversity and Inclusion Council and our Cultural Advisory Council. Details of the induction programmes implemented for Jonathan Akeroyd and Alan Stewart are set out in the Nomination Committee Report on page 187.

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.

Composition, Succession and Evaluation

Board evaluation

Evaluating our performance

The Board undertakes a formal annual review of its effectiveness, which is designed to help identify opportunities to improve and enhance its own performance and that of the Group. The evaluation process is led by the Chair and includes a review of the effectiveness of the Board as a whole, the Board's Committees and each individual Director. Every three years, the evaluation is facilitated externally with the last external evaluation taking place in FY 2020/21.

Internal evaluation in FY 2022/23

In November 2022, the Board decided to conduct an internal questionnaire-based review for FY 2022/23 with the support of Independent Audit's Thinking Board tool. Independent Audit Limited has no other connection with the Company. The Chair of the Board and the Chairs of each of the Board Committees worked with the Company Secretary to devise the questionnaires, which were circulated in February 2023. The results were evaluated and discussed at the March Board meeting, following which the Board confirmed its view that the Board continues to operate effectively within an inclusive and transparent environment and displays a number of strengths, including:

- operating with a high level of trust and openness between Board members
- strong leadership of the Board and Board Committees
- providing challenge and support to the executive team
- assessing and monitoring performance of the business

The questionnaires were supplemented by meetings between the Chair and each Director to discuss individual performance, seek additional feedback and raise any issues or concerns regarding the management of the Company or the Board's performance. On resignation, Non-Executive Directors are also encouraged to provide a written statement of any concerns to the Chair. No such concerns were raised in FY 2022/23.

These discussions, together with the Nomination Committee's considerations of independence, time commitment and tenure, are used as the basis for recommending the re-election of Directors by shareholders. The Board is satisfied that all Non-Executive Directors bring robust, independent oversight and continue to remain independent.

The evaluation process also concluded that the Audit, Nomination and Remuneration Committees continue to operate well and provide effective support to the Board in carrying out its duties.

Separate to the formal Board evaluation process, the Senior Independent Director led a review of the Chair's performance. The review included circulation of a short questionnaire, one-to-one meetings with each of the Non-Executive Directors and a final meeting of the Non-Executive Directors, without the Chair being present, to conclude on the review. The unanimous view was that the Chair continued to perform very effectively and to provide strong leadership throughout FY 2022/23.

Areas of focus for FY 2023/24

Based on the feedback received during the assessment process, the Board agreed on the following areas of focus, which will be monitored during the year.

Area of development	Action
Strategy, purpose and values	• Ongoing development of Board agendas to ensure sufficient focus on big trends including sustainability, e-commerce and globalisation • Consider ways to develop the Board's understanding of the opportunities and risks presented by emerging technology in the luxury industry
People and culture	• Continued focus on developing the long-term approach to executive succession planning including increased opportunities for Board members to engage with colleagues informally • Enhance the Board's oversight of culture and values, including how well they are embedded across the business
Board composition	• Review the size and composition of the Board including the potential use of advisory support to supplement core skills of Board members where necessary

Progress update on focus areas identified following FY 2021/22 Board effectiveness review

Action	
Strategy, purpose and values	
• Reviewing Board agendas to enable more time to be spent considering emerging technology, megatrends and key markets • Considering ways to embed environmental, social and governance further into strategy, as well as into the purpose and values of the Company	More time spent on regional updates throughout the year to provide the Board with deeper insights for key markets. In addition, the Board received updates in July and October 2022 from external advisers on the macroeconomic and the geopolitical environment and as part of the annual strategy meetings in October 2022 updates on the luxury industry and key consumer trends. The Board and Executive Committee attended a sustainability workshop in May 2022 led by the Cambridge Institute of Sustainability Leadership and members of the Corporate Responsibility team. Topics discussed included the evolution of Burberry's Sustainability strategy, such as focusing Burberry's Communities strategy on youth and creativity; and the actions being taken to embed sustainability across the Leadership Standards, Code of Conduct and values. With effect from FY 2023/24 Sustainability metrics will also be incorporated into the corporate annual bonus plan.
Talent and succession planning	
• Continued development and strengthening of the executive succession planning programme	Work is ongoing to enhance our Executive Development Programme which is a bespoke eight-month experience designed to elevate leadership capabilities and embed Leadership Standards through immersive learning experiences, targeted coaching and impactful networking opportunities.
Board ways of working	
• Reviewing the Board's composition and advisory support to ensure appropriate and contemporary expertise across all relevant areas, including luxury	The Board's succession work during FY 2022/23 has focused on the search for a new CFO and enhancing the financial expertise on the Board, in advance of Matthew Key's stepping down. Further details on the recruitment and appointment process for these roles can be found in the Nomination Committee Report on pages 186 to 187. In terms of advisory support, the Board met with members of the Internal Diversity and Inclusion Council in July 2022 and with the external Cultural Advisory Council in November 2022.

Report of the Nomination Committee

"Diverse and fresh perspectives are also important, that is why the Committee makes refreshment and succession planning a priority."

Gerry Murphy
Chair, Nomination Committee

Dear Shareholder,

On behalf of the Nomination Committee, I am pleased to present this report, which describes how we carried out our responsibilities during the year. The Committee met three times during FY 2022/23.

Board succession planning and the composition of Board Committees continued to be an important area of focus for the Committee. During FY 2022/23, the Committee recommended the appointment of Kate Ferry as our new Chief Financial Officer and the appointment of Alan Stewart as an additional Independent Non-Executive Director ahead of Matthew Key's retirement from the Board in July. In our consideration of Board composition, we concentrated on identifying candidates who would add to the collective skills, experience and diversity of the Board to improve our ability to support and challenge management as Burberry develops and evolves.

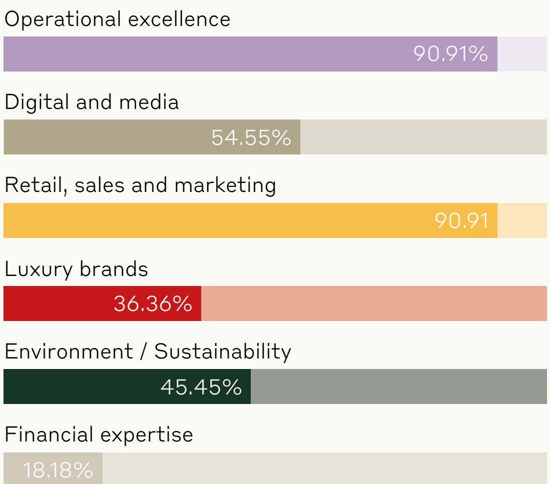
During FY 2022/23, we also reviewed the talent pipeline for the Executive Committee and other senior management roles and completed our annual governance processes.

Areas of focus for FY 2022/23

- Board composition
- Recruitment of CFO and new Non-Executive Director
- Talent and executive succession planning
- Corporate governance

Board skills

We recognise that having the right individuals in the boardroom is critical. Directors need to have skills and experience that align with the Company's long-term strategy. Diverse and fresh perspectives are also important, that is why the Committee makes refreshment and succession planning a priority. A Board skills matrix is used to identify current and expected skill gaps.



Board and committee composition

The Committee is responsible for keeping the structure, size and composition of the Board and its Committees under review. During FY 2022/23, the Committee oversaw the search and appointment of a new Chief Financial Officer following the announcement in September 2022 that Julie Brown would step down at the end of the Company's financial year on 1 April 2023 after more than six years on the Board as Chief Operating and Financial Officer. The Company used Lygon Group, a consulting firm which has no connection to the Company or individual Directors. More information on the appointment search and process can be found on page 186.

In conjunction with the Remuneration Committee, the Committee also recommended that Danuta Gray be appointed as Chair of the Remuneration Committee succeeding Orna NíChionna following her appointment as Senior Independent Director.

The Committee also oversaw the appointment of Alan Stewart as a Non-Executive Director and member of the Audit and Nomination Committees on 1 September 2022. Alan is a highly experienced Chief Financial Officer and Non-Executive Director of major international public companies and we were delighted that he has joined the Burberry Board.

Gerry Murphy
Chair, Nomination Committee

Member	Member since	Meeting attendance
Gerry Murphy (Chair)	17 May 2018	3/3
Fabiola Arredondo	10 March 2015	3/3
Sam Fischer	1 November 2019	3/3
Ron Frasch	1 September 2017	3/3
Danuta Gray	1 December 2021	3/3
Matthew Key	26 September 2013	3/3
Debra Lee	1 October 2019	3/3
Orna NíChionna	3 January 2018	3/3
Antoine de Saint-Affrique	1 January 2021	3/3
Alan Stewart	1 September 2022	2/2

Principal role and responsibilities

As set out in the terms of reference, which are available on the Company's website, Burberryplc.com, the Nomination Committee is responsible for a number of areas across three main categories as listed below.

Board composition

- Reviewing the composition, size, skills and diversity of the Board and its Committees to maintain the relevant balance of skills and independence
- Identifying and making recommendations to the Board on suitable candidates to fill Board vacancies

Talent and executive succession planning

- Considering succession planning for the Executive Committee and other key senior management roles in line with the talent management framework

Corporate governance

- Considering the independence and time commitments of Non-Executive Directors
- Making recommendations to the Board on election and re-election of Directors at the AGM
- Reviewing the Board Composition and Diversity Principles to ensure they remain fit for purpose

Our proactive approach to succession planning ensures that the Board maintains the right mix of skills, experience, knowledge and tenure to effectively support and challenge. We believe that diverse boards with appropriate competencies and values are better boards. In line with the Board's Composition and Diversity Principles, all new Board appointments will continue to be made on merit. Our approach includes:

- Ensuring the search pool includes candidates from diverse backgrounds with experience and insights relevant to the Group's strategic priorities
- Taking into account Burberry's purpose, culture and values, as well as changing business needs, while also having regard to wider stakeholder requirements and environmental factors
- Promoting diversity, including in terms of gender, social and ethnic backgrounds, cognitive and personal strengths

Given the Board appointments made during FY 2022/23, we believe there is a good balance between more recently appointed Directors and those who have served for longer periods and provide consistency with respect to experience and knowledge of Burberry as a brand and as a company.

Update on Antoine de Saint-Affrique's time commitment

At Burberry's AGM in 2022, some shareholders expressed concerns about the number of Antoine de Saint-Affrique's other listed directorships and the potential impact on his time commitment to Burberry. Since the 2022 AGM, we have contacted major shareholders who voted against Antoine's re-election to understand their views and reassure them that Antoine has brought, and continues to bring, considerable business and management experience and exceptional knowledge of sustainability and global consumer markets to Board discussions. The Board believes that Antoine makes valuable contributions to the work of the Board and Committees of which he is a member, drawing from his wide experience across many industries. The Chair reviews each Non-Executive Director's effectiveness each year and, when considering Antoine's performance, specifically considered his ability to carry out his duties as a Director given his other directorships. In addition, the Board reviews its own performance annually. No concerns regarding Antoine's ability to devote time to his role at Burberry were raised.

Antoine's attendance record speaks for itself: in FY 2022/23, Antoine attended 100% of the Board and Committee meetings, including the Board's visit to Burberry sites in Italy in October 2022, 100% of Audit Committee meetings and 100% of Nomination Committee meetings. He also attended the AGM and has attended additional Board calls and meetings during the year when required. He has also participated in a number of additional opportunities to meet colleagues and engage with other stakeholders throughout the year. Antoine's attendance at our scheduled meetings and participation in all ad hoc discussions demonstrated his capacity to fulfil his obligations in each of his roles, even during exceptionally demanding periods.

The Board has therefore determined that Antoine has sufficient time to meet his Board responsibilities as required by Principle H of the UK Corporate Governance Code.

Antoine has spent his working life in large international companies with globally renowned consumer brands. He is a world-class Director and his wealth of knowledge and experience would be hard to replace. Burberry's experience of Antoine as a committed and engaged Director has been very positive, not least in the areas of executive and global brand management, sustainability and deep operational experience in our key markets in Asia, Europe and North America.

In summary, the Board has carefully considered the concerns raised by certain shareholders regarding Antoine's ability to devote sufficient time to his duties at Burberry and has determined that, based on experience to date, Antoine's capacity to perform his role is not impaired in any way by his other time commitments. As an executive of the highest calibre, we feel it would not be in the best interests of the Company to deprive Burberry of Antoine's services. The Board will of course monitor this position closely and, should circumstances change, the Chair would take appropriate action.

The Board is satisfied that all Directors, including Antoine, continue to make effective and valuable contributions to the Board and continue to devote sufficient time to discharging their responsibilities as Directors of Burberry.

Board and Committee effectiveness

As part of the annual Board evaluation, all members of the Nomination Committee participated in an evaluation of the Committee's performance. The evaluation concluded that the Committee operates well and continues to provide effective support to the Board. Further details of the evaluation can be found on pages 179 to 181.

Senior management talent and succession planning

The Committee monitored changes to the talent landscape during the year and reviewed the talent pipelines for the Executive Committee and other key leadership roles. When considering the succession plans, the Committee reviewed progress in increasing diversity of gender and ethnicity, considered the core capabilities required to deliver the Group's strategic priorities and agreed plans to provide opportunities for Board members to meet key senior executives in order to deepen relationships and support engagement.

During FY2022/23, the CEO provided regular updates to the Board and Board Committees to keep them informed of changes to senior leadership and the composition of the Executive Committee, including newly-created roles designed to support implementation of the next phase of the strategy. The Committee supports the CEO in hiring the right talent to strengthen brand capabilities and drive business growth.

Board changes

The composition of the Board and its Committees was a key area of focus for the Committee during FY 2022/23. In addition, we continued to focus on the Board's evolution and, in light of Matthew Key having served on the Board for nine years, we identified a need for an additional Non-Executive Director who had the financial qualifications and experience required to chair the Audit Committee.

Recruitment of the CFO

When Julie Brown notified the Board of her intention to step down as CO&FO, Jonathan Akeroyd, supported by the Committee, led the recruitment search for a new CFO. The Committee was assisted by search firm Lygon Group which was not engaged by the Company for any other purpose during FY 2022/23. A candidate profile was developed to ensure potential candidates would have the required balance of skills and experience relevant to Burberry. A long list of candidates was identified before being narrowed down to a shortlist of preferred candidates who were then taken through the interview process. Initial interviews were in each case led by our CEO, supported by the Chair and other Committee members.

The CEO kept the Board and the Committee regularly informed on progress. Following the conclusion of the process, the Committee recommended Kate Ferry to the Board as the preferred candidate and we are delighted to have appointed Kate to this position. She will join Burberry on 17 July 2023.

The Committee recommended that Ian Brimicombe, SVP, Specialist Finance and Projects, be appointed as Interim CFO from 2 April 2023 until Kate takes up her role.

A detailed induction plan will be created for Kate Ferry focusing on building her understanding of the business, including our purpose and values.

Non-Executive Director Appointment

To assist with the recruitment of a new Non-Executive Director, the Committee appointed search firm Odgers Berndtson which has no connection to the Company or individual Directors. A candidate profile was developed in line with the Board's Composition and Diversity Principles, which would complement the needs of the business and the Board as a whole. Odgers Berndtson was not engaged by the Company for any other purpose during FY 2022/23.

Having considered the shortlist, Committee members interviewed the preferred candidates and recommended the appointment of Alan Stewart to the Board for approval. The Committee further recommended that, on appointment to the Board, he be appointed as a member of the Audit and Nomination committees. Given Alan's deep financial expertise, the Committee also recommended that he take on the role of Chair of the Audit Committee following Matthew's retirement in July 2023.

Each of these appointments involved a formal, rigorous and transparent appointment process based on merit and objective criteria, with due consideration being given to a broad range of factors such as diversity of gender, social and ethnic backgrounds, cognitive and personal strengths and the Group's future strategic direction.

A review of Jonathan Akeroyd's induction

As reported in our 2021/22 Annual Report, following the appointment of Jonathan Akeroyd in March 2022, a detailed induction plan was created for Jonathan focused on building his understanding of our purpose and values and providing opportunities for product immersion, meeting colleagues and travelling to Burberry stores and manufacturing sites around the world to meet and connect with the wider workforce.

The induction sessions gave Jonathan the opportunity to get to know the business and build an understanding of the key areas of focus for the Board and the Group. The induction programme was complemented by meetings with key external stakeholders enabling Jonathan to further deepen his business insights.

March 2022

- Appointment to the Board as Chief Executive Officer

March 2022 – June 2022

- Product immersion
- Visiting key stores and manufacturing sites
- Meeting with the Executive Committee, Regional leads, Vice Presidents and the leadership team to establish connections, visibility and deepen business insights with a view to decision making across priorities
- Meeting with external stakeholders to further deepen business insights

Alan Stewart's Induction

During the financial year, Alan also undertook induction sessions to provide him with an understanding of Burberry's business with special focus on purpose and values, strategy and wider business objectives. The Company Secretary assisted the Chair with the preparation and delivery of a tailored and comprehensive induction programme, designed to give Alan the opportunity to familiarise himself with the business and build an understanding of the key areas of focus for the Board and the Group. The induction programme was also complemented by visits around the business to meet and connect with the wider workforce.

Diversity

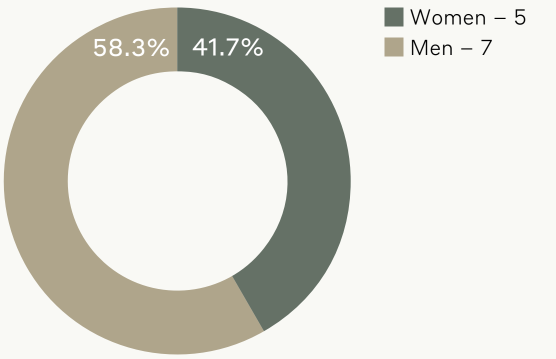
Diversity, equity and inclusion are essential to fulfilling Burberry's purpose and inherent in our Company values. Our commitment to building a diverse and inclusive culture is a strategic imperative and we believe this creates more engaged colleagues and encourages better performance. We champion the development of everyone at Burberry and ensure all colleagues are treated equally. The Committee considers the importance of diversity when recommending candidates for appointment to the Board. In accordance with the Board's Composition and Diversity Principles, we are committed to ensuring women make up at least one-third of our Board and that at least one Board member is from an ethnic minority background, while continuing to ensure candidates are selected based on their merit and wide-ranging experience, backgrounds, knowledge, insights and skills. With the current Board composition, these objectives have been exceeded.

Our Global Diversity, Equity and Inclusion strategy provides a detailed overview of how we foster an inclusive environment, encourage diverse perspectives and promote collective innovation. As part of this strategy, our dedicated Global Diversity, Equity and Inclusion policy provides a global standard for how we expect colleagues to maintain an open and inclusive culture.

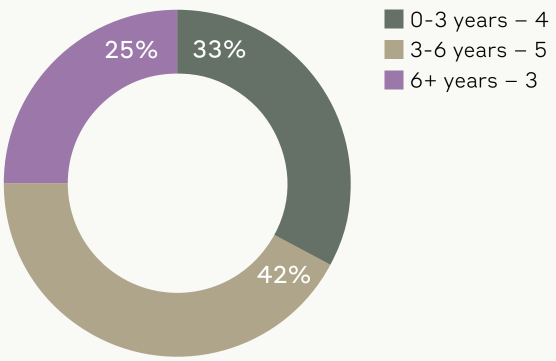
As a minimum, and as required by the Listing Rules, Burberry has also reported on the new specific diversity targets set by the Financial Conduct Authority as set out in the table on page 189. Alongside the diversity targets set by the Financial Conduct Authority, we are also pleased to have exceeded the Parker Review Committee's target for all FTSE 100 boards to have at least one director from an ethnic minority background. We are delighted to have been recognised as being a top performer in the FTSE Women Leaders report, having again exceeded the recommendations with 41.7% of Board members and 54.1% of Executive Committee and direct reports, respectively, being female at the date of the report.

Diversified Board

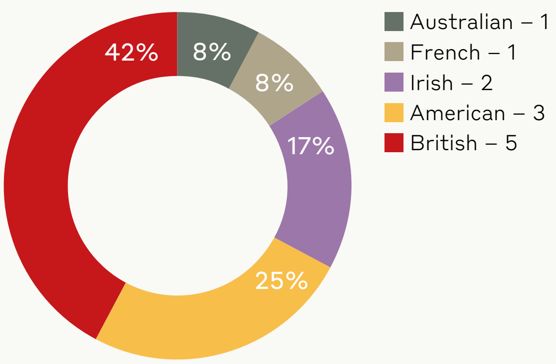
Gender



Tenure



Nationality



Data as at 1 April 2023.

Disclosures required under Listing Rule 9.8.6 as at 1 April 2023

The Financial Conduct Authority introduced a new listing rule on diversity and inclusion disclosures applying to financial periods commencing on or after 1 April 2022. As at 1 April 2023 (being the reference date selected by the Board for the purposes of this disclosure), the Company complied with the regulatory targets set out in Listing Rule 9.8.6 R (9) as the Board was 41.7% female, both the Senior Independent Director and the CO&FO were women and the Board had two Directors from a minority ethnic background. Julie Brown, the CO&FO, stepped down from the Board on 1 April 2023 and as a result female representation on the Board has temporarily dropped below 40%. Following the AGM on 12 July 2023 female representation will return to 40% and will increase to 45% once Kate Ferry has joined the Board on 17 July 2023.

We have provided this information in the reporting tables for the Board and Executive Committee below.

Reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	58.3	2	7	70
Women	5	41.7	2	3	30
Not specified/prefer not to say	–	–	–	–	–

Reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	83.4	2	8	80
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	8.3	2	2	20
Black/African/Caribbean/Black British	1	8.3	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

The data was collected by asking each member of the Board and Executive Committee to indicate their gender and ethnicity according to the categories presented in the table.

Report of the Audit Committee

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

Matthew Key
Chair, Audit Committee

Dear Shareholder,

I am pleased to present the FY 2022/23 Report of the Audit Committee. The purpose of this report is to describe how the Committee carried out its 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 processes are appropriate and regularly reviewed. We also oversee the work of the external auditor, approve its remuneration and recommend its appointment. Details of how the Audit Committee has monitored Ernst & Young's audit are available on page 196. 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.

Following the FRC audit quality team's review of Ernst & Young's audit of the Group's Consolidated Financial Statements for the year ended 2 April 2022, the FRC wrote to the Chair of the Audit Committee setting out the scope of its review, its principal key findings and areas of good practice identified. Overall the Audit Committee noted the review did not raise any key findings to consider and, accordingly, the Committee confirmed it was satisfied this was a high quality audit.

We also focused on accounting judgements relating to inventory provisioning and store impairments, and management's consideration of uncertain tax positions.

Further information on how the Audit Committee addressed significant matters during the year is set out in the table on pages 193 to 195.

The Committee reviewed and challenged management's approach, analysis and recommendations, taking into account input from the external auditor, in order to conclude on the appropriateness of the treatment in the Financial Statements. All matters reviewed were concluded to the satisfaction of the Committee.

In relation to the Group's risk management, we carried out a detailed review of management's assessment of principal risks, tolerance levels and mitigations, and concluded these were appropriate. We reviewed management's proposed expansion of TCFD reporting, reflecting new data and measurement bases, and concluded the disclosure was appropriate. We also considered the risks associated with cybersecurity, including ransomware, and reviewed the revised fraud risk framework and its application to internal audit.

Areas of focus for FY 2022/23

- Cybersecurity
- Uncertain tax positions
- Fraud risk framework
- Climate-related risks and TCFD reporting

The Committee confirms that during FY 2022/23, the Group complied with the mandatory audit processes and Audit Committee responsibility provisions of the Competition and Markets Authority Statutory Audit Services Order 2014. This report describes the work of the Committee in discharging its responsibilities.

The Committee has an open and constructive relationship with management. I thank the management team on behalf of the Committee for its assistance during the year. I would like to thank Julie Brown, our CO&FO during the year, for her excellent leadership of the finance function and I am confident that Ian Brimicombe will continue this and ensure a smooth transition to Kate Ferry when she joins as CFO on 17 July 2023. Ian is an experienced finance professional and is well qualified to act as interim CFO having spent six years at Burberry, sequentially responsible for Group Finance (including Tax and Treasury), Specialist Finance and Internal Audit and Risk. I am confident that over the course of the year the Committee has carried out its duties effectively and to a high standard.

Following my retirement, Alan Stewart will replace me as Chair of the Audit Committee. Alan has considerable executive leadership experience and brings great knowledge from his experience as CFO of FTSE 100 businesses. I am confident he will ensure the Committee continues to operate effectively on behalf of the Board.

Matthew Key
Chair, Audit Committee

The role and main responsibilities of the Committee

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

- Financial reports: the integrity of the Group's Financial Statements and formal announcements of the Group's performance
- Risk and internal controls: the Group's internal financial, operational and compliance controls and risk identification and management processes. 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 149 to 151
- Internal Audit: review of the annual Internal Audit programme and the consideration of findings of any internal investigations and management's response
- Process controls and efficiency: the Committee received reports from management on the procure to pay and store cash controls
- External auditor: recommending the appointment of the external auditor, approving their remuneration and overseeing their work. Reviewing reports received from the external auditor. Reviewing the effectiveness and independence of the external auditor
- Ethics update: the Committee received and considered reports from management on the Group's whistleblowing arrangements and health and safety
- TCFD: reviewing the requirements of the TCFD and the scenario analysis undertaken to assess the impact of climate-related risks on Burberry
- Group Tax strategy: reviewing the Tax strategy in the context of an evolving regulatory environment and the Group's uncertain tax positions. The tax governance framework can be found on page 172

Meetings and attendance

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

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

Regular attendees at Committee meetings included: the Chair of the Board; CEO; CO&FO; Company Secretary; Senior Vice President Specialist Finance and Projects, Senior Vice President, Internal Audit and Risk; Senior Vice President, Group and Commercial Finance; Vice President, Group Financial Controller; General Counsel; Chief People Officer; and representatives of the external auditor. At the end of each meeting the Committee held closed meetings with the external auditor and with the Senior Vice President, Internal Audit and Risk without management being present.

The Board is satisfied that Matthew Key has 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. The biographies set out on pages 157 to 162 provide details of each member's background and experience.

Member	Member since	Meeting attendance
Matthew Key (Chair)	26 September 2013	4/4
Ron Frasch	7 November 2018	4/4
Debra Lee	1 October 2019	3/4
Antoine de Saint-Affrique	1 January 2021	4/4
Alan Stewart*	1 September 2022	3/3

* It is intended that Alan Stewart will become Chair of the Audit Committee following Matthew Key's retirement in July 2023.

Significant matters for the year ended 1 April 2023	How the Audit Committee addressed these matters
Impairment assessment of property, plant and equipment and right-of-use assets held in retail cash generating units	In November and March, the Committee considered management's assessment of the recoverability of the carrying value of assets held in retail cash generating units, including property, plant and equipment and right-of-use assets relating to store leases. The Committee considered the approach applied by management to update assessments of previously impaired cash generating units and their review for potential indicators of impairment for other retail cash generating units. The Committee reviewed and challenged the sensitivities applied to the estimates of future store performance and reviewed management's proposed disclosures relating to these uncertainties. The Committee concluded that the carrying value of assets held in retail cash generating units and disclosures contained in the Financial Statements for the period were appropriate. The results of the impairment assessment of assets held in retail cash generating units, together with related sensitivities, are set out in note 13 of the Financial Statements.
The recoverability of the cost of inventory and the resulting amount of provisioning required	In November and March, the Committee considered management's assessment of the recoverability of the cost of inventory and the resulting amount of provisioning required. The Committee reviewed 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. The review included analysis of actual inventory noting the age and expected exit routes for the remaining surplus inventory held at the balance sheet date and the actual loss rates experienced. The Committee considered the sensitivity to the assumptions of loss rate and exit route in order to understand how management quantified the range of potential outcomes and level of estimation applied. The Committee concluded that the inventory assets recognised and disclosures contained in the Financial Statements for the period were appropriate. Movements in inventory provisioning and the related sensitivities are set out in note 17 of the Financial Statements.

Significant matters for the year ended 1 April 2023	How the Audit Committee addressed these matters
Uncertain tax positions	The Committee reviewed the Tax Update and 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 tax positions and the disclosure of any significant estimates applied to tax balances. The Committee also discussed matters with external advisors where significant estimation was required. The Committee concluded that the assets and liabilities recognised and disclosures contained in the Financial Statements for the period were appropriate. Details of movements in tax balances are set out in notes 9 and 15 of the Financial Statements and further disclosure of tax contingent liabilities is given in note 31.
Going concern and viability	The Committee considered the going concern and viability analysis carried out by management. The Committee considered the risks that could threaten the Group's business model, future performance, solvency, liquidity and reputation and how these were included in the severe but plausible downside scenario, which included an aggregation of a number of severe impacts of these principal risks and the reverse stress test scenario alongside the facilities available to the Group as well as mitigating actions that could be taken. The Committee concluded that a robust assessment had been carried out and in all the scenarios considered the Group was able to maintain sufficient liquidity to continue trading.
Task Force on Climate-related Financial Disclosures (TCFD)	The Committee considered the TCFD reporting on behalf of the Board. The Committee considered the approach taken by management to further develop the scenario analysis, including new data and measurement bases that had been updated since the prior report. The Committee noted the impact of climate scenarios, which had been updated to reflect Coupled Model Intercomparison Project Phase (CMIP6). The Committee paid particular attention to the increase in the quantified impact of physical risks arising from the changes to the climate model as well as transition risks, in particular the transition risk relating to market and consumer preference. The Committee reviewed the disclosure in the Annual Report on behalf of the Board to ensure that it was in compliance with the TCFD recommendations and the limited assurance provided by the Group's auditors.

Significant matters for the year ended 1 April 2023	How the Audit Committee addressed these matters
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. The Committee paid particular attention to the approach taken by management to separate presentation of any items relating to impairments of assets or reversal of previous impairments, which were separately presented, together with the disclosure of the basis of the treatment applied. The Committee reviewed the report from the strategic report drafting team, comments arising from the review of the Financial Statements by the Executive Directors and comments raised by the Group's auditors. The Committee also considered the use of alternative performance measures by the Group, and concluded that they were appropriate and their disclosure in the Financial Statements and Strategic Report was fair, balanced and understandable.
Other matters	During the year the Committee also considered management's papers on other subjects, including the carrying value of goodwill and associated disclosures, the consistency of policy and accuracy for the recognition and measurement of adjusting items for restructuring costs, and significant judgements relating to lease term and impairment of receivables.

External auditor

EY commenced their first year of audit in FY 2020/21 following a competitive tender process. The current audit partner is Michael Rudberg who has held the role since EY were appointed as external auditor.

The Audit Committee oversees the work undertaken by EY and in FY 2022/23 the Committee monitored and reviewed activities including:

- The audit plan, including scope and materiality
- The approach to risk assessment, including in relation to climate-related risks
- The approach to auditing controls, the use of data analytics and how the auditor demonstrated professional scepticism
- The limited assurance work carried out on the TCFD disclosures, which is a separate non-audit service provided by EY
- Reports at interim and full year

During the year, the Committee met with the auditor without members of management being present.

Independence and effectiveness

One of the Committee's primary responsibilities is to make a recommendation on the appointment, reappointment and removal of the external auditor. Every year, the Committee assesses the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the previous audit process. Over the course of the year, the Committee reviewed the audit process and the quality and experience of the audit partners engaged in the audit to satisfy itself that it received the highest quality audit possible. To support this assessment in the third year, a survey was sent to the Audit Committee Chair, key members of the Finance team and other members of the senior management team as part of the year-end process. The Committee considered the results of the survey and concluded that the external audit process was effective.

The Committee's recommendation on the appointment and reappointment of the external auditor is free from influence by a third party and there are no contractual obligations, which restrict the Committee's ability to make such a recommendation.

The Committee also reviewed the proposed audit fee and terms of engagement for FY 2022/23. Details of the fees paid to the external auditor during FY 2022/23 can be found in note 7 to the Financial Statements.

Non-audit services

The Committee recognises that the independence of the external auditor is an essential part of the audit framework and the assurance that it provides. In line with the Revised Ethical Standard issued by the FRC in December 2019, the Committee has adopted a policy, which sets out a framework for determining whether it is appropriate to engage the Group's auditor for non-audit services and pre-approving non-audit fees.

The 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 2022/23 the non-audit services provided by Burberry's external auditor did not exceed this cap.

Proposed fees above £50,000 are approved by the Chair of the Audit Committee. Non-audit services with a value below £50,000 and which are in line with the Group's policy have been pre-approved by the Audit Committee. Compliance with the policy of engaging the Group's auditor for non-audit services and pre-approving non-audit fees is reviewed and monitored by the Senior Vice President, Internal Audit and Risk. 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 £0.1m on non-audit services provided by EY (3% of the average of Group audit fees incurred over the last two years).

The rationale for using the external auditor to perform these services was to reduce complexity. Further details can be found in note 7 to the Financial Statements.

FRC's Audit Quality Review

In January 2023, we were notified by the FRC's Audit Quality Review (AQR) team that an inspection of EY's audit of the Company for FY 2021/22 had been completed. The Committee discussed the report with the external auditor and management and how this was reflected in the audit plan. The Committee noted the review did not raise any key findings to consider and was satisfied that the audit was of high quality.

Evaluation of internal controls

The Board is responsible for the Group's internal controls and risk management procedures. Details of the Group's risk management processes 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 118 to 151.

The Committee discharges its duties in respect of risk management by:

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

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

The Board, through the Audit Committee, has conducted a robust assessment of the principal and emerging risks and internal control framework. It has considered the effectiveness of the 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 processes. No significant control weaknesses were identified. The internal controls are 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 regularly reviewing the system of internal controls and risk management processes complies with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC. It also accords with the provisions of the Code.

Control environment

Our business model is based primarily on central design, product development, supply chain and distribution operations to supply products to global markets via retail, including digital, and wholesale channels. 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, as well as 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 do 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, Group Finance Compliance, Health and Safety, Data Protection, Asset and Profit Protection, and Business Continuity
- **Third line of defence:** Group 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 Group Internal Audit function is managed by the Senior Vice President, Internal Audit and Risk, who reports to the CFO but has an independent reporting line to the Chair of the Audit Committee. For part of the year, the Internal Audit function was managed by the Senior Vice President, Specialist Finance and Projects with the same reporting lines and independence.

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, in FY 2022/23, there was continued emphasis on assurance over controls to manage cybersecurity risk (particularly ransomware), and the maturity of controls over IT projects and operations (including critical third parties). There was also a continued focus on assessing the maturity of controls over core processes in inventory management, Finance, Supply Chain, Digital and HR. Changes to the Group's risk profile are considered on an ongoing basis and amendments are made to the internal audit plan as necessary during the year. Any proposed changes to the plan are discussed with the CFO and reported to the Audit Committee.

The effectiveness of Group Internal Audit is assessed every five years with the latest review having been reported in FY 2019/20.

Ongoing visibility of the internal control environment is provided through Internal Audit reports to management and the Audit Committee. These reports are graded to reflect an overall assessment of the control environment under review, and the significance of any control weaknesses identified including fraud risk.

Remedial actions to address findings are identified and agreed with management. The Audit Committee places emphasis on actions being taken as a result of internal audits, and regular reports are provided to the Audit Committee on the status of any overdue actions.

Financial reporting

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

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

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

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

Our financial reporting process is supported by transactional and consolidation Finance systems. Reviews of financial controls are carried out by senior members of the Finance function. The results of these reviews are considered by the Audit Committee as part of its monitoring of the performance of controls governing financial reporting.

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.

During the year, the Financial Reporting Council (FRC) notified the Audit Committee that the Burberry Group plc Annual Report to 2 April 2022 was included in their selection for the thematic review of companies' disclosures relating to deferred tax assets.

The Audit Committee was pleased with the outcome of the review and noted that there were no questions or queries that the FRC wished to raise with the Company on their disclosures. The FRC's role is to consider compliance with reporting standards and not to verify the information provided. Therefore, given the scope and inherent limitations of their review, which does not benefit from any detailed knowledge of the Group, it would not be appropriate to infer any assurance from their review that our FY2021/22 Annual Report and Accounts are correct in all material respects.

Fair, balanced and understandable

As a whole, the Annual Report and Accounts are required to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. On behalf of the Board, the Audit Committee considered whether the fair, balanced and understandable statement could properly be given on behalf of the Directors. The processes followed to provide the Committee with assurance were considered and the Committee provided a recommendation to the Board that the fair, balanced and understandable statement could be given on behalf of the Directors.

Based on this recommendation, the Board is satisfied that it has met this obligation. A summary of the Directors' responsibilities in relation to the Financial Statements is set out on page 252. The Independent Auditor's Report on pages 253 to 264 includes a statement concerning the auditor's reporting responsibilities.

Directors' Remuneration Report

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

Danuta Gray
Chair, Remuneration Committee

Dear Shareholder,

I am pleased to present to you the Directors' Remuneration Report for the year ended 1 April 2023. This is my first report since assuming the role of Chair of the Remuneration Committee (the Committee) and I would like to thank my predecessor, Orna NíChionna, for her leadership of the Committee.

Key areas of focus for the year

This year the Committee has been focused on three key areas to support the business to deliver our strategy to realise our potential as the modern British luxury brand and to support our colleagues:

1. **Supporting our colleagues** – at Burberry, we employ around 9,000 colleagues globally and the Committee is acutely aware of the impact of rising prices and the cost-of-living pressures on many of them. During the year, the Committee spent a lot of time considering how we best support our colleagues in this period, and we are pleased with the interventions that management has been able to make.
2. **Talent evolution** – a key focus for the CEO and the Board has been ensuring that we have the right senior talent in place to execute the next phase of our strategy and drive revenue growth and acceleration. The Committee has been supporting the CEO with appropriate remuneration structures for this evolution.
3. **Directors' Remuneration Policy review** – we are required to review our Directors' Remuneration Policy every three years. The Committee concluded that the broad framework remained appropriate and fit for purpose for the next phase of our strategy and therefore only minor changes are proposed.

The remainder of this letter provides further detail of the work of the Committee and other important changes to reward at Burberry during the year.

Member	Member since	Meeting attendance
Danuta Gray[1] (Chair)	1 December 2021	5/5
Fabiola Arredondo	10 March 2015	5/5
Sam Fischer[2]	1 November 2019	4/5
Ron Frasch	1 September 2017	5/5
Matthew Key	26 September 2013	5/5
Orna NíChionna	3 January 2018	5/5

1. Danuta Gray succeeded Orna NíChionna as Chair of the Remuneration Committee with effect from 1 September 2022.
2. Sam Fischer was unable to attend one Committee meeting which was convened at short notice.

Broader employee reward

The Committee was mindful of rising prices and cost-of-living challenges that impacted many of our colleagues over the past year and we regularly reviewed actions to support our colleagues during this challenging time.

Burberry is committed to being a fair and responsible employer and we are proud to be a Principal Partner of the Living Wage Foundation and an accredited UK Living Wage employer. In October 2022, we brought forward the implementation of the UK real Living Wage pay rates by more than six months to support colleagues with the rising cost of living. This decision impacted approximately 900 UK colleagues, with salary increases of up to 10.1% nationally and up to 8.1% in London. All other eligible colleagues will receive the 2023 merit salary review at the usual time in July 2023, with increases aligned to individual performance. In addition, we have specifically targeted higher increases at our lower-paid colleagues in high-inflation markets which will impact approximately 2,900 colleagues. For example, in the UK, eligible colleagues with a salary below £35,000 will receive a fixed £2,000 increase, equating to an increase of up to 9% of salary.

The Committee carefully considers the treatment of the wider workforce when determining executive pay arrangements. During the year, in addition to base pay increases, Burberry made a number of positive interventions to support the workforce. The corporate bonus opportunity for colleagues up to middle management was increased, including doubling the opportunity for the most junior colleagues in the business, and our retail bonus and commission plans were enhanced to effectively reward both team and individual performance through the delivery of store sales targets and retail KPIs. ShareSave was expanded to six new locations in APAC, now providing colleagues in 17 countries/territories with the opportunity to acquire Burberry shares at a discounted price. There were also a number of enhancements to our broader benefits offering to further support colleagues' health and mental wellbeing, including the launch of a menopause support site which provides guidance and resources to leaders and colleagues. These changes have all been well received.

We understand that meaningful communication with the workforce is crucial. As in prior years, in March we held a meeting with our Global Workforce Advisory Forum focused exclusively on remuneration at Burberry, giving members the opportunity to provide feedback on actions taken on reward and benefits during the past year and the key priorities for the year ahead. The Committee values the balanced feedback and thoughtful suggestions provided by members. I also ensure that the views of the workforce are taken into account at Committee meetings.

Further information on reward for our wider workforce, as well as its alignment with reward for our Executive Directors, is set out on pages 208 to 209.

Our commitment to sustainability

At Burberry, we are committed to creating a sustainable future and sustainability is an important part of our strategy. We have reinforced this through our remuneration design for Executive Directors for a number of years with environmental and social metrics in the annual corporate bonus plan for Executive Directors and a sustainability underpin in the Burberry Share Plan (BSP). Building on this commitment, in FY 2023/24 we are introducing specific sustainability metrics linked to our ambition to become Climate Positive by 2040 to the annual corporate bonus plan for the wider workforce. We believe that cascading sustainability targets represents an invaluable opportunity to drive the cultural evolution necessary to achieve our long-term goals.

Business context

Overall, FY 2022/23 was a strong year despite disruption from the COVID-19 pandemic, particularly in Mainland China. Burberry delivered revenue of £3.1 billion (+5% at CER and +10% at reported rates) and adjusted operating profit of £634 million (+8% at CER).

We continued to make good progress against our strategy to realise Burberry's potential as the modern British luxury brand to drive revenue growth and acceleration. We also made further progress against our environmental and social objectives.

Remuneration outcomes for FY 2022/23

Annual bonus for FY 2022/23

The annual bonus for FY 2022/23 was based 75% on adjusted operating profit and 25% on performance against strategic objectives linked to progress against (i) our strategy and our brand and (ii) environmental and social targets.

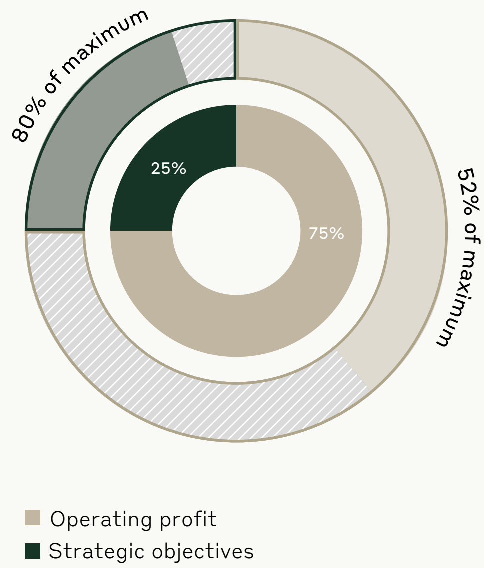
Reflecting the wider business context, the Group performed well and delivered adjusted operating profit of £634 million (+8% at CER). The payout for the profit element was 52% of maximum (i.e. 39% out of 75%). As previously set out, Burberry's strategic focus for the next phase is on realising our potential as the modern British luxury brand to drive revenue growth and acceleration. During the year, we made good progress on executing our plan, while delivering a strong financial performance. We have started to bring more clarity to the brand, refocusing on Britishness and broadening our appeal. In addition, we have made further progress against our environmental and social objectives. We continued to advance our decarbonisation agenda, including year-on-year reductions in our scope 1, 2 and 3 greenhouse gas (GHG) emissions against our FY 2018/19 base year. We also continued to deliver against our Diversity, Equity and Inclusion and leadership goals. Based on the Committee's assessment of performance and the CEO's contribution to this, the total payout against the strategic objectives was 20% out of 25%. Further detail is provided on pages 227 to 229.

The final bonus for the CEO in respect of FY 2022/23 was 59% of maximum. The Committee considers this outcome to be appropriate in the context of the performance of the business, the CEO's excellent personal contribution for the year and the shareholder experience which saw the share price increase significantly during the year, and has not applied discretion in respect of the outcome.

Following her resignation as Chief Operating and Financial Officer (CO&FO), Julie Brown was not eligible for an annual bonus in respect of FY 2022/23.

Annual bonus for FY 2022/23

The chart below shows outturns in respect of the annual bonus for FY 2022/23.



Total outturn

59%

of maximum

FY 2021/22: 94% of maximum

2020 BSP award

The first awards under our BSP were made in 2020. Following the departure from Burberry of our former CEO and CO&FO, their 2020 BSP awards lapsed and, as a result, no BSP awards are vesting for Executive Directors based on performance to 1 April 2023. The first awards granted under the BSP in 2020 to other participants will vest in July 2023, aligning our management population with shareholder interests.

Chief Financial Officer (CFO) transition

In March 2023 we announced the appointment of Kate Ferry as an Executive Director and our new CFO. Kate is due to join Burberry on 17 July 2023 and her remuneration arrangements have been set in accordance with the Directors' Remuneration Policy. Kate's salary was set at £675,000 (9.7% lower than Julie Brown's salary). She will be entitled to our standard benefits and will receive an annual cash benefits allowance of £20,000 (£10,000 less than Julie Brown's annual cash benefits allowance). Her pension entitlement has been set at 10% of salary, which is aligned with the arrangements for the majority of the UK workforce. Kate will be eligible for a maximum annual bonus of 200% of salary and will be required to invest 50% of any net bonus payment into Burberry Group plc shares until she has satisfied the shareholding guideline of 300% of salary. Kate will be eligible for an annual BSP award of 150% of salary (compared with Julie Brown's 2022 BSP award of 162.5% of salary).

Kate will also be granted certain cash awards to compensate her for incentives from her previous employer which will be forfeited on joining Burberry. These awards will be granted in accordance with the Directors' Remuneration Policy and will take into account all relevant factors, including the form, value and vesting timeframe of the forfeited awards. The buy-out awards will vest in FY 2023/24 and FY 2024/25, in line with when awards would have vested at Kate's previous employer. In lieu of a direct buy-out of Kate's forfeited 2023 bonus and a long-term incentive award, Kate will be able to participate in the Burberry annual bonus for FY 2023/24 with no time pro-rating and will receive a full-year BSP award. The maximum value of not time pro-rating these awards is less than the maximum value of the awards forfeited. The bonus and BSP award will be subject to the normal performance conditions/underpins and vesting timelines. Further details are set out on page 235.

Julie Brown ceased to be an Executive Director and CO&FO of Burberry on 1 April 2023. She received salary, benefits, allowances and pension until this date, as well as a payment in lieu of untaken accrued annual leave. She was not entitled to an annual bonus for FY 2022/23 and all outstanding share awards lapsed on her departure from Burberry, with the exception of 45 shares awarded in 2018 and 2019 under the all-employee Burberry Group plc Share Incentive Plan (SIP). Julie will also receive reasonable assistance to prepare and file her tax return in respect of the 2022/23 tax year. She will not receive any other payment(s), including for loss of office. In accordance with the post-employment shareholding guidelines, Julie will be required to hold 10,319 Burberry shares until 1 April 2025. In addition she will be required to retain the net number of 45 Burberry shares from her 2018 and 2019 SIP awards until 1 April 2025. Further details regarding Julie's leaving arrangements are set out on page 234.

Directors' Remuneration Policy review

Our existing Directors' Remuneration Policy was approved by shareholders at the 2020 Annual General Meeting (AGM) and will therefore require reapproval at the 2023 AGM. In advance of this, the Committee has reviewed the Directors' Remuneration Policy to ensure that it continues to appropriately support the delivery of our strategic priorities.

Strategic context

In November 2022, Jonathan Akeroyd set out the ambition and strategy for Burberry's next phase, to realise our potential as the modern British luxury brand, building on our strong foundations, reinterpreting our heritage and unique attributes with a modern vision and aesthetic and leveraging them to drive revenue growth and acceleration.

When we last renewed our Directors' Remuneration Policy in 2020 the most material change was the introduction of the BSP. The Committee had identified that a restricted share plan model was a better fit with the characteristics of the luxury industry compared to a traditional performance share plan. As discussed with our key shareholders at the time, the Committee introduced the BSP because Burberry had, at that time, only recently embarked on a multi-year journey to become a true luxury brand. We considered that the BSP would better support a consistent approach to pricing and distribution, alongside the flexible investment decision-making that is required to build a luxury brand, especially in a rapidly changing external environment. It avoids relying on levers to enhance short-term financial performance and ultimately supports the delivery of the business strategy to build the brand over the longer term and deliver value for shareholders.

Following our review of the Directors' Remuneration Policy, the Committee continues to believe that the BSP is the right plan for Burberry and that it will appropriately support the delivery of the next phase of our strategy. However, we recognise that in the UK-listed market Burberry was an early adopter of a restricted share plan structure at Executive Director level and therefore we are taking the opportunity to refine its operation going forward taking into account developments in market practice.

Proposed simplification of the BSP vesting period

Since its introduction in 2020, BSP awards for Executive Directors vest in equal tranches after three, four and five years following the date of award, with a holding period to year five. This is a longer vesting period compared to typical performance share plans and most restricted share plans operated in the market and therefore goes above and beyond typical market practice. The current approach also adds complexity for participants and shareholders. Taking both of these factors into account we are proposing to simplify the approach to vesting for future BSP awards such that awards vest after three years with a two-year post-vesting holding period. The overall time horizon for the awards is therefore unchanged at five years but the vesting structure is much simpler.

Shareholder consultation

We remain committed to engaging with our shareholders to ensure an open and transparent dialogue around executive remuneration arrangements at Burberry. During the year, I wrote to Burberry's major shareholders and the key proxy bodies to discuss the simplification of the BSP vesting period and the vast majority of shareholders were supportive of this change. I would like to thank the shareholders who took the time to engage with us. The Committee greatly values the views of our shareholders and their continued support.

Approach to remuneration for FY 2023/24

Salary and Board fees

Having carefully considered the broader context and the approach for the wider workforce, the Committee determined that Jonathan Akeroyd would receive a salary increase of 3.5% with effect from 1 July 2023. This is below the rate for the broader UK employee population as set out on page 226. The Chair's fee and the base fee for the Non-Executive Directors will also be increased by 3.5% for FY 2023/24.

Annual bonus

The annual bonus will operate on broadly the same basis as FY 2022/23. Executive Directors will be eligible for a maximum bonus of 200% of salary. The annual bonus will be based 75% on adjusted operating profit and 25% on performance against strategic objectives for the CEO and the CFO linked to our strategy and brand as well as our environmental and social targets. Further details are provided on page 230.

BSP awards

For FY 2023/24, the CEO will receive a BSP award of 162.5% of salary and the CFO will receive a BSP award of 150% of salary.

BSP awards for FY 2023/24 will be granted with the simplified vesting schedule set out on pages 233 to 234, subject to shareholder approval of the Directors' Remuneration Policy. Awards will continue to be subject to the same performance underpins: (i) revenue, (ii) ROIC and (iii) brand and sustainability. The Committee considers that these underpins continue to reflect a good overall balance of safeguarding the financial stability of the business, delivery of the strategy and elevation of the brand. Having reviewed our internal budget and relevant forecasts, the Committee has increased the revenue underpin relative to the 2022 BSP awards. Further details are provided on pages 233 to 234.

2023 AGM

I look forward to receiving your support for the Directors' Remuneration Report and the 2023 Directors' Remuneration Policy at the AGM on 12 July 2023.

Danuta Gray
Chair, Remuneration Committee

Areas of focus for FY 2022/23

- Executive reward, including Directors' Remuneration Policy review
- Shareholder engagement and external environment
- Broader employee reward
- External reporting

Details of agenda items discussed at each Committee meeting are set out on page 244.

Broader employee reward at Burberry

At Burberry, our reward philosophy is to provide our colleagues across the Group with competitive total reward. Our remuneration framework is designed to support our purpose and values, and to inspire our colleagues to deliver outstanding results. Our framework is cascaded across the Group and consists of the following key components:

Reward component and purpose

Base salary

Fair and equitable market-driven salary for all roles

How we reward and support our colleagues

We have:

- Brought forward the implementation of the UK real Living Wage pay rates by more than six months in October 2022. This impacted approximately 900 colleagues, with salary increases of up to 10.1% nationally and up to 8.1% in London
- Differentiated higher increases to our lower-paid colleagues in high-inflation markets (approximately 2,900 colleagues). For example, in the UK, eligible colleagues with a salary below £35,000 will receive a fixed £2,000 increase, which equates to an increase of up to 9% of salary (effective July 2023)
- Aligned increases for all other eligible colleagues to individual performance. For example, in the UK, the salary budget is 5% with individual increases ranging from 0% to 8% depending upon performance

Executive Director alignment

Jonathan Akeroyd's base salary increase effective 1 July 2023 is 3.5%, which is below the level of wider workforce increases.

Reward component and purpose

Benefits

All colleagues are eligible to participate in a range of market-driven benefits, including those promoting wellbeing and supporting saving for retirement

How we reward and support our colleagues

Our global benefits offer includes:

- Parental Leave Policy providing all new parents with 18 weeks' paid leave provided they have more than 12 months' continuous service
- Wellbeing days (in addition to annual leave entitlement) providing paid time off during the year
- Volunteering Policy providing colleagues with three paid volunteering days per year
- Employee discount and product sales allowing colleagues to deepen their relationship with our brand
- Long service awards at each five-year milestone
- Pension schemes available in line with local market practice
- Access to Employee Assistance Programme

Executive Director alignment

Executive Directors receive a pension allowance in line with the rate available to the majority of the UK workforce. They are eligible for a range of market-typical non-cash benefits.

Reward component and purpose

Bonus

All colleagues are eligible for short-term performance-related pay to recognise and reward their contribution

How we reward and support our colleagues

During FY 2022/23:

- We doubled the bonus opportunity for our most junior colleagues who participate in the annual corporate bonus plan
- Additionally all colleagues up to middle management who participate in the annual corporate bonus plan (approximately 2,800 colleagues) received an increase in bonus opportunity
- For retail colleagues, we enhanced our retail bonus and commission plans to effectively reward both team and individual performance through the delivery of store sales targets and retail KPIs

Executive Director alignment

The same Group adjusted operating profit target applies to all participants in the corporate annual bonus plan and is measured alongside individual performance.

Reward component and purpose

Share plans

All colleagues are eligible to participate in Burberry share plans to recognise and reward their contribution and to enable them to share in our future success

How we reward and support our colleagues

We offer the following share plans at Burberry:

- **FreeShare Plan:** gives all colleagues the opportunity to participate in our future success through an annual award of free shares with a value of approximately £500
- **ShareSave:** provides the opportunity for colleagues to save monthly from their pay and buy shares at a 20% discount
- **Burberry Share Plan (BSP):** rewards approximately 600 of our senior colleagues for delivering on our strategy which we believe will drive greater longer-term returns for our stakeholders. Awards are granted annually and vest after three years. In July 2023 our first vesting under the BSP will take place

Executive Director alignment

Executive Directors are eligible to participate in our share plans.

At a glance

Summary of changes to the Directors' Remuneration Policy, remuneration approach for FY 2022/23 and approach to implementation for FY 2023/24

Element	Approach for FY 2022/23	Approach for FY 2023/24	Changes to Directors' Remuneration Policy
Salary	Salaries from 1 July 2022: • Jonathan Akeroyd (CEO) – £1,100,000 • Julie Brown (CO&FO) – £747,300	Following a review, the Committee awarded the CEO a salary increase of 3.5% which is below the rate for the wider UK workforce. Salaries from 1 July 2023: • Jonathan Akeroyd (CEO) – £1,138,500 • Kate Ferry (CFO) – £675,000 (with effect from the commencement of her employment)	No change
Pension	Pensions for FY 2022/23: • Jonathan Akeroyd (CEO) – 10% of salary • Julie Brown (CO&FO) – 20% of salary until 31 December 2022 and 10% of salary thereafter • Any new appointment – in line with the maximum employer pension contribution available to the majority of the UK workforce (currently 10% of salary)	Pensions for FY 2023/24: • Jonathan Akeroyd (CEO) – 10% of salary • Kate Ferry (CFO) – 10% of salary • Any new appointment – no change for FY 2023/24, i.e. in line with the maximum employer pension contribution available to the majority of the UK workforce (currently 10% of salary)	No change
Benefits	The cash benefits allowance rates for FY 2022/23 were: • Jonathan Akeroyd (CEO) – £50,000 • Julie Brown (CO&FO) – £30,000 Non-cash benefits principally include private medical, long-term disability insurance and life assurance.	No change for Jonathan Akeroyd in FY 2023/24. Kate Ferry will receive an annual cash benefits allowance of £20,000.	No change
Annual bonus	Maximum annual bonus of 200% of salary. Performance measures: • 75% adjusted operating profit • 25% strategic objectives for the CEO and the CFO Executives are required to invest 50% of any net bonus into shares until the shareholding guidelines are met. Malus and clawback provisions apply.	No change for FY 2023/24.	No change

Element	Approach for FY 2022/23	Approach for FY 2023/24	Changes to Directors' Remuneration Policy
BSP	Maximum annual award levels: • Jonathan Akeroyd (CEO) – 162.5% of salary • Julie Brown (CO&FO) – 162.5% of salary Awards vest one third after three years, one third after four years and one third after five years. Awards subject to a holding period to fifth anniversary of grant of award. Malus and clawback provisions apply.	Maximum annual award levels: • Jonathan Akeroyd (CEO) – 162.5% of salary • Kate Ferry (CFO) – 150% of salary Awards vest in full after three years. Awards subject to a holding period to fifth anniversary of grant of award. Malus and clawback provisions apply.	Approach to vesting schedule simplified but overall time horizon remains the same (i.e. awards will be subject to a holding period to fifth anniversary of grant of award).
	The performance underpins for the 2022 awards are as follows: • Revenue – the level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £2,800 million • ROIC – the level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC in the year of vesting • Brand and sustainability – reasonable progress having been achieved in respect of our strategy to realise Burberry's potential as the modern British luxury brand and build a more sustainable future	The performance underpins for the 2023 awards are as follows: • Revenue – the level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £3,200 million • ROIC – the level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC (currently c.10%) in the year of vesting • Brand and sustainability – reasonable progress having been achieved in respect of our strategy to realise Burberry's potential as the modern British luxury brand and build a more sustainable future	No change
Shareholding guidelines	300% of salary Post-employment shareholding guideline whereby Executive Directors will be expected to retain a shareholding of 300% of salary (or actual shareholding if lower) for two years after stepping down as an Executive Director.	No change for FY 2023/24.	No change

Details of the principles the Committee took into account when developing the 2023 Directors' Remuneration Policy, including Provision 40 of the UK Corporate Governance Code, are set out on page 212.

The Committee considers that the Directors' Remuneration Policy operated as intended during FY 2022/23.

2023 Directors' Remuneration Policy

Burberry's Directors' Remuneration Policy as set out in this report (the 2023 Directors' Remuneration Policy) will be put to shareholders for approval at the 2023 AGM to be held on 12 July 2023. It is the Committee's intention that the 2023 Directors' Remuneration Policy will apply to payments made and share awards granted from the date of the 2023 AGM.

The Committee believes that Burberry's executive remuneration should be simple and transparent while being linked to business performance and strategic direction, taking into account the global markets in which the Company operates and from which it recruits talent as well as our approach to remuneration throughout the Group. The 2023 Directors' Remuneration Policy has been developed taking into account the following principles:

- Simple and clear: the remuneration framework should be simple and transparent to ensure that it is clear to shareholders, participants and other stakeholders. Our policy is that Executive Directors only participate in an annual bonus and a single restricted share plan, the BSP, to ensure this simplicity. Incentive awards are capped so that the maximum potential award under each plan is transparent
- Aligned to culture, purpose and the wider workforce: the remuneration framework has been designed to support our culture and business purpose. When developing the 2023 Directors' Remuneration Policy the Committee reviewed in detail our approach to remuneration throughout the organisation to ensure that arrangements are appropriate in the context of our approach to reward for the wider workforce
- Linked to the performance and strategy of the business: the remuneration framework should provide a balance between incentivising key short-term objectives through the annual bonus and long-term business objectives and shareholder value creation through the BSP. More detail on the Company's KPIs linked to executive remuneration and their strategic alignment is set out on pages 30 to 37
- Shareholder value and alignment: remuneration should provide close alignment with long-term value creation for shareholders through the selection of appropriate performance measures and targets for the annual bonus and performance underpins for the BSP. Remuneration should also be aligned to the future success of the Company, and should emphasise variable reward outcomes and deliver a significant proportion of remuneration in shares, some of which are expected to be retained in accordance with the shareholding guidelines. Our post-employment shareholding guideline supports this continued alignment after an Executive Director steps down. Annual bonus plan targets are normally set taking into account our strategic plan as well as external expectations of performance. Annual bonus targets are set to ensure that maximum remuneration can only be earned for delivering exceptional performance while not encouraging excessive risk-taking. The performance underpins for the BSP are in place to ensure that failure is not rewarded
- Mitigating risk: our remuneration framework should mitigate risk where appropriate. The 2023 Directors' Remuneration Policy includes provisions which enable the Committee to exercise discretion to ensure that incentive awards and outcomes are appropriate; it also includes provisions which allow for the application of clawback and/or malus in specific negative circumstances
- Competitive in the global talent market: total remuneration should be sufficient to attract, motivate and retain exceptional talent. The Committee takes into account Burberry's main global luxury competitors for talent and comparable UK companies when considering the total remuneration for Executive Directors. The Committee recognises that, for each Executive Director, the relative importance of these reference groups may be different depending on the skills and experience required to undertake their specific role

Policy table – Executive Directors

Base salary

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

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

Pension

To offer market-competitive benefits.

Operation	Maximum opportunity	Performance measures
Executive Directors participate in defined contribution arrangements. Participants may elect to receive some or all of their entitlement as a cash allowance.	The maximum Company contribution or allowance for the Executive Directors is aligned with the maximum Company pension contribution available to the majority of the UK workforce (currently 10% of salary).	N/A

Annual bonus

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

Operation	Maximum opportunity	Performance measures
Annual bonuses are normally paid in cash. Executive Directors are required to invest 50% of any net bonus earned into Burberry shares until shareholding guidelines are met. Bonuses are not pensionable. Discretion: the Committee may determine that it is appropriate to adjust the bonus outcome if, for example, outcomes are not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where targets are no longer considered appropriate or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders. Any adjustment would be within the limits of the 2023 Directors' Remuneration Policy. Clawback provision: during the period of three years from the date of payment, the Company may seek to recover any bonus from individual Executive Directors in whole or in part in the event of a material misstatement in the Company's audited financial statements, if the bonus outcome has been incorrectly calculated or where the participant has engaged in serious misconduct (including breach of a Company policy) which results in serious reputational damage for the Company and/or which justifies, or could justify, summary dismissal of the participant.	Maximum annual bonus opportunity of 200% of base salary. Normally, 50% of the bonus shall pay out for target levels of performance with up to 25% of the bonus paying out for threshold levels of performance. The Committee has the discretion to adjust the portion of the award that pays out for threshold and/or target performance if appropriate.	The Committee shall determine performance measures for the bonus each year. These may include financial measures (for example profitability) and other metrics linked to the delivery of the business strategy or business operations, environmental and social strategy or individual performance. In normal circumstances no less than 70% of the annual bonus will be based on financial measures. The Committee has the discretion in exceptional circumstances to adjust existing performance targets and/or set different measures if events occur outside management's control or where the target no longer satisfies its original purpose of ensuring that pay is aligned with performance. Targets are normally set with reference to budget, the strategic plan, long-term financial goals and market expectations. Targets are considered to be commercially sensitive and will be disclosed retrospectively following completion of the relevant financial year provided they are no longer commercially sensitive.

Burberry Share Plan (BSP)

To focus Executive Directors on, and reward them for, sustainable long-term shareholder value creation and successful execution of the Company's long-term strategy.

To align Executive Directors' interests with those of shareholders.

To simplify the approach to long-term reward.

Operation	Maximum opportunity	Performance measures
Awards are structured as either conditional rights to receive shares on vesting or nil-cost options. Awards will normally vest three years from the date of grant of the award subject to performance underpins. A post-vesting holding period applies to awards granted under the BSP, normally on a net-of-tax basis. Shares that vest will be subject to a sale restriction until the fifth anniversary of the date of grant of the award, aside from in very limited circumstances. If the Company does not meet one or more performance underpins at the date of vesting then the Committee would consider whether it was appropriate to scale back the number of shares that vest under the award. Dividend equivalents may be paid in shares or in cash in respect of shares that vest. Discretion: the Committee may determine that it is appropriate to adjust the vesting outcome if, for example, outcomes are not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where underpins are no longer considered appropriate or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders. Any adjustment would be within the limits of the 2023 Directors' Remuneration Policy, although it would be exceptional. Malus and clawback provision: unvested shares or awards may be forfeited or vested shares may be clawed back during the period of six years from the date of grant in whole or in part in the event of a material misstatement in the Company's audited financial statements, if the vesting outcome has been incorrectly calculated or where the participant has engaged in serious misconduct (including breach of a Company policy) which results in serious reputational damage for the Company and/or which justifies, or could justify, summary dismissal of the participant.	Maximum awards are 162.5% of base salary.	Performance underpins may be based around key financial and/or strategic measures and/or share price metrics. Performance underpins for awards granted in 2023 will relate to key financial stability metrics and strategic and sustainability objectives. The Committee may use different performance underpins for future awards if deemed appropriate. Performance underpins will be set taking into account the business strategy and to ensure failure is not rewarded. Performance underpins will normally be disclosed ahead of each annual grant. Details of the performance achieved against the underpins will normally be disclosed.

Other benefits and allowances

To promote the wellbeing of employees, enabling them to focus on the business.

Operation	Maximum opportunity	Performance measures
Executive Directors receive a cash allowance to cover a range of benefits typically provided in the luxury market, such as clothing and car. Cash allowances are currently up to £50,000 per annum. Other benefits for Executive Directors may include, but are not limited to: • Private medical insurance • Life assurance • Long-term disability insurance • Employee discount • Participation in all-employee share plans on the same terms and up to the same maximum amounts as other employees Reasonably incurred expenses will be reimbursed. The Company may meet any tax liabilities which may arise on expenses. The Committee may introduce other benefits for the Executive Directors if this is considered appropriate taking into account the individual's circumstances, the nature of the role and practice for the wider workforce. Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (such as housing, schooling etc).	The cost of the provision of allowances and benefits varies from year to year depending on the cost to the Company and there is no prescribed maximum limit. However, the Committee monitors annually the overall cost of the benefits provided, to ensure that it remains appropriate.	N/A

Shareholding guidelines

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

Operation	Maximum opportunity	Performance measures
Executive Directors are expected to build and maintain a holding of Company shares equal to at least 300% of base salary. Executive Directors will normally be expected to maintain a minimum shareholding of 300% of salary (or actual shareholding if lower) for two years after stepping down as an Executive Director. This post-employment guideline will apply to shares from incentive awards vesting from the date of adoption of the Directors' Remuneration Policy in July 2020. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.	N/A	N/A

Notes on share awards:

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

Summary of decision-making process and changes to Directors' Remuneration Policy

During the year, the Committee undertook a review of the Directors' Remuneration Policy and its implementation to ensure that the Directors' Remuneration Policy supports the execution of strategy and the delivery of sustainable long-term shareholder value. The Committee discussed the content of the Directors' Remuneration Policy at Committee meetings during the year. Throughout the review process, the Committee took into account the 2018 UK Corporate Governance Code, wider workforce remuneration and emerging best practice in relation to Executive Director remuneration. The Committee also considered input from management and our independent advisors as well as considering best practice and guidance from major shareholders. The Committee considers the potential for conflicts of interest and manages them as necessary. No Director was present when their own remuneration was discussed.

The main change to the Directors' Remuneration Policy is to simplify the vesting period for BSP awards. Under the existing Directors' Remuneration Policy, BSP awards vest in equal tranches after three, four and five years following the date of award, with a holding period to year five. Under the 2023 Directors' Remuneration Policy, to simplify the approach and to better align with market practice, BSP awards vest after three years with a two-year post-vesting holding period.

Other changes have been made to the wording of the Directors' Remuneration Policy to increase flexibility, to aid operation, to increase transparency and to reflect typical market practice.

Selection of performance measures

- The annual bonus is normally based on a combination of financial, strategic and environmental and social metrics to support the delivery of key business priorities
- BSP awards are subject to performance underpins. For 2023, awards will be linked to financial measures, brand and sustainability. These underpins have been selected as they are considered to be good yardsticks of the overall financial stability and sustainability of the organisation and are therefore aligned with shareholder value creation and the long-term interests of the Company

Policy table – Non-Executive Directors

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

Approved payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the 2023 Directors' Remuneration Policy set out in the document where the terms of the payment were agreed (i) before the 2023 Directors' Remuneration Policy came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' Remuneration Policy in force at the time they were agreed or were otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Directors' Remuneration Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

Policy on recruitment and promotion arrangements

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

- The package should be market-competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent
- New Executive Directors will normally receive a base salary, benefits and pension contributions in line with the Directors' Remuneration Policy described on pages 213 to 218 and would also be eligible to join the bonus and share incentive plans up to the limits set out in the Directors' Remuneration Policy
- In addition, the Committee has discretion to include any other remuneration component or award, including a performance-based award, which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Directors' Remuneration Report for the relevant year
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such buy-out award, the guiding principle would be that awards would generally be on a like-for-like basis unless this is considered by the Committee not to be practical or appropriate
- Excluding any buy-out awards (referred to above), the maximum level of variable remuneration which may be awarded in respect of recruitment is 362.5% of salary (which is in line with the maximum limit under the annual bonus and BSP in this Directors' Remuneration Policy)

- Where an Executive Director is required to relocate to take up their role, the Committee may provide assistance with relocation (via either one-off or ongoing payments or benefits)
- In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards

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

Supplementary information

Remuneration policy in the rest of the Company

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

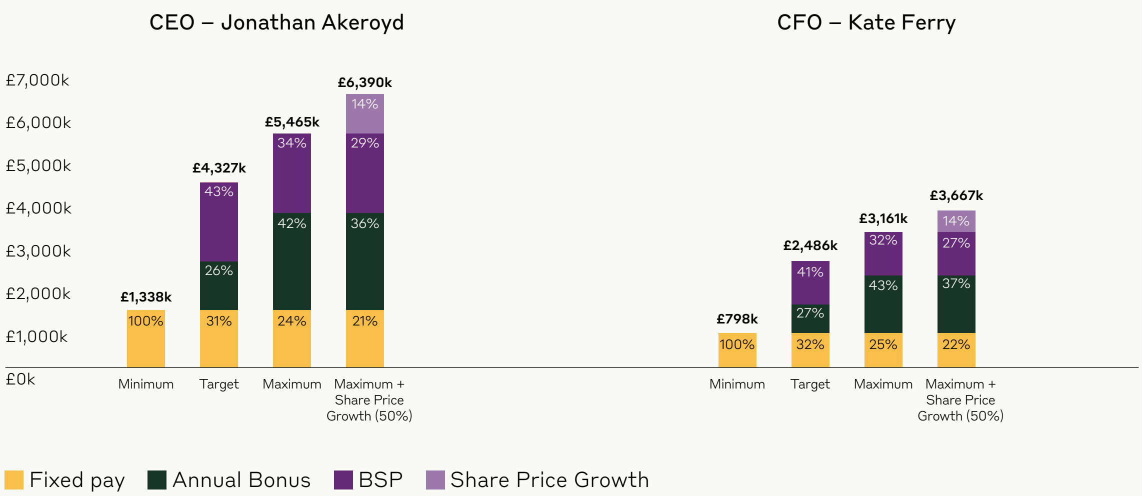
In making its decisions on executive remuneration, the Committee considers the reward framework for all employees globally, ensuring that the principles applied are consistent with the Directors' Remuneration Policy. Merit increases awarded to Executive Directors are determined within the broader context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

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

Indicative total remuneration levels

A substantial portion of Executive Director remuneration is dependent on Company performance. The charts below illustrate indicative levels of total remuneration which would be received by each Executive Director under the 2023 Directors' Remuneration Policy set out on pages 213 to 218 for the first financial year in which it will apply (from FY 2023/24). These are shown at each of the following performance scenarios: (1) minimum, (2) target, (3) maximum and (4) maximum + 50% share price growth.

Executive Director total remuneration at different levels of performance



Notes:

1. In order to provide a meaningful comparison, the figures in the chart above have been calculated on a full-year equivalent basis for Kate Ferry.
2. "Minimum" remuneration includes fixed pay only (salary from 1 July 2023 of £1,138,500 for Jonathan Akeroyd and from the commencement of her employment of £675,000 for Kate Ferry), pension of 10% of salary, cash allowances (£50,000 for Jonathan Akeroyd and £20,000 for Kate Ferry) plus an estimate of the value of other non-cash benefits (£36,000).
3. "Target" remuneration includes fixed pay plus target annual bonus (50% of maximum) and 100% vesting of the BSP award.
4. "Maximum" remuneration includes fixed pay plus maximum annual bonus (100% of maximum) and 100% vesting of the BSP award.
5. "Maximum + 50% share price growth" is as outlined for the maximum scenario above with a 50% increase in share price applied to the BSP award.
6. The maximum annual bonus for FY 2023/24 is 200% of salary for both Executive Directors and the maximum BSP awards are 162.5% of salary for Jonathan Akeroyd and 150% of salary for Kate Ferry.
7. No share price growth or dividend payments have been applied to share awards included in these indicative total remuneration figures other than where noted.

Policy on service agreements and termination provisions

Executive Directors

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

	Date of current service agreement	Date employment commenced	Notice period to and from the Company
Jonathan Akeroyd	19 October 2021	15 March 2022	12 months

Standard terms on termination

Salary, pension, benefits and allowances: Executive Directors continue to receive salary, pension/pension allowance, benefits and cash allowances during their notice period (which will not normally exceed 12 months). Alternatively, the Company may terminate the employment early and pay in lieu of notice, either in a lump sum or in monthly instalments. Payments in lieu of notice will be no more than the salary, cash allowance and pension allowance payable for the period of notice not worked. Any such monthly payments will be reduced to the extent the former Executive Director receives income from alternative remunerative employment as the Executive Director will be required to mitigate their loss.

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

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

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

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

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

Corporate events

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

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

Non-Executive Directors

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

Development of 2023 Directors' Remuneration Policy

In developing and reviewing the 2023 Directors' Remuneration Policy, the Committee is mindful of the views of shareholders and is sensitive to the relativities of arrangements for Executive Directors to those for employees more generally.

The Committee proactively seeks feedback from shareholders when considering any significant changes to remuneration for Executive Directors. The Committee also listens to and takes into consideration investor views more generally throughout the year. In developing the 2023 Directors' Remuneration Policy, the Committee undertook a consultation with shareholders to understand their feedback in relation to the changes proposed.

Employees are able to communicate their views internally on any topic including the Directors' Remuneration Policy by using the Burberry internal communications platform (Yammer) or by raising questions at global and functional town halls. They are also able to refer to the Burberry Resolution Hub which provides guidance on the channels for providing feedback or sharing concerns at Burberry, including our Steps to Resolution Framework and global confidential helpline. Burberry regularly undertakes an Employee Engagement Survey. Views of our employees generally and on their remuneration will be taken into account when building future plans. The two-way dialogue we have developed with our Global Workforce Advisory Forum gives the Committee important insight into employees' views on the overall remuneration framework and how this aligns to the Directors' Remuneration Policy. However, given the scale, geographic spread and diversity of roles of Burberry's employees, the Committee does not proactively consult with employees specifically on the Directors' Remuneration Policy. In addition, many Burberry employees are shareholders, through participation in the ShareSave and FreeShare plans, and they, like other shareholders, are able to express their views on Directors' remuneration at each general meeting.

Annual Report on Remuneration

FY 2022/23 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 2022/23 (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	Executive Share Plan (ESP)[2] £'000	All-employee share plans[3] £'000	Prior company buy-out awards[4] £'000	**Total £'000**	Total fixed remuneration £'000	Total variable remuneration £'000
Jonathan Akeroyd										
Year to 1 April 2023	1,096	86	110	1,298	–	–	1,699	**4,289**	1,292	2,997
Year to 2 April 2022[1]	55	25	6	–	–	–	4,377	**4,463**	86	4,377
Julie Brown										
Year to 1 April 2023	739	123	129	–	–	1	–	**992**	992	–
Year to 2 April 2022	726	88	145	1,364	397	1	–	**2,721**	960	1,761

1. Remuneration in the table above in relation to Jonathan Akeroyd for the year to 2 April 2022 relates to his period of employment as CEO from 15 March 2022.
2. The value shown in the ESP column in respect of FY 2021/22 represents the vesting of the 2019 ESP award for Julie Brown. The value has been updated to reflect the share price on the date of vesting (31 July 2022) of £17.960. The figure disclosed in last year's single figure table was £392k for Julie Brown. The amount now includes the value of dividends on these shares using a cumulative dividend per share of 101 pence. The share price used to calculate the number of shares at grant (31 July 2019) was £22.8917. The share price on vesting of £17.960 was lower than this price and therefore no portion of the amount disclosed relates to share price growth.
3. The value shown in the all-employee share plans column in respect of FY 2022/23 for Julie Brown represents the vesting of her 2019 award of free shares granted under the Share Incentive Plan (SIP).
4. The value shown in the prior company buy-out awards column for Jonathan Akeroyd represents the value of certain buy-out awards granted to him on 15 March 2022. Further details are set out in the Directors' Remuneration Report FY 2021/22. The value in respect of FY 2021/22 has been updated to reflect the share price on the date of vesting of part of his buy-out awards (15 June 2022) of £16.41.

Salary (audited)

The table below details annual salaries as at 1 April 2023 and those that will apply from 1 July 2023. When setting Jonathan Akeroyd's salary with effect from 1 July 2023, 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 increase of 3.5% for Jonathan Akeroyd is below the rate for the broader UK employee population. The budgeted salary increase for our UK workforce for 2023, including increases to reflect the UK real Living Wage, was 6.7%.

Julie Brown's annual salary was £747,300 until her departure from Burberry on 1 April 2023.

Kate Ferry will join as CFO on 17 July 2023 and will receive an annual salary of £675,000.

	As at 1 April 2023	As at 1 July 2023	% change
Jonathan Akeroyd	£1,100,000	£1,138,500	3.5%

Pension (audited)

Jonathan Akeroyd's pension cash allowance is aligned to the maximum employer pension contribution available to the majority of the UK workforce at 10% of base salary.

Julie Brown's pension cash allowance was voluntarily reduced from 20% to 10% of base salary from 1 January 2023 to align with the maximum employer pension contribution available to the majority of the UK workforce.

Kate Ferry will be entitled to a pension cash allowance of 10% of base salary, which is aligned to the majority of the UK workforce.

No Director has a prospective entitlement to receive a defined benefit pension.

Allowances and benefits (audited)

The table below details the cash allowances and non-cash benefits received by the Executive Directors during FY 2022/23 in accordance with the Directors' Remuneration Policy and as disclosed in the single figure table.

FY 2022/23 (£'000)	Cash allowance	Private medical insurance	Life assurance	Long-term disability insurance	Tax advice	Other[1]
Jonathan Akeroyd	50	14	15	2	5	–
Julie Brown	30	44	8	9	2	30

1. In accordance with our policy for the wider UK workforce, Julie Brown received a payment of £30,179 in respect of 10.5 days of untaken accrued annual leave.

There were no changes to benefits policies during the year.

Annual bonus for FY 2022/23 (audited)

Executive Directors were eligible for a maximum bonus of 200% of base salary. The annual bonus for FY 2022/23 was based 75% on Group adjusted operating profit performance (at FY 2021/22 CER) and 25% on strategic objectives including measures related to strategy and brand and environmental and social measures.

Adjusted operating profit performance

The table below sets out the targets and the performance achieved for FY 2022/23 in relation to the Group adjusted operating profit performance measure:

	Maximum bonus opportunity (% of salary)	FY 2022/23 Group adjusted operating profit targets (£m)			FY 2022/23 Group adjusted operating profit achieved (CER[1]) (£m)
		Threshold	Target	Maximum	
Jonathan Akeroyd Julie Brown	200%	£514m	£554m	£594m	£556m

1. This measure removes the effect of changes in exchange rates.

Adjusted operating profit for bonus purposes is calculated using the average exchange rates of FY 2021/22 and on a pro forma basis. Details of pro forma results for FY 2022/23 are set out on page 41.

Based on the adjusted operating profit delivered this element of the annual bonus will pay out at 39% (out of 75%).

Strategic performance

Taking into account the progress achieved during the year against key strategic, brand and environmental and social measures as well as the CEO's personal contribution to the delivery of this performance, the Committee determined that this element would pay out at 20% (out of 25%). Performance highlights delivered include:

- Strategy and brand – in November 2022, the CEO set out the ambition and strategy for Burberry's next phase, to realise our potential as the modern British luxury brand, building on our strong foundations, reinterpreting our heritage and unique attributes with a modern vision and aesthetic and leveraging them to drive revenue growth and acceleration. This was well received by both the market and colleagues. During the year, we made good progress on executing our plan, while delivering a strong financial performance, and have started to bring more clarity to the brand, refocusing on Britishness and broadening our appeal. During FY 2022/23, we developed and elevated our product offer, exciting our customers with new and desirable products supported by a strong programme of brand activations. In outerwear, comparable store sales grew 7% in the period. We put the iconic Burberry Trench Coat front and centre of our brand campaign which helped deliver a very strong acceleration in heritage rainwear sales in the last quarter. In leather goods, comparable store sales grew 12% in the year. Ready-to-wear excluding outerwear grew broadly in line with the Group average for the year with womenswear increasing a double-digit percentage and men's up a mid single-digit percentage.
- Sustainability – we continued to advance our decarbonisation agenda, including year-on-year reductions in our scope 1, 2 and 3 GHG emissions against our FY 2018/19 base year. Scope 1 and 2 emissions reduced by 93% from our FY 2016/17 baseline and scope 3 emissions reduced by 40%^ from our FY 2018/19 baseline. We also made good progress during the year on achieving our targets for sourcing sustainable materials, including 31%^ of our cotton being certified organic; 44% of our nylon and polyester being recycled; 100% of our viscose being Canopy 'Green Shirt' rated; 46% of our wool in soft accessories and knits being certified; and 96% of our leather coming from tanneries with environmental, traceability and social compliance certification. For further details see pages 50 to 67.
- People – during the year we made meaningful progress against our Diversity, Equity and Inclusion and leadership objectives. In FY 2022/23, shortlists across all recruitment campaigns consisted of 60% female, 38% male and 2% 'other' candidates. In FY 2022/23, hiring representation consisted in the UK of 39.5% ethnic minority candidates and in the US of 16% Black/African-American candidates. The CEO has also made excellent progress on repositioning our talent capabilities to ensure we have the leadership team in place to successfully execute the strategy.

^ Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected planet and product information for FY 2022/23. Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberryplc.com.

Annual bonus outcome for FY 2022/23

Based on the performance against targets, Jonathan Akeroyd will receive an annual bonus for FY 2022/23 of £1,298,000. This represents a bonus payment of 59% of his maximum bonus. The Committee considers that this level of bonus payout is appropriate given the progress delivered this year, the CEO's personal contribution to the business and his excellent start at Burberry, the actions that the Company has taken to support our colleagues and the shareholder experience which has seen the share price rise significantly during the course of the year.

Under the Directors' Remuneration Policy, the 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. Jonathan Akeroyd had already met his shareholding guideline and therefore this requirement does not apply to his bonus for FY 2022/23.

Julie Brown forfeited her entitlement to an annual bonus for FY 2022/23 on her departure from Burberry.

Annual bonus for FY 2023/24

For FY 2023/24 the Executive Directors will be eligible for a maximum bonus of 200% of salary.

The annual bonus for FY 2023/24 will be based 75% on Group adjusted operating profit performance (at FY 2022/23 CER) and 25% on strategic objectives. The adjusted operating profit targets are considered to be commercially sensitive and will be disclosed in the Directors' Remuneration Report FY 2023/24.

The strategic objectives for FY 2023/24 for the CEO and the CFO will continue to be based on a combination of strategic, operational and environmental and social measures, with strategic and operational KPIs related to strategy execution, growth in key product areas, store productivity and growth in digital sales. The environmental and social measures will be assessed based on progress embedding sustainability across the business, driving execution of climate positive ambitions through decarbonisation interventions and the delivery of key people goals based on talent retention and Diversity, Equity and Inclusion.

For each strategic area, the Committee will determine the payout in the round taking into account our progress in the year against our long-term objectives in these areas. Details of the progress achieved and the Committee's determination of bonus outcomes will be provided in the Directors' Remuneration Report FY 2023/24.

Under the Directors' Remuneration Policy, the 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.

Long-term incentive plan awards

The following section sets out details of:

- 2020 BSP awards vesting based on performance to FY 2022/23
- 2022 BSP awards granted during FY 2022/23
- 2023 BSP awards to be granted during FY 2023/24

2020 BSP awards vesting subject to performance underpin to FY 2022/23 (audited)

Jonathan Akeroyd was not in role when the 2020 BSP awards were granted. Julie Brown's 2020 BSP award lapsed on 1 April 2023 when her employment with Burberry ended.

2022 BSP awards granted during FY 2022/23 (audited)

The Committee granted a 2022 BSP award of 162.5% of salary on 27 July 2022 to Jonathan Akeroyd and Julie Brown in line with the Directors' Remuneration Policy approved by the shareholders at the 2020 AGM.

The table below summarises the BSP share awards granted to the Executive Directors during FY 2022/23.

	Type of award	Basis of award	Shares awarded	Face value at grant (£'000)	Performance underpin period
Jonathan Akeroyd	BSP share award	162.5% of salary	104,131	£1,787	3, 4 and 5 financial years starting from FY 2022/23
Julie Brown	BSP share award	162.5% of salary	70,743	£1,214	3, 4 and 5 financial years starting from FY 2022/23

Julie Brown's 2022 BSP award lapsed on 1 April 2023 when her employment with Burberry ended.

Jonathan Akeroyd's 2022 BSP award will vest one third after three years, one third after four years and one third after five years from the grant date, subject to the performance underpins outlined below. Each tranche is subject to a holding period so that the total time horizon before any sale of shares (except to cover any tax liabilities arising from the award) is five years for the entire award. Awards are granted in the form of conditional share awards.

The face value of each award is calculated using the three-day average price prior to the date of grant (£17.1658), which was the price used to determine the number of shares awarded.

BSP awards granted in 2022 are subject to the following underpins:

Performance underpin	Details
Revenue	The level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £2,800 million
ROIC	The level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC in the year of vesting (the Group's WACC was c.9% at the time of award)
Brand and sustainability strategies	Reasonable progress having been achieved over the vesting period in respect of our strategy to elevate our brand and to build a more sustainable future: • Brand: when assessing the brand underpin the Committee will consider performance against a range of relevant brand KPIs. This may include full-price sales, outerwear and leather goods sales and progress on brand elevation, but it may also include other relevant metrics. These metrics are all considered to be aligned with our strategy of elevating the brand to generate long-term value for shareholders • Sustainability: when assessing the sustainability underpin the Committee will consider whether reasonable progress has been delivered against our sustainability and carbon reduction goals to reduce scope 3 emissions by 46% by 2030 and to become net zero by 2040

If the Company does not meet one or more of the performance underpins outlined above for the year of vesting then the Committee would consider whether it was appropriate to scale back the level of payout under the BSP award. The intention of the performance underpins is to provide a "safeguard" to ensure that the BSP awards do not pay out if the Company has under-performed and vesting is not justified; the Committee will take this intention into account when assessing the underpins.

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

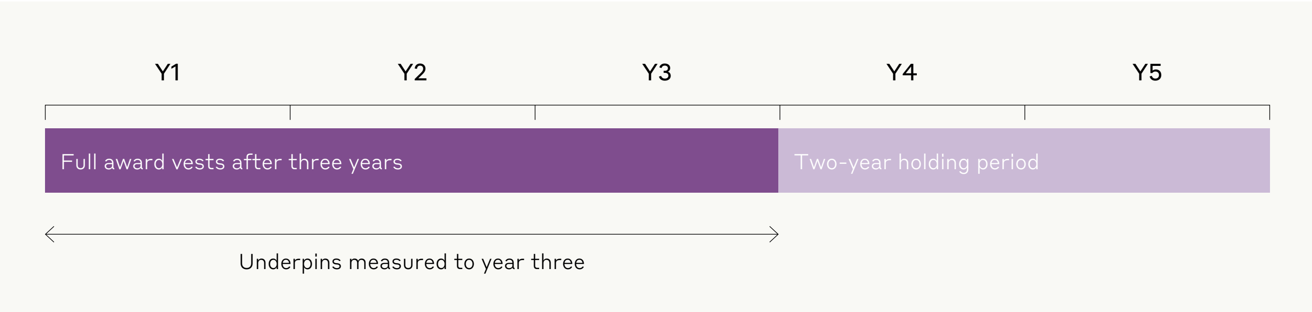
2023 BSP awards to be granted in FY 2023/24

The Committee intends to grant 2023 BSP awards of 162.5% of salary to the CEO and 150% of salary to the CFO. The current share price is higher than the share price used to determine BSP awards last year and therefore the Committee does not intend to reduce the 2023 BSP award levels. Provided that shareholders approve the 2023 Directors' Remuneration Policy, the awards will vest in full after three years following the date of grant, subject to the performance underpins. The awards will be subject to a two-year holding period so that the total time horizon before any sale of shares (except to cover any tax liabilities arising from the award) is five years for the entire award.

If the Company does not meet one or more of the performance underpins outlined below then the Committee would consider whether it was appropriate to scale back the level of payout under the BSP award. The Committee would retain discretion to determine the appropriate level of scale-back. The Committee has reviewed the performance underpins and determined that the underpins that applied to previous awards continue to reflect a good overall balance of safeguarding the financial stability of the business, delivery of the strategy and elevation of the brand. Having considered the forecasts that are applicable and relevant to our sector, the Committee has determined to increase the revenue underpin relative to the 2022 BSP awards. The following performance underpins will apply for the 2023 awards:

Performance underpin	Details
Revenue	The level of Total Revenue at CER for the financial year which precedes the year of vesting being at least £3,200 million
ROIC	The level of Group ROIC at reported exchange rates for the financial year which precedes the year of vesting being at least 1% above the Group's WACC (currently c.10%) in the year of vesting
Brand and sustainability strategies	Reasonable progress having been achieved over the vesting period in respect of our strategy to elevate our brand and to build a more sustainable future: • Brand: when assessing the brand underpin the Committee will consider performance against a range of relevant brand KPIs. This may include full-price sales, outerwear and leather goods sales and progress on brand elevation, but it may also include other relevant metrics. These metrics are all considered to be aligned with our strategy of elevating the brand to generate long-term value for shareholders • Sustainability: when assessing the sustainability underpin the Committee will consider whether reasonable progress has been delivered against our sustainability and carbon reduction goals to reduce scope 3 emissions by 46% by 2030 and to become Climate Positive by 2040 (as set out on pages 50 to 67)

In addition to the underpins described on page 233, the Committee also retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual, where underpins are no longer considered appropriate or where the vesting outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.



Payments to past Directors

There were no payments to past Directors above a de minimis limit of £3,000 during the year.

Leaving arrangements for Julie Brown

Julie Brown left Burberry on 1 April 2023. She was paid salary, allowances and pension and received contractual benefits up to that date. These are shown in the single figure table on page 226. She did not receive any bonus in respect of FY 2022/23 and all unvested or unexercised share awards lapsed on her departure from Burberry, with the exception of 45 shares (net of tax) in respect of her 2018 and 2019 awards under the all-employee SIP, which she retained in line with the plan rules.

Julie will be provided with reasonable assistance to prepare and file her tax return in respect of the 2022/2023 tax year.

In addition, in accordance with our policy for the wider UK workforce, Julie received a payment of £30,179 in respect of 10.5 days of untaken accrued annual leave.

She will not receive any other payment(s) including for loss of office or in lieu of outstanding notice.

As a former Executive Director, Julie is required to comply with Burberry's post-employment shareholding guideline in respect of share awards that vested on or after the date of the AGM in July 2020. Under this guideline she will be expected to retain a shareholding of 10,319 Burberry shares until 1 April 2025. In addition she will be required to retain the net number of 45 Burberry shares from her 2018 and 2019 SIP awards until 1 April 2025. Details of Julie's shareholding guideline compliance as at 1 April 2023 are set out on page 236.

Joining arrangements for Kate Ferry

Kate Ferry will join the Board as an Executive Director and our CFO on 17 July 2023. Her remuneration package has been set in line with the Directors' Remuneration Policy and comprises an annual base salary of £675,000, a cash allowance of £20,000 per annum and a pension cash allowance of 10% of base salary. Kate is eligible to receive a maximum discretionary annual cash bonus of 200% of her base salary and will be required to invest 50% of any net bonus payment into Burberry Group plc shares until she has satisfied the shareholding guideline of 300% of salary. Kate is also eligible for a maximum BSP award of 150% of salary. In lieu of a direct buy-out of Kate's forfeited 2023 bonus and a long-term incentive award, Kate will be able to participate in the Burberry annual bonus for FY 2023/24 with no time pro-rating and will receive a full-year BSP award. The maximum value of not time pro-rating these awards is less than the maximum value of the awards forfeited. In addition, Kate will receive other benefits including private medical insurance, life assurance, long-term disability insurance, an employee discount, reasonable assistance with her tax returns and participation in our all-employee share plans.

Buy-out awards

As set out in the announcement on 15 March 2023, in order to secure Kate's appointment, the Committee agreed to buy out certain cash incentives that she will forfeit on leaving her previous employer. In line with the Directors' Remuneration Policy, the Committee took into account all relevant factors, including the form of awards and the expected value and vesting timeframes of the forfeited awards. The Committee is satisfied that the buy-out awards represent a like-for-like basis with the forfeited awards. The following buy-out awards will be granted to Kate on the commencement of her employment:

- A gross cash payment to compensate Kate for her forfeited 2022 bonus up to a maximum of £556,500. The forfeited award was due to be paid in April 2023 and therefore the buy-out award will be paid shortly after the commencement of Kate's employment. This award will be reported in the single figure table for FY 2023/24
- A gross cash payment of £1 million will be paid to Kate in May 2024 to compensate her for a forfeited award of £1 million that would have been payable in May 2024. This award will be reported in the single figure table for FY 2023/24

Share interests and shareholding guideline (audited)

Executive Directors are subject to a shareholding guideline of 300% of base salary. There is no specific timeline in which shareholding guidelines must be achieved. However, there is an expectation that Executive Directors make annual progress towards their guideline, regardless of any annual bonus paid or shares vesting. In line with the Investment Association best practice guidance, our shareholding guideline permits any incentive shares that have vested but are unexercised or that have not yet vested but are not subject to any further performance conditions/underpins to count towards the shareholding requirement at 50% of their face value. Other members of the Executive Committee are also subject to a 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 1 April 2023, as well as their progress against the shareholding guidelines. The table also summarises conditional interests in share or option awards, with further detail of the underlying awards in the subsequent table.

Based on the three-month average share price to 1 April 2023 (our standard approach to assessing the guideline), both Jonathan Akeroyd and Julie Brown had met the guideline.

	Beneficially held shares							Share/option awards
	Number of shares beneficially owned as at 1 April 2023[1]	As % of salary[2]	Shareholding guideline (% of salary)	Guideline met as at 1 April 2023	Vested but unexercised awards	Unvested – subject to performance measures (ESP)	Unvested – subject to performance underpins (BSP)	Unvested – subject to continued employment[4]
Jonathan Akeroyd	89,074	360%	300%	Yes	0	0	104,131	155,190
Julie Brown[3]	123,412	412%	300%	Yes	0	0	194,177	10,536

1. There have been no changes in the period up to and including 17 May 2023.
2. Based on the three-month average share price as at 1 April 2023 of £23.91.
3. On 1 August 2022, Julie Brown exercised a nil-cost option over 2,788 shares granted to her on 31 July 2018 under the ESP and retained these shares (post tax liabilities). On the same day she also exercised a nil-cost option over 10,458 shares granted to her on 31 July 2019 under the ESP and retained these shares (post tax liabilities). The market value of Burberry shares on the date of exercise was £17.85. On 2 August 2022, Julie Brown transferred 30 shares from her 2017 SIP award to her nominee account with no change to her beneficial ownership other than the sale of two shares to fund the fee arising from the transfer. On 30 November 2022, Julie Brown sold 16,000 shares.
4. In line with the shareholding guideline, only 50% of the face value of these shares counts towards the Executive Director's shareholding guideline calculation (other than shares under the all-employee SIP, which are held beneficially and count towards the Executive Director's shareholding guideline calculation). This also includes ShareSave options (which do not count towards the Executive Director's shareholding guideline calculation).

As a former Executive Director, Marco Gobbetti is required to comply with Burberry's post-employment shareholding guideline in respect of share awards that vested on or after the date of the AGM in July 2020. Under this guideline he is expected to retain a shareholding of 21,393 shares in Burberry Group plc until 31 December 2023. As at 1 April 2023, Marco complied with his obligation.

The following table provides further underlying detail on the unvested awards at 1 April 2023 included in the table on page 236.

Director	Type of award	Date of grant	Maximum number of shares/ options	Performance period	Vesting date(s)[6]
Jonathan Akeroyd[1]	Buy-out	15 March 2022	79,439	N/A	15 June 2023
	Buy-out	15 March 2022	49,291	N/A	3 January 2024
	Buy-out	15 March 2022	24,643	N/A	15 June 2024
	2022 BSP[5]	27 July 2022	104,131	3 years to 29 March 2025 4 years to 28 March 2026 5 years to 27 March 2027	1/3 on 27 July 2025 1/3 on 27 July 2026 1/3 on 27 July 2027
	ShareSave[7]	15 December 2022	1,794	N/A	1 February 2028
	SIP	15 December 2022	23	N/A	15 December 2025
Julie Brown[8]	2019 ESP[2]	31 July 2019	10,459	3 years to 2 April 2022	31 July 2023
	2020 BSP[3]	20 August 2020	71,323	3 years to 1 April 2023 4 years to 30 March 2024 5 years to 29 March 2025	1/3 on 20 August 2023 1/3 on 20 August 2024 1/3 on 20 August 2025
	2021 BSP[4]	27 July 2021	52,111	3 years to 30 March 2024 4 years to 29 March 2025 5 years to 28 March 2026	1/3 on 27 July 2024 1/3 on 27 July 2025 1/3 on 27 July 2026
	2022 BSP[5]	27 July 2022	70,743	3 years to 29 March 2025 4 years to 28 March 2026 5 years to 27 March 2027	1/3 on 27 July 2025 1/3 on 27 July 2026 1/3 on 27 July 2027
	SIP	11 December 2020	27	N/A	11 December 2023
	SIP	10 December 2021	27	N/A	10 December 2024
	SIP	15 December 2022	23	N/A	15 December 2025

1. Further details in relation to the buy-out awards granted to Jonathan Akeroyd are set out on pages 202 to 203 of the FY 2021/22 Annual Report.
2. The performance conditions and final vesting outcome for the 2019 ESP award are set out on page 199 of the FY 2021/22 Annual Report. 50% of the award vested on 31 July 2022 and the remaining 50% was eligible to vest on 31 July 2023 but lapsed following Julie Brown's departure on 1 April 2023.
3. The performance underpins for the 2020 BSP award are set out on page 193 of the FY 2020/21 Annual Report.
4. The performance underpins for the 2021 BSP award are set out on page 200 of the FY 2021/22 Annual Report.
5. The performance underpins for the 2022 BSP award are set out on page 231.
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 and BSP awards may not normally be sold until five years from the date of grant, other than to meet tax liabilities.
7. On 15 December 2022, Jonathan Akeroyd was granted a ShareSave option over 1,794 shares at an option price of £16.72 per share.
8. Julie Brown's unvested and unexercised share awards lapsed following her departure from Burberry on 1 April 2023, other than 45 shares held for her under the all-employee SIP.

Director remuneration relative to employees

The table below summarises the change in each Director's base salary/fee, benefits and bonus received for FY 2022/23, FY 2021/22 and FY 2020/21 compared to the prior year. The regulations require disclosure of the same data for employees of the parent company. However, Burberry Group plc does not have any employees and therefore the table below includes data in respect of the UK employee population for reference.

	FY 2020/21			FY 2021/22			**FY 2022/23**		
Year-on-year change (%)	Salary/fee	Allowances and benefits	Bonus	Salary/fee	Allowances and benefits	Bonus	**Salary/fee**	**Allowances and benefits**	**Bonus**
Executive Directors									
Jonathan Akeroyd	–	–	–	N/A	N/A	N/A	**0%**	**17.4%**	**N/A**
Julie Brown	-4.6%	-3.1%	N/A	5.3%	14.6%	276%	**1.9%**	**38.4%**	**-100%**
Non-Executive Directors									
Gerry Murphy	-5.0%	-93.3%	–	5.3%	-21.4%	–	**0%**	**-75.4%**	**–**
Fabiola Arredondo	-5.0%	-100%	–	5.3%	N/A	–	**0%**	**N/A**	**–**
Sam Fischer	-5.0%	-100%	–	5.3%	N/A	–	**0%**	**1,453.6%**	**–**
Ron Frasch	-5.0%	-100%	–	5.3%	N/A	–	**0%**	**171.1%**	**–**
Danuta Gray	–	–	–	N/A	N/A	N/A	**25.1%**	**1,267.2%**	**–**
Matthew Key	-3.5%	-100%	–	3.6%	N/A	–	**0%**	**133.3%**	**–**
Debra Lee	-5.0%	-100%	–	5.3%	N/A	–	**0%**	**N/A**	**–**
Orna NíChionna	-3.5%	-66.3%	–	3.6%	-21.7%	–	**-0.9%**	**96.2%**	**–**
Antoine de Saint-Affrique	N/A	N/A	N/A	0%	N/A	–	**0%**	**155.2%**	**–**
Alan Stewart	–	–	–	–	–	–	**N/A**	**N/A**	**N/A**
UK Employees	0%	0%	-7.7%	0%	0%	233.3%	**4.0%**	**0%**	**-48.0%**

1. The comparator group includes all UK employees. As noted above, Burberry Group plc does not have any employees and therefore this group has been chosen to align with the location of the Executive Directors and with the pay ratio reporting. For the comparator group of employees, the year-on-year salary changes include the annual salary review in July but exclude any additional changes made in the year, for example on promotion. For FY 2021/22 benefits, the maximum employer pension contribution available to the majority of the UK workforce was increased from 6% of salary to 10% of salary with effect from 1 January 2022. The change in the value of benefits shown for the Executive Directors reflects the market cost of the same benefits.
2. In order to provide a meaningful comparison, the figures in the table above have been calculated on a full-year equivalent basis where Directors have served for part of the year only.
3. Where a Director was appointed during a financial year, it is not possible to calculate a percentage change for them and they are shown as N/A.
4. The Executive Directors did not receive an annual bonus for FY 2019/20 and therefore it is not possible to calculate a percentage change on bonus in respect of FY 2020/21. Jonathan Akeroyd did not receive an annual bonus for FY 2021/22 and therefore it is not possible to calculate a percentage change on bonus in respect of FY 2022/23.
5. The Directors in role at the time voluntarily agreed to waive 20% of their salary/base fee for a three-month period between April and June 2020. This is reflected in the negative changes shown in respect of FY 2020/21 and the corresponding positive changes shown in respect of FY 2021/22.
6. The allowances and benefits figures for FY 2020/21 for Gerry Murphy and Orna NíChionna were low due to the impact of COVID-19. In order to provide a meaningful comparison, the percentage change figure for FY 2021/22 was calculated relative to the allowances and benefits figure for FY 2019/20.
7. Allowances and benefits increased for Non-Executive Directors during FY 2022/23 due to the return of regular in-person meetings.
8. Orna NíChionna was appointed as Senior Independent Director with effect from 2 April 2022.
9. Danuta Gray replaced Orna NíChionna as Remuneration Committee Chair on 1 September 2022.

CEO pay ratios

The ratios set out in the table below compare the total remuneration of the CEO (as included in the single figure table on page 226) to the remuneration of the median UK employee as well as the UK employees at the lower and upper quartiles. The disclosure will build up over time to cover a rolling 10-year period.

Year	Method	25th percentile pay ratio (P25)	Median pay ratio (P50)	75th percentile pay ratio (P75)
FY 2022/23	Option A	153:1	116:1	73:1
FY 2021/22	Option A	225:1	167:1	105:1
FY 2020/21	Option A	92:1	71:1	44:1
FY 2019/20	Option A	68:1	48:1	31:1
FY 2018/19	Option A	170:1	127:1	82:1

Notes regarding calculation

The ratios are calculated using option A in the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50 and P75, respectively) were determined based on total remuneration using a valuation methodology consistent with that used for the CEO in the single figure table on page 226. The employees were identified based on all UK employees as at year end. This option was selected on the basis that it provided the most accurate means of identifying the median, lower and upper quartile employees.

The total remuneration in respect of FY 2022/23 for the employees identified at P25, P50 and P75 is £28k, £37k and £59k, respectively. The base salary in respect of FY 2022/23 for the employees identified at P25, P50 and P75 is £23k, £30k and £51k, respectively.

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

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

The pay ratio for FY 2022/23 has decreased compared to the ratio for FY 2021/22. This is primarily driven by the fact that Jonathan Akeroyd's single figure for FY 2021/22 included the majority of his buy-out awards which had a higher value than the bonus and buy-out award values for FY 2022/23.

The Committee considers that the median pay ratio for FY 2022/23 and the recent trends in the pay ratios are consistent with Burberry's remuneration framework and reflect the variable nature of the CEO's total remuneration. The Committee believes the pay ratio is consistent with our pay policies in the UK.

Relative importance of spend on pay for FY 2022/23

The table below sets out the total payroll costs for all employees over FY 2022/23 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 2022/23**	FY 2021/22
Dividends paid during the year (total)	£m	**203**	219
	% change	**-7%**	
Amounts paid to buy back shares during the year	£m	**400**	150
	% change	**167%**	
Payroll costs for all employees	£m	**575**	547
	% change	**5%**	
Average number of full-time equivalent employees		**8,868**	8,979
	% change	**-1%**	

Service agreements

The table below sets out information on service agreements for the current Executive Directors. Executive Directors are subject to annual re-election by shareholders at each AGM of the Company.

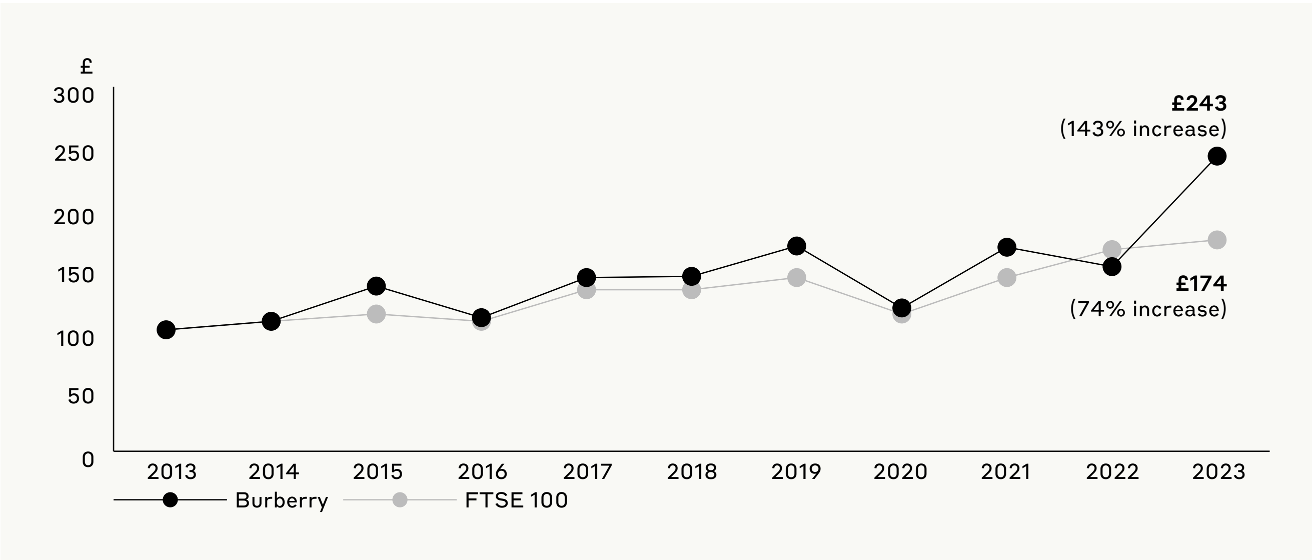
	Date of current service agreement	Date employment commenced	Notice period to and from the Company
Jonathan Akeroyd	19 October 2021	15 March 2022	12 months

Kate Ferry entered into a service agreement on 14 March 2023 with a 12-month notice period.

The Non-Executive Directors serve under Letters of Appointment with the Company. Non-Executive Directors may continue to serve subject to annual re-election by shareholders at each AGM of the Company, subject to six months' notice by either party.

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 2013. The FTSE 100 Index has been selected as the comparator because Burberry is a constituent of the index. Data is presented on a spot basis and sourced from Datastream. The table below shows the total remuneration earned by the incumbent CEO 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 2022/23 on page 226.



FY[1]	2013/14 (AA)	2014/15 (AA)	2014/15 (CB)	2015/16 (CB)	2016/17 (CB)	2017/18 (CB)	2017/18 (MG)	2018/19 (MG)	2019/20 (MG)	2020/21 (MG)	2021/22 (MG)	2021/22 (JA)	**2022/23 (JA)**
Total remuneration (£'000)	8,007	157	7,508	1,894	3,508	1,091	6,330	4,078	1,618	2,245	1,205	4,428	**4,289**
Bonus (% of maximum)	70%	–	81%	0%	0%	51%	51%	60%	0%	25%	–	–	**59%**
ESP (% of maximum)	–	–	–	–	–	5%	–	25%	0%	5.5%	–	–	**–**
Legacy incentive plans (no longer in operation):													
CIP[2] (% of maximum)	100%	–	75%	0%	0%	–	–	–	–	–	–	–	**–**
RSP (% of maximum)	–	–	–	0%	19.3%	–	–	–	–	–	–	–	**–**
Exceptional award[3] (% of maximum)	–	–	–	–	61.7%	59.9%	–	–	–	–	–	–	**–**

1. Angela Ahrendts (AA, CEO to 30 April 2014), Christopher Bailey (CB, Chief Creative Officer and CEO from 1 May 2014 to 4 July 2017), Marco Gobbetti (MG, CEO from 5 July 2017 to 31 December 2021), Jonathan Akeroyd (JA, CEO from 15 March 2022).
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 Exceptional award for Christopher Bailey relates to vesting of his 2014 exceptional share award as previously disclosed.

Non-Executive Director remuneration (audited)

The table below sets out the single figure of total remuneration received or receivable by the Non-Executive Directors in respect of FY 2022/23 (and the prior financial year).

	Year to 1 April 2023			Year to 2 April 2022		
	Fees[1] £'000	**Benefits & allowances[2] £'000**	**Total £'000**	Fees[1] £'000	Benefits & allowances[2] £'000	Total £'000
Gerry Murphy[3]	**423**	**1**	**424**	425	4	429
Fabiola Arredondo	**80**	**20**	**100**	80	–	80
Sam Fischer	**80**	**31**	**111**	80	2	82
Ron Frasch	**80**	**22**	**102**	80	8	88
Danuta Gray[4]	**100**	**3**	**103**	27	1	28
Matthew Key	**115**	**3**	**118**	115	2	117
Debra Lee	**80**	**20**	**100**	80	–	80
Orna NíChionna[5]	**114**	**3**	**117**	115	1	116
Antoine de Saint-Affrique	**80**	**19**	**99**	80	7	87
Alan Stewart[6]	**47**	**2**	**49**	–	–	–

1. Fees include the base fee and additional Committee fees in line with the existing Directors' Remuneration Policy.
2. Allowances include an attendance allowance of £2,000 for each meeting attended outside a Non-Executive Director's country or territory of residence and the reimbursement of certain expenses incurred by the Non-Executive Directors in the performance of their duties, which are deemed by HM Revenue & Customs (HMRC) to be subject to UK income tax. 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.
3. During FY 2021/22, following Marco Gobbetti's departure from Burberry on 31 December 2021, Gerry Murphy chaired the Executive Committee until 14 March 2022. He did not receive any additional remuneration in respect of this period.
4. Fees for Danuta Gray in relation to FY 2021/22 relate to the period from 1 December 2021 when she joined the Board and in relation to FY 2022/23 include the Remuneration Committee Chair fee from 1 September 2022.
5. Fees for Orna NíChionna in relation to FY 2022/23 include the Remuneration Committee Chair fee for the period 2 April to 31 August 2022 and the Senior Independent Director fee.
6. Fees for Alan Stewart relate to the period from 1 September 2022 when he joined the Board.

Summary of Non-Executive Director fees for FY 2023/24

Following a review, the Chair's fee and the base fee for the Non-Executive Directors will both be increased by 3.5% for FY 2023/24.

The fee structure for the Non-Executive Directors for FY 2023/24 is set out in the table below.

	Fee level £'000
Chair	440
Non-Executive Director	82.8
Senior Independent Director	20
Audit Committee Chair	35
Remuneration Committee Chair	35
Attendance allowance	2

1. The Chair is not eligible for Committee-related fees or attendance allowances.
2. Non-Executive Directors (other than the Chair) receive an attendance allowance for each meeting attended outside their country or territory of residence. Any Non-Executive Directors (other than the Chair) appointed after 11 May 2023 will receive an attendance allowance only in connection with inter-continental travel to meetings outside their country or territory 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.

Non-Executive Director shareholdings (audited)

The table below summarises the total interests of the Non-Executive Directors (and their connected persons) in ordinary shares of Burberry Group plc as at 1 April 2023 (or as at the date of stepping down, if earlier).

The shareholding guideline for the Non-Executive Directors is to hold shares with a market value of £6,000 for each year of their appointment. As at 1 April 2023 (or as at the date of stepping down, if earlier), all of the Non-Executive Directors who had served more than one year since their appointment had fulfilled this guideline.

	Total number of shares owned
Gerry Murphy	10,000
Fabiola Arredondo	30,000
Sam Fischer	3,000
Ron Frasch	2,738
Danuta Gray	3,000
Matthew Key	9,040
Debra Lee	1,475
Orna NíChionna	3,067
Antoine de Saint-Affrique	1,100
Alan Stewart	0

There have been no changes in the period up to and including 17 May 2023.

Remuneration Committee in FY 2022/23

Committee membership

Danuta Gray, Orna NíChionna, Fabiola Arredondo, Sam Fischer, Ron Frasch and Matthew Key served as members of the Committee throughout the year ended 1 April 2023. Danuta Gray succeeded Orna NíChionna as Chair of the Committee with effect from 1 September 2022.

Committee remit

The Committee's terms of reference are published on Burberryplc.com.

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

Summary of meetings

The Committee typically meets four times a year. During FY 2022/23, the Committee held four scheduled meetings and one additional meeting which was held at short notice. Other ad hoc discussions were held as required. Details of attendance at Committee meetings are set out on page 201. If any Committee members are unable to attend a meeting, they are given the opportunity to discuss any of the agenda items with the Committee Chair in advance of the meeting. The agenda items discussed at the four scheduled meetings are summarised below. Other Committee matters, including the remuneration arrangements for our new CFO and others within the Committee's remit, such as Executive Committee members, and the Chief Creative Officer transition, were determined by the Committee outside the scheduled meetings.

May 2022	• Update on external environment from independent advisors • Shareholder engagement strategy • FY 2021/22 incentive outcomes • FY 2022/23 performance targets and incentive awards • BSP 2022 awards, including underpins for Executive Directors • FY 2022/23 senior executive remuneration • Chair fees for FY 2022/23 • Approval of Directors' Remuneration Report FY 2021/22 • Update on share plan dilution • US operation of ShareSave
November 2022	• Update on external environment from independent advisors • 2022 AGM season shareholder and proxy body feedback • Initial review of Directors' Remuneration Policy • Incentives performance update • Approach to cost-of-living challenges • All-employee share plan awards 2022 • Actions following FY 2022 Committee Effectiveness review • Committee annual planner
February 2023	• Update on external environment from independent advisors • Directors' Remuneration Policy update • Incentives performance update • Overview of broader employee reward and proposed engagement with the Global Workforce Advisory Forum • Gender and Ethnicity Pay Gap Report for 2022/23 reporting year • Update on Executive Committee members' shareholding guideline compliance
March 2023	• Update on external environment from independent advisors • Update on shareholder feedback on Directors' Remuneration Policy • Incentives performance update • FY 2023/24 annual bonus plan proposals and 2023 BSP award underpins • Sustainability metrics for the FY 2023/24 annual bonus plan for the wider workforce • Approach to Directors' Remuneration Report FY 2022/23 • Disclosure requirements for CO&FO's departure • Feedback from the March 2023 meeting of the Global Workforce Advisory Forum • Review of Committee's terms of reference

Regular attendees at Committee meetings include: the Chair of the Board; the CEO; the Company Secretary; the Chief People Officer; the VP Head of Reward; and representatives of the Committee's advisors. Other members of the senior management team may attend Committee meetings from time to time. No one is present when their own remuneration is being discussed.

Advisors to the Committee

Deloitte was appointed as an independent advisor to the Committee in 2017 and reappointed in 2021 following a competitive tender process. 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 £125,400 (plus VAT) during FY 2022/23. During the year Deloitte also provided other consulting services (including mergers and acquisitions and due diligence advice, technology implementation and analytics), tax compliance and advisory and transfer pricing services. The Committee is satisfied that advice received from Deloitte during the year was objective and independent and that all individuals who provided remuneration advice to the Committee had no connections with Burberry or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

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

Remuneration voting results

The table below shows the results of the latest remuneration-related shareholder votes on the Directors' Remuneration Report (at the 2022 AGM) and the Directors' Remuneration Policy (at the 2020 AGM).

We have continued to engage with and listen to our shareholders during FY 2022/23 as we have developed our remuneration proposals. 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, as part of our commitment to build on the constructive dialogue we have established, we look forward to continuing to engage with you.

AGM voting results	Votes for	Votes against	Votes withheld
To approve the Directors' Remuneration Report for the year ended 2 April 2022 – 2022 AGM	304,409,889 (93.81%)	20,097,041 (6.19%)	2,779,770
To approve the Directors' Remuneration Policy – 2020 AGM	305,504,279 (94.91%)	16,370,393 (5.09%)	7,360,521

Approval

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

Danuta Gray
Chair, Remuneration Committee

17 May 2023

Directors' Report

The Directors present their Annual Report and the audited consolidated Financial Statements of the Company for the year ended 1 April 2023. 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 3 to 151
- Corporate Governance Statement, which includes the Board of Directors, the Corporate Governance Report and the Directors' Remuneration Report, on pages 155 to 245
- Global GHG emissions disclosure on page 60

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

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

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

Share capital

Details of the issued share capital, together with details of movement in the issued share capital of the Company during the year, are shown in note 25 to the Financial Statements. This is incorporated by reference and deemed to be part of this report.
The Company has one class of ordinary share, which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

As at 1 April 2023, the Company had 384,267,928 ordinary shares in issue including 6,052,720 ordinary shares held in treasury. At the AGM in 2022, shareholders approved resolutions to allot shares up to an aggregate nominal value of £66,117, and to allot shares for cash other than pro rata to existing shareholders. In order to retain maximum flexibility, resolutions will be proposed at this year's AGM to renew these authorities.

Substantial shareholdings

As at 1 April 2023, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the following major interests in its issued ordinary share capital:

	Number of ordinary shares	% of total voting rights[1]
BlackRock Inc.	27,729,908	6.62
Lindsell Train Limited	21,928,267	5.00
Massachusetts Financial Services Company	20,668,065	5.10
Schroders plc	19,361,546	5.10

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

Since 1 April 2023, the Company has received no further notifications of major interests in its issued ordinary share capital.

Interests in own shares

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

Share buyback

In line with our capital allocation priorities and the authority granted by the shareholders at the AGM in 2022, we launched a £400 million share buyback programme in June, which we completed in two tranches: June 2022 to November 2022 and November 2022 to March 2023. In total, 21,075,496 shares with a nominal value of 0.05p each were purchased and cancelled. Further details of the share buyback can be found in note 25 to the Financial Statements. The authority granted by shareholders at the 2022 AGM will remain in place until 12 October 2023 or until a new authority is granted by shareholders at the 2023 AGM. No further purchases of shares by the Company have been made since the programme described above was completed and the date of this report.

Transfer of shares

There are no specific restrictions on the size of holding or on the transfer of shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights. The Directors have no current plans to issue shares other than in connection with employee share plans.

Voting

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

Dividend

The Directors recommend that a final dividend of 44.5p per ordinary share (FY 2021/22: 35.4p) in respect of the year ended 1 April 2023 be paid on 4 August 2023 to those persons on the Register of Members as at 30 June 2023.

An interim dividend of 16.5p per ordinary share was paid to shareholders on 27 January 2023 (FY 2021/22: 11.6p). This will make a total dividend of 61.0p per ordinary share in respect of the financial year to 1 April 2023. The aggregate dividends paid and recommended in respect of the year to 1 April 2023 total £230 million (FY 2021/22: £187 million).

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

Revenue and profit

Revenue from continuing business during the year amounted to £3,094 million (FY 2021/22: £2,826 million). The adjusted operating profit for the year was £634 million (FY 2021/22: £523 million).

The profit for the year attributable to equity holders of the Company was £490 million (FY 2021/22: £396 million) up 24% with the year-on-year increase predominantly related to the increase in operating profit due to the 10% increase in revenue and cost management in the year.

Financial instruments and risks

The Group's financial risk management objectives and policies are set out within note 27 of the Financial Statements. Note 27 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.

Going concern and viability

The going concern statements for the Group and the Company are set out on pages 271 and 325 of the Financial Statements and are incorporated by reference and shall be deemed to be part of this report. The Directors' assessment of the prospects and viability of the Group over the next three years is set out in the Strategic Report on pages 149 to 151. The Risk and Viability Report can be found on pages 118 to 151.

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 currently undrawn £300 million Revolving Credit Facility, dated 26 July 2021, could become repayable.

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

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

There are no arrangements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover, merger or amalgamation. There are provisions in the Company's share plans, which could result in options or awards vesting or becoming exercisable on a change of control. For further information on the change of control provisions in the Company's share plans refer to the proposed new Directors' Remuneration Policy on page 212, which will be submitted to shareholders for approval at the 2023 AGM.

Independent auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's external auditor is unaware
- the Director has taken all appropriate steps to ensure they are aware of any relevant audit information, and to establish that the Company's external auditor is aware of that information

The Group's current external auditor is EY and note 7 of the Financial Statements states their fees both for audit and non-audit work. EY was appointed as the external auditor of the Company at the 2020 AGM following an independent audit tender. A resolution to re-appoint EY as external auditor to the Company for FY 2023/24 will be proposed at the 2023 AGM. The Independent Auditor's Report starting on page 253 sets out the information contained in the Annual Report which has been audited by the external auditor.

Employee share schemes and share ownership

The Company is committed to employee share ownership with two all-employee share plans available to employees at all levels of the organisation. Further details of these share plans are set out in the Directors' Remuneration Report on page 209. The Group intends to operate these all-employee share plans during FY 2023/24 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 Directors review 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. Details of employee share plans are set out in note 28 to the Financial Statements.

Employee engagement

Burberry is an open, inclusive and caring employer that strives to open spaces for our people so they can express their creativity and grow both personally and professionally. Our colleagues represent 140 nationalities across 34 countries and territories and we are proud of the diversity of our people and the rich variety of skills and experiences they bring to our brand from the many cultures and backgrounds they represent. We continue to focus on evolving strategies for attracting and retaining diverse top talent within the business that promote our cultural values and ensure diverse representation across the business.

Further details about our people and our commitment to diversity, equity and inclusion can be found on pages 68 to 81.

Stakeholder engagement

Reflecting the importance of our stakeholders, an explanation of the steps taken by the Directors to foster business relationships with partners, including suppliers, customers and other stakeholders, is set out on pages 112 to 115.

Global GHG emissions

The Directors understand they have a responsibility to consider the impact on the environment and the likely consequences of any business decisions in the long term. Disclosure is in line with the FCA's requirements for climate-related financial disclosures and consistent with the TCFD recommendations as set out on pages 94 to 110.

Health and safety

The Company has a global Health and Safety Policy approved by the CEO on behalf of the Board. A safety-first approach is firmly embedded in all operational activities at Burberry and this approach was strongly reinforced as we navigated through the COVID-19 global pandemic. 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 Risk Committee and Audit Committee. Each region has a local committee, which reports to the regional president. These committees assist with the implementation of our Health and Safety strategy and help to ensure all local regulatory and Burberry standards are achieved and maintained.

Strategic direction on health and safety matters is provided by the Director of Health and Safety, who is supported by a global team. In line with industry best practice, our health and safety goals and objectives are set each year to continually analyse our performance and support a process for continuous improvement.

Our unannounced global assurance audit programme continues to measure health and safety performance within our managed operations at a set frequency and tracks improvement actions and risk reduction strategies through to closure.

Political donations

The Company did not make any political donations during the year in line with its policy (FY 2021/22: £nil). In keeping with the Group's approach in prior years, shareholder approval is being sought at the forthcoming AGM, as a precautionary measure, for the Company and its subsidiaries to make donations and/or incur expenditure, which may be construed as political by the wide definition of that term included in the relevant legislation. Further details are provided in the Notice of Meeting (the Notice).

Directors

The names and biographical details of the Directors as at the date of this report are set out on pages 157 to 162 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 2023 AGM, with the exception of Matthew Key, all Directors will stand for election or re-election as appropriate. The Notice sets out the contributions and reasons for the election or re-election of each Director. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office on request. Brief details of these are also included on page 240 of the Directors' Remuneration Report. For information on the Directors' professional development, see page 178.

Directors' share interests

The interests of the Directors holding office as at 1 April 2023 in the shares of the Company are shown within the Directors' Remuneration Report on pages 200 to 245. There were no changes to the beneficial interests of the Directors between the period 1 April 2023 and 17 May 2023.

Directors' powers and responsibilities

Subject to the Company's Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Group will be managed by the Board, which 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 1 April 2023 and through to the date of this report.

Branches

In accordance with the Companies Act 2006, the Group discloses below the subsidiary companies that have branches outside the UK:

- Burberry Limited: Hong Kong S.A.R., China and Republic of Korea
- Burberry Brasil Comércio de Artigos de Vestuário e Acessórios Ltda: Brazil
- Burberry Saudi Company Limited: Kingdom of Saudi Arabia
- Burberry Qatar W.L.L.: Qatar
- Sandringham Bahrain W.L.L.: Bahrain
- Burberry (Spain) Retail S.L.: Portugal
- Burberry (Shanghai) Trading Co., Ltd: Mainland China

Annual General Meeting (AGM)

The AGM of the Company will be held on Wednesday, 12 July 2023 at Conrad London St. James, 22-28 Broadway, London, SW1H 0BH at 11:00 am. The Notice of this year's AGM is available to view on the Company's website at Burberryplc.com.

The Directors consider that each of the proposed resolutions to be considered at the AGM is 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.

Amendments to Articles of Association

The Company's Articles of Association were adopted at the 2021 AGM. No changes to the Articles of Association are being proposed at this year's AGM.

Disclosures pursuant to Listing Rule 9.8.4

Listing Rule	Description of Listing Rule	Reference
9.8.4(12)	Waivers of dividends	See Dividends paragraph on page 247

The Strategic Report from pages 3 to 151 and Directors' Report from pages 246 to 251 have been approved by the Board on 17 May 2023 in accordance with the Companies Act 2006.

By order of the Board

Gemma Parsons
Company Secretary

17 May 2023

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

Registered in England and Wales
Registered number: 03458224

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group consolidated financial statements in accordance with the UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 157 to 162 confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with the UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

These statements were approved by the Board on 17 May 2023 and signed on its behalf by:

Jonathan Akeroyd
Chief Executive Officer

Independent Auditor's Report to the Members of Burberry Group plc

Opinion

In our opinion:

- Burberry Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 1 April 2023 and of the Group's profit for the 52-week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Burberry Group plc (the 'Company') and its subsidiaries (the 'Group') for the 52-week period ended 1 April 2023 which comprise:

Group	Company
Balance sheet as at 1 April 2023	Balance sheet as at 1 April 2023
Income statement for the 52-week period then ended	Statement of changes in equity for the 52-week period then ended
Statement of comprehensive income for the 52-week period then ended	Related notes A to M to the financial statements including a summary of significant accounting policies
Statement of changes in equity for the 52-week period then ended	
Statement of cash flows for the 52-week period then ended	
Related notes 1 to 31 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the risk around going concern at the planning and year end phases of the audit
- In conjunction with our walkthrough of the Group's financial statement close process, we confirmed our understanding of management's going concern assessment process and engaged with management early to understand and assess the key assumptions made in their assessment.
- We checked the logic and arithmetical integrity of management's going concern model that includes the cash forecasts for the going concern assessment period covering the period up to 28 September 2024.
- We considered the appropriateness of the assumptions used to calculate the cash forecasts under base and plausible downside case scenario and that the downside scenario utilised was sufficiently severe for the going concern assessment.
- We reviewed the Group's debt agreements to check the covenant requirements and tested to check that no covenants have been breached and there is no forecasted covenant breach in either the base or plausible downside case scenarios during the going concern assessment period.
- We agreed the 1 April 2023 cash and cash equivalent balances included in the going concern assessment to the Group's year end cash and cash equivalent balances.
- We assessed the reasonableness of the cashflow forecasts included in the going concern assessment by analysing management's historical forecasting accuracy and understanding the potential impact of principal risks such as macroeconomic and political instability, global consumer demand and the impact of climate change have been reflected in the forecasts.
- We evaluated the key assumptions by searching for contrary evidence to challenge these assumptions, including third party sector forecasts and analyst expectations. Further, we tested these assumptions for consistency with the budget approved by the Board.
- We also challenged the measurement and completeness of the downside scenario modelled by management, whether the risks considered are sufficiently severe, and how these compare with the principal risks and uncertainties of the Group.
- We considered the mitigating factors included in the severe but plausible downside scenario that are within control of the Group. This includes review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required.
- We considered whether the Group's forecasts in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including goodwill impairment, retail store impairment and deferred tax asset recognition.
- We performed reverse stress testing to identify the magnitude of decline in revenue that would lead to the Group utilising all liquidity during the going concern assessment period and we have considered the likelihood of such a decline.
- We reviewed the Group's going concern disclosures included in the Annual Report to assess that they were accurate, sufficiently detailed and in conformity with the reporting standards.

We observe that in management's base case and severe but plausible downside scenario, there is significant headroom without taking the benefit of any identified mitigations.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period up to 28 September 2024.

In relation to the Group and Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of seven components and audit procedures on specific balances for a further one component. • The components where we performed full or specific audit procedures accounted for 91% of profit before tax (on an absolute basis), 78% of revenue and 80% of total assets.
Key audit matters	• Valuation of finished goods inventory provision. • Impairment and impairment reversals of retail store right-of-use assets and property, plant and equipment. • Provision for uncertain tax positions.
Materiality	• Overall Group materiality of £30m which represents 4.7% of profit before tax.

An overview of the scope of the Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal Audit results when assessing the level of work to be performed at each component.

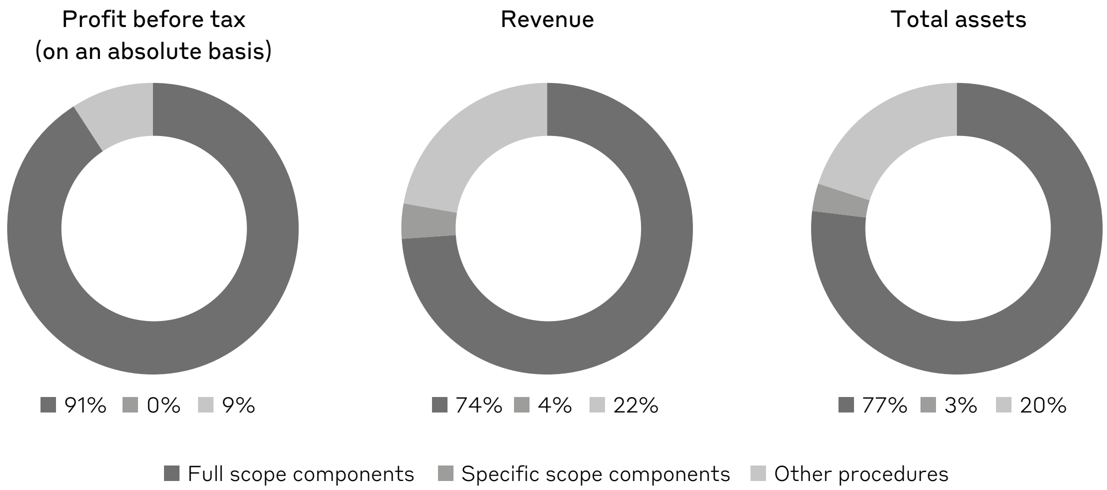
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected eight components covering entities within the United Kingdom, Mainland China, Japan, Korea, the United States and Hong Kong S.A.R., China, which represent the principal business units within the Group.

Of the eight components selected, we performed an audit of the complete financial information of seven components ("full scope components") which were selected based on their size or risk characteristics or to ensure that, at an overall Group level, we reduced and appropriately covered the residual risk of error. For one component ("the specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 91% of the Group's profit before tax (on an absolute basis) (2022: 94% of adjusted profit before tax on an absolute basis), 78% (2022: 83%) of the Group's revenue and 80% (2022: 82%) of the Group's total assets. For the current year, the full scope components contributed 91% of the Group's profit before tax (on an absolute basis) (2022: 94% of adjusted profit before tax on an absolute basis), 74% (2022: 79%) of the Group's revenue and 77% (2022: 78%) of the Group's total assets. The specific scope component contributed 4% (2022: 4%) of the Group's revenue and 3% (2022: 4%) of the Group's total assets. The audit scope of this component may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining components that together represent 9% of the Group's profit before tax (on an absolute basis) (2022: 6% of adjusted profit before tax on an absolute basis), none are individually greater than 5% (2022: 5%) of the Group's profit before tax (on an absolute basis). For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Changes from the prior year

We have not changed the full scope or specific scope components from the prior year as these components remain the most significant to the Group, by size and risk, and the coverage remains consistent with the prior year.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the seven full scope components, audit procedures were performed on four of these directly by the Group audit team. For the three full scope components not audited by the Group audit team and for the specific scope component (where the work was performed by component auditors), we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned virtual visits to the component teams in Mainland China, Korea, Japan and Hong Kong S.A.R., China. These visits have been designed to ensure that the Senior Statutory Auditor virtually visited all those full and specific scope audit locations not audited by the Group audit team at least once during the year. These visits involved video calls with local management, including members of finance, marketing and property teams depending on the component and with the local EY component teams. During the visits we held discussions on the audit approach and understood any issues arising from their work and were responsible for the scope and direction of the audit process. We reviewed the component team's working papers remotely to validate that the required procedures had been performed to the appropriate quality. We also virtually attended year end closing meetings at all components and interacted regularly with the component teams throughout the year.

As the Group audit team, we performed the audit for the components in the United Kingdom and the United States. We also met in person where possible, or virtually, with local management for these components. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations are expected to be from climate transition risks, specifically market risks associated with changing consumer preferences in a lower carbon economy. These are explained on pages 94 to 111 in the required Task Force for Climate related Financial Disclosures and on pages 128 to 130 in the principal risks and uncertainties. They have also explained their climate commitments on pages 30 to 33. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit, we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in their Basis of Preparation note how they have reflected the impact of climate change in their financial statements including how this aligns with their commitments in their sustainability strategy. There are no significant judgements and estimates relating to climate change.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk and their climate commitments, specifically on the finished goods inventory provision, impairment of retail store right-of-use assets and property, plant and equipment and going concern. We have assessed whether these risks have been appropriately reflected in asset values where values are determined through modelling future cash flows, this primarily being impairment assessments following the requirements of UK-adopted International Accounting Standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists and senior members of the audit team. This included meetings with the Group's Sustainability and Group Financial Reporting teams, a specific climate change risk workshop and a review of peer disclosures and sector guidance on climate change to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of finished goods inventory provision As described in the Audit Committee Report (page 193); Accounting Policies (page 277); and Note 17 of the Consolidated Financial Statements (page 297) management raises a finished goods inventory provision to reflect where the expected net realisable value is lower than the carrying value of finished goods inventory at the balance sheet date. The Group has £57m of inventory provisions, representing 11.3% of the gross value of inventory of £504m as at 1 April 2023. Of the net inventory of £447m, £431m relates to finished goods. The Group determines the inventory provision considering the aging of inventory by season, identifying problem inventory and considering historical loss rates and future sales forecasts and the expected channel by which the inventory will be exited. This process is inherently judgmental and there is therefore potential for management bias in relation to its allocation of inventory to certain sales channels as well as in relation to future sales forecasts. In the current year we no longer identify the reversal of the COVID-19 related provision as being part of this risk due to this aspect of the provision now being immaterial.	The Group audit team, full scope components teams and specific scope component team performed the audit procedures over the Group's inventory valuation. The principal procedures performed are described below. We performed a walkthrough of the inventory provisioning process and identified and understood the design of key controls. We evaluated the appropriateness of the Group's inventory provisioning policy. We assessed the inventory provisioning model for each component for consistency with the Group's accounting policy. We tested the integrity and accuracy of the provisioning model and inputs (such as loss rates, seasonality and categorisation of inventory), considering the source of information being used by management. We considered the completeness of the inventory provision by considering sell-through data. We understood the planned sales channels and exit routes for problem stock and challenged whether these were consistent with prior periods, the overall sales profile of the Group and the Board approved forecasts used elsewhere across the Group. We considered whether there was any evidence of management bias in the exit routes and future sales forecasts used. We performed analytical procedures around key assumptions and corroborated to our work performed across other accounts to identify and consider if any contrary evidence existed. We used data analytics to corroborate explanations from management and to identify any contrary evidence related to the assumptions used by management in identifying slow-moving inventory. We performed sensitivity analysis to assess the significance and risk of changed assumptions on the provision. This included considering the potential impact climate change may have on inventory provisioning. We reviewed disclosures in the financial statements for appropriateness.	We are satisfied the finished goods inventory provisions are appropriate and the Group's disclosures are appropriate.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment and impairment reversals of retail store right-of-use assets and property, plant and equipment As described in the Audit Committee Report (page 193); Accounting Policies (page 277); and Note 13 of the Consolidated Financial Statements (page 294) management assess the retail store right-of-use assets and property, plant and equipment for impairment charges and reversals of previous impairment charges. The Group has £950m of right-of-use assets and £376m of property, plant and equipment as at 1 April 2023. The Group recognised an impairment charge of £157m for impairment of retail store right-of-use assets and property, plant and equipment due to the impact of COVID-19 during the 52 weeks to 28 March 2020. In the 52 weeks to 27 March 2021 there was a net impairment reversal of £47m. In the 53 weeks to 02 April 2022, there was a net impairment reversal of £8m. As described in notes 13 and 14, during the 52 weeks to 1 April 2023, the Group recorded a net impairment reversal of £1m on retail store right-of-use assets and a net impairment charge of £2m on property, plant and equipment. There is judgement and estimation uncertainty involved in determining the store forecast cash flows to measure impairment charges and reversals, in particular, the revenue growth and profit margin assumptions. Additionally, we have determined there is also a risk that any reversal of the COVID-19 related impairment provision is inappropriately recorded through underlying trading rather than as adjusting items.	Our procedures on the carrying value of retail store right-of-use assets and property, plant and equipment were performed centrally by the Group team. Our procedures included, among others, performing a walkthrough of the retail store impairment process and evaluating the design of controls. We reviewed and challenged the appropriateness of the Group's impairment policy. We also reviewed board minutes for evidence of any contrary evidence in relation to the future plans for stores. Management considered whether indicators of impairment charges or reversals were present for the Group's retail store portfolio based on the Group's latest forecast. We assessed the completeness of the factors considered and assessed the accuracy of the forecast information in conjunction with our testing of the Group's forecasts further outlined below. For the stores identified with indicators of impairment charge or reversal, the Group prepared value-in-use impairment models. Our procedures over the value-in-use calculations included: • Assessing the methodology against the requirements of IAS 36 Impairment of Assets; • Testing the integrity of the model and data inputs used back to source data, for example agreeing store right-of-use asset and property plant and equipment values back to accounting records; • Involving our valuations specialists to conclude on the appropriateness of the discount rate used; • Challenging assumptions used in cash flow forecasts such as revenue growth and profit margins assumptions against historical results and third-party luxury sector forecasts; and • Performing sensitivity analysis on key assumptions and stress test on the most material assets. We challenged whether cash flow forecasts adequately factored in known costs associated with physical and transition climate-related risks and any cash flows required to meet Burberry's publicly stated climate commitments. We assessed the disclosures to the financial statements, including the requirement to disclose sensitivities where a reasonably possible change in a key assumption would result in a material change to the impairment charge or reversal recorded. We tested management's sensitivity analysis and re-calculated the sensitivities disclosed as a result of changing revenue assumptions. We reviewed disclosures in the financial statements for appropriateness, including the presentation of any COVID-19 related impairment releases in the financial statements.	We are satisfied that the consideration of indicators of impairment, value-in-use impairment model methodology, significant underlying assumptions and judgements applied are reasonable and support management's conclusion to recognise a net impairment charge totalling £1m against the retail store right-of-use assets and property, plant and equipment. We are also satisfied with the disclosure and classification of the impairment charges and reversals.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Provision for uncertain tax positions As described in the Audit Committee Report (page 194); Accounting Policies (page 278); and Note 9 of the Consolidated Financial Statements (page 289) the Group is subject to tax regulation in multiple jurisdictions and the centralised operating structure of the Group requires management to exercise judgement in making determinations as to the amount of tax that is payable. The Group is subject to tax authority audits and has a number of open tax enquiries in multiple jurisdictions at any point in time. As a result, the Group has recognised a number of provisions against uncertain tax positions, the valuation of which requires significant assumptions and judgement. We focused on this area due to the complexity, subjectivity, quantification of the provision and the judgement around the trigger for recognition or release impacting the provision and the effective tax rate.	Our procedures on the uncertain tax position provisions were performed centrally by the Group team supported by subject matter specialists (UK transfer pricing team) and supported by overseas teams with expertise in local tax regulations where appropriate. Our procedures included: • Performing a walkthrough of the tax provisioning process and identifying key controls. We also evaluated the appropriateness of the Group's transfer pricing and uncertain tax provisioning policies. • Meeting with tax management to understand the Group cross-border transactions, status of all significant matters, including those provided for, and any changes to management's judgements in the year. • Reading correspondence with tax authorities and external advisors to inform our assessment of recorded estimates and evaluate the completeness of the provisions recorded, directly engaging with external advisors where appropriate. For the most material case, we met external advisors to understand the key judgements in the case and utilised relevant internal specialists. • Independently assessing management's significant assumptions and judgements to record or release provisions following tax audits, settlements and the expiry of statute of limitations. • Testing the accuracy of the calculation of the year end provisions by inspecting underlying documentation and supporting schedules. • Evaluating the adequacy of tax disclosures.	We are satisfied that management's judgements in relation to the extent of provisions for uncertain tax positions are appropriate. We are also satisfied that the tax disclosures are appropriate.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £30 million (2022: £24 million), which is 4.7% of profit before tax (2022: 4.9% of adjusted profit before tax). We have changed to profit before tax as the basis of materiality in line with the default basis used before COVID-19. As the previous basis of materiality (adjusted profit before tax) was considered an exception for COVID-19, we have made the decision to change to profit before tax given the significantly reduced value of adjusting items. Profit before tax provides us with the most relevant performance measure to the stakeholders of the Group, hence it has been selected as the benchmark.

We determined materiality for the Company to be £21.5 million (2022: £21.5 million), which is 1% (2022: 1%) of total assets. For any Company balances that are consolidated into the Group financial statements, an allocation of Group performance materiality was used.

Basis	• Profit before tax – £634m
Materiality	• Materiality of £30m (4.7% of Profit before tax)

During the course of our audit, we reassessed initial materiality based on forecasts provided by management. Our final assessment reflected the actual reported performance for the period.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality for the Group should be 75% (2022: 75%) of our planning materiality, namely £22.5m (2022: £18m). We have set performance materiality at this percentage due to our assessment of the Group's overall control environment and the likelihood of undetected misstatements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £4m to £20m (2022: £3.3m to £14.8m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.5m (2022: £1.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report as set out on pages 2 to 251, including the Strategic Report and Corporate Governance Statement, other than the financial statements and our auditor’s report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors’ Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors’ Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the Directors’ Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company’s compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 248;
- Directors’ explanation as to its assessment of the Company’s prospects, the period this assessment covers and why the period is appropriate set out on page 149;
- Director’s statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 151;
- Directors’ statement on fair, balanced and understandable set out on page 252;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 197;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 197; and
- The section describing the work of the Audit Committee set out on page 191 to 192.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 252, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK adopted International Accounting Standards, UK GAAP, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax laws and regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employees, environmental and bribery and corruption practices.
- We understood how the Group is complying with those frameworks by making enquiries of management, including internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee and observation in Audit Committee meetings, as well as consideration of the results of our audit procedures across the Group.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur and met with finance and operational management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their potential to influence management to manage earnings or influence the perceptions of analysts. We have determined there is a risk of fraud associated to inventory provisions and a risk of management override in manual revenue journals that do not follow the expected process. We considered the policies, processes and controls that the Group has established to address the risks identified, including the design of controls over inventory provisions and each significant revenue stream. We also considered the controls that the Group has that otherwise prevent, deter and detect fraud, and how senior management monitors these controls. We performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations including providing specific instructions to full scope and specific scope component teams and where necessary, using our forensic and other relevant specialists. Our procedures included journal entry testing, with a focus on manual journal entries, consolidation journals and journal entries indicating large or unusual transactions using data analytics. We based this testing on our understanding of the business, enquiries of management, including internal audit, legal and other advisors, the company secretary and reading relevant reports. We performed specific searches derived from forensic investigations experience and leveraged our data analytics platform in performing our testing. We have also reviewed the whistleblowing reports issued during the year. Any instances of non-compliance with laws and regulations identified that might have an impact on components were communicated to the component audit teams and considered in our audit approach, if applicable.

- In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Company at its annual general meeting on 15 July 2020 to audit the financial statements for the Company for the period ending 27 March 2021 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is three years, covering the periods from our appointment through to the period ending 1 April 2023.

The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Rudberg (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

17 May 2023

Group Income Statement

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Revenue	3	**3,094**	2,826
Cost of sales		**(911)**	(815)
Gross profit		**2,183**	2,011
Operating expenses		**(1,572)**	(1,498)
Other operating income		**46**	30
Net operating expenses	4	**(1,526)**	(1,468)
Operating profit		**657**	543
Financing			
Finance income		**21**	3
Finance expense		**(42)**	(34)
Other financing charge		**(2)**	(1)
Net finance expense	8	**(23)**	(32)
Profit before taxation	5	**634**	511
Taxation	9	**(142)**	(114)
Profit for the year		**492**	397
Attributable to:			
Owners of the Company		**490**	396
Non-controlling interest		**2**	1
Profit for the year		**492**	397
Earnings per share			
Basic	10	**126.9p**	98.2p
Diluted	10	**126.3p**	97.7p

		£m	£m
Reconciliation of adjusted profit before taxation:			
Profit before taxation		**634**	511
Adjusting operating items:			
Cost of sales (income)	5	**(1)**	(16)
Net operating expenses (income)	5	**(22)**	(4)
Adjusting financing items	5	**2**	1
Adjusted profit before taxation – non-GAAP measure		**613**	492
Adjusted earnings per share – non-GAAP measure			
Basic	10	**123.1p**	94.5p
Diluted	10	**122.5p**	94.0p

Dividends per share			
Interim	11	**16.5p**	11.6p
Proposed final (not recognised as a liability at 1 April/2 April)	11	**44.5p**	35.4p

Group Statement of Comprehensive Income

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Profit for the year		**492**	397
Other comprehensive income[1]:			
Cash flow hedges	25	**1**	(1)
Foreign currency translation differences		**14**	22
Tax on other comprehensive income		**(1)**	–
Other comprehensive income for the year, net of tax		**14**	21
Total comprehensive income for the year		**506**	418
Total comprehensive income attributable to:			
Owners of the Company		**504**	417
Non-controlling interest		**2**	1
		506	418

1. All items included in other comprehensive income may subsequently be reclassified to profit and loss in a future period.

Group Balance Sheet

	Note	**As at 1 April 2023 £m**	As at 2 April 2022 £m
ASSETS			
Non-current assets			
Intangible assets	12	**248**	240
Property, plant and equipment	13	**376**	322
Right-of-use assets	14	**950**	880
Deferred tax assets	15	**197**	175
Trade and other receivables	16	**52**	45
		1,823	1,662
Current assets			
Inventories	17	**447**	426
Trade and other receivables	16	**307**	283
Derivative financial assets	18	**7**	5
Income tax receivables	9	**76**	86
Cash and cash equivalents	19	**1,026**	1,222
Assets held for sale	13	**–**	13
		1,863	2,035
Total assets		**3,686**	3,697
LIABILITIES			
Non-current liabilities			
Trade and other payables	20	**(76)**	(91)
Lease liabilities	21	**(902)**	(849)
Borrowings	24	**(298)**	(298)
Deferred tax liabilities	15	**(1)**	(1)
Retirement benefit obligations		**(1)**	(1)
Provisions for other liabilities and charges	22	**(40)**	(36)
		(1,318)	(1,276)
Current liabilities			
Trade and other payables	20	**(477)**	(481)
Bank overdrafts	23	**(65)**	(45)
Lease liabilities	21	**(221)**	(209)
Derivative financial liabilities	18	**(1)**	(2)
Income tax liabilities		**(43)**	(39)
Provisions for other liabilities and charges	22	**(22)**	(28)
		(829)	(804)
Total liabilities		**(2,147)**	(2,080)
Net assets		**1,539**	1,617
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary share capital	25	**–**	–
Share premium account		**230**	227
Capital reserve	25	**41**	41
Hedging reserve	25	**4**	4
Foreign currency translation reserve	25	**232**	218
Retained earnings		**1,026**	1,123
Equity attributable to owners of the Company		**1,533**	1,613
Non-controlling interest in equity		**6**	4
Total equity		**1,539**	1,617

The consolidated financial statements of Burberry Group plc (registered number 03458224) on pages 252 to 318 were approved and authorised for issue by the Board on 17 May 2023 and signed on its behalf by:

Jonathan Akeroyd
Chief Executive Officer

Group Statement of Changes in Equity

	Note	Attributable to owners of the Company						
		Ordinary share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance as at 27 March 2021		–	223	242	1,092	1,557	3	1,560
Profit for the year		–	–	–	396	396	1	397
Other comprehensive income:								
Cash flow hedges		–	–	(1)	–	(1)	–	(1)
Foreign currency translation differences	25	–	–	22	–	22	–	22
Total comprehensive income for the year		–	–	21	396	417	1	418
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	16	16	–	16
Equity share awards transferred to liabilities		–	–	–	(1)	(1)	–	(1)
Exercise of share options		–	4	–	–	4	–	4
Purchase of own shares								
Share buyback		–	–	–	(153)	(153)	–	(153)
Held by ESOP trusts		–	–	–	(8)	(8)	–	(8)
Dividends paid in the year		–	–	–	(219)	(219)	–	(219)
Balance as at 2 April 2022		–	227	263	1,123	1,613	4	1,617
Profit for the year		–	–	–	490	490	2	492
Other comprehensive income:								
Cash flow hedges		–	–	1	–	1	–	1
Foreign currency translation differences	25	–	–	14	–	14	–	14
Tax on other comprehensive income		–	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year		–	–	14	490	504	2	506
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	19	19	–	19
Tax on share awards		–	–	–	2	2	–	2
Exercise of share options		–	3	–	–	3	–	3
Purchase of own shares								
Share buyback		–	–	–	(404)	(404)	–	(404)
Held by ESOP trusts		–	–	–	(1)	(1)	–	(1)
Dividends paid in the year		–	–	–	(203)	(203)	–	(203)
Balance as at 1 April 2023		**–**	**230**	**277**	**1,026**	**1,533**	**6**	**1,539**

Group Statement of Cash Flows

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Cash flows from operating activities			
Profit before tax		**634**	511
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation of intangible assets	12	**37**	39
Depreciation of property, plant and equipment	13	**95**	86
Depreciation of right-of-use assets	14	**212**	188
COVID-19-related rent concessions		**(13)**	(18)
Net impairment charge of property, plant and equipment	13	**2**	1
Net impairment charge of right-of-use assets	14	**2**	7
Gain on disposal of property, plant and equipment		**(19)**	(3)
Gain on modification of right-of-use assets		**(2)**	–
Gain on derivative instruments		**(2)**	(4)
Charge in respect of employee share incentive schemes		**19**	16
Net finance expense		**23**	32
Working capital changes:			
Increase in inventories		**(10)**	(22)
Increase in receivables		**(17)**	(5)
(Decrease)/increase in payables and provisions		**(49)**	81
Cash generated from operating activities		**912**	909
Interest received		**18**	2
Interest paid		**(40)**	(32)
Taxation paid		**(140)**	(180)
Net cash generated from operating activities		**750**	699
Cash flows from investing activities			
Purchase of property, plant and equipment		**(136)**	(124)
Purchase of intangible assets		**(43)**	(37)
Proceeds from sale of property, plant and equipment		**32**	8
Initial direct costs of right-of-use assets		**–**	(4)
Payment in respect of acquisition of subsidiary		**–**	(7)
Net cash outflow from investing activities		**(147)**	(164)
Cash flows from financing activities			
Dividends paid in the year	11	**(203)**	(219)
Payment of deferred consideration for acquisition of non-controlling interest	20	**(6)**	(3)
Payment of lease principal	21	**(210)**	(202)
Issue of ordinary share capital		**3**	4
Purchase of own shares through share buyback	25	**(400)**	(150)
Purchase of own shares through share buyback – stamp duty and fees	25	**(4)**	(3)
Purchase of own shares by ESOP trusts		**(1)**	(8)
Net cash outflow from financing activities		**(821)**	(581)
Net decrease in cash net of overdrafts		**(218)**	(46)
Effect of exchange rate changes		**2**	7
Cash net of overdrafts at beginning of year		**1,177**	1,216
Cash net of overdrafts		**961**	1,177

	Note	**As at 1 April 2023 £m**	As at 2 April 2022 £m
Cash and cash equivalents	19	**1,026**	1,222
Bank overdrafts	23	**(65)**	(45)
Cash net of overdrafts		**961**	1,177

1. Basis of preparation

Burberry Group plc and its subsidiaries (the Group) is a global luxury goods manufacturer, retailer and wholesaler. The Group also licenses third parties to manufacture and distribute products using the 'Burberry' trademarks. All of the companies which comprise the Group are controlled by Burberry Group plc (the Company) directly or indirectly.

The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards (IFRS). These consolidated financial statements have been prepared under the historical cost convention, except as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit or loss.

The consolidated financial statements are presented in £m. Financial ratios are calculated using unrounded numbers. The Group Income Statement for the current and prior period has been updated to provide separate disclosure on amounts of other operating income and operating expenses that make up total net operating expenses. The Group Statement of Cash Flows for the current and prior period has also been updated to start the reconciliation of net operating cash flows from profit before tax rather than operating profit.

Consideration of climate-related matters

The Group has performed a climate-related scenario analysis as required by the Task Force on Climate-Related Financial Disclosures. This scenario analysis takes into consideration different climate-related scenarios, including a 2°C or lower scenario. Based on this scenario analysis, consideration has been given to the impact of climate-related risks on management's judgements and estimates, including inventory provisions and the impairment of property, plant and equipment and right-of-use assets.

The incurred costs and investments associated with our sustainability strategy are reflected in the Group's financial statements, including within inventories, property, plant and equipment, and operating profit.

The impact of climate-related risks on the consolidated financial statements for the 52 weeks to 1 April 2023 is not material.

The committed future financial investments associated with our sustainability strategy are included within our budget and three-year forward-looking financial plans. These financial plans have been used to support our impairment reviews and going concern and viability assessment. Future plans may incur additional investment on research and development and higher expenditure on raw materials and other as yet unidentified costs.

Going concern

In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the Directors have assessed the potential cash generation of the Group and considered a range of downside scenarios. This assessment for any indicators that the going concern basis of preparation is not appropriate covers the period from the date of signing the financial statements up to 28 September 2024.

The scenarios considered by the Directors include a severe but plausible downside scenario reflecting the Group's base plan adjusted for severe but plausible impacts from the Group's principal risks. These scenarios were informed by a comprehensive review of the macroeconomic scenarios using third-party projections of macroeconomic data for the luxury fashion industry:

- The Group central planning scenario reflects a balanced projection with a continued focus on growing markets and maintaining momentum built as part of the strategy
- As a sensitivity, this central planning scenario has been flexed to reflect a 16% downgrade to revenues in FY 2023/24 and 16% over the period to 28 September 2024, as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern

The severe but plausible downside scenario modelled the following risks occurring simultaneously:

- A more severe and prolonged reduction in the GDP growth assumptions in the Eurozone and Americas compared to the central planning scenario
- A significant reduction to our global consumer demand arising from a change in consumer preference
- A significant reputational incident such as negative sentiment propagated through social media
- The impact of a business interruption event over three months and consequent two-week interruption in one of our geographies arising from the supply chain impact
- The impact of a one-month interruption to one of our channels following a technology vulnerability
- The occurrence of a one-time physical risk relating to climate change in FY 2023/24 and the materialisation of a severe but plausible ongoing market risk relating to climate change in line with a scenario reflecting a 2°C global temperature increase compared to pre-industrial levels
- The payment of a settlement arising from a regulatory or compliance-related matter
- A short-term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

1. Basis of preparation continued

Going concern continued

Further mitigating actions within management control would be taken under each scenario, including working capital reduction measures and limiting capital expenditure, but these were not incorporated into the downside modelling.

The Directors have also considered the Group's current liquidity and available facilities. As at 1 April 2023, the Group Balance Sheet reflects cash net of overdrafts of £961 million. In addition, the Group has access to a £300 million revolving credit facility, which is currently undrawn and not relied upon for the purpose of this going concern assessment. The Group is in compliance with the covenants for the revolving credit facility and the borrowings raised via the sustainability bond are not subject to covenants. Details of cash, overdrafts, borrowings and facilities are set out in notes 19, 23 and 24 respectively of these financial statements.

In all the scenarios assessed, taking into account current liquidity and available resources and before the inclusion of any mitigating actions within management control, the Group was able to maintain sufficient liquidity to continue trading. On the basis of the assessment performed, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements for the 52 weeks ended 1 April 2023.

New standards, amendments and interpretations adopted in the period

There have been no new standards or interpretations issued and made effective for the financial period commencing 3 April 2022 that have had a material impact on the financial statements of the Group.

Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 52 weeks to 1 April 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The Group's annual financial statements comprise those of Burberry Group plc (the Company) and its subsidiaries, presented as a single economic entity. The results of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies across the Group.

The financial year is the 52 weeks ended 1 April 2023 (last year: 53 weeks ended 2 April 2022).

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the portion of the reporting period during which the Group had control. Intra-group transactions, balances and unrealised profits on transactions between Group companies are eliminated in preparing the Group financial statements. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of additional interests in subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interests in subsidiaries to non-controlling interests are also recorded in equity.

Key sources of estimation uncertainty

Preparation of the consolidated financial statements in conformity with IFRS requires that management make certain estimates and assumptions that affect the measurement of reported revenues, expenses, assets and liabilities and the disclosure of contingent liabilities.

If in the future such estimates and assumptions, which are based on management's best estimates at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where the estimates and assumptions applied have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below. Further details of the Group's accounting policies in relation to these areas are provided in note 2.

1. Basis of preparation continued

Key sources of estimation uncertainty continued

Impairment, or reversals of impairment, of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations prepared using management's best estimates and assumptions at the time. Refer to notes 13 and 14 for further details of retail property, plant and equipment, right-of-use assets and impairment reviews carried out in the period and for sensitivities relating to this key source of estimation uncertainty.

Inventory provisioning

The Group manufactures and sells luxury goods and is subject to changing consumer demands and fashion trends. The recoverability of the cost of inventories is assessed every reporting period, by considering the expected net realisable value of inventory compared to its carrying value. Where the net realisable value is lower than the carrying value, a provision is recorded. When calculating inventory provisions, management considers the nature and condition of the inventory, as well as applying assumptions in respect of anticipated saleability of finished goods and future usage of raw materials. Refer to note 17 for further details of the carrying value of inventory and inventory provisions and for sensitivities relating to this key source of estimation uncertainty.

Uncertain tax positions

In common with many multinational companies, the Group faces tax audits in jurisdictions around the world in relation to transfer pricing of goods and services between associated entities within the Group. These tax audits are often subject to inter-government negotiations. The matters under discussion are often complex and can take many years to resolve.

Tax liabilities are recorded based on management's estimate of either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty. Given the inherent uncertainty in assessing tax outcomes, the Group could, in future periods, experience adjustments to these tax liabilities that have a material positive or negative effect on the Group's results for a particular period.

Refer to note 9 for further details of management estimates surrounding the outcome of all matters under dispute or negotiation between governments in relation to current tax liabilities recognised at 1 April 2023, and for sensitivities relating to this key source of estimation uncertainty.

Key judgements in applying the Group's accounting policies

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Group financial statements. Further details of the Group's accounting policies are provided in note 2. Key judgements that have a significant impact on the amounts recognised in the Group financial statements for the 52 weeks to 1 April 2023 and the 53 weeks to 2 April 2022 are as follows:

Where the Group is a lessee, judgement is required in determining the lease term at initial recognition, and throughout the lease term, where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Considerations include, but are not limited to, the period assessed by management when approving initial investment, together with costs associated with any termination options or extension options. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Where the lease term has been extended by assuming an extension option will be recognised, this will result in the initial right-of-use assets and lease liabilities at inception of the lease being greater than if the option was not assumed to be exercised. Likewise, assuming a break option will be exercised will reduce the initial right-of-use assets and lease liabilities.

Refer to note 21 for further details surrounding the judgements regarding the impact of breaks and options on lease liabilities.

2. Accounting policies

The principal accounting policies of the Group are:

a) Revenue

The Group obtains revenue from contracts relating to sales of luxury goods to retail and wholesale customers. Retail purchases are paid at time of purchase while wholesale and licensing purchases are paid on short-term credit terms. The Group also obtains revenue through licences issued to third parties to produce and sell goods carrying 'Burberry' trademarks. Revenue is stated excluding Value Added Tax and other sales-related taxes.

Retail and wholesale revenue

For retail and wholesale revenue, the primary performance obligation is the transfer of luxury goods to the customer. For retail revenue this is considered to occur when control of the goods passes to the customer. For in-store retail revenue, control transfers when the customer takes possession of the goods in store and pays for the goods. For digital retail revenue, control is considered to transfer when the goods are delivered to the customer. The timing of transfer of control of the goods in wholesale transactions depends upon the terms of trade in the contract. Principally for wholesale revenue, revenue is recognised either when goods are collected by the customer from the Group's premises, or when the Group has delivered the goods to the location specified in the contract. Provision for returns and other allowances are reflected in revenue when revenue from the customer is first recognised. A sales return liability and a corresponding return asset within gross inventory are recognised. Retail customers typically have the right to return product within a limited time frame while wholesale customers typically have the right to return damaged and, under agreement, certain current season products. Returns are initially estimated based on historical levels and adjusted subsequently as returns are incurred.

Some wholesale contracts may require the Group to make payments to the wholesale customer for services directly relating to the sale of the Group's goods, such as the cost of staff handling the Group's goods at the wholesaler. Payments to the customer directly relating to the sale of goods to the customer are recognised as a reduction in revenue, unless in exchange for a distinct good or service. These charges are recognised in revenue at the later of when the sale of the related goods to the customer is recognised or when the customer is paid, or promised to be paid, for the service. Payments to the customer relating to a service which is distinct from the sale of goods to the customer are recognised in operating costs.

The Group sells gift cards and similar products to customers, which can be redeemed for goods, up to the value of the card, at a future date. Revenue relating to gift cards is recognised when the card is redeemed, up to the value of the redemption. Unredeemed amounts on gift cards are classified as contract liabilities. Typically, the Group does not expect to have significant unredeemed amounts arising on its gift cards.

Licensing revenue

The Group's licences entitle the licensee to access the Group's trademarks over the term of the licence. Hence revenue from licensing is recognised over the term of access to the licence. Royalties receivable under licence agreements are usually based on production or sales volumes and are accrued in revenue as the subsequent production or sale occurs. Any amounts received which have not been recognised in revenue are classified as contract liabilities.

b) Segment reporting

As required by IFRS 8 Operating Segments, the segmental information presented in the financial statements is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance, has been identified as the Board of Directors.

The Group has centralised activities for designing, making and sourcing, which ensure a global product offering is sold through retail and wholesale channels worldwide. Resource allocation and performance is assessed across the whole of the retail/wholesale channel globally. Hence the retail/wholesale channel has been determined to be an operating segment.

Licensed products are manufactured and sold by third-party licensees. As a result, this channel is assessed discretely by the Chief Operating Decision Maker and has been determined to be an operating segment.

The Group presents an analysis of its revenue by channel, by product division and by geographical destination.

2. Accounting policies continued

c) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent payments are remeasured at fair value through the Income Statement. All transaction costs are expensed to the Income Statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests in subsidiaries are identified separately from the Group's equity, and are initially measured either at fair value or at a value equal to the non-controlling interests' share of the identifiable net assets acquired. The choice of the basis of measurement is an accounting policy choice for each individual business combination. The excess of the cost of acquisition together with the value of any non-controlling interest over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

d) Share schemes

The Group operates a number of equity-settled share-based compensation schemes, under which services are received from employees (including Executive Directors) as consideration for equity instruments of the Company. The cost of the share-based incentives is measured with reference to the fair value of the equity instruments awarded at the date of grant, including share awards and options. Appropriate option pricing models, including Black-Scholes, are used to determine the fair value of the option awards made. The fair value takes into account the impact of any market performance conditions, but the impact of non-market performance conditions is not considered in determining the fair value on the date of grant. Vesting conditions which relate to non-market conditions are allowed for in the assumptions used for the number of share awards or options expected to vest. The estimate of the number of share awards or options expected to vest is revised at each balance sheet date.

In some circumstances, employees may provide services in advance of the grant date. The grant date fair value is estimated for the purposes of recognising the expense during the period between the service commencement period and the grant date.

The cost of the share-based incentives is recognised as an expense over the vesting period of the share awards, or options, with a corresponding increase in equity.

When share awards or options are exercised, they are settled either via issue of new shares in the Company, or through shares held in an Employee Share Option Plan (ESOP) trust, depending on the terms and conditions of the relevant scheme. For new shares issued, the proceeds received from the exercises of share options, net of any directly attributable transaction costs, are credited to share capital and share premium accounts. When ESOP shares are used, any difference between the exercise price and their cost are recognised in retained earnings.

e) Leases

The Group is both a lessee and lessor of property, plant and equipment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be specifically or implicitly specified. Control exists when the lessee has both the right to direct the use of the identified asset and the right to obtain substantially all of the economic benefits from that use.

Lessee accounting

The Group's principal lease arrangements where the Group acts as the lessee are for property, most notably the lease of retail stores, corporate offices and warehouses. Other leases are for office equipment, vehicles, and supply chain equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group recognises all lease liabilities and the corresponding right-of-use assets on the Balance Sheet, with the exception of certain short-term leases (12 months or less) and leases of low value assets, which are expensed as incurred. Leases and the corresponding right-of-use assets are initially recognised when the Group obtains control of the underlying asset. Leases for new assets are presented as additions to lease liabilities and right-of-use assets.

Lease liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any incentives
- Variable lease payments that are based on a future index or rate
- Amounts expected to be payable by the lessee under residual value guarantees and
- The cost of exercising a purchase option if the lessee is reasonably certain to exercise that option

2. Accounting policies continued

e) Leases continued

Lessee accounting continued

Where the lease contains an extension option or a termination option which is exercisable by the Group, as lessee, an assessment is made as to whether the Group is reasonably certain to exercise the extension option, or not exercise the termination option, considering all relevant facts and circumstances that create an economic incentive. Considerations may include the contractual terms and conditions for the optional periods compared to market rates, costs associated with the termination of the lease and the importance of the underlying asset to the Group's operations.

Variable lease payments dependent upon a future index or rate are measured using the amounts payable at the commencement date until the index or rate is known. Variable lease payments not dependent on an index or rate, including lease payments based on a percentage of turnover, are excluded from the calculation of lease liabilities.

Payments are discounted at the incremental borrowing rate of the lessee, unless the interest rate implicit in the lease can be readily determined.

Right-of-use assets are classified as property or non-property. The Group has elected not to apply the short-term exemption to the property class of right-of-use assets. Where the exemption is applied to the non-property class of right-of-use assets, lease payments are expensed as incurred. The low value asset exemption has been applied to both the property and non-property class of assets on a lease-by-lease basis where applicable.

In circumstances where the Group is in possession of a property but there is no executed agreement or other binding obligation in relation to the property, rent is expensed until such time the obligation becomes binding, at which point, a right-of-use asset and lease liability will be recognised prospectively. These lease costs are disclosed as lease in holdover expenses. Refer to notes 5 and 21.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received and
- Any initial direct costs incurred in entering into the lease

The Group recognises depreciation of right-of-use assets and interest on lease liabilities in the Income Statement over the lease term. Repayments of lease liabilities are classified separately in the Statement of Cash Flows where the cash payments for the principal portion of the lease liability are presented within financing activities, and cash payments for the interest portion are presented within operating activities. Payments in relation to variable lease payments based on turnover, short-term leases and leases of low value assets which are not included on the Balance Sheet are included within operating expenses.

Modifications to lease agreements, extensions to existing lease agreements and changes to future lease payments relating to existing terms in the contract, including market rent reassessments and index-based changes, are presented as remeasurements of the lease liabilities. The related right-of-use asset is also remeasured. If the modification results in a reduction in scope of the lease, either through shortening the lease term or through disposing of part of the underlying asset, a gain or loss on disposal may arise relating to the difference between the lease liabilities and the right-of-use asset applicable to the reduction in scope.

Right-of-use assets are included in the review for impairment of property, plant and equipment and intangible assets with finite economic lives, if there is an indication that the carrying amount of the cash generating unit may not be recoverable.

COVID-19-Related Rent Concessions

The COVID-19-Related Rent Concessions amendment to IFRS 16 Leases was adopted by the IASB on 28 May 2020. The amendment was applied until 30 June 2022. The amendment allowed for a simplified approach to accounting for rent concessions occurring as a direct result of COVID-19 and for which the following criteria are met:
- The revised consideration is substantially the same, or less than, the consideration prior to the change
- The concessions affect only payments originally due on or before 30 June 2022 and
- There is no substantive change to other terms and conditions of the lease

From 1 July 2022, the Group has applied the principles of IFRS 9 Financial Instruments and continues to account for eligible rent forgiveness as negative variable lease payments where:
- The rent concessions are occurring as a direct result of COVID-19
- The revised consideration is substantially the same, or less than, the consideration prior to the change and
- There is no substantive change to other terms and conditions of the lease

2. Accounting policies continued

e) Leases continued

COVID-19-Related Rent Concessions continued

Lessees are not required to assess whether eligible rent concessions are lease modifications, allowing the lessee to account for eligible rent concessions as if they were not lease modifications. The Group may agree rent concessions both in the form of rent forgiveness in which the landlord has agreed to forgive all or a portion of rents due with no obligation to be repaid in the future, and rent deferrals in which the landlord has agreed to forego rents in one period with a proportional increase in rents due in a future period.

The Group has chosen to account for eligible rent forgiveness as negative variable lease payments. Rent concessions are recognised once a legally binding agreement is made between both parties, by derecognising the portion of the lease liability that has been forgiven and recognising the benefit in the Income Statement. As a result, the Group has recognised £13 million (last year: £18 million) in COVID-19-related rent concessions in the Income Statement within other operating income in the current period. This has been presented as an adjusting item (refer to note 6). In the Statement of Cash Flows, the forgiveness results in lower payments of lease principal. The negative variable lease payments in the Income Statement comprise a non-cash item which is adjusted for to calculate cash generated from operating activities.

Rent deferrals do not change the total consideration due over the life of the lease. Deferred rent payments are recognised as a payable until the period the original rent payment is due. Payments relating to rent deferrals are recognised as payments of lease principal when the payment is made.

f) Dividend distributions

Dividend distributions to Burberry Group plc's shareholders are recognised as a liability in the period in which the dividend becomes a committed obligation. Final dividends are recognised when they are approved by the shareholders. Interim dividends are recognised when paid.

g) Pension costs

Eligible employees participate in defined contribution pension schemes, the principal one being in the UK with its assets held in an independently administered fund. The cost of providing these benefits to participating employees is recognised in the Income Statement as they fall due and comprises the amount of contributions to the schemes.

h) Intangible assets

Goodwill

Goodwill is the excess of the cost of acquisition together with the value of any non-controlling interest, over the fair value of identifiable net assets acquired. Goodwill on acquisition is recorded as an intangible asset. Fair values are attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are also made to align the accounting policies of acquired businesses with those of the Group.

Goodwill is assigned an indefinite useful life. Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses recognised on goodwill are not reversed in future periods.

Trademarks, licences and other intangible assets

The cost of securing and renewing trademarks and licences, and the cost of acquiring other intangible assets, is capitalised at purchase price and amortised by equal annual instalments over the period in which benefits are expected to accrue, typically ten years for trademarks, or the term of the licence. The useful life of trademarks and other intangible assets is determined on a case-by-case basis, in accordance with the terms of the underlying agreement and the nature of the asset.

Computer software

Computer software costs are capitalised during the development phase at the point at which there is sufficient certainty that the software will deliver future economic benefits to the Group. The cost of acquiring computer software (including licences and separately identifiable development costs) is capitalised as an intangible asset at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software costs are amortised on a straight-line basis over their estimated useful lives, which may be up to seven years.

2. Accounting policies continued

i) Property, plant and equipment

Property, plant and equipment, with the exception of assets in the course of construction, is stated at cost or deemed cost, based on historical revalued amounts prior to the adoption of IFRS, less accumulated depreciation and provision to reflect any impairment in value. Assets in the course of construction are stated at cost less any provision for impairment and transferred to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation of property, plant and equipment is calculated to write off the cost or deemed cost, less residual value, of the assets in equal annual instalments over their estimated useful lives at the following rates:

Type of asset	Category of property, plant and equipment	Useful life
Land	Freehold land and buildings	Not depreciated
Freehold buildings	Freehold land and buildings	Up to 50 years
Long life leasehold improvements	Leasehold improvements	Over the unexpired term of the lease
Short life leasehold improvements	Leasehold improvements	Up to 10 years
Plant and machinery	Fixtures, fittings and equipment	Up to 15 years
Retail fixtures and fittings	Fixtures, fittings and equipment	Up to 5 years
Office fixtures and fittings	Fixtures, fittings and equipment	Up to 5 years
Computer equipment	Fixtures, fittings and equipment	Up to 7 years
Assets in the course of construction	Assets in the course of construction	Not depreciated

Profit/loss on disposal of property, plant and equipment and intangible assets

Profits and losses on the disposal of property, plant and equipment and intangible assets represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

j) Assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continued use, and a sale within the next 12 months is considered to be highly probable. Assets classified as held for sale cease to be depreciated and they are stated at the lower of carrying amount and fair value less cost to sell.

k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets under construction are also tested annually. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, retail assets are grouped at the lowest levels for which there are separately identifiable cash flows, being individual stores (cash generating units), and goodwill assets are considered at the lowest level being monitored by management. Non-financial assets, other than goodwill, for which an impairment has been previously recognised are reviewed for possible reversal of impairment at each reporting date.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost consists of all costs of purchase, costs of conversion, design costs and other costs incurred in bringing the inventories to their first point of sale location and condition. The cost of inventories is determined using a weighted average cost method, taking account of the fashion seasons for which the inventory was offered. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

2. Accounting policies continued

m) Taxation

Tax expense represents the sum of the current tax expense and deferred tax charge.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense which are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax is calculated using tax rates which have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, no deferred tax will be recognised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and where the amount of the obligation can be reliably estimated. When the effect of the time value of money is material, provision amounts are calculated based on the present value of the expenditures expected to be required to settle the obligation. The present value is calculated using forward market interest rates as measured at the balance sheet reporting date, which have been adjusted for risks specific to the future obligation.

Property obligations

A provision for the present value of future property reinstatement costs is recognised where there is an obligation to return the leased property to its original condition at the end of a lease term. The reinstatement cost at the end of a lease usually arises due to leasehold improvements and modifications carried out by the Group in order to customise the property during tenure of the lease. As a result, the cost of the reinstatement provision is recognised as a component of the cost of the leasehold improvements in property, plant and equipment when these are installed and amortised to the income statement over the expected life of the lease.

o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is credited to share capital and share premium accounts included in equity attributable to owners of the Company.

2. Accounting policies continued

p) Financial instruments

Financial instruments are initially recognised at fair value plus directly attributable transaction costs on the Balance Sheet when the entity becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

At initial recognition, all financial liabilities are stated at fair value. Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest rate method except for derivatives which are held at fair value and which are classified as fair value through profit and loss, except where they qualify for hedge accounting. Financial assets are classified as either amortised cost or fair value through profit and loss depending on their cash flow characteristics. Assets with cash flows that represent solely payments of principal and interest are measured at amortised cost. The fair value of the Group's financial assets and liabilities held at amortised cost mostly approximate their carrying amount due to the short maturity of these instruments. Where the fair value of any financial asset or liability held at amortised cost is materially different to the book value, the fair value is disclosed.

The Group classifies its instruments in the following categories:

Financial instrument category	Note	Classification	Measurement	Fair value measurement hierarchy[2]
Cash and cash equivalents	19	Amortised cost	Amortised cost	N/A
Cash and cash equivalents	19	Fair value through profit and loss	Fair value through profit and loss	2
Trade and other receivables	16	Amortised cost	Amortised cost	N/A
Trade and other receivables	16	Fair value through profit and loss	Fair value through profit and loss	2
Trade and other payables	20	Other financial liabilities	Amortised cost	N/A
Borrowings	24	Other financial liabilities	Amortised cost	N/A
Leases	21	Lease liabilities	Amortised cost	N/A
Deferred consideration	20	Fair value through profit and loss	Fair value through profit and loss	3
Forward foreign exchange contracts	18	Fair value through profit and loss	Fair value through profit and loss	2
Forward foreign exchange contracts used for hedging[1]	18	Fair value – hedging instrument	Fair value – hedging instrument[3]	2
Equity swap contracts	18	Fair value through profit and loss	Fair value through profit and loss	2

1. Cash flow hedge and net investment hedge accounting is applied to the extent it is achievable.
2. The fair value measurement hierarchy is only applicable for financial instruments measured at fair value.
3. Forward foreign exchange contracts used for hedging are classified as Fair value – hedging instruments under IFRS 9, however IAS 39 hedge accounting has been applied.

The measurements for financial instruments carried at fair value are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: includes unobservable inputs for the asset or liability.

Observable inputs are those which are developed using market data, such as publicly available information about actual events or transactions. The Group has an established framework with respect to measurement of fair values, including Level 3 fair values. The Group regularly reviews any significant inputs which are not derived from observable market data and considers, where available, relevant third-party information, to support the conclusion that such valuations meet the requirements of IFRS. The classification level in the fair value hierarchy is also considered periodically.

The fair value of those cash and cash equivalents measured at fair value through profit and loss, principally money market funds, is derived from their net asset value which is based on the value of the portfolio investment holdings at the balance sheet date. This is considered to be a Level 2 measurement.

2. Accounting policies continued

p) Financial instruments continued

The fair value of forward foreign exchange contracts, equity swap contracts and trade and other receivables, principally cash settled equity swaps, is based on a comparison of the contractual and market rates and, in the case of forward foreign exchange contracts, after discounting using the appropriate yield curve as at the balance sheet date. All Level 2 fair value measurements are calculated using inputs which are based on observable market data.

The fair value of the contingent payment component of deferred consideration is considered to be a Level 3 measurement and is derived using a present value calculation, incorporating observable and non-observable inputs. This valuation technique has been adopted as it most closely mirrors the contractual arrangement.

The Group's primary categories of financial instruments are listed below:

Cash and cash equivalents

Cash and short-term deposits on the Balance Sheet comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts, which are recorded under current liabilities on the Balance Sheet.

While cash at bank and in hand is classified as amortised cost, some short-term deposits are classified as fair value through profit and loss.

Cash and cash equivalents held at amortised cost are subject to impairment testing at each period end.

Trade and other receivables

Trade and other receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. Most receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected credit losses on trade receivables is established at inception. Expected credit loss rates are calculated by reviewing lifetime expected credit losses using historic and forward-looking data. The amount of the movement in the provision is recognised in the Income Statement.

Trade and other payables

Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Borrowings are recognised initially at fair value, inclusive of transaction costs incurred. Borrowings are subsequently stated at amortised cost and the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Deferred consideration

Deferred consideration is initially recognised at the present value of the expected future payments. It is subsequently remeasured at fair value at each reporting period with the change in fair value relating to changes in expected future payments recorded in the Income Statement as an operating expense or income. Changes in fair value relating to unwinding of discounting to present value are recorded as a financing expense.

Derivative instruments

The Group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates arising on certain trading transactions. The principal derivative instruments used are forward foreign exchange contracts taken out to hedge highly probable cash flows in relation to future sales, and product purchases. The Group also may designate forward foreign exchange contracts or foreign currency borrowings as a net investment hedge of the assets of overseas subsidiaries.

2. Accounting policies continued

p) Financial instruments continued

Derivative instruments continued

When hedge accounting is applied, the Group documents at the inception of the transaction the relationship between the spot element of the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivatives are initially recognised at fair value at the trade date and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets and liabilities or a firm commitment (fair value hedges); (2) hedges of highly probable forecast transactions (cash flow hedges); (3) hedges of net investment of the assets of overseas subsidiaries (net investment hedges); or (4) classified as fair value through profit and loss.

The forward elements of the hedging instrument are recognised in operating expenses.

Changes in the fair value relating to the spot element of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value relating to the spot element of derivatives that are designated and qualify as cash flow hedges is deferred in other comprehensive income. The gain or loss relating to the ineffective portion of the gain or loss is recognised immediately in the Income Statement. Amounts deferred in other comprehensive income are recycled through the Income Statement in the periods when the hedged item affects the Income Statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement within 'net exchange gain/(loss) on derivatives – fair value through profit and loss'. If a derivative instrument is not designated as a hedge, the subsequent change to the fair value is recognised in the Income Statement within operating expenses or interest depending upon the nature of the instrument.

Where the Group hedges net investments in foreign operations through derivative instruments or foreign currency borrowings, the gains or losses on the effective portion of the change in fair value of derivatives that are designated and qualify as a hedge of a net investment, or the gains or losses on the retranslation of the borrowings are recognised in other comprehensive income and are reclassified to the Income Statement when the foreign operation that is hedged is disposed of.

Cash settled equity swaps are classified as fair value through profit and loss.

q) Government grants

Government grants related to assets are recognised as deferred income when there is reasonable certainty that any conditions attached to the grant will be met and the grant will be received. They are amortised to operating income over the useful life of the asset. Government grants related to income are presented as operating income when it is reasonably certain that any conditions attached will be met and that the grant will be received.

2. Accounting policies continued

r) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling which is the Company's functional and the Group's presentation currency.

Transactions in foreign currencies
Transactions denominated in foreign currencies within each entity in the Group are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at the year end, are translated into the functional currency at the exchange rate ruling at the balance sheet date (closing rate). Exchange differences on monetary items are recognised in the Income Statement in the period in which they arise, except where these exchange differences form part of a net investment in overseas subsidiaries of the Group, in which case such differences are recognised in other comprehensive income.

Translation of the results of overseas businesses
The results of overseas subsidiaries are translated into the Group's presentation currency of sterling each month at the average exchange rate for the month, weighted according to the phasing of the Group's trading results. The average exchange rate is used, as it is considered to approximate the actual exchange rates on the date of the transactions. The assets and liabilities of such undertakings are translated at the closing rates. Differences arising on the retranslation of the opening net investment in subsidiary companies, and on the translation of their results, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The principal exchange rates used were as follows:

	Average rate		Closing rate	
	52 weeks to 1 April 2023	53 weeks to 2 April 2022	**As at 1 April 2023**	As at 2 April 2022
Euro	**1.16**	1.18	**1.14**	1.19
US Dollar	**1.20**	1.36	**1.24**	1.31
Chinese Yuan Renminbi	**8.27**	8.73	**8.51**	8.34
Hong Kong Dollar	**9.43**	10.63	**9.73**	10.26
Korean Won	**1,577**	1,596	**1,613**	1,592

s) Adjusted profit before taxation
In order to provide additional understanding of the underlying performance of the Group's ongoing business, the Group's results include a presentation of Adjusted operating profit and Adjusted profit before taxation (adjusted PBT). Adjusted PBT is defined as profit before taxation and before adjusting items. Adjusting items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and/or material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature, including the impact of changes in fair value of expected future payments or receipts relating to these transactions. Adjusting items are identified and presented on a consistent basis each year and a reconciliation of adjusted PBT to profit before tax is included in the financial statements. Adjusting items and their related tax impacts, as well as adjusting taxation items, are added back to/deducted from profit attributable to owners of the Company to arrive at adjusted earnings per share. Refer to note 6 for further details of adjusting items.

3. Segmental analysis

The Chief Operating Decision Maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports used by the Board. The Board considers the Group's business through its two channels to market, being retail/wholesale and licensing.

Retail/wholesale revenues are generated by the sale of luxury goods through Burberry mainline stores, concessions, outlets and digital commerce as well as Burberry franchisees, prestige department stores globally and multi-brand speciality accounts. The flow of global product between retail and wholesale channels and across our regions is monitored and optimised at a corporate level and implemented via the Group's inventory hubs and principal distribution centres situated in Europe, the US, Mainland China and Hong Kong S.A.R. China.

Licensing revenues are generated through the receipt of royalties from global licensees of beauty products, eyewear and from licences relating to the use of non-Burberry trademarks in Japan.

The Board assesses channel performance based on a measure of adjusted operating profit. This measurement basis excludes the effects of adjusting items. The measure of earnings for each operating segment that is reviewed by the Board includes an allocation of corporate and central costs. Interest income and charges are not included in the result for each operating segment that is reviewed by the Board.

	Retail/Wholesale		Licensing		Total	
	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Retail	**2,501**	2,273	**–**	–	**2,501**	2,273
Wholesale	**543**	512	**–**	–	**543**	512
Licensing	**–**	–	**51**	42	**51**	42
Total segment revenue	**3,044**	2,785	**51**	42	**3,095**	2,827
Inter-segment revenue[1]	**–**	–	**(1)**	(1)	**(1)**	(1)
Revenue from external customers	**3,044**	2,785	**50**	41	**3,094**	2,826
Depreciation and amortisation[2]	**(341)**	(313)	**–**	–	**(341)**	(313)
Net impairment charge of property, plant and equipment[3]	**(2)**	(2)	**–**	–	**(2)**	(2)
Net impairment charge of right-of-use assets[4]	**(5)**	(1)	**–**	–	**(5)**	(1)
Other non-cash items:						
Share-based payments	**(19)**	(16)	**–**	–	**(19)**	(16)
Adjusted operating profit	**587**	486	**47**	37	**634**	523
Adjusting items[5]					**21**	19
Finance income					**21**	3
Finance expense					**(42)**	(34)
Profit before taxation					**634**	511

1. Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.
2. Depreciation and amortisation for the 52 weeks to 1 April 2023 is presented excluding £3 million (last year: £nil) arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 6).
3. Net impairment charge of property, plant and equipment for the 53 weeks to 2 April 2022 was presented excluding a net reversal of £1 million relating to charges as a result of the impact of COVID-19, which was presented as an adjusting item (refer to note 6).
4. Net impairment charge of right-of-use assets for the 52 weeks to 1 April 2023 is presented excluding a reversal of £6 million (last year: charge of £6 million) relating to charges as a result of the impact of COVID-19 and a net charge of £3 million (last year: charge of £nil) arising as a result of the Group's restructuring programmes, which have been presented as adjusting items (refer to note 6).
5. Adjusting items relate to the Retail and Wholesale segment. Refer to note 6 for details of adjusting items.

3. Segmental analysis continued

	Retail/Wholesale		Licensing		Total	
	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Additions to non-current assets	**350**	400	**–**	–	**350**	400
Total segment assets	**2,273**	2,099	**5**	6	**2,278**	2,105
Goodwill					**109**	109
Cash and cash equivalents					**1,026**	1,222
Taxation					**273**	261
Total assets per Balance Sheet					**3,686**	3,697

Additional revenue analysis

All revenue is derived from contracts with customers. The Group derives retail and wholesale revenue from contracts with customers from the transfer of goods and related services at a point in time. Licensing revenue is derived over the period the licence agreement gives the customer access to the Group's trademarks.

Revenue by product division	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Accessories	**1,125**	1,017
Women's	**867**	784
Men's	**868**	807
Children's/Other	**184**	177
Retail/Wholesale	**3,044**	2,785
Licensing	**50**	41
Total	**3,094**	2,826

Revenue by destination	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Asia Pacific	**1,297**	1,276
EMEIA[1]	**1,004**	813
Americas	**743**	696
Retail/Wholesale	**3,044**	2,785
Licensing	**50**	41
Total	**3,094**	2,826

1. EMEIA comprises Europe, Middle East, India and Africa.

Entity-wide disclosures

Revenue derived from external customers in the UK totalled £257 million for the 52 weeks to 1 April 2023 (last year: £210 million).

Revenue derived from external customers in foreign countries totalled £2,837 million for the 52 weeks to 1 April 2023 (last year: £2,616 million). This amount includes £661 million of external revenues derived from customers in the USA (last year: £626 million) and £683 million of external revenues derived from customers in Mainland China (last year: £765 million).

The total of non-current assets, other than financial instruments, and deferred tax assets located in the UK is £485 million (last year: £439 million). The remaining £1,094 million of non-current assets are located in other countries (last year: £1,005 million), with £318 million located in the US (last year: £263 million) and £235 million located in Mainland China (last year: £214 million).

4. Net operating expenses

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022[1] £m
Other operating income		**(12)**	(10)
Selling and distribution costs		**1,207**	1,115
Administrative expenses		**353**	367
		1,548	1,472
Adjusting operating income	6	**(34)**	(20)
Adjusting operating expenses	6	**12**	16
		(22)	(4)
Net operating expenses		**1,526**	1,468

1. Balances for the 53 weeks to 2 April 2022 have been restated to align with the current year allocation of other operating income. Other operating income has been decreased by £8 million with an offsetting increase of £2 million in selling and distribution costs and decrease of £10 million in administrative expenses. This is largely to present gains on foreign exchange, which were previously presented as other operating income, net within expenses. There is no impact on total net operating expenses.

5. Profit before taxation

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Adjusted profit before taxation is stated after charging/(crediting):			
Depreciation of property, plant and equipment			
Within cost of sales		**2**	2
Within selling and distribution costs		**76**	68
Within administrative expenses		**17**	16
Depreciation of right-of-use assets			
Within selling and distribution costs		**191**	171
Within administrative expenses[1]		**18**	17
Amortisation of intangible assets			
Within selling and distribution costs		**1**	2
Within administrative expenses		**36**	37
Gain on disposal of property, plant and equipment[2]		**–**	(3)
Gain on modification of right-of-use assets		**(2)**	–
Net impairment charge of property, plant and equipment[3]	13	**2**	2
Net impairment charge of right-of-use assets[4]	14	**5**	1
Employee costs[5]	28	**565**	537
Other lease expense			
Property lease variable lease expense	21	**125**	122
Property lease in holdover expense	21	**20**	17
Non-property short-term lease expense	21	**11**	5
Net exchange loss/(gain) on revaluation of monetary assets and liabilities		**10**	(10)
Net (gain)/loss on derivatives – fair value through profit and loss		**(9)**	9
Receivables net impairment charge[6]		**2**	1

1. Depreciation of right-of-use assets within administrative expenses for the 52 weeks to 1 April 2023 is presented excluding £3 million (last year: £nil) arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 6).
2. Gain on disposal of property, plant and equipment for the 52 weeks to 1 April 2023 is presented excluding £19 million relating to the gain on sale of a property in the US, which has been presented as an adjusting item (refer to note 6).
3. Net impairment charge of property, plant and equipment for the 53 weeks to 2 April 2022 was presented excluding a net reversal of £1 million relating to charges as a result of the impact of COVID-19, which was presented as an adjusting item (refer to note 6).
4. Net impairment charge of right-of-use assets for the 52 weeks to 1 April 2023 is presented excluding a reversal of £6 million (last year: charge of £6 million) relating to charges as a result of the impact of COVID-19 and a net charge of £3 million (last year: charge of £nil) arising as a result of the Group's restructuring programme, which have been presented as adjusting items (refer to note 6).
5. Employee costs for the 52 weeks to 1 April 2023 are presented excluding a charge of £10 million (last year: £10 million) arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 6).
6. Receivables net impairment charge for the 53 weeks to 2 April 2022 is presented excluding a reversal of £1 million relating to charges as a result of the impact of COVID-19, which was presented as an adjusting item (refer to note 6).

5. Profit before taxation continued

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Adjusting items			
Adjusting operating items			
Impact of COVID-19:			
Impairment (reversal)/charge relating to retail cash generating units	6	**(6)**	5
Impairment reversal relating to inventory	6	**(1)**	(16)
Impairment reversal relating to receivables	6	**–**	(1)
COVID-19-related rent concessions	6	**(13)**	(18)
COVID-19-related government grant income	6	**(2)**	(2)
Other adjusting items:			
Gain on disposal of property	6	**(19)**	–
Restructuring costs	6	**16**	11
Revaluation of deferred consideration liability	6	**2**	1
Total adjusting operating items		**(23)**	(20)
Adjusting financing items			
Finance charge on adjusting items	6	**2**	1
Total adjusting financing items		**2**	1

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Analysis of adjusting operating items:			
Included in Cost of sales (Impairment reversal relating to inventory)		**(1)**	(16)
Included in Operating expenses	4	**12**	16
Included in Other operating income	4	**(34)**	(20)
Total		**(23)**	(20)

6. Adjusting items

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Total adjusting operating items (pre-tax)	**(23)**	(20)
Total adjusting financing items (pre-tax)	**2**	1
Tax charge on adjusting operating items	**6**	5
Total adjusting operating items (post-tax)	**(15)**	(14)

Impact of COVID-19

At 1 April 2023, impairments and provisions recorded as adjusting items in prior periods as a result of the impact of COVID-19 have been reviewed and the assumptions updated where appropriate, to reflect management's latest expectations. The impact of changes in assumptions has been presented as an update to the adjusting item charge. Further details regarding the approach applied to measure these updates are set out below for each of the specific adjusting items.

Impairment of retail cash generating units

During the 52 weeks to 1 April 2023, the impairment provisions remaining have been reassessed, using management's latest expectations, with a reversal of £6 million recorded (last year: charge of £5 million). A related tax charge of £1 million (last year: credit of £1 million) has also been recognised in the year. Any charges or reversals which did not arise from the reassessment of the original impairment adjusting item, had they arisen, would not have been included in this adjusting item. Refer to notes 13 and 14 for details of impairment of retail cash generating units.

Impairment of inventory

During the 52 weeks to 1 April 2023, reversals of inventory provisions, relating to inventory which had been provided for as an adjusting item at the previous year end and has either been sold, or is now expected to be sold, at a higher net realisable value than had been assumed when the provision had been initially estimated, of £1 million (last year: £16 million) have been recorded and presented as an adjusting item. No related tax charge (last year: £4 million) has been recognised in the year. All other charges and reversals relating to inventory provisions have been recorded in adjusted operating profit. Refer to note 17 for details of inventory provisions.

Impairment of receivables

During the 53 weeks to 2 April 2022, a reversal of £1 million was recorded as an adjusting item relating to the one-off impact of COVID-19 on expected credit losses. No amounts were recorded during the 52 weeks to 1 April 2023. Refer to note 27 for details of impairment of receivables.

COVID-19-related rent concessions

Eligible rent forgiveness amounts have been treated as negative variable lease payments, resulting in a credit of £13 million (last year: £18 million) for the 52 weeks to 1 April 2023 being recorded within other operating income. This income has continued to be presented as an adjusting item given that it is explicitly related to COVID-19. The amendment to IFRS 16 expired on 30 June 2022; however the Group continues to apply the same accounting treatment applying the principles of IFRS 9. A related tax charge of £3 million (last year: £4 million) has also been recognised in the current year.

COVID-19-related grant income

The Group has recorded grant income of £2 million (last year: £2 million) within other operating income for the 52 weeks to 1 April 2023, relating to government support to alleviate the impact of COVID-19. This income has been presented as an adjusting item as it is explicitly related to COVID-19, and the arrangements are expected to last for a limited period of time. A related tax charge of £1 million (last year: £1 million) has also been recognised in the current year.

Other adjusting items

Gain on disposal of property

During the 52 weeks to 1 April 2023, the Group completed the sale of an owned property in the US for cash proceeds of £22 million resulting in a net gain on disposal of £19 million, recorded within other operating income. The net gain on disposal was recognised as an adjusting item, in accordance with the Group's accounting policy, as it is considered to be material and one-off in nature. A related tax charge of £5 million was also recognised in the year.

6. Adjusting items continued

Other adjusting items continued

Restructuring costs

Restructuring costs of £16 million (last year: £11 million) were incurred in the current year, arising primarily as a result of the organisational efficiency programme announced in July 2020, and completed in the current year, that included the creation of three new business units to enhance product focus, increase agility and elevate quality, and to further streamline office-based functions and facilities. The costs for the 52 weeks to 1 April 2023 principally relate to impairment charges on non-retail assets and redundancies and are recorded in operating expenses. They are presented as an adjusting item, in accordance with the Group's accounting policy, as the anticipated cost of the restructuring programme is considered material and discrete in nature. A related tax credit of £4 million (last year: £3 million) has also been recognised in the current year.

Items relating to the deferred consideration liability

On 22 April 2016, the Group entered into an agreement to transfer the economic right of the non-controlling interest in Burberry Middle East LLC to the Group in exchange for consideration of contingent payments to be made to the minority shareholder over the period to 2023.

A charge of £2 million in relation to the revaluation of this balance has been recognised in operating expenses for the 52 weeks to 1 April 2023 (last year: £1 million). This movement is unrealised. No tax has been recognised on this item, as the future payments are not considered to be deductible for tax purposes. This item is presented as an adjusting item in accordance with the Group's accounting policy, as it arises from changes in the value of the liability for expected future payments relating to the purchase of a non-controlling interest in the Group and acquisition of a subsidiary respectively.

7. Auditor remuneration

Fees incurred during the year in relation to audit and non-audit services are analysed below:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Audit services in respect of the financial statements of the Company and consolidation	**0.5**	0.5
Audit services in respect of the financial statements of subsidiary companies	**2.7**	2.3
Audit-related assurance services	**0.2**	0.2
Other non-audit-related services	**0.1**	0.1
Total	**3.5**	3.1

8. Financing

	Note	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
Finance income – amortised cost		**3**	1
Bank interest income – fair value through profit and loss		**18**	2
Finance income		**21**	3
Interest expense on lease liabilities[1]	21	**(31)**	(27)
Interest expense on overdrafts		**(2)**	–
Interest expense on borrowings		**(4)**	(4)
Bank charges		**(1)**	(2)
Other finance expense		**(4)**	(1)
Finance expense		**(42)**	(34)
Finance charge on adjusting items	6	**(2)**	(1)
Net finance expense		**(23)**	(32)

1. Interest expense on lease liabilities of £31 million excludes £2 million arising as a result of the Group's restructuring programme, which has been presented as an adjusting item (refer to note 6).

9. Taxation

Analysis of charge for the year recognised in the Group Income Statement:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Current tax		
UK corporation tax		
Current tax on income for the 52 weeks to 1 April 2023 at 19% (last year: 19%)	**116**	114
Double taxation relief	**(5)**	(7)
Adjustments in respect of prior years[1]	**12**	25
	123	132
Foreign tax		
Current tax on income for the year	**34**	28
Adjustments in respect of prior years[1]	**3**	(15)
	37	13
Total current tax	**160**	145
Deferred tax		
UK deferred tax		
Origination and reversal of temporary differences	**4**	(3)
Impact of changes to tax rates	**–**	(4)
Adjustments in respect of prior years[1]	**–**	1
	4	(6)
Foreign deferred tax		
Origination and reversal of temporary differences	**(26)**	(27)
Adjustments in respect of prior years[1]	**4**	2
	(22)	(25)
Total deferred tax	**(18)**	(31)
Total tax charge on profit	**142**	114

1. Adjustments in respect of prior years relate mainly to adjustments to estimates of prior period tax liabilities and a net increase in provisions for uncertain tax positions and tax accruals.

Analysis of charge for the year recognised in other comprehensive income and directly in equity:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Current tax		
Recognised in other comprehensive income:		
Current tax charge on exchange differences on loans (foreign currency translation reserve)	**1**	–
Current tax charge on net investment hedges deferred in equity (hedging reserve)	**–**	1
Total current tax recognised in other comprehensive income	**1**	1
Deferred tax		
Recognised in other comprehensive income:		
Deferred tax credit on net investment hedges deferred in equity (hedging reserve)	**–**	(1)
Total deferred tax recognised in other comprehensive income	**–**	(1)
Recognised in equity:		
Deferred tax credit on share options (retained earnings)	**(2)**	–
Total deferred tax recognised directly in equity	**(2)**	–

9. Taxation continued

The tax rate applicable on profit varied from the standard rate of corporation tax in the UK due to the following factors:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Profit before taxation	**634**	511
Tax at 19% (last year: 19%) on profit before taxation	**120**	97
Rate adjustments relating to overseas profits	**1**	3
Permanent differences	**4**	6
Tax on dividends not creditable	**–**	2
Prior year temporary differences and tax losses recognised	**(3)**	(3)
Adjustments in respect of prior years	**19**	13
Adjustments to deferred tax relating to changes in tax rates	**1**	(4)
Total taxation charge	**142**	114

Total taxation recognised in the Group Income Statement arises on the following items:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Tax on adjusted profit before taxation	**136**	109
Tax on adjusting items	**6**	5
Total taxation charge	**142**	114

Factors affecting future tax charges

Uncertain tax positions

The Group operates in numerous tax jurisdictions around the world and is subject to factors that may affect future tax charges including transfer pricing, tax rate changes, tax legislation changes, tax authority interpretation, expiry of statutes of limitation, tax litigation, and resolution of tax audits and disputes.

At any given time, the Group has open years outstanding in various countries and is involved in tax audits and disputes, some of which may take several years to resolve. Provisions are based on best estimates and management's judgements concerning the likely ultimate outcome of any audit or dispute. Management considers the specific circumstances of each tax position and takes external advice, where appropriate, to assess the range of potential outcomes and estimate additional tax that may be due.

At 1 April 2023 the Group had recognised provisions of £86 million in respect of uncertain tax positions (increasing from £64 million in 2022), being provisions of £103 million net of expected reimbursements of £17 million (last year: £69 million net of expected reimbursements of £5 million). The majority of these provisions relate to the tax impact of intra-group transactions between the UK and the various jurisdictions in which the Group operates, as would be expected for a Group operating internationally.

The Group believes that it has made adequate provision in respect of additional tax liabilities that may arise from open years, tax audits and disputes. However, the actual liability for any particular issue may be higher or lower than the amount provided, resulting in a negative or positive effect on the tax charge in any given year. A reduction in the tax charge may also arise for other reasons such as an expiry of the relevant statute of limitations. Depending on the final outcome of tax audits which are currently in progress, statute of limitations expiry, and other factors, an impact on the tax charge could arise. The tax impact of intra-group transactions is a complex area and resolution of matters can take many years. Given the inherent uncertainty, it is difficult to predict the timing of when these matters will be resolved and the quantum of the ultimate resolution. Management estimate that the outcome across all matters under dispute or in negotiation between governments could be in the range of a decrease of £32 million, to an increase of £27 million, in the uncertain tax position over the next 12 months.

9. Taxation continued

Legislative changes

The UK corporation tax rate increased from 19% to 25% on 1 April 2023; consequently we expect an increase in the Group's effective tax rate to around 27% for FY 2023/24.

The OECD Pillar Two GloBE Rules introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750 million. All participating OECD members are required to incorporate these rules into national legislation. The Group will be subject to the Pillar Two Model Rules from FY 2024/25 but does not meet the threshold for application of the Pillar One transfer pricing rules. It is not expected that there will be a material impact on the effective tax rate for the Group.

10. Earnings per share

The calculation of basic earnings per share is based on profit or loss attributable to owners of the Company for the year divided by the weighted average number of ordinary shares in issue during the year. Basic and diluted earnings per share based on adjusted profit before taxation are also disclosed to indicate the underlying profitability of the Group.

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Attributable profit for the year before adjusting items[1]	**475**	382
Effect of adjusting items[1] (after taxation)	**15**	14
Attributable profit for the year	**490**	396

1. Refer to note 6 for details of adjusting items.

The weighted average number of ordinary shares represents the weighted average number of Burberry Group plc ordinary shares in issue throughout the year, excluding ordinary shares held in the Group's ESOP trusts and treasury shares held by the Company or its subsidiaries. This includes the effect of the cancellation of 21.1 million shares during the period as a result of the share buyback programmes. Refer to note 25 for additional information on the share buybacks.

Diluted earnings per share is based on the weighted average number of ordinary shares in issue during the year. In addition, account is taken of any options and awards made under the employee share incentive schemes, which will have a dilutive effect when exercised. Refer to note 28 for additional information on the terms and conditions of the employee share incentive schemes.

	52 weeks to 1 April 2023 Millions	53 weeks to 2 April 2022 Millions
Weighted average number of ordinary shares in issue during the year	**386.1**	402.5
Dilutive effect of the employee share incentive schemes	**1.9**	2.3
Diluted weighted average number of ordinary shares in issue during the year	**388.0**	404.8

11. Dividends paid to owners of the Company

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Prior year final dividend paid 35.4p per share (last year: 42.5p)	**140**	172
Interim dividend paid 16.5p per share (last year: 11.6p)	**63**	47
Total	**203**	219

A final dividend in respect of the 52 weeks to 1 April 2023 of 44.5p (last year: 35.4p) per share, amounting to £167 million, has been proposed for approval by the shareholders at the Annual General Meeting subsequent to the balance sheet date. The final dividend has not been recognised as a liability at the year end and will be paid on 4 August 2023 to the shareholders on the register at the close of business on 30 June 2023. The ex-dividend date is 29 June 2023 and the final day for dividend reinvestment plan (DRIP) elections is 14 July 2023.

12. Intangible assets

Cost	Goodwill £m	Trademarks, licences and other intangible assets £m	Computer software £m	Intangible assets in the course of construction £m	Total £m
As at 27 March 2021	111	14	237	45	407
Effect of foreign exchange rate changes	4	–	1	–	5
Additions	–	–	12	25	37
Disposals	–	(1)	(7)	–	(8)
Reclassifications from assets in the course of construction	–	–	15	(15)	–
As at 2 April 2022	115	13	258	55	441
Effect of foreign exchange rate changes	–	–	1	–	1
Additions	–	1	13	32	46
Disposals	–	–	(42)	–	(42)
Reclassifications from assets in the course of construction	–	–	18	(18)	–
As at 1 April 2023	**115**	**14**	**248**	**69**	**446**

Accumulated amortisation and impairment	Goodwill £m	Trademarks, licences and other intangible assets £m	Computer software £m	Intangible assets in the course of construction £m	Total £m
As at 27 March 2021	6	7	137	20	170
Effect of foreign exchange rate changes	–	–	1	(1)	–
Charge for the year	–	1	38	–	39
Disposals	–	(1)	(7)	–	(8)
As at 2 April 2022	6	7	169	19	201
Effect of foreign exchange rate changes	–	–	2	–	2
Charge for the year	–	1	36	–	37
Disposals	–	–	(42)	–	(42)
As at 1 April 2023	**6**	**8**	**165**	**19**	**198**

Net book value	Goodwill £m	Trademarks, licences and other intangible assets £m	Computer software £m	Intangible assets in the course of construction £m	Total £m
As at 1 April 2023	**109**	**6**	**83**	**50**	**248**
As at 2 April 2022	109	6	89	36	240

12. Intangible assets continued

Impairment testing of goodwill

The carrying value of the goodwill allocated to cash generating units:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Mainland China	**50**	50
Korea	**26**	26
Retail and Wholesale segment[1]	**19**	19
Other	**14**	14
Total	**109**	109

1. Goodwill which arose on acquisition of Burberry Manifattura S.R.L. has been allocated to the group of cash generating units which make up the Group's Retail and Wholesale operating segment cash generating unit. This reflects the lowest level at which the goodwill is being monitored by management.

The Group tests goodwill for impairment annually or when there is an indication that goodwill might be impaired. The recoverable amount of all cash generating units has been determined on a value-in-use basis. Value-in-use calculations for each cash generating unit are based on projected pre-tax discounted cash flows together with a discounted terminal value. The cash flows have been discounted at pre-tax rates reflecting the Group's weighted average cost of capital adjusted for country-specific tax rates and risks. Where the cash generating unit has a non-controlling interest which was recognised at a value equal to its proportionate interest in the net identifiable assets of the acquired subsidiary at the acquisition date, the carrying amount of the goodwill has been grossed up, to include the goodwill attributable to the non-controlling interest, for the purpose of impairment testing the goodwill attributable to the cash generating unit. The key assumptions contained in the value-in-use calculations include the future revenues, the operating profit margins achieved and the discount rates applied.

The value-in-use calculations have been prepared using management's cost and revenue projections for the next three years to 28 March 2026 and a longer-term growth rate of 5% to 1 April 2028. A terminal value has been included in the value-in-use calculation based on the cash flows for the year ending 1 April 2028, incorporating the assumption that growth beyond 1 April 2028 is equivalent to nominal inflation rates, assumed to be 2%, which are not significant to the assessment.

The value-in-use estimates indicated that the recoverable amount of the cash generating unit exceeded the carrying value for each of the cash generating units. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year.

For the material goodwill balances of Mainland China, Korea and the Retail and Wholesale segment, management has considered the potential impact of reasonably possible changes in assumptions on the recoverable amount of goodwill. The sensitivities include applying a 10% reduction in revenue and gross profit and the associated impact on operating profit margin from management's base cash flow projections, considering the macroeconomic and political uncertainty risk on the Group's retail operations and on the global economy. Under this scenario, the estimated recoverable amount of goodwill in Mainland China, Korea and the Retail and Wholesale segment still exceeded the carrying value.

The pre-tax discount rates for Mainland China, Korea and the Retail and Wholesale segment were 12%, 12% and 12% respectively (last year: Mainland China 13%, Korea 12%, and the Retail and Wholesale segment 10%). No reasonably possible change in these pre-tax discount rates would result in the carrying value to exceed the estimated recoverable amount of goodwill.

The other goodwill balance of £14 million (last year: £14 million) consists of amounts relating to seven cash generating units, none of which have goodwill balances individually exceeding £7 million as at 1 April 2023 (last year: £7 million).

13. Property, plant and equipment

Cost	Freehold land and buildings £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
As at 27 March 2021	129	493	329	17	968
Effect of foreign exchange rate changes	6	17	9	1	33
Additions	–	68	23	45	136
Disposals	–	(37)	(18)	(2)	(57)
Reclassifications from assets in the course of construction	–	9	5	(14)	–
Reclassifications to assets held for sale	(19)	–	–	–	(19)
As at 2 April 2022	116	550	348	47	1,061
Effect of foreign exchange rate changes	6	6	9	1	22
Additions	–	56	25	66	147
Disposals	(1)	(53)	(27)	(1)	(82)
Reclassifications from assets in the course of construction	–	26	11	(37)	–
As at 1 April 2023	**121**	**585**	**366**	**76**	**1,148**

Accumulated depreciation and impairment					
As at 27 March 2021	56	353	278	1	688
Effect of foreign exchange rate changes	3	14	8	–	25
Charge for the year	3	58	25	–	86
Disposals	–	(37)	(18)	–	(55)
Impairment charge on assets	–	1	1	–	2
Impairment reversal on assets	–	(1)	–	–	(1)
Reclassifications to assets held for sale	(6)	–	–	–	(6)
As at 2 April 2022	56	388	294	1	739
Effect of foreign exchange rate changes	4	6	8	–	18
Charge for the year	3	64	28	–	95
Disposals	(1)	(53)	(27)	(1)	(82)
Impairment charge on assets	–	2	–	–	2
As at 1 April 2023	**62**	**407**	**303**	**–**	**772**

Net book value					
As at 1 April 2023	**59**	**178**	**63**	**76**	**376**
As at 2 April 2022	60	162	54	46	322

During the 52 weeks to 1 April 2023, management carried out a review of retail cash generating units for any indication of impairment or reversal of impairments previously recorded. Where indications of impairment charges or reversals were identified, the impairment review compared the value-in-use of the cash generating units to their net book values at 1 April 2023. The pre-tax cash flow projections used for this review were based on financial plans of expected revenues and costs of each retail cash generating unit, approved by management, reflecting their latest plans over the next three years to 28 March 2026, followed by longer-term growth rates of mid-single digits and inflation rates appropriate to each store's location. The pre-tax discount rates used in these calculations were between 11.1% and 13.7% (last year: between 9.9% and 18.4%) based on the Group's weighted average cost of capital adjusted for country-specific borrowing costs, tax rates and risks for those countries in which a charge or reversal was incurred. Where indicators of impairment have been identified and the value-in-use was less than the carrying value of the cash generating unit, an impairment of property, plant and equipment and right-of-use asset was recorded. Where the value-in-use was greater than the net book value, and the cash generating unit had been previously impaired, the impairment was reversed, to the extent that could be supported by the value-in use and allowing for any depreciation that would have been incurred during the period since the impairment was recorded. A review for any other indicators of impairment charges or reversals across the retail portfolio was also carried out.

13. Property, plant and equipment continued

During the 52 weeks to 1 April 2023, impairments previously charged as an adjusting item related to the impact of COVID-19 were reassessed. This resulted in an impairment reversal of £6 million (last year: net charge of £5 million), which has been presented as an adjusting item in the current year. The reversal is recorded against right-of-use assets (last year: net reversal of £1 million recorded against property, plant and equipment and a net charge of £6 million recorded against right-of-use assets). Refer to note 14 for further details of right-of-use assets. Refer to note 6 for details of adjusting items.

A net charge of £7 million (last year: £3 million) was recorded within net operating expenses as a result of the annual review of impairment for all other retail store assets. A charge of £2 million (last year: £2 million) was recorded against property, plant and equipment and a net charge of £5 million (last year: charge of £1 million) was recorded against right-of-use assets.

The net impairment charge recorded in property, plant and equipment related to two retail cash generating units (last year: 13 retail cash generating units) for which the total recoverable amount at the balance sheet date is £1 million (last year: £7 million).

Management has considered the potential impact of changes in assumptions on the impairment recorded against the Group's retail assets. Given the macroeconomic and political uncertainty risk on the Group's retail operations and on the global economy, management has considered sensitivities to the impairment charge as a result of changes to the estimate of future revenues achieved by the retail stores. The sensitivities applied are an increase or decrease in revenue of 10% from the estimate used to determine the impairment charge or reversal. We have also considered retail cash generating units with no indicators of impairment but with a significant asset balance. It is estimated that a 10% decrease/increase in revenue assumptions for the 52 weeks to 30 March 2024 , with no change to subsequent forecast revenue growth rate assumptions, would result in a less than £10 million increase/less than £10 million decrease in the impairment charge of retail store assets in the 52 weeks to 1 April 2023.

At 2 April 2022 the Group had three freehold properties that met the criteria to be classified as held for sale. The sale of these properties was completed during the 52 weeks to 1 April 2023 resulting in a net gain on disposal of £19 million.

14. Right-of-use assets

Net book value	Property right-of-use assets £m
As at 27 March 2021	818
Effect of foreign exchange rate changes	9
Additions	227
Remeasurements[1]	21
Depreciation for the year	(188)
Impairment charge on right-of-use assets	(10)
Impairment reversal on right-of-use assets	3
As at 2 April 2022	880
Effect of foreign exchange rate changes	14
Additions	157
Remeasurements	113
Depreciation for the year	(212)
Impairment charge on right-of-use assets	(10)
Impairment reversal on right-of-use assets	8
As at 1 April 2023	**950**

As a result of the assessment of retail cash generating units for impairment, a net impairment reversal of £1 million (last year: £7 million) was recorded for impairment of right-of-use assets. Refer to note 13 for further details of impairment assessment of retail cash generating units. This net impairment reversal comprises a £6 million reversal arising from the change in assumption due to the impact of COVID-19 on the value-in-use of retail cash generating units (last year: charge of £6 million) and an impairment charge of £5 million relating to other trading impacts which was recognised during the year (last year: £1 million). The reversal relating to COVID-19 has been presented as an adjusting item (refer to note 6).

The net impairment reversal recorded in right-of-use assets relates to three retail cash generating units (last year: 12 retail cash generating units) for which the total recoverable amount at the balance sheet date is £17 million (last year: £26 million).

A net impairment charge of £3 million (last year: £nil) was recognised in relation to non-retail right-of-use assets arising as a result of the Group's restructuring programmes and has been presented as an adjusting item (refer to note 6).

As a result, the net impairment charge for right-of-use assets was, in total, £2 million (last year: £7 million).

15. Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and there is an intention to settle on a net basis, and to the same fiscal authority. The assets and liabilities presented in the Balance Sheet, after offset, are shown in the table below:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Deferred tax assets	**197**	175
Deferred tax liabilities	**(1)**	(1)
Net amount	**196**	174

The movement in the deferred tax account is as follows:	**52 weeks to 1 April 2023 £m**	53 weeks to 2 April 2022 £m
At start of year	**174**	136
Effect of foreign exchange rate changes	**2**	6
Credited to the Income Statement	**18**	31
Credited to Other Comprehensive Income	**–**	1
Credited to Equity	**2**	–
At end of year	**196**	174

The movement in the net deferred tax balances during the year is as follows:

Deferred tax balances

	Capital allowances £m	Unrealised inventory profit and other inventory provisions £m	Share schemes £m	Derivative instruments £m	Unused tax losses £m	Leases £m	Other[1] £m	Total £m
As at 27 March 2021	17	62	4	(1)	1	35	18	136
Effect of foreign exchange rate changes	–	4	–	–	–	1	1	6
Credited/(charged) to the Income Statement	2	31	1	–	2	(4)	(1)	31
Credited to Other Comprehensive Income	–	–	–	1	–	–	–	1
As at 2 April 2022	19	97	5	–	3	32	18	174
Effect of foreign exchange rate changes	1	1	–	–	–	–	–	2
Credited/(charged) to the Income Statement	(6)	10	1	–	11	(1)	3	18
Credited to Equity	–	–	2	–	–	–	–	2
As at 1 April 2023	**14**	**108**	**8**	**–**	**14**	**31**	**21**	**196**

1. Deferred balances within Other category in the analysis above include temporary differences arising on other provisions and accruals of £21 million (last year: £18 million).

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £46 million (last year: £47 million) in respect of losses and temporary timing differences amounting to £181 million (last year: £185 million) that can be set off against future taxable income. There is a time limit for the recovery of £6 million of these potential assets (last year: £6 million) which ranges from one to seven years (last year: one to seven years).

Included within other temporary differences above is a deferred tax liability of £1 million (last year: £1 million) relating to unremitted overseas earnings. No deferred tax liability is provided in respect of any future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on the remittance. The aggregate amount of temporary differences in respect of unremitted earnings is £281 million (last year: £287 million).

16. Trade and other receivables

	As at 1 April 2023 £m	As at 2 April 2022 £m
Non-current		
Other financial receivables[1]	**45**	42
Other non-financial receivables[2]	**2**	1
Prepayments	**5**	2
Total non-current trade and other receivables	**52**	45
Current		
Trade receivables	**184**	151
Provision for expected credit losses	**(7)**	(7)
Net trade receivables	**177**	144
Other financial receivables[1]	**25**	36
Other non-financial receivables[2]	**59**	63
Prepayments	**32**	32
Accrued income	**14**	8
Total current trade and other receivables	**307**	283
Total trade and other receivables	**359**	328

1. Other financial receivables include rental deposits and other sundry debtors.
2. Other non-financial receivables relates primarily to indirect taxes and other taxes and duties.

Included in total trade and other receivables are non-financial assets of £98 million (last year: £98 million).

The Group's impairment policies and the calculation of any allowances for credit losses are detailed in note 27 in the credit risk section.

17. Inventories

	As at 1 April 2023 £m	As at 2 April 2022 £m
Raw materials	**15**	12
Work in progress	**1**	1
Finished goods	**431**	413
Total inventories	**447**	426

	As at 1 April 2023 £m	As at 2 April 2022 £m
Total inventories, gross	**504**	509
Provisions	**(57)**	(83)
Total inventories, net	**447**	426

Inventory provisions of £57 million (last year: £83 million) are recorded, representing 11.4% (last year: 16.3%) of the gross value of inventory. The provisions reflect management's best estimate of the net realisable value of inventory, where this is considered to be lower than the cost of the inventory.

The cost of inventories recognised as an expense and included in cost of sales amounted to £874 million (last year: £786 million).

During the 52 weeks to 1 April 2023, £1 million (last year: £16 million) has been released upon re-assessment of the provision related to the impact of COVID-19 where inventory previously provided for has been sold, or is now expected to be sold, for a higher net realisable value than had been estimated last year as performance during the current year has exceeded, and is expected to continue to exceed, the assumptions made at last year end. This reversal is presented as an adjusting item. Refer to note 6 for details of adjusting items. All other charges and reversals relating to inventory provisions have been included in adjusted operating profit.

17. Inventories continued

Taking into account factors impacting the inventory provisioning including trading assumptions being higher or lower than expected, management considers that a reasonable potential range of outcomes could result in an increase or decrease in inventory provisions of £9 million in the next 12 months. This would result in a potential range of inventory provisions of 9.6% to 13.1% as a percentage of the gross value of inventory as at 1 April 2023.

The net movement in inventory provisions included in cost of sales for the 52 weeks to 1 April 2023 was a release of £1 million (last year: release of £1 million). The total reversal of inventory provisions during the current year, which is included in the net movement, was £22 million (last year: reversal of £43 million). Both these amounts include the reversal of £1 million (last year: £16 million), referred to above, which has been presented as an adjusting item.

18. Derivative financial instruments

Master netting arrangements

The Group's forward foreign exchange contracts are entered into under International Swaps and Derivatives Association (ISDA) master netting arrangements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single amount that is payable by one party to the other. In certain circumstances, such as when a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the Balance Sheet as the Group's right to offset is enforceable only on the occurrence of future events such as default. The Group has amended the ISDA agreement with two banks to require it to net settle its forward foreign exchange contracts. There were no derivatives subject to net settlement agreements and offset on the Balance Sheet at 1 April 2023 (last year: nil). The Group's Balance Sheet would not be materially different if it had offset its forward foreign exchange contracts and equity swap contracts subject to the standard ISDA agreements.

Derivative financial assets

	As at 1 April 2023 £m	As at 2 April 2022 £m
Forward foreign exchange contracts – fair value hedging instrument: cash flow hedges	**–**	–
Forward foreign exchange contracts – fair value through profit and loss[1]	**4**	5
Equity swap contracts – fair value through profit and loss	**3**	–
Total position	**7**	5
Comprising:		
Total current position	**7**	5

1. Forward foreign exchange contracts classified as fair value through profit and loss are used for cash management and hedging monetary assets and liabilities. At 1 April 2023, all such contracts had maturities of no greater than three months from the balance sheet date (last year: three months from the balance sheet date).

Derivative financial liabilities

	As at 1 April 2023 £m	As at 2 April 2022 £m
Forward foreign exchange contracts – fair value hedging instrument: cash flow hedges	**(1)**	(1)
Forward foreign exchange contracts – fair value through profit and loss[1]	**–**	–
Equity swap contracts – fair value through profit and loss	**–**	(1)
Total position	**(1)**	(2)
Comprising:		
Total current position	**(1)**	(2)

1. Forward foreign exchange contracts classified as fair value through profit and loss are used for cash management and hedging monetary assets and liabilities. At 1 April 2023, all such contracts had maturities of no greater than two months from the balance sheet date (last year: one month from the balance sheet date).

Net derivative financial instruments

The notional principal amounts of the outstanding forward foreign exchange and equity swap contracts at year end are:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Forward foreign exchange contracts – fair value hedging instrument: cash flow hedges	**155**	65
Forward foreign exchange contracts – fair value through profit and loss	**332**	307
Equity swap contracts – fair value through profit and loss	**7**	5

18. Derivative financial instruments continued

Effect of hedge accounting on the financial position and performance

The effects of the foreign currency cash flow hedging instruments on the Group's financial position and performance are as follows:

	As at 1 April 2023	As at 2 April 2022
Foreign currency forwards		
Carrying amount (assets)	**–**	–
Notional amount	**£18m**	£15m
Maturity date	**Jun 2023 – Nov 2023**	Dec 2022
Hedge ratio	**1:1**	1:1
Change in spot value of outstanding hedging instruments since start of year	**–**	–
Change in value of hedged item used to determine hedge effectiveness	**–**	–
Weighted average hedged rate of outstanding contracts (including forward points) – EUR	**1.1369**	1.1812
Carrying amount (liabilities)	**(£1m)**	(£1m)
Notional amount	**£137m**	£50m
Maturity date	**Jun 2023 – May 2024**	May 2022 – Nov 2022
Hedge ratio	**1:1**	1:1
Change in spot value of outstanding hedging instruments since start of year	**£1m**	(£1m)
Change in value of hedged item used to determine hedge effectiveness	**(£1m)**	£1m
Weighted average hedged rate of outstanding contracts (including forward points) – EUR	**1.1221**	1.1552

The foreign currency forwards are denominated in the same currency as the highly probable future inventory purchases (EUR), therefore the hedge ratio is 1:1.

The contractual maturity profile of non-current financial liabilities is shown in note 27. For further details of cash flow hedging, refer to note 27 in the market risk section.

19. Cash and cash equivalents

	As at 1 April 2023 £m	As at 2 April 2022 £m
Cash and cash equivalents held at amortised cost		
Cash at bank and in hand	**152**	124
Short-term deposits	**77**	73
	229	197
Cash and cash equivalents held at fair value through profit and loss		
Short-term deposits	**797**	1,025
Total	**1,026**	1,222

Cash and cash equivalents classified as fair value through profit and loss relate to deposits held in low volatility net asset value money market funds. The cash is available immediately and, since the funds are managed to achieve low volatility, no significant change in value is anticipated. The funds are monitored to ensure there are no significant changes in value.

As at 1 April 2023 and 2 April 2022, no impairment losses were identified on cash and cash equivalents held at amortised cost.

20. Trade and other payables

	As at 1 April 2023 £m	As at 2 April 2022 £m
Non-current		
Other payables[1]	**–**	5
Deferred income and non-financial accruals	**19**	18
Contract liabilities	**57**	64
Deferred consideration[2]	**–**	4
Total non-current trade and other payables	**76**	91
Current		
Trade payables	**186**	181
Other taxes and social security costs	**50**	60
Other payables[1]	**10**	6
Accruals	**199**	204
Deferred income and non-financial accruals	**14**	13
Contract liabilities	**13**	13
Deferred consideration[2]	**5**	4
Total current trade and other payables	**477**	481
Total trade and other payables	**553**	572

1. Other payables comprise interest and employee-related liabilities.
2. Deferred consideration relates to acquisition of the economic right to the non-controlling interest in Burberry Middle East LLC on 22 April 2016. The change in the deferred consideration liability in the period arises as a result of a financing cash outflow and non-cash movements. In the 52 weeks to 1 April 2023 payments of £6 million were made in relation to Burberry Middle East LLC (last year: £3 million) and no payment was made to the previous owners of Burberry Manifattura S.R.L (last year: £9 million).

Included in total trade and other payables are non-financial liabilities of £153 million (last year: £168 million).

Contract liabilities

Retail contract liabilities relate to unredeemed balances on issued gift cards and similar products, and advanced payments received for sales which have not yet been delivered to the customer. Licensing contract liabilities relate to deferred revenue arising from the upfront payment for the Beauty licence which is being recognised in revenue over the term of the licence on a straight-line basis, reflecting access to the trademark over the licence period to 2032.

	As at 1 April 2023 £m	As at 2 April 2022 £m
Retail contract liabilities	**6**	7
Licensing contract liabilities	**64**	70
Total contract liabilities	**70**	77

The amount of revenue recognised in the year relating to contract liabilities at the start of the year is set out in the following table. All revenue in the year relates to performance obligations satisfied in the year. All contract liabilities at the end of the year relate to unsatisfied performance obligations.

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Retail revenue relating to contract liabilities	**4**	4
Deferred revenue from Beauty licence	**6**	7
Revenue recognised that was included in contract liabilities at the start of the year	**10**	11

21. Lease liabilities

	Property lease liabilities £m
Balance as at 27 March 2021	**1,020**
Effect of foreign exchange rate changes	16
Created during the year	222
Amounts paid[1]	(229)
Discount unwind	27
Remeasurements[2]	2
Balance as at 2 April 2022	**1,058**
Effect of foreign exchange rate changes	20
Created during the year	157
Amounts paid[1]	(243)
Discount unwind	33
Remeasurements[2]	98
Balance as at 1 April 2023	**1,123**

	As at 1 April 2023 £m	As at 2 April 2022 £m
Analysis of total lease liabilities:		
Non-current	**902**	849
Current	**221**	209
Total	**1,123**	1,058

1. The amount paid of £243 million (last year: £229 million) includes £210 million (last year: £202 million) arising as a result of a financing cash outflow and £33 million (last year: £27 million) arising as a result of an operating cash outflow.
2. Remeasurements include COVID-19-related rent forgiveness of £13 million (last year: £18 million) and other remeasurements of £111 million (last year: £20 million). COVID-19-related rent forgiveness has been recognised as a credit in the Income Statement at 1 April 2023. This credit is included as an adjusting item. Refer to note 6. Other remeasurements relate largely to changes in the lease liabilities that arise as a result of management's reassessment of the lease term based on existing break or extension options in the contract, as well as those linked to an inflation index or rate review.

The Group enters into property leases for retail properties, including stores, concessions, warehouse and storage locations and office property. The remaining lease terms for these properties range from a few months to 15 years (last year: few months to 16 years). Many of the leases include break options and/or extension options to provide operational flexibility. Some of the leases for concessions have rolling lease terms or rolling break options. Management assess the lease term at inception based on the facts and circumstances applicable to each property including the period over which the investment appraisal was initially considered.

Potential future undiscounted lease payments related to periods following the exercise date of an extension option not included in the lease term, and therefore not included in lease liabilities are approximately £399 million (last year: £423 million) in relation to the next available extension option and are assessed as not reasonably certain to be exercised. Potential future undiscounted lease payments related to periods following the exercise date of a break option not included in the lease term, and therefore not included in lease liabilities, are approximately £130 million (last year: £157 million) in relation to break options which are expected to be exercised. During the 52 weeks to 1 April 2023, significant judgements regarding breaks and options in relation to individually material leases resulted in approximately £38 million (last year: £35 million) in undiscounted future cash flows not being included in the initial right-of-use assets and lease liabilities.

Management reviews the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. Management may exercise extension options and negotiate lease extensions or modifications. In other instances, management may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. The most significant factor impacting future lease payments is changes management choose to make to the store portfolio.

Future increases and decreases in rent linked to an inflation index or rate review are not included in the lease liability until the change in cash flows takes effect. Approximately 18% (last year: 20%) of the Group's lease liabilities are subject to inflation linked reviews and 30% (last year: 33%) are subject to rent reviews. Rental changes linked to inflation or rent reviews typically occur on an annual basis.

21. Lease liabilities continued

Many of the retail property leases also incur payments based on a percentage of revenue achieved at the location. Changes in future variable lease payments will typically reflect changes in the Group's retail revenues, including the impact of regional mix. The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

The Group also enters into non-property leases for equipment, advertising fixtures and machinery. Generally, these leases do not include break or extension options. The most significant impact to future cash flows relating to leased equipment, which are primarily short-term leases, would be the Group's usage of leased equipment to a greater or lesser extent.

The Group's accounting policy for leases is set out in note 2. Details of income statement charges and income from leases are set out in note 5. The right-of-use asset categories on which depreciation is incurred are presented in note 14. Interest expense incurred on lease liabilities is presented in note 8. Commitments relating to off-balance sheet leases are presented in note 26. The maturity of undiscounted future lease liabilities are set out in note 27.

Total cash outflows in relation to leases in the 52 weeks ended 1 April 2023 are £396 million (last year: £376 million). This relates to payments of £210 million on lease principal (last year: £202 million), £33 million on lease interest (last year: £27 million), £122 million on variable lease payments (last year: £124 million), and £31 million on other lease payments principally relating to short-term leases and leases in holdover (last year: £23 million).

22. Provisions for other liabilities and charges

	Property obligations £m	Other £m	Total £m
Balance as at 27 March 2021	42	14	56
Effect of foreign exchange rate changes	1	–	1
Created during the year	9	8	17
Discount unwind	1	–	1
Utilised during the year	(3)	(2)	(5)
Released during the year	(1)	(5)	(6)
Balance as at 2 April 2022	49	15	64
Effect of foreign exchange rate changes	–	2	2
Created during the year	7	5	12
Utilised during the year	(3)	(1)	(4)
Released during the year	(4)	(8)	(12)
Balance as at 1 April 2023	**49**	**13**	**62**

The net charge in the year for property obligations is £3 million (last year: £8 million), relating to additional property reinstatement costs. The net credit in the year for other provisions of £3 million (last year: net charge of £3 million) includes charges of £5 million (last year: £8 million) relating to expected future outflows for property disputes, employee matters and tax compliance, and reversals of £8 million (last year: £5 million) relating to employee matters and other property matters.

	As at 1 April 2023 £m	As at 2 April 2022 £m
Analysis of total provisions:		
Non-current	**40**	36
Current	**22**	28
Total	**62**	64

The non-current provisions relate to property reinstatement costs which are expected to be utilised within 15 years (last year: 16 years).

23. Bank overdrafts

Included within bank overdrafts is £65 million (last year: £45 million) representing balances on cash pooling arrangements in the Group.

The Group has a number of committed and uncommitted arrangements agreed with third parties. At 1 April 2023 and 2 April 2022, the Group held no bank overdrafts excluding balances on cash pooling arrangements.

The fair value of overdrafts approximates the carrying amount because of the short maturity of these instruments.

24. Borrowings

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300 million and 1.125% coupon maturing on 21 September 2025 (the sustainability bond). Proceeds from the sustainability bond will allow the Group to finance projects which support the Group's sustainability agenda. Refer to page 92 for the sustainability bond use of proceeds report. There are no financial penalties for not using the proceeds as anticipated. Interest on the sustainability bond is payable semi-annually. The carrying value of the bond at 1 April 2023 is £298 million (last year: £298 million); all movements on the bond are non-cash. The fair value of the bond at 1 April 2023 is £273 million (last year: £285 million).

On 26 July 2021, the Group entered into a £300 million multi-currency sustainability-linked revolving credit facility (RCF) with a syndicate of banks, maturing on 26 July 2026. There were no drawdowns or repayments of the RCF during the current or previous year, and at 1 April 2023 there were no outstanding drawings.

The Group is in compliance with the financial and other covenants within the facilities above and has been in compliance throughout the financial period.

25. Share capital and reserves

Allotted, called up and fully paid share capital	Number	£m
Ordinary shares of 0.05p (as at 2 April 2022: 0.05p) each		
As at 27 March 2021	404,864,359	–
Allotted on exercise of options during the year	242,942	–
As at 2 April 2022	405,107,301	–
Allotted on exercise of options during the year	236,123	–
Cancellation of shares	(21,075,496)	–
As at 1 April 2023	**384,267,928**	**–**

The Company has a general authority from shareholders, renewed at each Annual General Meeting, to repurchase a maximum of 10% of its issued share capital. During the 52 weeks to 1 April 2023, the Company entered into agreements to purchase £400 million of its own shares, excluding stamp duty and fees, through two share buyback programmes of £200 million each (last year: one share buyback programme of £150 million). Both programmes were completed during the year.

The cost of own shares purchased by the Company, as part of a share buyback programme, is offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. When shares are cancelled, a transfer is made from retained earnings to the capital reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled.
In the 52 weeks to 1 April 2023, 21.1 million shares were cancelled (last year: none).

As at 1 April 2023 the Company held 6.1 million treasury shares (last year: 8.4 million), with a market value of £157 million (last year: £140 million) based on the share price at the reporting date. The treasury shares held by the Company are related to the share buyback programme completed during the 53 weeks to 2 April 2022. During the 52 weeks to 1 April 2023, 2.3 million treasury shares were transferred to ESOP trusts (last year: none). During the 52 weeks to 1 April 2023, no treasury shares were cancelled (last year: none).

The cost of shares purchased by ESOP trusts are offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. As at 1 April 2023, the cost of own shares held by ESOP trusts and offset against retained earnings is £42 million (last year: £11 million). As at 1 April 2023, the ESOP trusts held 2.3 million shares (last year: 0.6 million) in the Company, with a market value of £60 million (last year: £10 million). In the 52 weeks to 1 April 2023 the ESOP trusts and the Company have waived their entitlement to dividends.

25. Share capital and reserves continued

Other reserves in the Statement of Changes in Equity consist of the capital reserve, the foreign currency translation reserve, and the hedging reserves. The hedging reserves consist of the cash flow hedge reserve and the net investment hedge reserve.

		Hedging reserves			
	Capital reserve £m	Cash flow hedges £m	Net investment hedge £m	Foreign currency translation reserve £m	Total £m
Balance as at 27 March 2021	41	–	5	196	242
Other comprehensive income:					
Cash flow hedges – losses deferred in equity	–	(1)	–	–	(1)
Foreign currency translation differences	–	–	–	22	22
Total comprehensive income for the year	–	(1)	–	22	21
Balance as at 2 April 2022	41	(1)	5	218	263
Other comprehensive income:					
Cash flow hedges – gains deferred in equity	–	1	–	–	1
Foreign currency translation differences	–	–	–	14	14
Tax on other comprehensive income	–	(1)	–	–	(1)
Total comprehensive income for the year	–	–	–	14	14
Balance as at 1 April 2023	**41**	**(1)**	**5**	**232**	**277**

As at 1 April 2023 the amount held in the hedging reserve relating to matured net investment hedges is £5 million net of tax (last year: £5 million).

26. Commitments

Financial commitments

The Group leases various retail stores, offices, warehouses and equipment under non-cancellable lease arrangements. The liabilities for these leases are recorded on the Group's Balance Sheet when the Group obtains control of the underlying asset. The Group has additional commitments relating to leases where the Group has entered into an obligation but does not yet have control of the underlying asset. The future lease payments to which the Group is committed, over the expected lease term, which are not recorded on the Group's Balance Sheet are as follows:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Amounts falling due:		
Within 1 year	**–**	6
Between 2 and 5 years	**14**	31
After 5 years	**9**	30
Total	**23**	67

Capital commitments

Contracted capital commitments represent contracts entered into by the year end for future work in respect of major capital expenditure projects relating to property, plant and equipment and intangible assets, which are not recorded on the Group's Balance Sheet and are as follows:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Capital commitments contracted but not provided for:		
Property, plant and equipment	**38**	29
Intangible assets	**3**	2
Total	**41**	31

Other commitments

On 28 March 2023, Burberry announced it had entered into an agreement to acquire a business from Italian technical outerwear supplier Pattern SpA for an agreed purchase price of €21 million (£18 million), subject to closing conditions and working capital adjustments. The acquisition is expected to complete in FY 2023/24.

27. Financial risk management

The Group's principal financial instruments comprise derivative instruments, cash and cash equivalents, borrowings (including overdrafts), deferred consideration, trade and other receivables, and trade and other payables arising directly from operations.

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital risk.

Risk management is carried out by the Group treasury department (Group Treasury) based on forecast business requirements to reduce financial risk and to ensure sufficient liquidity is available to meet foreseeable needs and to invest in cash and cash equivalents safely and profitably. The Group uses derivative instruments to hedge certain risk exposures. Group Treasury does not operate as a profit centre and transacts only in relation to the underlying business requirements. The policies of Group Treasury are reviewed and approved by the Board of Directors.

27. Financial risk management continued

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various non-sterling currencies.

The Group's Income Statement is affected by transactions denominated in foreign currency. To reduce exposure to currency fluctuations, the Group has a policy of hedging foreign currency denominated transactions by entering into forward foreign exchange contracts (refer to note 18). These transactions are recorded as cash flow hedges. The Group's foreign currency transactions arise principally from purchases and sales of inventory.

The Group's treasury risk management policy is to hedge, prior to market opening, 70-90% of its anticipated foreign currency exposure by currency, by season and where the net currency exposure is greater than £20 million. Currently, the Group does not hedge anticipated intercompany foreign currency transactions. The Group uses forward exchange contracts to hedge its currency risk.

The Group designates the spot component of foreign currency forwards in hedge relationships and applies a ratio of 1:1. The forward elements of the foreign currency forward are excluded from designation of the hedging instrument and are separately accounted for as a cost of hedging and recognised in operating expenses on a discounted basis.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the dollar offset method.

In these hedge relationships ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty. There was no ineffectiveness in the 52 weeks ending 1 April 2023 (last year: no ineffectiveness).

The Group monitors the desirability of hedging the net assets of overseas subsidiaries when translated into sterling for reporting purposes. The Group would use forward foreign exchange contracts to hedge net assets of overseas subsidiaries, relating to surplus cash whose remittance is foreseeable. There were no outstanding net investment hedges as at 1 April 2023 (last year: no outstanding net investment hedges).

At 1 April 2023, the Group has performed a sensitivity analysis to determine the effect of sterling strengthening/weakening by 10% (last year: 10%) against other currencies with all other variables held constant. The effect on translating foreign currency denominated net cash, trade, intercompany and other financial receivables and payables and financial instruments at fair value through profit or loss as at 1 April 2023 would have been to increase/decrease operating profit for the year by £4 million (last year: increase/decrease £3 million) on a post-tax basis. The effect on translating forward foreign exchange contracts designated as cash flow hedges as at 1 April 2023 would have been to decrease/increase equity by £12 million (last year: decrease/increase £5 million) on a post-tax basis.

The following table shows the extent to which the Group has monetary assets and liabilities at the year end in currencies other than the local currency of operation, after accounting for the effect of any specific forward foreign exchange contracts used to manage currency exposure. Monetary assets and liabilities refer to cash, deposits, overdrafts, borrowings and other amounts to be received or paid in cash. Amounts exclude intercompany balances which eliminate on consolidation. Foreign exchange differences on retranslation of these assets and liabilities are recognised in Net operating expenses.

	As at 1 April 2023			As at 2 April 2022		
	Monetary assets £m	**Monetary liabilities £m**	**Net £m**	Monetary assets £m	Monetary liabilities £m	Net £m
Sterling	**–**	**(2)**	**(2)**	1	(10)	(9)
US Dollar	**1**	**(18)**	**(17)**	–	(13)	(13)
Euro	**40**	**(59)**	**(19)**	15	(47)	(32)
Chinese Yuan Renminbi	**5**	**–**	**5**	9	–	9
Other currencies	**5**	**(34)**	**(29)**	5	(32)	(27)
Total	**51**	**(113)**	**(62)**	30	(102)	(72)

27. Financial risk management continued

Market risk continued

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to cash, borrowings, short-term deposits and overdrafts.

The floating rate financial liabilities at 1 April 2023 are £65 million (last year: £45 million) due to cash pool overdrafts. The fixed rate financial liabilities at 1 April 2023 are borrowings of £298 million (last year: £298 million). If interest rates on floating rate financial liabilities had been 100 basis points higher/lower (last year: 100 basis points), excluding the impact on cash pool overdraft balances and with all other variables held constant, post-tax profit for the year would have been £nil (last year: £nil) lower/higher, as a result of higher/lower interest expense.

The floating rate financial assets as at 1 April 2023 comprise short-term deposits of £874 million (last year: £1,097 million), interest bearing current accounts of £2 million (last year: £6 million) and cash pool asset balances of £67 million (last year: £41 million). At 1 April 2023, if interest rates on floating rate financial assets had been 100 basis points higher/lower (last year: 100 basis points), excluding the impact on cash pool asset balances and with all other variables held constant, post-tax profit for the year would have been £8 million (last year: £9 million) higher/lower, as a result of higher/lower interest income.

Credit risk

Trade receivables

The Group has no significant concentrations of credit risk. The trade receivables balance is spread across a large number of different customers with no single debtor representing more than 5% of the total balance due (last year: 5%). The Group has policies in place to ensure that wholesale sales are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. In some retail locations, where the Group's store is contained within a department store or mall, for example a concession, the sales proceeds may be initially held by the operator of the wider location, giving rise to retail debtors. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant and default rates have historically been very low.

The Group applies the simplified approach when measuring the trade receivable expected credit losses. The approach uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on segment, geographical region and the days past due. The expected loss rates are reviewed annually, or when there is a significant change in external factors potentially impacting credit risk, and are updated where management's expectations of credit losses change. No changes have been made to the expected loss rates during the 52 weeks to 1 April 2023.

The expected credit loss allowance for receivables was determined as follows:

As at 1 April 2023	**Current £m**	**Less than 1 month overdue £m**	**Less than 2 months overdue £m**	**Less than 3 months overdue £m**	**Over 3 months overdue £m**	**Total £m**
Trade receivables						
Weighted average expected loss rate %	**2%**	**4%**	**6%**	**27%**	**37%**	
Gross carrying amount of trade receivables	**151**	**19**	**8**	**3**	**3**	**184**
Loss allowance[1]	**(3)**	**(1)**	**–**	**–**	**(3)**	**(7)**
As at 2 April 2022						
Trade receivables						
Weighted average expected loss rate %	2%	5%	5%	5%	63%	
Gross carrying amount of trade receivables	111	21	9	6	4	151
Loss allowance[1]	(3)	(1)	(1)	–	(2)	(7)

1. The loss allowance contains expected credit loss and specific loss provisions.

27. Financial risk management continued

Credit risk continued

Trade receivables continued

The closing loss allowances for receivables reconcile as follows:

	Receivables £m
As at 27 March 2021	8
Effect of foreign exchange rate changes	–
Impairment provision recognised in profit or loss during the year	1
Receivables written off during the year as uncollectable	–
Unused amount reversed	(2)
As at 2 April 2022	7
Effect of foreign exchange rate changes	–
Impairment provision recognised in profit or loss during the year	3
Receivables written off during the year as uncollectable	(1)
Unused amount reversed	(2)
As at 1 April 2023	**7**

In aggregate, as at 1 April 2023 , the movement in the impairment provision on trade and other receivables and recorded in the Income Statement was an increase of £1 million, of which £1 million relates to contracts with customers and £nil relates to other receivables (last year: reversal of £1 million of which £1 million related to contracts with customers and £nil related to other receivables). During the 53 weeks to 2 April 2022, a reversal of £1 million was presented as an adjusting item relating to the one-off impact of COVID-19 on expected credit losses. Refer to note 6.

The maximum exposure to credit risk at the reporting date with respect to trade and other receivables is approximated by the carrying amount on the Balance Sheet.

Receivables excluding trade receivables

The counterparty credit risk of other receivables is reviewed on a regular basis and the impairment is assessed as follows:

At inception the receivable is recorded net of expected 12-month credit losses. If a significant change in the credit risk occurs during the life of the receivable, credit losses are recorded in the profit and loss account and the effective interest is calculated using the gross carrying amount of the asset. If a loss event occurs, the effective interest is calculated using the amortised cost of the asset net of any credit losses.

During the year ended 31 March 2013 the Group entered into a retail leasing arrangement in the Republic of Korea. As part of this arrangement, a KRW 27 billion (£19 million) 15-year interest-free loan was provided to the landlord. The Group holds a registered mortgage over the leased property for the equivalent value of the loan which acts as collateral. At 1 April 2023, the discounted fair value of the loan is £14 million (last year: £14 million). The book value of the loan, recorded at amortised cost, is £14 million (last year: £13 million). Other than this arrangement, the Group does not hold any other collateral as security. Management considers that the security provided by the mortgage is sufficient risk mitigation and hence the credit loss relating to this receivable is not significant.

Other financial assets

With respect to credit risk arising from other financial assets, which comprise cash and short-term deposits and certain derivative instruments, the Group's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments. The Group has policies that limit the amount of credit exposure to any financial institution and only deposits funds with independently rated financial institutions with a minimum rating of 'A' other than where required for operational purposes. A total of £6 million (last year: £7 million) was held with institutions with a rating below 'A' at 1 April 2023. These amounts are monitored on a weekly basis by the Treasury Committee.

27. Financial risk management continued

Liquidity risk

The Group's financial risk management policy aims to ensure that sufficient cash is maintained to meet foreseeable needs and close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. For further details, refer to notes 23 and 24.

All short-term trade and other payables, accruals, and bank overdrafts mature within one year or less. The carrying value of all financial liabilities due in less than one year is equal to their contractual undiscounted cash flows, with the exception of lease liabilities. The undiscounted contractual cash flows for lease liabilities due in less than one year is £237 million (last year: £218 million).

The maturity profile of the contractual undiscounted cash flows of the Group's non-current financial liabilities, excluding derivatives used for hedging, is as follows:

	As at 1 April 2023			As at 2 April 2022		
	Lease liabilities £m	**Other £m**	**Total £m**	Lease liabilities £m	Other £m	Total £m
In more than 1 year, but not more than 2 years	**227**	**–**	**227**	169	10	179
In more than 2 years, but not more than 3 years	**186**	**300**	**486**	158	–	158
In more than 3 years, but not more than 4 years	**142**	**–**	**142**	136	300	436
In more than 4 years, but not more than 5 years	**122**	**–**	**122**	112	–	112
In more than 5 years	**330**	**–**	**330**	362	–	362
Total financial liabilities	**1,007**	**300**	**1,307**	937	310	1,247

As at 1 April 2023, other non-current financial liabilities relate to borrowings of £298 million (last year: borrowings of £298 million and other payables of £9 million). Refer to note 24.

Capital risk

The Board reviews the Group's capital allocation policy annually. The Group's capital allocation framework defines its priorities for uses of cash, underpinned by its principle to maintain a strong balance sheet with a solid investment grade credit rating. The framework has four priorities for the use of cash generated from operations:

- re-investment in the business to drive organic growth
- maintaining a progressive dividend policy
- continuing to pursue selective inorganic strategic investment and
- to the extent that there is surplus capital to these needs, providing additional returns to shareholders

At 1 April 2023, the Group had net cash of £961 million (last year: £1,177 million), borrowings of £298 million (last year: £298 million) and total equity excluding non-controlling interests of £1,533 million (last year: £1,613 million). The borrowings at 1 April 2023 relate to medium term notes with a face value of £300 million (last year: £300 million). For further details, refer to note 24. Potential additional sources of funding available to the Group include undrawn and additional bank facilities, longer-term debt and equity funding. The Group's current capital resources, together with the potential additional sources of funding, are considered sufficient to address the Group's capital risk.

Having considered the future cash generation, growth, productivity and investment plans, taking into consideration the current challenging external environment and relevant financial parameters, the Group decided to continue the share buyback programme it began in May 2016. During the year ended 1 April 2023, the Company entered into agreements to purchase £400 million (last year: £150 million) of its own shares as part of the programme. For further details, refer to note 25.

28. Employee costs

Staff costs, including the cost of Directors, incurred during the year are as shown below. Directors' remuneration, which is separately disclosed in the Directors' Remuneration Report on pages 200 to 245 and forms part of these financial statements, includes, for those share options and awards where performance obligations have been met, the notional gains arising on the future exercise but excludes the charge in respect of these share options and awards recognised in the Group Income Statement.

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Wages and salaries	**468**	446
Social security costs	**60**	57
Pension costs	**20**	18
	548	521
Termination benefits	**8**	10
Share-based compensation (all awards and options settled in shares)	**19**	16
Total	**575**	547

Employee costs include a charge of £10 million (last year: charge of £10 million) arising as a result of the Group's restructuring programmes which has been presented as an adjusting item. Refer to note 6 for further details.

Pension costs include contributions to the Group's defined contribution plan for eligible employees.

The average number of full-time equivalent employees (including Executive Directors) during the year was as follows:

	Number of employees	
	52 weeks to 1 April 2023	53 weeks to 2 April 2022
EMEIA[1]	**4,394**	4,478
Americas	**1,303**	1,292
Asia Pacific	**3,171**	3,209
Total	**8,868**	8,979

1. EMEIA comprises Europe, Middle East, India and Africa.

Shares and share options granted to Directors and employees

The Group operates a number of equity-settled share-based compensation schemes for its Directors and employees; the fair value charge relating to these schemes is £19 million. Details of each of these schemes are set out in this note. The share option schemes have been valued using the Black-Scholes option pricing model. The share awards have been valued using the closing price of an ordinary share at the date of grant.

The key inputs used in the Black-Scholes pricing model to determine the fair value include: the share price at the commencement date; the exercise price attached to the option; the expected life of the option; an appropriate risk-free interest rate; a dividend yield discount for those schemes that do not accrue dividends during the course of the vesting period; and an expected share price volatility, which is determined by calculating the historical annualised standard deviation of the market price of Burberry Group plc shares over a period of time, prior to the grant, equivalent to the expected life of the option.

Where applicable, equity swaps have been entered into to cover future employer's national insurance liability (or overseas equivalent) that may arise in respect of these schemes.

28. Employee costs continued

Shares and share options granted to Directors and employees continued

The Burberry Share Plan 2020 (the BSP)

The BSP was approved by shareholders and adopted by the Company in the year ended 27 March 2021 to replace the Burberry Group plc Executive Share Plan (ESP) as the Group's main long-term incentive plan.

Under the BSP rules, participants may be awarded either conditional share awards or phantom awards, up to a maximum value of three times base salary per annum. Awards may be subject to performance underpins. If the Company does not meet one or more of the performance underpins over the relevant vesting period, the Remuneration Committee would consider whether it is appropriate to scale back the level of pay-out under the BSP award. For the BSP awards made to the Executive Directors, 1/3 of the award will vest on the third anniversary of the grant date, 1/3 of the award will vest on the fourth anniversary of the grant date and the remaining balance of the award will vest on the fifth anniversary of the grant date, subject to continued employment.

Awards made to senior employees will not be subject to performance conditions or underpins and will vest in full on the third anniversary of the grant date, subject to continued employment.

During the year, the fair value charge relating to the BSP awards was £9 million and the following grants were made under the BSP:

					Targets	
Date of grant	Options granted	Fair value	Participant group	Performance conditions/underpins	Threshold	Maximum
27 July 2022	991,831	£17.21	Management	Continued service	N/A	N/A
27 July 2022	174,874	£17.21	Executive Directors	Underpins: Total revenue	£2,400m	N/A
				ROIC	WACC	N/A
				Brand and sustainability	Reasonable progress	N/A
24 November 2022	86,928	£20.94	Management	Continued service	N/A	N/A

The fair values for the above grants are equivalent to the closing price of an ordinary share on the grant date as follows:

	27 July 2022	24 November 2022
Share price at contract commencement date	£17.21	£20.94

Obligations under this plan will be met either by market purchase shares, the transfer of treasury shares or by the issue of ordinary shares of the Company, for which the ESOP trust may be used to facilitate the process.

28. Employee costs continued

Shares and share options granted to Directors and employees continued

The Burberry Share Plan 2020 (the BSP) continued

Movements in the number of BSP share awards outstanding are as follows:

	52 weeks to 1 April 2023	53 weeks to 2 April 2022
Outstanding at start of year	**1,701,810**	1,424,090
Granted during the year	**1,253,633**	782,208
Lapsed and forfeited during the year	**(539,186)**	(350,708)
Exercised in the year	**(154,305)**	(153,780)
Outstanding at end of year	**2,261,952**	1,701,810
Exercisable at end of year	**2,519**	1,451
Vesting after end of year	**2,259,433**	1,700,459

Share awards outstanding at the end of the year have the following terms:

Term of the award	**Number of awards as at 1 April 2023**	Number of awards as at 2 April 2022
20 August 2020 – 20 August 2025	**–**	71,323
20 August 2020 – 23 July 2023	**636,732**	772,852
19 November 2020 – 19 November 2023	**6,933**	6,933
23 November 2020 – 23 November 2022	**–**	117,453
27 July 2021 – 27 July 2026	**–**	52,111
27 July 2021 – 27 July 2024	**559,954**	674,377
18 November 2021 – 18 November 2024	**6,761**	6,761
27 July 2022 – 27 July 2027	**104,131**	–
27 July 2022 – 27 July 2025	**860,513**	–
24 November 2022 – 24 November 2025	**86,928**	–
Total	**2,261,952**	1,701,810

The weighted average term of the BSP awards is 3 years.

28. Employee costs continued

Shares and share options granted to Directors and employees continued

The Burberry Group plc Executive Share Plan (the ESP)

The ESP was approved by the shareholders and adopted by the Company in the year ended 31 March 2015 with the final grant made on 27 February 2020.

Under the ESP, participants were awarded shares, structured as either nil-cost options, conditional share awards or phantom awards, up to a maximum value of normally four times base salary per annum. Awards may be subject to a combination of non-market performance conditions, including: compound annual Group adjusted PBT growth; compound annual Group revenue growth; and average retail/wholesale adjusted return on invested capital (ROIC). Performance conditions were measured over a three-year period from the last reporting period prior to the grant date and awards vested in two tranches in years 3 and 4. Thresholds and targets for all ESP schemes have now been assessed and the number of shares awarded has been approved.

Awards made to management were not subject to performance conditions apart from continued service during the vesting period.

Obligations under this plan will be met either by market purchase shares, the transfer of treasury shares or by the issue of ordinary shares of the Company, for which the ESOP trust may be used to facilitate the process.

During the year, the fair value charge relating to the ESP awards was £1 million.

Movements in the number of ESP share awards outstanding are as follows:

	52 weeks to 1 April 2023	53 weeks to 2 April 2022
Outstanding at start of year	**1,259,041**	2,691,413
Lapsed and forfeited during the year	**(736,848)**	(1,259,441)
Exercised during the year	**(236,287)**	(172,931)
Outstanding at end of year	**285,906**	1,259,041
Exercisable at end of year	**132,378**	128,531
Vesting after end of year	**153,528**	1,130,690

The weighted average first available exercise date for the ESP scheme is 5 June 2023.

One-off awards

The Company grants conditional share awards as one-off awards. Some of these awards vest in tranches, which vary by award, and are dependent upon continued employment over the vesting period.

The fair values for these awards are equivalent to the closing price of an ordinary share on the grant date.

During the year, the fair value charge relating to the one-off awards was £5 million.

Movements in the number of one-off share awards outstanding are as follows:

	52 weeks to 1 April 2023	53 weeks to 2 April 2022
Outstanding at start of year	**1,063,048**	785,371
Granted during the year	**7,720**	359,252
Lapsed and forfeited during the year	**(537,605)**	(13,375)
Exercised during the year	**(192,414)**	(68,200)
Outstanding at end of year	**340,749**	1,063,048
Exercisable at end of year	**31,311**	31,311
Vesting after end of year	**309,438**	1,031,737

The weighted average first available exercise date for the one-off awards is 2 September 2023 and the latest vesting date is 18 November 2023.

28. Employee costs continued

Other schemes

The Group also grants to employees options under the Burberry Group plc ShareSave Plan 2021 (ShareSave), and free shares under a Burberry Group plc Share Incentive Plan (SIP) for employees in the UK and the Burberry Group plc International Free Share Plan 2021 (IFSP) for employees outside the UK. In the 52 weeks to 1 April 2023 and the 53 weeks to 2 April 2022, options were granted under ShareSave with a three-year and five-year vesting period.

Additional awards were granted under the SIP and the IFSP, offering employees awards of ordinary shares in the Company at a £nil exercise price. All awards vest after three years and the vesting of these share awards is dependent on continued employment over the vesting period.

The fair value charge for these schemes was £4 million.

29. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Total compensation in respect of key management, who are defined as the Board of Directors and certain members of senior management, is considered to be a related party transaction.

The total compensation in respect of key management for the year was as follows:

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Salaries, short-term benefits and social security costs[1]	**9**	8
Share-based compensation (all awards and options settled in shares)	**4**	1
Total	**13**	9

1. Pension cash allowance is included within salaries, short-term benefits and social security costs.

The Group donates each year to The Burberry Foundation, an independent charity which meets the criteria to be reported as a related party in accordance with IFRS. Charitable donations to The Burberry Foundation for the 52 weeks to 1 April 2023 were £2 million (last year: £1 million).

There were no other material related party transactions in the year.

30. Subsidiary undertakings and investments

In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings as at 1 April 2023, including their country of incorporation and percentage share ownership, is disclosed below. Unless otherwise stated, all undertakings are indirectly owned by Burberry Group plc and operate in the country of incorporation. All the subsidiary undertakings have been consolidated as at 1 April 2023.

Company name	Country/territory of incorporation	Interest	Holding (%)	Registered office
Burberry Pacific Pty Ltd	Australia	Ordinary shares	100	1
Burberry (Austria) GmbH	Austria	Ordinary shares	100	2
Sandringham Bahrain SPC W.L.L.[1]	Bahrain	Ordinary shares	100	3
Burberry Antwerp NV	Belgium	Ordinary shares	100	4
Burberry Brasil Comércio de Artigos de Vestuário e Acessórios Ltda	Brazil	Quota	100	5
Burberry Canada Inc	Canada	Common shares	100	6
Burberry (Shanghai) Trading Co., Ltd	Mainland China	Equity interest	100	7
Burberry Czech Rep s.r.o.	Czech Republic	Ordinary shares	100	8
Burberry France SASU	France	Ordinary shares	100	9
Burberry (Deutschland) GmbH	Germany	Ordinary shares	100	10
Burberry Asia Holdings Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry Asia Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry China Holdings Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry Hungary Kereskedelmi Korlátolt Felelősségű Társaság	Hungary	Ordinary shares	100	12
Burberry India Private Limited	India	Ordinary shares	51	13
Burberry Ireland Investments Unlimited Company	Ireland	Ordinary A shares	100	14
		Ordinary B shares	100	
Burberry Ireland Limited	Ireland	Ordinary shares	100	15
Burberry Italy (Rome) S.R.L.	Italy	Quota	100	16
Burberry Italy S.R.L.[2]	Italy	Quota	100	17
Burberry Manifattura S.R.L.	Italy	Quota	100	18
Burberry Japan K.K.	Japan	Ordinary shares	100	19
Burberry Kuwait General Trading Textiles and Accessories Company \With Limited Liability[3]	Kuwait	Parts	49	20
Burberry Macau Limited	Macau S.A.R., China	Quota	100	21
Burberry (Malaysia) Sdn. Bhd.	Malaysia	Ordinary shares	100	22
Horseferry México S.A. de C.V.	Mexico	Ordinary (fixed) shares	100	23
		Ordinary (variable) shares	100	
Horseferry México Servicios Administrativos, S.A. de C.V.	Mexico	Ordinary (fixed) shares	100	23
Burberry Netherlands B.V.	Netherlands	Ordinary shares	100	24
Burberry New Zealand Limited	New Zealand	Ordinary shares	100	25
Burberry Qatar W.L.L[3]	Qatar	Ordinary shares	49	26
Burberry Korea Limited	Republic of Korea	Common stock	100	27
Burberry Retail LLC [4]	Russian Federation	Participatory share	100	28
Burberry Saudi Company Limited	Kingdom of Saudi Arabia	Ordinary shares	100	29
Burberry (Singapore) Distribution Company PTE Ltd	Singapore	Ordinary shares	100	30
Burberry (Spain) Retail S.L.	Spain	Ordinary shares	100	31
Burberry (Suisse) SA[2]	Switzerland	Ordinary shares	100	32
Burberry (Taiwan) Co., Ltd	Taiwan Area, China	Common shares	100	33
Burberry (Thailand) Limited	Thailand	Common shares	100	34

30. Subsidiary undertakings and investments continued

Company name	Country of incorporation	Interest	Holding (%)	Registered office
Burberry Turkey Giyim Toptan Ve Perakende Satış Limited Şirketi	Turkey	Ordinary shares	100	35
Burberry FZ-LLC	United Arab Emirates	Ordinary shares	100	36
Burberry Middle East LLC[3]	United Arab Emirates	Ordinary shares	49	37
Burberry (Espana) Holdings Limited	United Kingdom	Ordinary shares	100	38
Burberry (No. 7) Unlimited	United Kingdom	Ordinary shares	100	38
Burberry (UK) Limited	United Kingdom	Ordinary shares	100	38
Burberry Europe Holdings Limited[2]	United Kingdom	Ordinary shares	100	38
Burberry Finance Limited	United Kingdom	Ordinary shares	100	38
Burberry Haymarket Limited[2]	United Kingdom	Ordinary shares	100	38
Burberry Holdings Limited	United Kingdom	Ordinary shares	100	38
Burberry International Holdings Limited[2]	United Kingdom	Ordinary shares	100	38
Burberry Latin America Limited	United Kingdom	Ordinary shares	100	38
Burberry Limited	United Kingdom	Ordinary shares	100	38
Burberry London Limited	United Kingdom	Ordinary shares	100	38
Burberrys Limited[1]	United Kingdom	Ordinary shares	100	38
Sweet Street Developments Limited	United Kingdom	Ordinary shares	100	38
The Scotch House Limited[2]	United Kingdom	Ordinary shares	100	38
Thomas Burberry Holdings Limited[2]	United Kingdom	Ordinary shares	100	38
Thomas Burberry Limited[2]	United Kingdom	Ordinary shares	100	38
Woodrow-Universal Limited[2]	United Kingdom	Ordinary shares	100	38
Woodrow-Universal Pension Trustee Limited[2]	United Kingdom	Ordinary shares	100	38
Burberry (Wholesale) Limited	United States	Class X common stock	100	39
		Class Y common stock	100	
Burberry Limited	United States	Class X common stock	100	39
		Class Y common stock	100	
Burberry North America, Inc.	United States	Common stock	100	40
Burberry Warehousing Corporation[5]	United States	Common stock	100	40
Castleford Industries, Ltd.[5]	United States	Series A common stock	100	40
Castleford Tailors, Ltd.[5]	United States	Common stock	100	40

1. The Group has an indirect holding of 100% of the issued share capital through a nominee.
2. Held directly by Burberry Group plc.
3. The Group has a 100% share of profits of Burberry Middle East LLC as well as a 100% and majority share of profits in Burberry Middle East LLC's subsidiaries in Kuwait and Qatar respectively. The Group has the power to control these companies under the agreements relating to Burberry Middle East LLC.
4. Burberry Retail LLC's stores have been closed since March 2022.
5. Certificate of dissolution was filed on 28 March 2022.

30. Subsidiary undertakings and investments continued

Ref	Registered office address
1	Level 5, 343 George Street, Sydney NSW 2000, Australia
2	Kohlmarkt 2, A – 1010 Wien, Austria
3	Building 1A, Road 365, Manama Center 316, Unit 8, Moda Mall, Manama, Bahrain
4	Boulevard de Waterloo 16, Brussel, Belgium
5	City of São Paulo, State of São Paulo, at Rua do Rocio, 350, 3rd Pavement of Condominium Atrium IX, suites No. 32, 28th subdistrict, Vila Olímpia, CEP 04552-000, Brazil
6	100 King Street West, 1 First Canadian Place, Suite 1600, Toronto ON M5X 1G5, Canada
7	60th Floor (Actual Floor No.53), Wheelock Square, 1717 Nanjing West Road, Shanghai 200040, China
8	Praha 1, Pařížská 11/67, PSČ 11000, Czech Republic
9	56A rue du Faubourg Saint-Honoré, 75008, Paris, France
10	Königsallee 50, 40212, Düsseldorf, Germany
11	Suites 2201-02 & 11-14, 22/F Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
12	1062 Budapest Andrássy út 100 Hungary
13	3 A-1 Taj Apartment, Rao Tula Ram Marg, New Delhi, 110022, India
14	Suite 9, Bunkilla Plaza, Bracetown Business Park, Clonee, Co. Meath., D15 XR27, Ireland
15	Suite 9, Bunkilla Plaza, Bracetown Office Park, Clonee, Co. Meath., D15 XR27, Ireland
16	Via Manzoni .20, 20121 Milano Italy
17	Via Manzoni 20 CAP, 20121 Milano
18	Via delle Fonti n.10, 50018 Scandicci
19	5-14 Ginza 2-chome, Chuo-ku, Tokyo, Japan
20	Hawali, Street 276, Block 8, Plot 9301, Office No 12, Floor 7, Kuwait
21	Avenida Dr. Sun Yat Sen, One Central Building, 1st floor, Shops 125-127, Macau
22	Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia
23	Edgar Allan Poe 85-B, Col. Polanco, Delg. Miguel Hidalgo, Mexico City, 11560, Mexico
24	Pieter Cornelisz. Hooftstraat 50 H, 1071CA Amsterdam
25	Level 20, HSBC Tower, 188 Quay Street, Auckland, 1010, New Zealand
26	First Floor, Building No. 660, Street no. 364, Al Waab, Zone No.54, Al Marikh, Al Rayyan Municipality, Qatar
27	(Cheongdam-dong) 459, Dosan-daero, Gangnam-gu, Seoul, Republic of Korea
28	Ulitsa Petrovka, 16, floor 3, Premise I, rooms 47-53, 127051, Moscow, Russian Federation
29	Riyadh, Al Olaya District, Akaria Plaza, First Floor, P.O.Box 359, 11411, Kingdom of Saudi Arabia
30	391B Orchard Road, #15-02/03, Ngee Ann City, 238874, Singapore
31	Passeig de Gràcia, 56, 08007 Barcelona
32	Route de Chêne 30A, c/o L&S Trust Services SA, 1208 Genève, Switzerland
33	5F. No 451 Changchun Rd, Songshan Dist, Taipei City 10547, Taiwan
34	No. 127 Office O, Level 25, Gaysorn Tower; Ratchadamri Road, Lumpini Sub-district; Pathumwan District; Bangkok; Thailand
35	Reşitpaşa Mahallessi Eski Büyükdere Cad. Windowist Tower Sit. No: 26/1 Sariyer/Istanbul, Turkey
36	Dubai Design District, Premises: 301, 312, 313, 314 & 315, Floor: 03, Building: 08, Dubai, United Arab Emirates
37	Dubai Design District, Building 8, Level 3, Unit no 314 and 315 PO Box 83916, Dubai
38	Horseferry House, Horseferry Road, London, SW1P 2AW, United Kingdom
39	CT Corporation System, 28 Liberty St., New York, New York, 10005, United States
40	The Corporation Trust Company, Corporation Trust Center 1209 Orange St, Wilmington, New Castle, DE 19801, United States

31. Contingent liabilities

The Group is subject to claims against it and to tax audits in a number of jurisdictions which arise in the ordinary course of business. These typically relate to Value Added Taxes, sales taxes, customs duties, corporate taxes, transfer pricing, payroll taxes, various contractual claims, legal proceedings and other matters. Where appropriate, the estimated cost of known obligations has been provided in these financial statements in accordance with the Group's accounting policies. The Group does not expect the outcome of current similar contingent liabilities to have a material effect on the Group's financial position.

Five-Year Summary (UNAUDITED)

To end of year Revenue by channel	2019 £m	Pro forma[4] 2020 £m	2020 £m	2021 £m	2022 £m	2023 £m
Retail	2,186	2,110	2,110	1,910	2,273	**2,501**
Wholesale	488	476	476	396	512	**543**
Retail/Wholesale	2,674	2,586	2,586	2,306	2,785	**3,044**
Licensing	46	47	47	38	41	**50**
Total revenue	2,720	2,633	2,633	2,344	2,826	**3,094**
Profit by channel	£m	£m	£m	£m	£m	**£m**
Retail/Wholesale[1]	396	361	390	361	486	**587**
Licensing	42	43	43	35	37	**47**
Adjusted operating profit[1]	438	404	433	396	523	**634**
Segmental analysis of adjusted profit[1]	%	%	%	%	%	**%**
Retail/Wholesale gross margin	67.9	66.8	66.8	69.5	70.2	**70.0**
Retail/Wholesale operating expenses as a percentage of sales	53.1	52.8	51.7	53.8	52.7	**50.7**
Retail/Wholesale operating margin	14.8	14.0	15.1	15.7	17.5	**19.3**
Licensing operating margin	91.2	91.9	91.9	90.8	90.2	**91.9**
Adjusted operating profit margin	16.1	15.3	16.4	16.9	18.5	**20.5**
Summary profit analysis	£m	£m	£m	£m	£m	**£m**
Adjusted operating profit[1]	438	404	433	396	523	**634**
Net finance income/(expense)[1]	5	6	(19)	(30)	(31)	**(21)**
Adjusted profit before taxation[1]	443	410	414	366	492	**613**
Adjusting items	(2)	(245)	(245)	124	19	**21**
Profit before taxation	441	165	169	490	511	**634**
Taxation	(102)	(46)	(47)	(114)	(114)	**(142)**
Non-controlling interest	–	–	–	–	(1)	**(2)**
Attributable profit	339	119	122	376	396	**490**
Retail/Wholesale revenue by product division	£m	£m	£m	£m	£m	**£m**
Accessories	1,013	948	948	841	1,017	**1,125**
Women's	837	797	797	653	784	**867**
Men's	698	715	715	668	807	**868**
Children's/Other	126	127	127	145	177	**184**
Retail/Wholesale revenue by destination	£m	£m	£m	£m	£m	**£m**
Asia Pacific	1,104	1,041	1,041	1,203	1,276	**1,297**
EMEIA[2]	957	961	961	628	813	**1,004**
Americas	612	585	585	475	696	**743**
Financial KPIs	%	%	%	%	%	**%**
Total revenue growth[3]	-1	-4	-4	-10	+23	**+5**
Comparable store sales growth	+2	-3	-3	-9	+18	**+7**
Adjusted operating profit growth[1, 3]	0	-8	-1	-8	+38	**+8**
Adjusted operating profit margin[1]	16.1	15.3	16.4	16.9	18.5	**20.5**
Adjusted diluted EPS growth[1]	0	-5	-4	-14	+40	**+30**
Adjusted Group return on invested capital (ROIC)[1, 5]	15.5	13.5	20.0	17.0	24.6	**28.6**

1. Excludes the impact of adjusting items. Refer to note 2s for the Group's policy on adjusting items.
2. EMEIA comprises Europe, Middle East, India and Africa.
3. Growth rate is year-on-year underlying change, i.e. at constant exchange rates.
4. The pro forma income statement for 2020 is an estimation of the results for 2020 applying the previous accounting standard for leases, IAS 17 Leases. The actual results for 2020 are reported applying IFRS 16 Leases.
5. Prior to 2020, reported ROIC was measured on a retail/wholesale basis. From 2020 onwards, reported ROIC is measured on a Group basis and reflects the impact of the adoption of IFRS 16 on the measure.

To end of year Earnings and dividends	2019 pence per share	Pro forma 2020 pence per share	2020 pence per share	2021 pence per share	2022 pence per share	**2023** **pence** **per share**
Adjusted earnings per share – diluted[1]	82.1	77.9	78.7	67.3	94.0	**122.5**
Earnings per share – diluted	81.7	29.0	29.8	92.7	97.7	**126.3**
Diluted weighted average number of ordinary shares (millions)	415.1	409.0	409.0	405.1	404.8	**388.0**
Dividend per share						
Interim	11.0	11.3	11.3	–	11.6	**16.5**
Final	31.5	–	–	42.5	35.4	**44.5**

To end of year Net cash flow	2019 £m	2020 £m	2021 £m	2022 £m	**2023** **£m**
Adjusted profit before tax	443	414	366	492	**613**
Adjusting items	(2)	(245)	124	19	**21**
Operating profit	441	169	490	511	**634**
Depreciation and amortisation	116	331	277	313	**344**
Employee share scheme costs	16	3	12	16	**19**
Net financing expense	(4)	20	31	32	**23**
Decrease/(increase) in inventories	(59)	27	21	(22)	**(10)**
Decrease/(increase) in receivables	(55)	(10)	(39)	(5)	**(17)**
Increase/(decrease) in payables and provisions	55	(84)	(7)	81	**(49)**
Other cash items	2	–	(1)	–	**–**
Other non-cash items	4	169	(107)	(17)	**(32)**
Cash flow from operations	516	625	677	909	**912**
Net interest	6	(19)	(27)	(30)	**(22)**
Tax paid	(111)	(150)	(58)	(180)	**(140)**
Net cash flow from operations[2]	411	456	592	699	**750**
Capital expenditure	(111)	(149)	(115)	(161)	**(179)**
Proceeds from disposal of non-current assets	–	3	27	8	**32**
Payment of lease principal and related cash flows	–	(244)	(155)	(206)	**(210)**
Free cash flow	300	66	349	340	**393**
Acquisitions	(26)	(3)	(4)	(10)	**(6)**
Dividends	(171)	(175)	–	(219)	**(203)**
Purchase of shares through share buyback	(151)	(151)	–	(153)	**(404)**
Proceeds from borrowings	–	300	595	–	**–**
Repayment of borrowings	–	–	(600)	–	**–**
Other	(10)	4	2	(4)	**2**
Exchange difference	2	9	(13)	7	**2**
Total movement in net cash	(56)	50	329	(39)	**(216)**
Net cash	837	887	1,216	1,177	**961**

1. Excludes the impact of adjusting items. Refer to note 2s for the Group's policy on adjusting items.
2. Following the adoption of IFRS 16 in the year ending 28 March 2020, Net cash flow from operations excludes cash outflows for lease principal and other lease payments. Free cash flow is presented including these lease payments and hence free cash flow is on a comparable basis to prior years.

At end of year **Balance Sheet**	2019 £m	2020 £m	2021 £m	2022 £m	**2023** **£m**
Intangible assets	221	247	237	240	**248**
Property, plant and equipment	307	295	280	322	**376**
Right-of-use assets	–	834	818	880	**950**
Inventories	465	451	402	426	**447**
Trade and other receivables	321	306	322	328	**359**
Trade and other payables	(702)	(550)	(492)	(572)	**(553)**
Lease liabilities	–	(1,126)	(1,020)	(1,058)	**(1,123)**
Taxation (including deferred taxation)	98	214	148	221	**229**
Net cash	837	887	1,216	1,177	**961**
Borrowings	–	(300)	(297)	(298)	**(298)**
Other net assets	(87)	(39)	(54)	(49)	**(57)**
Net assets	1,460	1,219	1,560	1,617	**1,539**

Reconciliation of Adjusted **Group ROIC as reported under IFRS 16**	2019 £m	2020 £m	2021 £m	2022 £m	**2023** **£m**
Adjusted operating profit[1]		433	396	523	**634**
Adjusted profit effective tax rate[1]		22.3%	25.4%	22.2%	**22.2%**
Adjusted net operating profit after tax[1]		336	295	407	**493**
Net assets	1,460	1,219	1,560	1,617	**1,539**
Adjustments to net assets on adoption of IFRS 16 and IFRIC 23	(62)	–	–	–	**–**
Deduct cash net of overdrafts	(837)	(887)	(1,216)	(1,177)	**(961)**
Add back borrowings	–	300	297	298	**298**
Add back lease debt	1,045	1,125	1,019	1,058	**1,123**
Deduct net tax assets	(98)	(214)	(148)	(221)	**(229)**
Operating assets	1,508	1,543	1,512	1,575	**1,770**
Add back net liabilities related to adjusting items:					
Deferred consideration	22	18	17	8	**5**
Restructuring liabilities/other	27	253	128	63	**30**
Adjusted operating assets	1,557	1,815	1,657	1,646	**1,805**
Average adjusted operating assets	–	1,686	1,736	1,651	**1,726**
Adjusted Group ROIC	–	20.0%	17.0%	24.6%	**28.6%**

1. Excludes the impact of adjusting items. Refer to note 2s for the Group's policy on adjusting items.

Company Balance Sheet

	Note	**As at 1 April 2023 £m**	As at 2 April 2022 £m
Fixed assets			
Investments in subsidiaries	D	**1,553**	1,535
		1,553	1,535
Current assets			
Trade and other receivables – amounts falling due after more than one year	E	**301**	609
Trade and other receivables – amounts falling due within one year	E	**288**	1
Derivative assets maturing within one year		**3**	–
Cash at bank and in hand		**–**	1
		592	611
Creditors – amounts falling due within one year	F	**(67)**	(60)
Net current assets		**525**	551
Total assets less current liabilities		**2,078**	2,086
Creditors – amounts falling due after more than one year	F	**(129)**	(123)
Borrowings	G	**(298)**	(298)
Net assets		**1,651**	1,665
Equity			
Called up share capital	I	**–**	–
Share premium account		**230**	227
Capital reserve		**1**	1
Profit and loss account		**1,420**	1,437
Total equity		**1,651**	1,665

Profit for the year was £572 million (last year: £456 million). The Directors consider that, at 1 April 2023, £718 million (last year: £701 million) of the profit and loss account is non-distributable.

The financial statements on pages 322 to 330 were approved and authorised for issue by the Board on 17 May 2023 and signed on its behalf by:

Jonathan Akeroyd
Chief Executive Officer

Company Statement of Changes in Equity

	Note	Called up share capital £m	Share premium account £m	Capital reserve £m	Hedging reserve £m	Profit and loss account £m	Total equity £m
Balance as at 27 March 2021		–	223	1	5	1,345	1,574
Profit for the year		–	–	–	–	456	456
Total comprehensive income for the year		–	–	–	–	456	456
Employee share incentive schemes							
Equity share awards		–	–	–	–	16	16
Exercise of share options		–	4	–	–	–	4
Purchase of own shares							
Share buyback		–	–	–	–	(153)	(153)
Held by ESOP trusts		–	–	–	–	(8)	(8)
Dividends paid in the year		–	–	–	–	(219)	(219)
Gains recognised in income		–	–	–	(5)	–	(5)
Balance as at 2 April 2022		–	227	1	–	1,437	1,665
Profit for the year		–	–	–	–	572	572
Total comprehensive income for the year		–	–	–	–	572	572
Employee share incentive schemes							
Equity share awards		–	–	–	–	19	19
Exercise of share options		–	3	–	–	–	3
Purchase of own shares							
Share buyback	I	–	–	–	–	(404)	(404)
Held by ESOP trusts		–	–	–	–	(1)	(1)
Dividends paid in the year	J	–	–	–	–	(203)	(203)
Balance as at 1 April 2023		**–**	**230**	**1**	**–**	**1,420**	**1,651**

A. Basis of preparation

Burberry Group plc (the Company) is the parent Company of the Burberry Group. Burberry Group plc is a public company which is limited by shares and is listed on the London Stock Exchange. The Company's principal business is investment and it is incorporated and domiciled in the UK. The Company is registered in England and Wales and the address of its registered office is Horseferry House, Horseferry Road, London, SW1P 2AW. The Company is the sponsoring entity of The Burberry Group plc ESOP Trust and The Burberry Group plc SIP Trust (collectively known as the ESOP trusts). These financial statements have been prepared by including the ESOP trusts within the financial statements of the Company. The purpose of the ESOP trusts is to purchase shares of the Company in order to satisfy Group share-based payment arrangements.

Burberry Group plc and its subsidiaries (the Group) is a global luxury goods manufacturer, retailer and wholesaler. The Group also licenses third parties to manufacture and distribute products using the 'Burberry' trademarks. All of the companies which comprise the Group are controlled by the Company directly or indirectly. The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards. These consolidated financial statements have been prepared for public use and can be obtained at Horseferry House, Horseferry Road, London, SW1P 2AW.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by derivative financial assets and derivative financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (refer to note C).

Financial Reporting Standard 101 – reduced disclosure exemptions

The Company has taken advantage of the applicable disclosure exemptions permitted by FRS 101 in the financial statements, which are summarised below:

Standard	Disclosure exemption
IFRS 7, 'Financial Instruments: Disclosures'	• Full exemption
IFRS 13, 'Fair Value Measurement'	• para 91-99 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
IAS 1, 'Presentation of the Financial Statements'	• para 10(d) – statement of cash flows • para 10(f) – a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statements, or when it reclassifies items in its financial statements • para 16 – statement of compliance with all IFRS • para 38 – present comparative information in respect of paragraph 79(a)(iv) of IAS 1 • para 38A – requirement for minimum of two primary statements, including cash flow statements • para 38B-D – additional comparative information • para 111 – cash flow statement information • para 134-136 – capital management disclosures
IAS 7, 'Statement of Cash Flows'	• Full exemption
IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'	• para 30-31 – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective
IAS 24, 'Related Party Disclosures'	• para 17 – key management compensation • The requirements to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
IAS 36, 'Impairment of Assets'	• para 134(d)-134(f) and 135(c)-135(e)

A. Basis of preparation continued

Going concern

The Company financial statements are prepared on a going concern basis as set out in note 1 of the Group consolidated financial statements of Burberry Group plc.

New standards, amendments and interpretations adopted in the period

There have been no new standards or interpretations issued and made effective for the financial period commencing 3 April 2022 that have had a material impact on the financial statements of the Company.

B. Accounting policies

The following principal accounting policies have been applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated:

Share schemes

The Group operates a number of equity-settled share-based compensation schemes, under which services are received from employees (including executive Directors) as consideration for equity instruments of the Company. Instruments used include awards and options. The cost of the share-based incentives is measured with reference to the fair value of the equity instruments awarded at the date of grant. Appropriate option pricing models, including Black-Scholes, are used to determine the fair value of the option awards made.

The fair value takes into account the impact of any market performance conditions, but the impact of non-market performance conditions is not considered in determining the fair value on the date of grant. Vesting conditions which relate to non-market conditions are allowed for in the assumptions used for the number of share awards or options expected to vest. The estimate of the number of options expected to vest is revised at each balance sheet date.

In some circumstances, employees may provide services in advance of the grant date. The grant date fair value is estimated for the purpose of recognising the expense during the period between the service commencement period and the grant date.

The grant by the Company of share awards or options over its equity instruments to employees of subsidiary undertakings in the Group is treated as a capital contribution. In the Company's financial statements, the cost of the share-based incentives is recognised over the vesting period of the awards as an increase in investment in subsidiary undertakings, with a corresponding increase in equity. Where amounts are received from Group companies in relation to equity instruments granted to the employees of the subsidiary undertaking, the amount is derecognised from investments in Group companies.

When share awards or options are exercised, they are settled either via issue of new shares in the Company, or through shares held in the ESOP trusts, depending on the terms and conditions of the relevant scheme. For new shares issued, the proceeds received from the exercises of share options, net of any directly attributable transaction costs, are credited to share capital and share premium accounts. When ESOP shares are used, any difference between the exercise price and their cost are recognised in retained earnings.

Dividend distribution

Dividend distributions to Burberry Group plc's shareholders are recognised as a liability in the year in which the dividend becomes a committed obligation. Final dividends are recognised when they are approved by the shareholders. Interim dividends are recognised when paid.

Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provisions to reflect impairment in value.

Impairment of investments in subsidiaries

Investments in subsidiaries are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Investments for which an impairment has been previously recognised are reviewed for possible reversal of impairment at each reporting date.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax charge.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit because it excludes items of income or expense which are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The current tax liability is calculated using tax rates which have been enacted or substantively enacted by the balance sheet date.

B. Accounting policies continued

Taxation continued

Deferred income tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, no deferred tax will be recognised.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Financial instruments

A financial instrument is initially recognised at fair value on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, all financial liabilities are stated at fair value. Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest rate method, except for derivatives which are held at fair value and which are classified as fair value through profit and loss. Financial assets are classified as either amortised cost or fair value through profit and loss depending on their cash flow characteristics. Assets with cash flows that represent solely payments of principal and interest are measured at amortised cost. The fair value of the financial assets and liabilities held at amortised cost approximate their carrying amount due to the use of market interest rates.

The Company classifies its instruments in the following categories:

Financial instrument category	Note	Classification	Measurement
Cash and cash equivalents		Amortised cost	Amortised cost
Trade and other receivables	E	Amortised cost	Amortised cost
Trade and other receivables	E	Fair value through profit and loss	Fair value through profit and loss
Trade and other payables	F	Other financial liabilities	Amortised cost
Borrowings	G	Other financial liabilities	Amortised cost
Equity swap contracts		Fair value through profit and loss	Fair value through profit and loss

The Company's primary categories of financial instruments are listed below:

Cash at bank and in hand

On the Balance Sheet, cash at bank and in hand comprises cash held with banks. Cash at bank and in hand held at amortised cost is subject to impairment testing each period end.

Trade and other receivables

Trade and other receivables are included in current assets. Trade and other receivables with maturities greater than 12 months after the balance sheet date are classified in trade and other receivables amounts falling due after more than one year. The assessment of maturities of loan receivables takes into consideration any intention to renew the loan, where the loan is provided under a facility which has a maturity of more than 12 months from the balance sheet date. Most receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected loss on receivables is established at inception. This is modified when there is a change in the credit risk. The amount of the movement in the provision is recognised in the Income Statement.

Trade and other payables

Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

B. Accounting policies continued

Financial instruments continued

Borrowings

Borrowings are recognised initially at fair value, inclusive of transaction costs incurred. Borrowings are subsequently stated at amortised cost and the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest rate method. Borrowings are classified in creditors amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative instruments

The Company uses equity swap contracts to economically hedge its exposure to fluctuations in the Company's share price which impacts the social security costs payable by Group companies in relation to share-based compensation schemes.

The equity swap contracts are initially recognised at fair value at the trade date and classified as fair value through profit and loss. All subsequent changes in fair value are recognised in the Income Statement up to the maturity date.

Cash settled equity swaps are classified as fair value through profit and loss.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in sterling which is the Company's functional and presentation currency.

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at the year end, are translated into the functional currency at the exchange rate ruling at the balance sheet date (closing rate). Exchange differences on monetary items are recognised in the Income Statement in the period in which they arise.

Called up share capital

Called up share capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

C. Key sources of estimation uncertainty and judgements

Key sources of estimation uncertainty

Preparation of the financial statements in conformity with FRS 101 requires that management make certain estimates and assumptions that affect the reported revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best estimates at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no key sources of estimation uncertainty for the 52 weeks to 1 April 2023 and the 53 weeks to 2 April 2022.

Key judgements in applying the Company's accounting policies

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Company's financial statements. Further details of the Company's accounting policies are provided in note B. There were no key judgements arising in the current year or prior year that have a significant impact on the amounts recognised in the Company's financial statements for the 52 weeks to 1 April 2023 and the 53 weeks to 2 April 2022.

D. Investments in subsidiaries

	£m
As at 2 April 2022	1,535
Additions	18
As at 1 April 2023	**1,553**

The Company has reviewed the recoverable value of its investments to identify if there is any indication of impairment of the carrying value. Where applicable, the value in use has been estimated using management's best estimates of future cash generation of its investments.

The Company has not impaired the carrying value of its investments as their cash generation in the long-term is considered sufficient to support the carrying value. The subsidiary undertakings and investments of the Burberry Group are listed in note 30 of the Group financial statements.

E. Trade and other receivables

	As at 1 April 2023 £m	As at 2 April 2022 £m
Amounts owed by Group companies	**300**	608
Prepayments	**1**	1
Trade and other receivables – amounts falling due after more than one year	**301**	609
Amounts owed by Group companies	**288**	1
Trade and other receivables – amounts falling due within one year	**288**	1
Total trade and other receivables	**589**	610

All amounts owed by Group companies are interest bearing and unsecured.

Included within amounts owed by Group companies falling due after more than one year are interest bearing loans receivable of £300 million with a facility maturity date of 21 September 2025, and within amounts owed by Group companies falling due within one year is £288 million with a facility maturity date of 1 March 2024. The interest rates applied to these loans are 1.125% and SONIA + adjustment spread +0.9%, respectively.

The Company's impairment policies and the calculation of the loss allowances under IFRS 9 are detailed in note H.

F. Creditors

	As at 1 April 2023 £m	As at 2 April 2022 £m
Amounts owed to Group companies	**129**	123
Creditors – amounts falling due after more than one year	**129**	123

	As at 1 April 2023 £m	As at 2 April 2022 £m
Amounts owed to Group companies	**66**	59
Other payables	**1**	1
Creditors – amounts falling due within one year	**67**	60
Total creditors	**196**	183

Amounts owed to Group companies falling due after more than one year include interest bearing loans of £129 million (last year: £123 million). The interest rate earned is set annually and was based on SONIA plus adjustment spread +0.9% at the most recent update. These loans are unsecured with £69 million repayable on 17 June 2024 and £60 million repayable on 17 June 2025.

Amounts owed to Group companies falling due within one year amount to £66 million and are unsecured, interest free and repayable on demand (last year: £59 million of interest bearing loans repayable on demand).

G. Borrowings

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300 million and 1.125% coupon maturing on 21 September 2025 (the sustainability bond). Proceeds from the sustainability bond will allow the Group to finance projects which support the Group's sustainability agenda. Refer to page 92 for the sustainability bond use of proceeds report. There are no financial penalties for not using the proceeds as anticipated. Interest on the sustainability bond is payable semi-annually. The carrying value of the bond at 1 April 2023 is £298 million (last year: £298 million); all movements on the bond are non-cash. The fair value of the bond at 1 April 2023 is £273 million (last year: £285 million).

H. Credit risk

The Company's principal financial instruments comprise cash, borrowings, trade and other receivables and trade and other payables arising directly from operations.

Trade and other receivables

The trade and other receivables balance comprises intercompany loans with companies within the Group. These Group companies are assessed at each reporting date as to their ability to repay outstanding balances. The amounts owed by Group companies at 1 April 2023 comprise £587 million owed by Burberry Limited, and £1 million owed by other Group companies (last year: £609 million owed by Burberry Limited, and £1 million owed by other Group companies).

The counterparty credit risk of trade and other receivables is reviewed on a regular basis and assessed for impairment as follows:

At inception the receivable is recorded net of expected 12-month credit losses. If a significant increase in the credit risk occurs during the life, credit losses are recorded in the profit and loss account and the effective interest is calculated using the gross carrying amount of the asset. If a loss event occurs, the effective interest is calculated using the amortised cost of the asset net of any credit losses.

The Company's most significant debtor, Burberry Limited, is the holder of the Burberry brand and the main operating company of the Group. Based on its liquidity and expected cash generation, the expected 12 months credit loss for Burberry Limited trade and other receivables is not considered to be significant. As a result, no impairment has been recorded for amounts owed by Group companies as at 1 April 2023.

Other financial assets

With respect to credit risk arising from other financial assets, which comprise cash and certain other receivables, the Company's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments. The Company has policies that limit the amount of credit exposure to any financial institution and only deposits funds with independently rated financial institutions with a minimum rating of 'A', other than where required for operational purposes.

I. Called up share capital

Allotted, called up and fully paid share capital	Number	£m
Ordinary shares of 0.05p (last year: 0.05p) each		
As at 2 April 2022	405,107,301	–
Allotted on exercise of options during the year	236,123	–
Cancellation of shares	(21,075,496)	–
As at 1 April 2023	**384,267,928**	**–**

The Company has a general authority from shareholders, renewed at each Annual General Meeting, to repurchase a maximum of 10% of its issued share capital. During the 52 weeks to 1 April 2023, the Company entered into agreements to purchase £400 million of its own shares, excluding stamp duty and fees, through two share buyback programmes of £200 million each (last year: one share buyback programme of £150 million). Both programmes were completed during the year.

The cost of own shares purchased by the Company, as part of a share buyback programme, is offset against the profit and loss account, as the amounts paid reduce the profits available for distribution by the Company. When shares are cancelled, a transfer is made from the profit and loss account to the capital reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled. In the 52 weeks to 1 April 2023, 21 million shares were cancelled (last year: none).

As at 1 April 2023 the Company held 6.1 million treasury shares (last year: 8.4 million), with a market value of £157 million (last year: £140 million) based on the share price at the reporting date. The treasury shares held by the Company are related to the share buyback programme completed during the 53 weeks to 2 April 2022. During the 52 weeks to 1 April 2023, 2.3 million treasury shares were transferred to ESOP trusts (last year: none). During the 52 weeks to 1 April 2023, no treasury shares were cancelled (last year: none).

I. Called up share capital continued

The cost of shares purchased by ESOP trusts are offset against the profit and loss account, as the amounts paid reduce the profits available for distribution by the Company. As at 1 April 2023, the cost of own shares held by ESOP trusts and offset against the profit and loss account is £42 million (last year: £11 million). As at 1 April 2023, the ESOP trusts held 2.3 million shares (last year: 0.6 million) in the Company, with a market value of £60 million (last year: £10 million). In the 52 weeks to 1 April 2023 the ESOP trusts and the Company have waived their entitlement to dividends.

J. Dividends

	52 weeks to 1 April 2023 £m	53 weeks to 2 April 2022 £m
Prior year final dividend paid 35.4p per share (prior year: 42.5p)	**140**	172
Interim dividend paid 16.5p per share (prior year: 11.6p)	**63**	47
Total	**203**	219

A final dividend in respect of the 52 weeks to 1 April 2023 of 44.5p (last year: 35.4p) per share, amounting to £167 million, has been proposed for approval by the shareholders at the Annual General Meeting subsequent to the balance sheet date. The final dividend has not been recognised as a liability at the year end and will be paid on 4 August 2023 to the shareholders on the register at the close of business on 30 June 2023. The ex-dividend date is 29 June 2023 and the final day for dividend reinvestment plan (DRIP) elections is 14 July 2023.

K. Financial guarantees

On 26 July 2021, the Group entered into a £300 million multi-currency sustainability-linked revolving credit facility (RCF) with a syndicate of banks, maturing on 26 July 2026. There were no drawdowns or repayments of the RCF during the current or previous year, and at 1 April 2023 there were no outstanding drawings.

The Group is in compliance with the financial and other covenants within the facility and has been in compliance throughout the financial period.

The companies acting as guarantor to the facility consist of Burberry Group plc, Burberry Limited, Burberry Asia Limited, Burberry (Wholesale) Limited (US) and Burberry Limited (US). Based on the liquidity and expected cash generation of Burberry Limited, the expected credit loss in respect of these financial guarantees, as at 1 April 2023, is not considered to be significant. As a result, no liability has been recorded (last year: £nil).

A potential liability may arise in the future if one of the Group members defaults on these loan facilities. Each guarantor, including Burberry Group plc, would be liable to cover the amounts outstanding, including principal and interest elements.

L. Audit fees

The Company has incurred audit fees of £0.1 million for the current year which are borne by Burberry Limited (last year: £0.1 million).

M. Employee costs

The Company has no employees and therefore no employee costs are included in these financial statements for the 52 weeks to 1 April 2023 (last year: £nil).

Shareholder Information

General shareholder enquiries

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's registrar at:

Equiniti
Aspect House
Spencer Road, Lancing West Sussex, BN99 6DA
Tel: 0371 384 2839 (Lines are open 8.30am to 5.30pm, Monday to Friday)
Please dial +44 (0) 371 384 2839 if calling from outside the UK or see help.shareview.co.uk for additional information.

American Depositary Receipts

We have a sponsored Level 1 American Depositary Receipt (ADR) programme to enable USA investors to purchase ADRs in US Dollars. Each ADR represents one Burberry ordinary share.

For queries relating to ADRs in Burberry, please use the following contact details:

BNY Mellon Shareowner Services
P.O. BOX 43006 Providence, RI 02940-3078
Tel: toll free within the USA: +1 888 269 2377
Tel: international: +1 201 680 6825
Email enquiries: shrrelations@cpushareownerservices.com
Website: www.mybnymdr.com

Managing your shares online

Shareholders and employees can manage their Burberry holdings online by registering with Shareview, a secure online platform provided by Equiniti. Registration is a straightforward process and allows shareholders to:

- access information on their shareholdings, including share balance and dividend information
- sign up for electronic shareholder communications
- buy and sell shares
- update their records following a change of address
- have dividends paid into their bank account
- vote by proxy online in advance of general meetings of the Company

Burberry encourages shareholders to sign up for electronic communication as it allows information to be disseminated quickly and efficiently and also reduces paper usage, which makes a valuable contribution to our global footprint.

Website

The investor section of Burberry Group plc's website, Burberryplc.com, contains a wide range of information including:

- regulatory news
- share price information
- dividend history, share analysis and the investment calculator
- financial results announcements
- frequently asked questions
- financial calendar

It is also possible to sign up to receive email alerts for RNS news and press releases relating to Burberry Group plc at www.burberryplc.com/en/alerts.html.

Duplicate accounts

Shareholders who have more than one account due to inconsistency in account details may avoid duplicate mailings by contacting Equiniti and requesting the amalgamation of their share accounts.

Share dealing

Burberry Group plc shares can be traded through most banks, building societies or stock brokers. Equiniti offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request.

For telephone dealing, please telephone 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing visit www.shareview.co.uk/dealing.

Shareholders will need their reference number, which can be found on their share certificate.

Annual General Meeting (AGM)

Our AGM will be held at Conrad London St. James, 22-28 Broadway, London, SW1H 0BH on Wednesday 12 July 2023 at 11:00am. The Notice of Meeting, which includes details of the business to be conducted at the meeting, is available on our Company website, Burberryplc.com.

The voting results for the 2023 AGM will also be accessible on Burberryplc.com shortly after the meeting.

Our privacy policy

Please see the privacy policy on https://www.burberryplc.com/en/investors/shareholder-centre/shareholder-privacy-notice.html for details on how Burberry collects and uses shareholder personal information.

Dividends

An interim dividend for FY 2022/23 of 16.5p per ordinary share was paid on 27 January 2023. A final dividend of 44.5p per share has been proposed and, subject to approval at the AGM on 12 July 2023, will be paid according to the following timetable:

Ex-dividend date:	29 June 2023
Final dividend record date:	30 June 2023
Deadline for return of Dividend Reinvestment Plan (DRIP) mandate forms:	14 July 2023
Final dividend payment date:	4 August 2023

The ADR local payment date will be approximately five business days after the proposed dividend payment date for ordinary shareholders.

Dividends can be paid by BACS directly into a UK bank account, with the dividend confirmation being sent to the shareholder's address. This is the easiest way for shareholders to receive dividend payments and avoids the risk of lost or out-of-date cheques. A dividend mandate form is available from Equiniti or online at www.shareview.co.uk/info/directdividends.

If you are a UK taxpayer, please note that you are eligible for a tax-free dividend allowance in each tax year (£1,000 in the tax year from 6 April 2023 to 5 April 2024).

Any dividends received above this amount will be subject to taxation. Dividends paid on shares held within pensions and Individual Savings Accounts (ISAs) will continue to be tax-free. Further information can be found at www.gov.uk/tax-on-dividends.

Dividends payable in foreign currencies

Equiniti is able to pay dividends to shareholder bank accounts in over 30 currencies worldwide through the Overseas Payment Service. An administrative fee will be deducted from each dividend payment. Further details can be obtained from Equiniti or online at www.shareview.co.uk/info/ops.

Dividend Reinvestment Plan (DRIP)

Our DRIP enables shareholders to use their dividends to buy further Burberry shares. Full details of the DRIP can be obtained from Equiniti or online at www.shareview.co.uk/info/drip.

Electronic communication

Shareholders may at any time choose to receive all shareholder documentation in electronic form via the internet, rather than in paper format. Shareholders who decide to register for this option will receive an email each time a shareholder document is published on the internet. Shareholders who wish to receive documentation in electronic form should register online at www.shareview.co.uk.

Equiniti offers a range of shareholder information and services online at www.shareview.co.uk.

Financial calendar

AGM:	12 July 2023
First quarter trading update:	14 July 2023
Interim results announcement:	November 2023
Third quarter trading update:	January 2024
Preliminary results announcement:	May 2024

Registered office

Burberry Group plc
Horseferry House
Horseferry Road
London SW1P 2AW
Registered in England and Wales
Registered Number 03458224

ShareGift

Shareholders with a small number of shares, the value of which makes them uneconomical to sell, may wish to consider donating their shares to charity through ShareGift, a donation scheme operated by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Equiniti. Further information is available at www.sharegift.org or by telephone on 0207 930 3737.

Tips on protecting your information

- Keep any documentation that contains your shareholder reference number in a safe place and shred any unwanted documentation
- Inform our registrar, Equiniti, promptly when you change address
- Be aware of dividend payment dates and contact the registrar if you do not receive your dividend cheque or, better still, make arrangements to have the dividend paid directly into your bank account
- Consider holding your shares electronically in a CREST account via a nominee

Unauthorised brokers (boiler room scams)

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free company reports. These are typically from overseas-based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice, get the correct name of the person and organisation, and check that they are properly authorised by the FCA before getting involved. This can be done by visiting www.fca.org.uk/register/.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

If you think you have been approached by an unauthorised firm, you should contact the FCA consumer helpline on 0800 111 6768.

More detailed information can be found on the FCA website at www.fca.org.uk/consumers/protect-yourself/unauthorised-firms.

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