



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 EMEA 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 reimaged 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<sup>1,2,3</sup>

Americas	Europe, Middle East, India and Africa	Asia Pacific
<b>£743m</b>	<b>£1,004m</b>	<b>£1,297m</b>
-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	<b>2,501</b>	2,273
Wholesale	<b>543</b>	512
Licensing	<b>50</b>	41

## Revenue by product<sup>2</sup>

### Retail/wholesale revenue by product (£m)

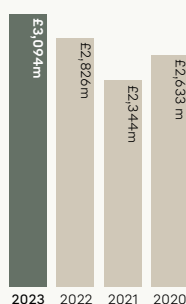
Period ending	1 April 2023	2 April 2022
Accessories	<b>1,125</b>	1,017
Women's	<b>867</b>	784
Men's	<b>868</b>	807
Children's, Beauty and other	<b>184</b>	177

1. All references to revenue growth are presented at Constant Exchange Rates (CER) and exclude the impact of the 53<sup>rd</sup> week in FY 2021/22.  
See page 45 for reconciliation to total revenue.

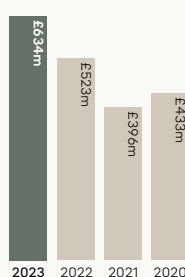
2. Retail/wholesale revenue.

3. For more detail on performance see Financial Review on pages 38 to 46.

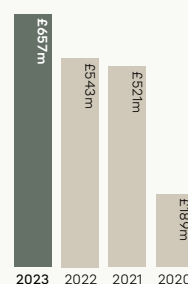
## Revenue



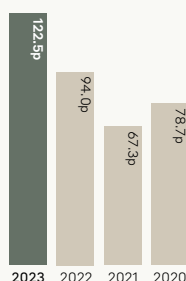
## Adjusted operating profit



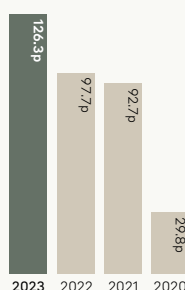
## Operating profit



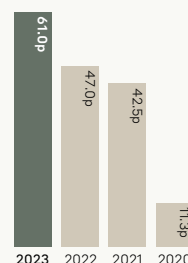
## Adjusted diluted EPS



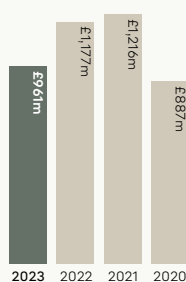
## Diluted EPS



## Dividend per share



## Cash (net of overdrafts)\*

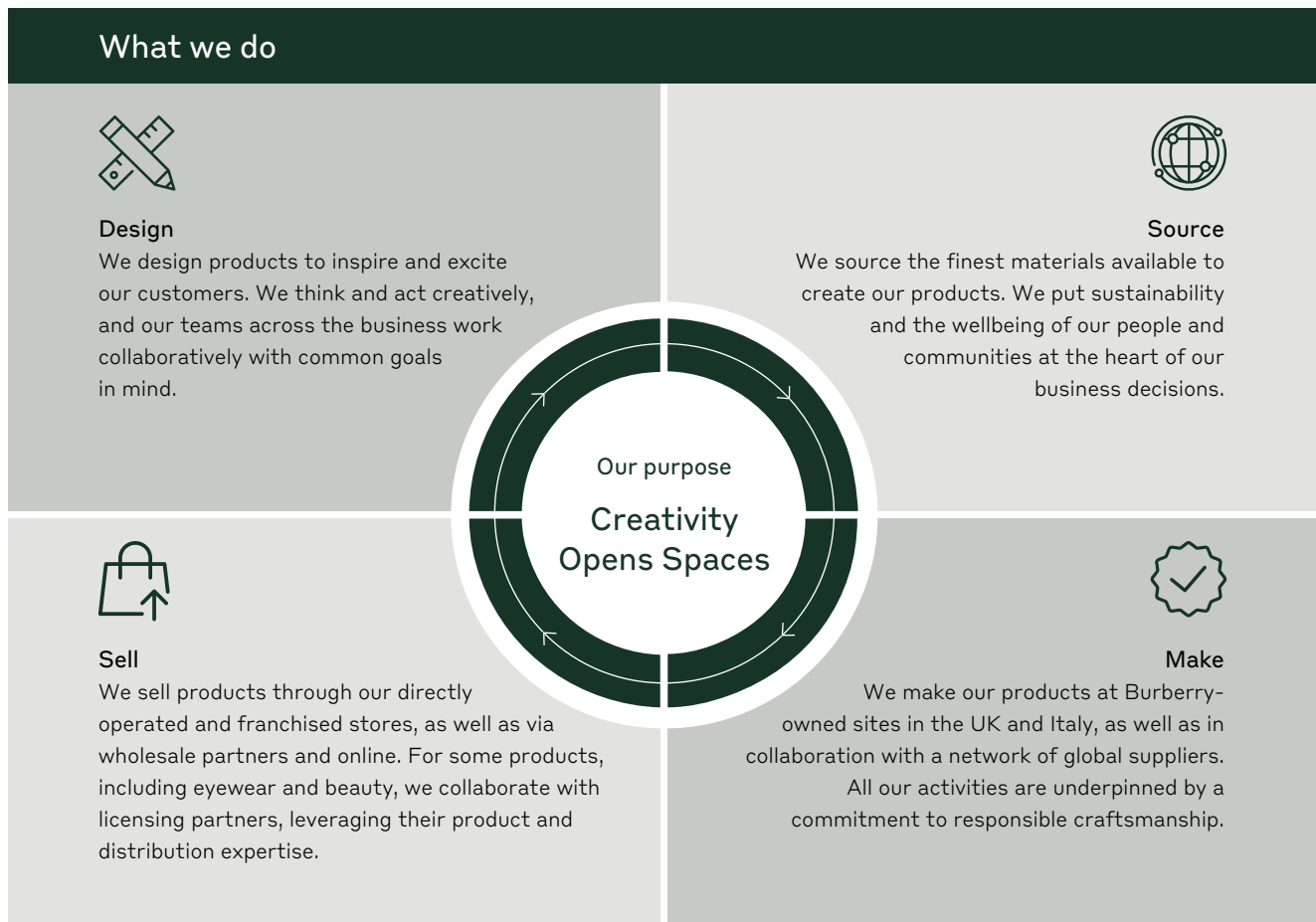


Alternative performance measures, including adjusting measures, are defined on page 45.

\* 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 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		
<b>Harness the power of our brand</b>  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.	<b>Bring all product categories to full potential</b>  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.	<b>Strengthen distribution</b>  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

 <p><b>Product</b> <b>Responsible craftsmanship</b>  Read more on page 51</p>	 <p><b>Planet</b> <b>Become Climate Positive</b>  Read more on page 56</p>	 <p><b>People</b> <b>Diversity, Equity, Inclusion and Wellbeing</b>  Read more on page 68</p>	 <p><b>Communities</b> <b>Positively impact young people</b>  Read more on page 82</p>
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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.

## 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.

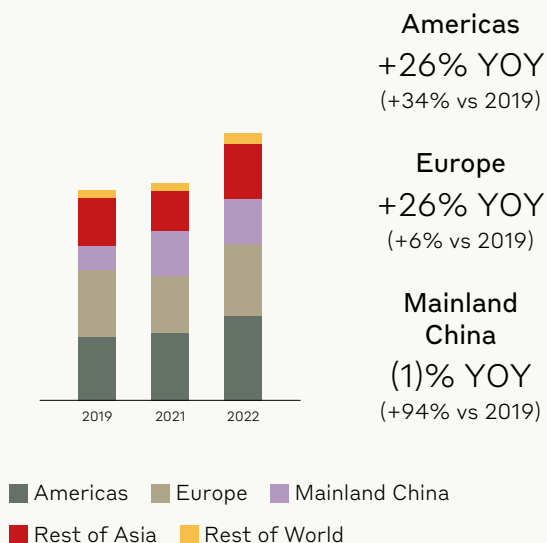
### Americas

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.

Market growth by geography



## 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.

## 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.

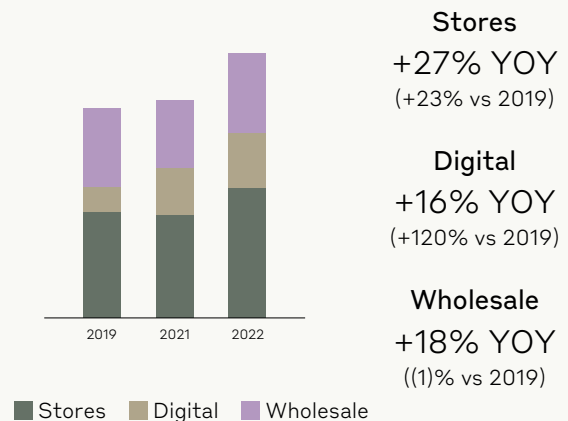
### Wholesale

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 product

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

### Market growth by channel



## 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 – 21<sup>st</sup> 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
<b>Product</b>		
<b>Source certified key raw materials</b> <ul style="list-style-type: none"> <li>100% of key raw materials in our products to be certified<sup>1</sup> and traceable by FY 2029/30<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Percentage of certified organic cotton</li> <li>Percentage of certified recycled nylon and polyester</li> <li>Percentage of Canopy Green Shirt rated viscose</li> <li>Percentage of certified wool</li> <li>Percentage of leather from certified tanneries</li> <li>Percentage of feather and down to be maintained as responsibly sourced (Responsible Down Standard)</li> <li>Percentage of key raw materials in our products to be traceable (to country level as a minimum)</li> </ul>	<ul style="list-style-type: none"> <li>31%<sup>^</sup> of our cotton was certified organic in FY 2022/23<sup>2</sup></li> <li>44% of our nylon and polyester is recycled</li> <li>100% of our viscose is Canopy 'Green Shirt' rated</li> <li>46% of our wool in soft accessories and knits is certified</li> <li>96% of our leather is from tanneries with environmental, traceability and social compliance certification</li> <li>Maintained 100% of our virgin feather and down certified to Responsible Down Standard</li> <li>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</li> </ul>

1. See our Basis of Reporting and Responsibility Data Appendix on Burberrypplc.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 Burberrypplc.com.

<sup>^</sup> 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 <sup>^</sup>. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberrypplc.com.

Objective	Measure	Performance
<b>Product (continued)</b>		
<b>Embed circular business models</b> <ul style="list-style-type: none"> <li>Continue to evolve aftercare offer and trial new circular business models</li> </ul>	<ul style="list-style-type: none"> <li>Number of circular business model trials in progress during the year</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Eliminate plastic packaging</b> <ul style="list-style-type: none"> <li>Eliminate plastic from our consumer packaging by FY 2025/26</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>We collect data on packaging raw materials, including total weight and % recycled/certified</li> </ul>	<ul style="list-style-type: none"> <li>Details on key areas of progress are provided on page 55</li> </ul>

Objective	Measure	Performance
<b>Planet</b>		
<p><b>Reduce our scope 1, 2 and 3 emissions, and become Climate Positive by 2040</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Across our extended value chain, we aim for a 46% reduction in scope 3 GHG emissions<sup>1</sup> 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)</li> <li>Become Climate Positive by FY 2039/40 by neutralising residual emissions through carbon removal projects</li> </ul>	<ul style="list-style-type: none"> <li>Total scope 1 and scope 2 (market-based) emissions</li> <li>Total scope 3 emissions</li> <li>Total emissions across all scopes</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 and 2 emissions reduced by 93% from our FY 2016/17 baseline. Further details provided on page 59</li> <li>Scope 3 emissions reduced by 40%^ from our FY 2018/19 baseline. Further details provided on page 61</li> <li>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</li> <li>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</li> <li>Further details provided on page 65</li> </ul>

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](https://www.burberryplc.com).

Objective	Measure	Performance
<b>Planet (continued)</b>		
<b>Embed sustainable manufacturing processes across our supply chain</b> <ul style="list-style-type: none"> <li>Extend our sustainable manufacturing initiatives, covering energy, water and waste, both within our own manufacturing and across our supply chain</li> </ul>	Multiple KPIs tracked, including: <ul style="list-style-type: none"> <li>Percentage of finished goods vendors sourcing renewable electricity</li> <li>Percentage of key supply chain partners assessed using our water conservation framework</li> <li>Number of finished goods vendors enrolled in waste reduction and recycling programme</li> </ul>	<ul style="list-style-type: none"> <li>Energy: 73% of finished goods vendors globally used electricity from renewable sources</li> <li>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%</li> <li>Chemicals: rated Aspirational by ZDHC for a second consecutive year</li> <li>Waste: 33 finished goods vendors globally took part in our waste reduction and recycling programme in FY 2022/23</li> <li>Further details provided on pages 56 to 67</li> </ul>
<b>Protect nature</b> <ul style="list-style-type: none"> <li>Contribute to sustainable management of natural forests and support zero deforestation across our products and supply chain by FY 2025/26</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of Canopy 'Green Shirt' rated viscose</li> <li>Percentage of our leather from certified tanneries</li> </ul>	<ul style="list-style-type: none"> <li>93% of all paper-based packaging procured in FY 2022/23 was Forest Stewardship Council (FSC™) certified<sup>1</sup></li> <li>100% of our viscose is 'Green Shirt' rated in the Canopy Hot Button Ranking Report</li> <li>96% of leather procured from certified tanneries in FY 2022/23</li> <li>Continued commitment to not sourcing any leather from high-risk countries</li> <li>Started a raw materials traceability programme</li> <li>Further details provided on page 65</li> </ul>

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
<b>People</b>		
<b>Being a luxury brand which is inclusive of all</b> <ul style="list-style-type: none"> <li>Achieve a 95% completion rate globally for episodes 1 and 2 of our online Diversity, Equity and Inclusion learning journey</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of colleagues who have completed episodes 1 and 2 of the online training</li> </ul>	<ul style="list-style-type: none"> <li>90% of colleagues have completed episode 1 and 96% of colleagues have completed episode 2</li> </ul>
<b>Increase representation</b> <ul style="list-style-type: none"> <li>Ensure shortlists across all recruitment campaigns are gender-balanced</li> <li>Increase hiring representation to 25% ethnic minority candidates in the UK</li> <li>Increase hiring representation to 25% Black/African-American candidates in the US</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of female candidates shortlisted</li> <li>Percentage of ethnic minority candidates in the UK</li> <li>Percentage of Black/African-American candidates in the US</li> </ul>	<ul style="list-style-type: none"> <li>In FY 2022/23, shortlists across all recruitment campaigns consisted of 60% female, 38% male and 2% 'other' candidates<sup>1</sup></li> <li>In FY 2022/23, hiring representation in the UK consisted of 39.5%<sup>2</sup> ethnic minority candidates</li> <li>In FY 2022/23, hiring representation in the US consisted of 16% Black/African-American candidates</li> </ul>
<b>Ethical trading</b> <ul style="list-style-type: none"> <li>Ensure our responsible sourcing standards and audit requirements are upheld by suppliers across our supply chain</li> <li>Extend our capacity building programme to help our key vendors of finished goods introduce and manage their own ethical trading monitoring programmes</li> </ul>	<ul style="list-style-type: none"> <li>Number of audits carried out in the last year</li> <li>Number of vendors participating in the Vendor Ownership Programme during the financial year</li> </ul>	<ul style="list-style-type: none"> <li>98% of our finished goods supply chain globally is in line with our responsible sourcing standards</li> <li>We conducted 449 audits and 19 engagement activities across our finished goods and raw material supply chains</li> <li>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</li> </ul>
<b>Wellbeing in the supply chain</b> <ul style="list-style-type: none"> <li>Extend our Supply Chain Engagement Programmes to further advance wellbeing, livelihoods, inclusivity and worker voice across our supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Number of sites covered by worker Wellbeing Programme</li> <li>Number of calls to Burberry-sponsored hotlines in the last year</li> </ul>	<ul style="list-style-type: none"> <li>Our Wellbeing Programme reached 15 key finished good vendors in manufacturing facilities and has impacted over 5,000 workers globally</li> <li>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</li> <li>Further details are provided on pages 80 to 81</li> </ul>

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
<b>People (continued)</b>		
Create a workplace where all our colleagues are engaged with our brand, purpose and values to drive positive business outcomes	<ul style="list-style-type: none"> <li>Colleague engagement score as measured by our Glint survey</li> </ul>	<ul style="list-style-type: none"> <li>Colleague engagement score of 75 points*</li> </ul>
Ensure our policies, processes, practices and resources promote equal gender representation in our leadership population	<ul style="list-style-type: none"> <li>Number of women globally in Director and above roles, divided by the total number of Director and above roles</li> </ul>	<ul style="list-style-type: none"> <li>Women account for 54% of the leadership population</li> </ul>
<b>Communities</b>		
<b>Empower young people to create better futures</b> <ul style="list-style-type: none"> <li>Positively impact 500,000 people by FY 2025/26, particularly young people in underserved communities</li> </ul>	<ul style="list-style-type: none"> <li>Number of people positively impacted through community programmes supported by The Burberry Foundation or Burberry Group plc</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Increase volunteering opportunities for colleagues</b> <ul style="list-style-type: none"> <li>20% increase in the number of colleagues volunteering in FY 2022/23 (from FY 2021/22)</li> <li>10% increase in volunteering hours in FY 2022/23 (from FY 2021/22)</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees who participated in volunteering and fundraising activities</li> <li>Total hours of employee time volunteered</li> </ul>	<ul style="list-style-type: none"> <li>In FY 2022/23, 3,685 colleagues participated in volunteering and fundraising activities, a 168% increase from 1,374 colleagues in FY 2021/22</li> <li>They collectively contributed over 6,615 hours to charitable causes this financial year, around the same level as FY 2021/22<sup>1</sup></li> </ul>

\* 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*	Comparable sales growth*	Adjusted operating profit growth*																																				
KPI	<p>This measures the appeal of the Burberry brand to customers through all of our sales channels.</p> <p>Financial ambition in medium term: £4 billion of revenue (at FY 2021/22 exchange rates) equating to high single-digit growth over the period.</p>	<p>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.</p> <p>Financial ambition in medium term: £4 billion of revenue (at FY 2021/22 exchange rates) equating to high single-digit growth over the period.</p>	<p>This measure tracks our ongoing operating profitability and reflects the combination of revenue growth and cost management.</p> <p>Financial ambition over time: adjusted operating profit growth ahead of revenue growth.*</p>																																				
Measure	<p>CER Revenue growth %</p> <p>+5%</p> <table><tr><td>2023</td><td>£3,094m</td><td>+5%</td></tr><tr><td>2022</td><td>£2,826m</td><td>+23%</td></tr><tr><td>2021</td><td>£2,344m</td><td>-10%</td></tr><tr><td>2020</td><td>£2,633m</td><td>-4%</td></tr></table>	2023	£3,094m	+5%	2022	£2,826m	+23%	2021	£2,344m	-10%	2020	£2,633m	-4%	<p>CER Comparable store sales growth %</p> <p>+7%</p> <table><tr><td>2023</td><td></td><td>+7%</td></tr><tr><td>2022</td><td></td><td>+18%</td></tr><tr><td>2021</td><td></td><td>-9%</td></tr><tr><td>2020</td><td></td><td>-3%</td></tr></table>	2023		+7%	2022		+18%	2021		-9%	2020		-3%	<p>CER Adjusted operating profit growth %</p> <p>+8%</p> <table><tr><td>2023</td><td>£634m</td><td>+8%</td></tr><tr><td>2022</td><td>£523m</td><td>+38%</td></tr><tr><td>2021</td><td>£396m</td><td>-8%</td></tr><tr><td>2020</td><td>£433m</td><td>-1%</td></tr></table>	2023	£634m	+8%	2022	£523m	+38%	2021	£396m	-8%	2020	£433m	-1%
2023	£3,094m	+5%																																					
2022	£2,826m	+23%																																					
2021	£2,344m	-10%																																					
2020	£2,633m	-4%																																					
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2022		+18%																																					
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2021	£396m	-8%																																					
2020	£433m	-1%																																					
Performance	<p>FY 2022/23 revenue increased by 5% at CER.</p>	<p>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.</p>	<p>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.</p>																																				

\* At CER and adjusted for the 53<sup>rd</sup> 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	<p>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.</p> <p>Financial ambition: progression to our target of over 20% at FY 2021/22 exchange rates in the medium term.</p>	<p>Growth in adjusted diluted EPS reflects the increase in profitability of the business, movement in the tax rate and share repurchase accretion.</p> <p>Financial ambition over time: adjusted diluted EPS growth ahead of revenue growth.*</p>	<p>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.</p> <p>Financial ambition over time: ROIC significantly ahead of Weighted Average Cost of Capital (WACC).</p>																														
Measure	<p>Adjusted operating profit margin %</p> <p>20.5%</p> <table><tr><th>Year</th><th>Adjusted operating profit margin %</th></tr><tr><td>2023</td><td>20.5%</td></tr><tr><td>2022</td><td>18.5%</td></tr><tr><td>2021</td><td>16.9%</td></tr><tr><td>2020</td><td>16.4%</td></tr></table>	Year	Adjusted operating profit margin %	2023	20.5%	2022	18.5%	2021	16.9%	2020	16.4%	<p>Adjusted diluted EPS growth %</p> <p>+30%</p> <table><tr><th>Year</th><th>Adjusted diluted EPS growth %</th></tr><tr><td>2023</td><td>122.5p +30%</td></tr><tr><td>2022</td><td>94.0p +40%</td></tr><tr><td>2021</td><td>67.3p -14%</td></tr><tr><td>2020</td><td>78.7p -4%</td></tr></table>	Year	Adjusted diluted EPS growth %	2023	122.5p +30%	2022	94.0p +40%	2021	67.3p -14%	2020	78.7p -4%	<p>Adjusted Group ROIC %</p> <p>+28.6%</p> <table><tr><th>Year</th><th>Adjusted Group ROIC %</th></tr><tr><td>2023</td><td>28.6%</td></tr><tr><td>2022</td><td>24.6%</td></tr><tr><td>2021</td><td>17.0%</td></tr><tr><td>2020</td><td>20.0%</td></tr></table>	Year	Adjusted Group ROIC %	2023	28.6%	2022	24.6%	2021	17.0%	2020	20.0%
Year	Adjusted operating profit margin %																																
2023	20.5%																																
2022	18.5%																																
2021	16.9%																																
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2020	78.7p -4%																																
Year	Adjusted Group ROIC %																																
2023	28.6%																																
2022	24.6%																																
2021	17.0%																																
2020	20.0%																																
Performance	<p>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 53<sup>rd</sup> week in FY 2021/22.</p>	<p>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.</p>	<p>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%.</p>																														

# 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 EMEA +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 EMEA 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	<b>3,094</b>	2,826	10	5
Cost of sales*	<b>(912)</b>	(831)	10	8
Gross profit*	<b>2,182</b>	1,995	9	4
Gross margin %*	<b>70.5%</b>	70.6%	(10bps)	(80bps)
Net operating expenses*	<b>(1,548)</b>	(1,472)	5	2
Net operating expenses as a % of sales*	<b>50.0%</b>	52.1%	(210bps)	(140bps)
Adjusted operating profit*	<b>634</b>	523	21	8
Adjusted operating margin %*	<b>20.5%</b>	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
<b>The impact of COVID-19</b>		
Inventory provisions	1	16
Rent concessions	13	18
Store impairments	6	(5)
Government grants	2	2
Receivable impairments	–	1
<b>COVID-19 adjusting items**</b>	<b>22</b>	<b>32</b>
Restructuring costs	(16)	(11)
Profit on sale of property	19	–
Revaluation of deferred consideration liability	(2)	(1)
<b>Adjusting operating items</b>	<b>23</b>	<b>20</b>
Adjusting financing items	(2)	(1)
<b>Adjusting items</b>	<b>21</b>	<b>19</b>

\* 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](https://www.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)
<b>Free cash flow</b>	<b>393</b>	<b>340</b>

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
<b>Net Debt</b>	<b>460</b>	<b>179</b>
<b>Net Debt/Adjusted EBITDA</b>	<b>0.5x</b>	<b>0.2x</b>

## 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				Franchise stores
	Stores	Concessions	Outlets	Total	
<b>As at 2 April 2022</b>	<b>218</b>	<b>143</b>	<b>57</b>	<b>418</b>	<b>38</b>
Additions	13	8	1	22	3
Closures	(12)	(13)	(2)	(27)	(6)
<b>As at 1 April 2023</b>	<b>219</b>	<b>138</b>	<b>56</b>	<b>413</b>	<b>35</b>

## Store portfolio by region\*

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

\* 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.

APM	Description and purpose	GAAP measure reconciled to		
<b>Constant Exchange Rates (CER)</b>	This measure removes the effect of changes in exchange rates and the 53 <sup>rd</sup> 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.	Results at reported rates		
<b>Comparable Sales</b>	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.	Retail Revenue:		
		<b>Period ended YoY%</b>	<b>52 weeks ended 1 April 2023</b>	53 weeks ended 2 April 2022
		Comparable sales	<b>7%</b>	18%
		Change in space	<b>(1%)</b>	2%
		CER retail	<b>6%</b>	20%
		53 <sup>rd</sup> week	<b>(2%)</b>	2%
		FX	<b>6%</b>	(3%)
		Retail revenue	<b>10%</b>	19%
<b>Adjusted Profit</b>	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.	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.		

APM	Description and purpose	GAAP measure reconciled to		
<b>Free Cash Flow</b>	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:		
		<b>Period ended £m</b>	<b>52 weeks ended 1 April 2023</b>	53 weeks ended 2 April 2022
		Net cash generated from operating activities	<b>750</b>	699
		Capex	<b>(179)</b>	(161)
		Lease principal and related cash flows	<b>(210)</b>	(206)
		Proceeds from disposal of non-current assets	<b>32</b>	8
		Free cash flow	<b>393</b>	340
<b>Cash Conversion</b>	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:		
		<b>Period ended £m</b>	<b>52 weeks ended 1 April 2023</b>	53 weeks ended 2 April 2022
		Free cash flow	<b>393</b>	340
		Tax paid	<b>140</b>	180
		Free cash flow before tax	<b>533</b>	520
		Adjusted profit before tax	<b>613</b>	492
		Cash conversion	<b>87%</b>	106%
<b>Net Debt</b>	Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.	Cash net of overdrafts:		
		<b>Period ended £m</b>	<b>As at 1 April 2023</b>	As at 2 April 2022
		Cash net of overdrafts	<b>961</b>	1,177
		Lease liability	<b>(1,123)</b>	(1,058)
		Borrowings	<b>(298)</b>	(298)
		Net debt	<b>(460)</b>	(179)
<b>Adjusted EBITDA</b>	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:		
		<b>Period ended £m</b>	<b>52 weeks ended 1 April 2023</b>	53 weeks ended 2 April 2022
		Operating profit	<b>657</b>	543
		Adjusted operating items	<b>(23)</b>	(20)
		Amortisation of intangible assets	<b>37</b>	39
		Depreciation of property, plant and equipment	<b>95</b>	86
		Depreciation of right-of-use assets*	<b>209</b>	188
		Adjusted EBITDA	<b>975</b>	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
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>• Global Environmental Policy</li> <li>• Responsible Sourcing Policy</li> <li>• Chemical Management Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental and Social Responsibility section, pages 50 to 94</li> <li>• Responsibility section on Burberryplc.com</li> <li>• Task Force on Climate-related Financial Disclosures (TCFD), pages 94 to 111</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Our Culture and Values</li> <li>• Global Health and Safety Policy</li> <li>• Ethical Trading Code of Conduct</li> <li>• Global Diversity, Equity and Inclusion Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Directors' Report, pages 246 to 251</li> <li>• Directors' Remuneration Report, pages 200 to 245</li> <li>• Our Purpose and Values, page 5</li> <li>• Stakeholder Engagement, pages 112 to 115</li> <li>• Gender and Ethnicity Pay Gap Report on Burberryplc.com</li> <li>• Environmental and Social Responsibility section, pages 50 to 94</li> </ul>
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>• Human Rights Policy</li> <li>• Ethical Trading Code of Conduct</li> <li>• Child Labour and Young Worker Policy</li> <li>• Migrant Worker Policy</li> <li>• Data Protection Policies</li> <li>• Information Security Policies</li> <li>• Model Wellbeing Policy</li> <li>• Global Diversity, Equity and Inclusion Policy</li> <li>• Partner Non-Compliance Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights Statement, page 78</li> <li>• Responsibility section on Burberryplc.com</li> <li>• Transparency in the Supply Chain and Modern Slavery Statement on Burberryplc.com</li> </ul>
<b>Social matters</b>	<ul style="list-style-type: none"> <li>• Ethical Trading Code of Conduct</li> <li>• Local Stakeholder Engagement Policy</li> <li>• Volunteering and Match Funding</li> </ul>	<ul style="list-style-type: none"> <li>• Responsibility section on Burberryplc.com</li> </ul>
<b>Anti-corruption and anti-bribery</b>	<ul style="list-style-type: none"> <li>• Anti-Bribery and Corruption Policy</li> <li>• Cash Acceptance Policy</li> <li>• Fraud Risk Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Reflecting the needs of our stakeholders, People, page 113</li> <li>• Reflecting the needs of our stakeholders, Customers, page 113</li> </ul>
<b>Additional disclosure</b>		<ul style="list-style-type: none"> <li>• Business Model, page 12 to 13</li> <li>• Key Performance Indicators, pages 30 to 35</li> <li>• Risk and Viability Report, pages 118 to 152</li> <li>• Our Purpose and Values, page 5</li> </ul>



# 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:

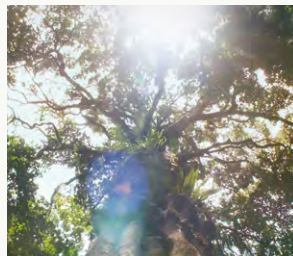


#### Product

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
<b>Source certified key raw materials</b>  	
100% of key raw materials in our products to be certified <sup>1</sup> and traceable by FY 2029/30. This includes:	
<ul style="list-style-type: none"> <li>100% certified organic cotton</li> </ul>	<ul style="list-style-type: none"> <li>31%<sup>^</sup> of our cotton was certified organic in FY 2022/23<sup>2</sup></li> </ul>
<ul style="list-style-type: none"> <li>100% certified recycled nylon and polyester</li> </ul>	<ul style="list-style-type: none"> <li>44% of our nylon and polyester was certified recycled in FY 2022/23</li> </ul>
<ul style="list-style-type: none"> <li>100% Canopy Green Shirt rated viscose</li> </ul>	<ul style="list-style-type: none"> <li>100% of our viscose was Canopy 'Green Shirt' rated in FY 2022/23</li> </ul>
<ul style="list-style-type: none"> <li>100% certified wool</li> </ul>	<ul style="list-style-type: none"> <li>46% of our wool in soft accessories and knits was certified in FY 2022/23</li> </ul>
<ul style="list-style-type: none"> <li>100% of leather from certified tanneries</li> </ul>	<ul style="list-style-type: none"> <li>96% of our leather was from certified tanneries in FY 2022/23</li> </ul>
<ul style="list-style-type: none"> <li>100% of virgin feather and down to be maintained as responsibly sourced</li> </ul>	<ul style="list-style-type: none"> <li>Maintained 100% of our virgin feather and down certified to the Responsible Down Standard</li> </ul>
<ul style="list-style-type: none"> <li>100% of key raw materials in our products to be traceable (to country level as a minimum)</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Embed circular business models</b> 	
<ul style="list-style-type: none"> <li>Continue to evolve our aftercare offer and trial new circular business models</li> </ul>	<ul style="list-style-type: none"> <li>In FY 2022/23, we launched three new circular business model (CBM) trials alongside the expansion of our existing services</li> <li>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</li> <li>We have continued to evolve and expand our aftercare and refresh services. Further details are provided on page 54</li> </ul>
<b>Eliminate plastic packaging</b>  	
<ul style="list-style-type: none"> <li>Eliminate plastic from our consumer packaging by FY 2025/26</li> </ul>	<ul style="list-style-type: none"> <li>Details on key areas of progress are provided on page 55</li> </ul>
<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Details on key areas of progress are provided on page 55</li> </ul>

1. See our Basis of Reporting and Responsibility Data Appendix on Burberrypplc.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 Burberrypplc.com.

<sup>^</sup> 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 <sup>^</sup>. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberrypplc.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](https://www.burberryplc.com)) and our Beauty license holder Coty's Against Animal Testing Policy & Programme (available on [Coty.com](https://www.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
<b>Reduce our scope 1, 2 and 3 emissions</b>	
<ul style="list-style-type: none"> <li>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</li> <li>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)</li> <li>Become Climate Positive by FY 2039/40 by neutralising residual emissions through carbon removal projects</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
	<ul style="list-style-type: none"> <li>40%^ reduction in scope 3 emissions from a FY 2018/19 base year. Further details are provided on page 61</li> </ul>
	<ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>Further details are provided on page 65</li> </ul>
<b>Embed sustainable manufacturing processes across our supply chain</b>	
<ul style="list-style-type: none"> <li>Continue to extend our sustainable manufacturing initiatives, covering energy, water and waste, both within our own manufacturing and across our supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Energy: 73% of our finished goods vendors globally used electricity from renewable sources</li> <li>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%</li> <li>Chemicals: rated Aspirational by ZDHC for a second consecutive year</li> <li>Waste: 33 finished goods vendors globally took part in our waste reduction and recycling programme in FY 2022/23</li> <li>Operational waste<sup>1</sup> – In FY 2022/23, 99.5% of our waste from key operational sites was diverted from landfill</li> <li>Further details provided on pages 56 to 67</li> </ul>

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<sup>^</sup> of operational waste was sent to landfill in FY2022/23. More details on our methodology can be found in our Basis of Reporting on Burberrypc.com.

<sup>^</sup> 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 <sup>^</sup>. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on Burberrypc.com.

Target	Progress in FY 2022/23
<b>Protect nature</b> 	
<ul style="list-style-type: none"> <li>Contribute to sustainable management of natural forests and support zero deforestation across our products and supply chain by FY 2025/26</li> </ul>	<ul style="list-style-type: none"> <li>93% of all paper-based packaging procured in FY 2022/23 was FSC™ certified<sup>1</sup></li> <li>100% of our viscose is 'Green Shirt' rated in the Canopy Hot Button Ranking Report</li> <li>96% of our leather was procured from certified tanneries in FY 2022/23</li> <li>Continued commitment not to source any leather from high-risk countries and initiated a raw materials traceability programme</li> <li>Further details are provided on page 65</li> </ul>

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.

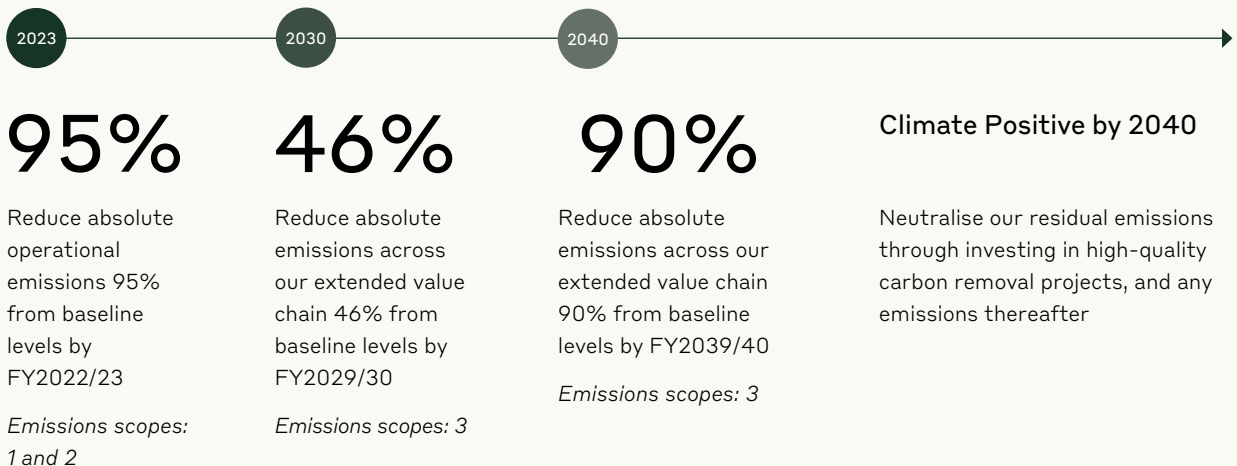
On scope 3, we are aware that tackling emissions will require a longer-term effort to incorporate increasingly accurate data, harness technological advancements, leverage partnerships and adjust to evolving science and ecosystem changes. In the near

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



**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<sub>2</sub>e, through the use of verified carbon credits.

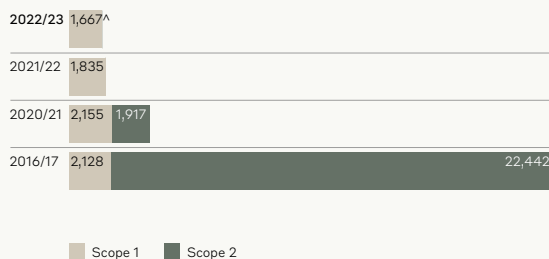
In addition, to compensate for the emissions associated with our FY 2022/23 runway presentations and key events, Burberry purchased carbon credits from a range of nature-based and sustainable living projects under the American Carbon Registry (ACR) and Gold Verified Standard, which deliver against a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

**Our scope 1 and 2 carbon footprint (tonnes CO<sub>2</sub>e)**

<sup>^</sup> 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 <sup>^</sup>. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on [Burberryplc.com](https://www.burberryplc.com).

## 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 <sup>^</sup>	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 <sub>2</sub> e	1,585 <sup>^</sup>	1,082	1,768	1,311	2,089	1,478
Combustion of fuel from owned or leased transport (scope 1)/tCO <sub>2</sub> e	82	2	67	1	66	0
Electricity purchased and used for operations (scope 2, location-based)/tCO <sub>2</sub> e	17,692 <sup>^</sup>	1,872	25,866	2,390	20,563	2,934
Total emissions location-based (scopes 1 and 2)/tCO <sub>2</sub> e	19,359 <sup>^</sup>	2,956	27,701	3,702	22,718	4,412
Electricity purchased and used for operations (scope 2, market-based)/tCO <sub>2</sub> e	0 <sup>^</sup>	0	0	0	1,917	0
Total emissions (scopes 1 and 2, market-based)/tCO <sub>2</sub> e	1,667 <sup>^</sup>	1,084	1,835	1,312	4,072	1,478
Total emissions offset by Verified Emissions Reduction Certificates/tCO <sub>2</sub> e	1,667	1,084	1,835	1,312	2,081	1,478
Scope 1 and 2 intensity (location-based tCO <sub>2</sub> e per £1,000,000 sales revenue)	6.3	N/A	9.8	N/A	9.7	N/A
% of energy from renewable sources	84% <sup>^</sup>	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.

<sup>^</sup> 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 <sup>^</sup>. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on [Burberrypwc.com](https://www.burberrypwc.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.

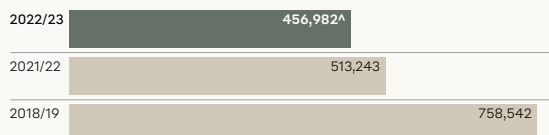
Purchased goods and services account for over 75% of our carbon footprint and include emissions associated with the cradle-to-gate production of raw materials in our products. As expected, we have seen some sources of emissions (e.g. business travel) increase year-on-year following two years of COVID-19-related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

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 EMEA 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](https://www.burberryplc.com).

**Our scope 3 carbon footprint (tonnes CO<sub>2</sub>e)****Total scope 3 emissions (tonnes CO<sub>2</sub>e)**

<sup>A</sup> 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 <sup>A</sup>. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on [Burberryplc.com](https://www.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<sup>1</sup>, 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

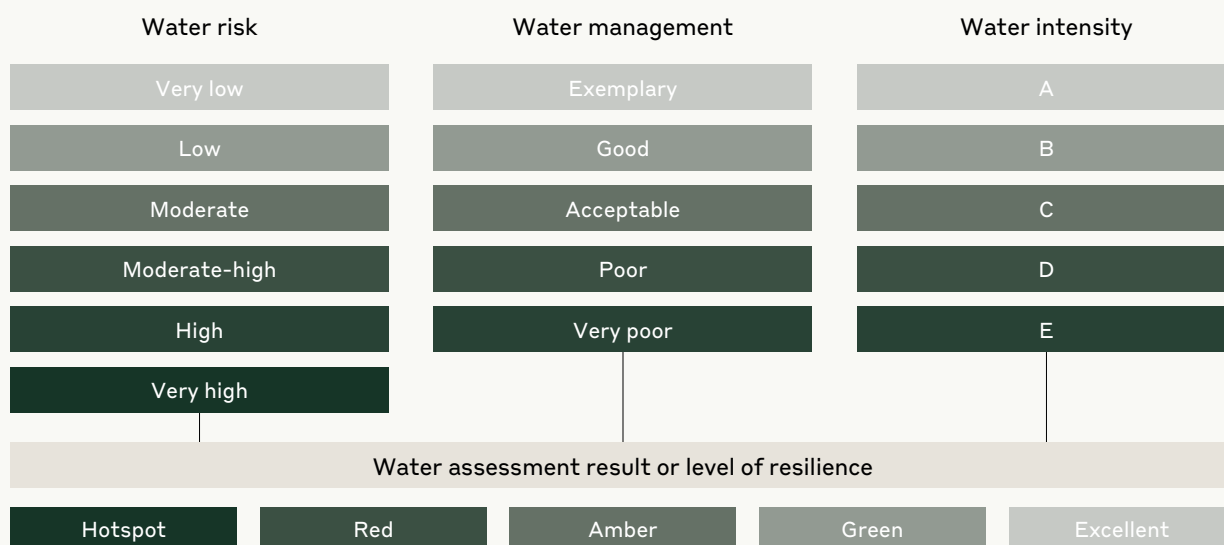


Table of progress  
(Raw material suppliers)

	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](https://www.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<sup>1</sup>

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	 
<ul style="list-style-type: none"> <li>Achieve a 95% completion rate globally for episodes 1 and 2 of our online Diversity, Equity and Inclusion learning journey</li> </ul>	<ul style="list-style-type: none"> <li>90% of colleagues have completed episode 1 and 96% of colleagues have completed episode 2</li> </ul>
Increase representation	 
<ul style="list-style-type: none"> <li>Ensure shortlists across all recruitment campaigns are gender-balanced</li> <li>Aim to increase hiring representation to 25% ethnic minority candidates in the UK</li> <li>Aim to increase hiring representation to 25% Black/African-American candidates in the US</li> </ul>	<ul style="list-style-type: none"> <li>FY 2022/23, shortlists across all recruitment campaigns consisted of 60% female, 38% male and 2% 'other' candidates<sup>1</sup></li> <li>In FY 2022/23, hiring representation in the UK consisted of 39.5%<sup>2</sup> ethnic minority candidates</li> <li>In FY 2022/23, hiring representation in the US consisted of 16% Black/African-American candidates</li> </ul>

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
<b>Ethical trading</b> 	
<ul style="list-style-type: none"> <li>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)</li> </ul>	<ul style="list-style-type: none"> <li>98% of our finished goods vendors are globally in line with our responsible sourcing standards</li> <li>We conducted 449 audits and 19 engagement activities across our finished goods and raw material supply chains</li> <li>Further details of our Ethical Trading Programme are provided on page 79</li> </ul>
<ul style="list-style-type: none"> <li>Extend our flagship capacity building programme to help our key vendors of finished goods introduce and manage their own ethical trading monitoring programmes</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Wellbeing in the supply chain</b> 	
<ul style="list-style-type: none"> <li>Extend our Supply Chain Engagement Programme to further advance wellbeing, livelihoods, inclusivity and worker voice across our supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Our Wellbeing Programme reached 15 key manufacturing facilities and finished goods vendors, and has impacted over 5,000 workers globally</li> <li>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</li> <li>Further details are provided on pages 80 to 81</li> </ul>

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**

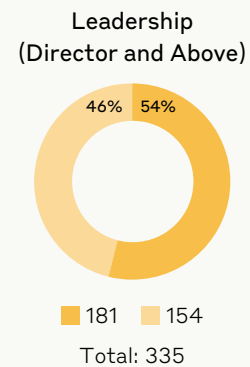
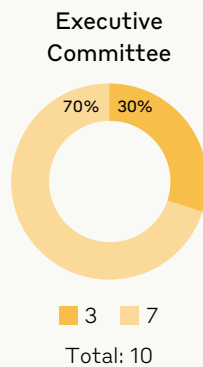
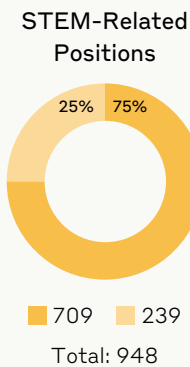
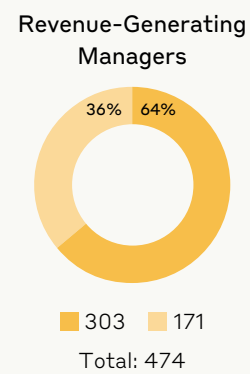
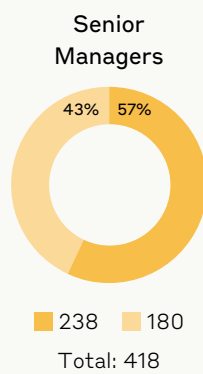
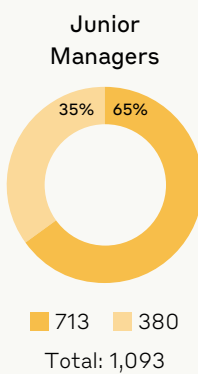
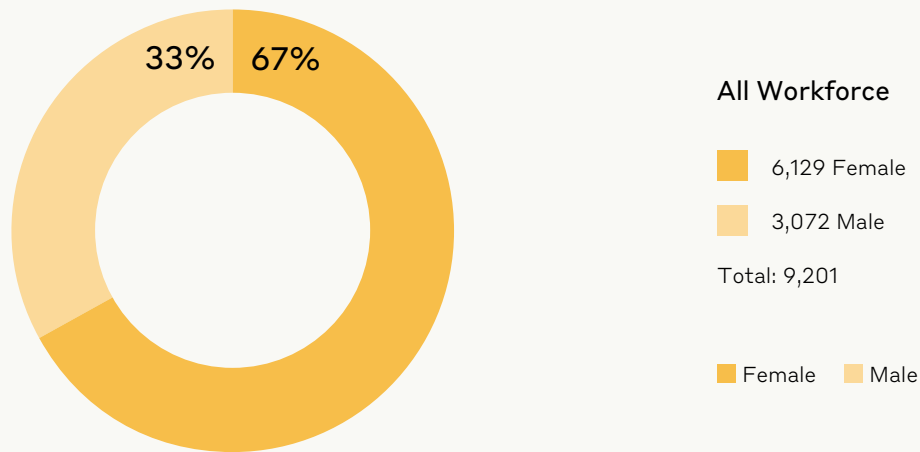
We are committed to fostering a culture of diversity, equity and inclusion. As of March 2023, the representation of women and men in the Burberry workplace is:

	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) <sup>1</sup>	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.



## 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](https://www.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 EMEA 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](https://www.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 EMEA 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 EMEA, 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](https://www.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
<b>Empower young people to create better futures</b> 	
<ul style="list-style-type: none"> <li>Positively impact 500,000 people by FY 2025/26, particularly young people in underrepresented communities</li> </ul>	<ul style="list-style-type: none"> <li>In FY 2022/23, 160,785 people were positively impacted through community programmes supported by Burberry Group plc and The Burberry Foundation</li> <li>See pages 83 to 86 for further details</li> </ul>
<b>Increase volunteering opportunities for colleagues</b> 	
<ul style="list-style-type: none"> <li>20% increase in the number of colleagues volunteering in FY 2022/23 (from FY 2021/22)</li> <li>10% increase in volunteering hours in FY 2022/23 (from FY 2021/22)</li> </ul>	<ul style="list-style-type: none"> <li>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<sup>1</sup></li> <li>See page 86 for further details</li> </ul>

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](https://www.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](https://www.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%.



**FTSE4Good**

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 ^ 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<sup>1</sup> (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%<sup>^</sup> 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 <sup>^</sup>. PwC's assurance report and Burberry's Sustainability Bond Framework are available on [Burberryplc.com](https://www.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	
Environmentally sustainable management of living natural resources and land use	90.2	
Pollution prevention and control	64.4	
<b>Total</b>	<b>255.0<sup>^</sup></b>	

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

<sup>^</sup> Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over the allocation of use of proceeds. Information subject to assurance is denoted with a <sup>^</sup> symbol. PwC's assurance report and Burberry's Sustainability Bond Framework are available on [Burberryplc.com](https://www.burberryplc.com).

<sup>^</sup> 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 <sup>^</sup>. PwC's assurance report and Burberry's Basis of Reporting for data subject to assurance are available on [Burberryplc.com](https://www.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 Burberrypplc.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](https://www.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](https://www.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



#### 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.

#### 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.

#### Transition Risks



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.

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



&gt; 4°C

Scenario description	Global impact of climate-related risks over time
 <p>The world takes immediate and substantial action in line with the Paris Agreement to lower emissions.</p>	<p>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.</p>
 <p>The world partially implements policies to lower emissions with no further actions taken.</p>	<p>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.</p>
 <p>The world takes limited or no actions to limit emissions.</p>	<p>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.</p>

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:

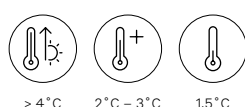
Low	(<£1m – £25m)
Medium	(£25m – £125m)
High	(£125m – £250m)



## Physical risk

### Global emissions environment

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



**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™

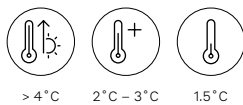
See also: Planet, pages 56 to 67.



## Policy risk

### Global emissions environment

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



**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.

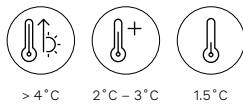
See also: Planet, pages 56 to 67.



## Market risk

### Global emissions environment

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



**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

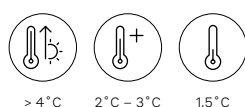
See also: Product, pages 51 to 55.



## Reputation risk

### Global emissions environment

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



**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

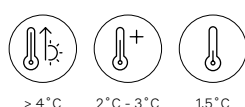
See also: Planet, pages 56 to 67 and Product, pages 51 to 55.



## Liability risk

### Global emissions environment

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



**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
	<b>Physical risks</b>	
<b>Water</b>	<p>Supply chain water management practices, water intensity across supply chain sites in absolute and relative terms, and water risks based on the geographical area.</p> <p>Our water risk assessment, which incorporates the WWF Water Risk Filter, considers physical risk, regulatory risks and reputational risks.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Maintain regular assessment coverage of at least 80% of our vendors and raw material suppliers</li> <li>• We are aiming for zero water conservation hotspots by 2030 and monitor the percentage of products delivered by supply chain partners rated as hotspots</li> </ul>

Theme	Metrics	Targets
	<b>Policy</b>	
<b>GHG emissions</b>	GHG emissions across scopes 1, 2 and 3.	<p>GHG emissions reductions:</p> <ul style="list-style-type: none"> <li>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%</li> <li>To reduce absolute scope 3 GHG emissions by 46% by 2030, from a FY 2018/19 base year</li> </ul> <p>See our Responsibility KPI results on page 56 and our GHG emissions table on page 60</p> <p>Renewable electricity:</p> <ul style="list-style-type: none"> <li>100% renewable electricity across our operational footprint by end of FY 2021/22. This target has been achieved and maintained</li> </ul> <p>See our results on page 60</p> <p>These metrics and targets also support the Resource Efficiency and Energy Source opportunity areas.</p>
<b>Sustainability Bond</b>	<p>Our Sustainability Bond proceeds are allocated across three categories outlined in the Framework as Eligibility Criteria:</p> <ul style="list-style-type: none"> <li>Green buildings</li> <li>Environmentally sustainable management of living natural resources and land use</li> <li>Pollution prevention and control (including waste prevention, waste reduction and waste recycling)</li> </ul> <p>This metric also supports the Resource Efficiency opportunity area.</p>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>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</li> <li>We have included environmental and social KPIs into personal objectives for our senior leaders, which also form part of the corporate bonus.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>

Theme	Metrics	Targets
	<b>Market</b>	
<b>Product and sustainable raw materials</b>	<ul style="list-style-type: none"> <li>Percentage of traceable and certified materials</li> <li>Total number of products refreshed using our aftercare offer. See Product on page 54 for further details on our ambitions around circular business models</li> <li>% share of low-carbon materials procured for use in Burberry products</li> <li>% 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</li> </ul>	<p>100% of key raw materials in our products to be certified. This includes:</p> <ul style="list-style-type: none"> <li>Source 100% certified recycled nylon* and recycled polyester* by FY 2029/30, where nylon or polyester is the product's main material</li> <li>Source 100% certified wool* by FY 2029/30, supporting certifications that uphold the highest animal welfare standard</li> <li>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</li> <li>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</li> </ul> <p>* Where the material referred to is the product's main material.</p> <p>These metrics and targets also support the Product and Services opportunity area.</p>
	<b>Reputation</b>	
<b>Consumer sentiment</b>	<p>Burberry monitors consumer perception metrics on the extent to which Burberry is considered a socially responsible brand.</p> <p>We are committed to continued participation in CDP, FTSE4Good Index, MSCI and Sustainalytics indices</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
	<b>Due diligence</b>	
<b>Liability</b>	<p>Burberry monitors activity across its supply chain in line with its Responsible Business Principles, which includes its Global Environmental Policy. Key metrics include:</p> <ul style="list-style-type: none"> <li>Number of supply chain audits and engagement visits conducted</li> <li>Supply chain chemical management assessment results</li> <li>Effluent testing results (available on Burberryplc.com)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

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](https://www.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](https://www.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](https://www.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.

<b>Why they matter to us</b>	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.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Wellbeing and flexible working</li> <li>• Fostering a diverse, equitable and inclusive culture</li> </ul>
<b>Board engagement</b>	<p>Meaningful two-way communication between the Board and our workforce is crucial. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>• The Global Workforce Advisory Forum</li> <li>• Colleague surveys</li> <li>• Holding and participating in global town halls</li> <li>• For FY 2022/23 this included town halls in the USA, Japan and Korea in which the Chair participated in person</li> </ul>	

## Customers

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

<b>Why they matter to us</b>	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.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Product innovation and newness</li> <li>• Customer service and brand experience</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing evolving customer habits and changes in buying patterns</li> <li>• Environmental and social impact</li> </ul>
<b>Board engagement</b>	<p>Understanding our customers and what they are looking for is key to the success of our brand. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>• Customer insights provided through presentations from our CEO and senior management team</li> <li>• Regular store visits, including visits which formed part of strategy meetings in October 2022</li> <li>• Personal customer experience across all of our channels</li> </ul>	

## Shareholders

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

<b>Why they matter to us</b>	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.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Capital gain through share price appreciation and capital return via dividend</li> <li>• Operation of the Capital Allocation Framework, which included the quantum of the share buyback programme</li> <li>• Quality of governance</li> <li>• Environmental, Social and Governance and, in particular, climate-related strategies</li> <li>• Profitability and business growth potential</li> </ul>	
<b>Board engagement</b>	<p>The Board benefits from the views of the investment community in its decision-making. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>• Review of all shareholder communications, including trading updates, results, the Annual Report and Notice of Annual General Meeting (AGM)</li> <li>• AGM enables shareholders to directly engage</li> </ul>	

## Communities

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

<b>Why they matter to us</b>	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.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Positively impacting the communities living and working around us</li> <li>• Employment within our communities</li> <li>• Increased focus on Environmental and Social Responsibility initiatives</li> </ul>	
<b>Board engagement</b>	<p>As a global business, the Board recognises the importance of supporting our communities. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Receiving updates on how Burberry is supporting communities through sustainability initiatives and projects</li> </ul>	

## Partners

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

<b>Why they matter to us</b>	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.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>Increased focus on Environmental and Social Responsibility initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Driving collaboration and contributing to the UN Sustainable Development Goals (SDGs)</li> </ul>
<b>Board engagement</b>	<p>The Board recognises the importance of engaging with our partners to support our strategic goals. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>Supplier visits, which formed part of strategy meetings in October 2022</li> <li>The Board receives regular updates on sustainability-related matters in our supply chain, including those related to climate change</li> <li>The Board reviewed and approved the Transparency in Supply Chain and Modern Slavery Statement</li> </ul>	
		<ul style="list-style-type: none"> <li>The Audit Committee receives updates on ethical audits across our supply chain</li> <li>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</li> </ul>

## Governments

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

<b>Why they matter to us</b>	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.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>Industry/product policies such as taxes, restrictions, trade and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Employment</li> <li>Increased focus on Environmental and Social Responsibility initiatives</li> </ul>
<b>Board engagement</b>	<p>As a global organisation, the Board is mindful of the impact local governments can have on our business. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>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</li> </ul>	
		<ul style="list-style-type: none"> <li>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</li> </ul>

# 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
<b>a. Long-term results – the likely consequences of any decision in the long term</b>		
Business Model page 12	Report of the	
Chair's Letter page 3	Audit Committee page 190	
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>b. Our workforce – the interests of the Group's employees</b>		
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	
<b>c. Our business relationships – the importance of developing the Group's business relationships with suppliers, customers and others</b>		
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	
Human Rights Statement page 78	Governance Framework page 172	
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](https://www.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	<ul style="list-style-type: none"> <li>• <b>Trade restrictions</b> – 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</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• <b>Energy and raw material availability and price volatility</b> – unpredictable changes in energy costs or availability may disrupt our operations and cost base</li> <li>• <b>Wage inflation and labour shortages</b> – may bring challenges to our ability to operate and achieve our target margins</li> </ul>
Social	<ul style="list-style-type: none"> <li>• <b>Acceleration of consumer Environmental, Social and Governance preferences</b> – 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</li> <li>• <b>Consumer focus on Environmental, Social and Governance performance</b> – increasing scrutiny of operations and expectations around transparency</li> <li>• <b>Influential groups and third parties</b> – influencers having greater impact on consumer spending patterns in the luxury goods industry, requiring increased investment in collaborations</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• <b>Expanding digital channels</b> – 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)</li> <li>• <b>Full supply chain traceability</b> – may require investment in new technologies and/or complex data systems in combination with greater collaboration between participants in the fashion value chain</li> <li>• <b>Cyber risk</b> – may accelerate (for example, quantum computing) requiring enhanced encryption to protect corporate data and systems</li> <li>• <b>AI technology</b> – expectations around the use of and the implications of generative AI may increase risks to luxury fashion and our business</li> </ul>

## External emerging risk considerations continued

<b>Legal</b>	<ul style="list-style-type: none"> <li>• <b>Data and financial reporting regulations</b> – 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</li> <li>• <b>Environmental standards/regulations</b> – 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</li> <li>• <b>Shifting sanctions and counter-sanctions landscape</b> – sanctions impacting access and complexity of international trade</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• <b>Physical climate risks</b> – 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)</li> </ul>

## 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