

BURBERRY

LONDON ENGLAND

BURBERRY BEYOND
CLIMATE POSITIVE 2040

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OUR PATH TO A LOW CARBON FUTURE

"An appreciation for nature and the outdoors has inspired Burberry for over a century. We have a longstanding commitment to sustainability and we continue to set leading standards and pioneer innovative solutions to secure our long-term success and create a sustainable future. Our ambition is to be Climate Positive by 2040, going beyond getting emissions to near zero and providing an environmental benefit. Through collective action across our extended value chain and by measuring and sharing our progress, we aim to inspire and create lasting change."

Jonathan Akeroyd, Chief Executive Officer at Burberry

INTRODUCTION

Climate change is the defining challenge of our time.

As a business committed to doing well by doing right, we are determined to create a more sustainable future for luxury and to have a positive impact on the world around us, keeping the Paris Climate Agreement goal of 1.5°C as our guiding reference.

Our efforts are focused on driving positive change by reducing our environmental footprint and scaling solutions that can help accelerate progress towards this shared challenge. In FY2021/22, (April 2021 – March 2022) we achieved our goal to become carbon neutral across our own operations globally, and to use 100% renewable electricity*. In addition, almost every product we manufacture has a social or environmental benefit**.

In June 2021, we set a new industry-leading ambition to become Climate Positive by 2040 and in July 2022, we received validation from the Science Based Targets initiative (SBTi) on our science based net-zero target, in accordance with the Global Corporate Net Zero Standard launched in October 2021. The SBTi provides a clearly-defined pathway for companies and financial institutions to reduce greenhouse gas (GHG) emissions (referred to throughout the report interchangeably as emissions or GHG emissions).

We define Climate Positive 2040 as going further than just reaching a net-zero target. We will do this by achieving steep reductions in our GHG emissions and by investing in initiatives that permanently remove carbon from the atmosphere beyond what is required to neutralise our carbon footprint.

By 2030, we aim to have reduced our indirect GHG emissions by 46%. Also known as scope 3 emissions, these result from emissions generated from other organisations and suppliers within our broader value chain. This commitment forms part of our new sustainability strategy, Burberry Beyond, which includes our goals across three pillars: climate, nature and people.

Alongside these ambitious targets, we believe transparency and measurement are key. By tracking and sharing our progress we aim to learn, adapt, grow and influence others along the way. In FY2021/22, we achieved limited independent assurance from PricewaterhouseCoopers LLP (PwC) on our scope 3 baseline and progress towards our Science Based Target for FY2021/22 scope 3 emissions compared to FY2018/19 baseline.

This report is designed to provide greater insight on our progress towards becoming Climate Positive, including how we currently measure and mitigate scope 3 emissions and our plans for the next phase. While we continue to innovate both within our value chain and across the industry to permanently reduce our environmental footprint, we are committed to improving measurement of progress in subsequent reports as well.

Our Climate Positive 2040 commitment is in support of UN Sustainable Development Goals (SDGs) 7, 13 and 15:

- 7 – “Ensure access to affordable, reliable, sustainable and modern energy for all”
- 13 – “Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy”
- 15 – “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss”

*Our approach to renewable energy includes increasing our use of renewable electricity through green tariffs, on-site solar panels in our distribution centres and offices, and renewable energy certificates.

**Details of Burberry's Responsibility achievements are located on page 61 in FY2021/22 Annual Report.

COMMITTED TO BUILDING A CLIMATE RESILIENT FUTURE

Climate Positive 2040 is central to our efforts to enhance the resilience of our business to climate-related risks. In partnership with the University of Cambridge's Centre for Risk Studies, we expanded our scope of climate-related risks as part of our Taskforce on Climate-related Financial Disclosures (TCFD) to include a wider range of potential physical and transitional risks. In addition, the scope of our scenario analysis was expanded to include three emissions pathways, including a 1.5°C Paris Agreement aspiration scenario. Our FY2021/22 TCFD disclosures achieved limited assurance by our independent auditor, Ernst & Young LLP. Our detailed TCFD report and the TCFD Basis of Reporting and assurance statement is available on [Burberryplc.com](https://www.burberryplc.com).

All Burberry colleagues have a role to play in achieving our ambition and as most of our emissions occur outside our own operations, we are working with our suppliers to help them reduce the environmental impact of their production processes. We are also taking collective action with our partners, peers, civil society and experts to accelerate systems change at scale.

To advance our climate-related ambitions, we have linked our sustainability strategy to our funding requirements. In FY2020/21, Burberry issued a £300 million debut five-year Sustainability Bond and in FY2021/22 we agreed a £300 million sustainability-linked Revolving Credit Facility, demonstrating our commitment to invest in ESG-related initiatives. We will continue to deploy the financial and human resources necessary to achieve our goals.



MEASURING OUR CARBON FOOTPRINT

We conducted our first carbon footprint measurement across our operations (scope 1 and 2) and wider value chain (scope 3) in FY2016/17 and revised the baseline scope 3 (value chain) emissions level in FY2018/19 across all relevant Greenhouse Gas Protocol categories*, using the latest and most accurate data available.

We calculated the scope 3 baseline in partnership with South Pole, an external consultant specialising in developing and implementing comprehensive emissions reductions strategies. An emissions baseline quantifies the production of GHG emissions that would occur if there were no initiatives in place. Revising our baseline ensures that we understand the sources of emissions and enables us to focus our mitigating actions in the short term. It also helps us to keep pace with the most up-to-date practices of measurement and mitigation.

The updated baseline figure for our scope 3 footprint in FY2018/19 is 758,542[^] tonnes of carbon dioxide equivalent (tCO_{2e}), and PwC provided limited assurance of this figure in our FY2021/22 Annual Report available [here](#).

We take a holistic approach to measuring the carbon footprint of our products from how we source materials, through to waste disposal (click [here](#) for further details).

TOTAL CARBON FOOTPRINT

Emissions from our direct operations (scope 1 and 2) account for just 2% of our GHG emissions. Our value chain (scope 3) emissions account for 98%, with the majority of these generated through the sourcing and production of raw materials, production of finished goods, waste in production, and transportation.

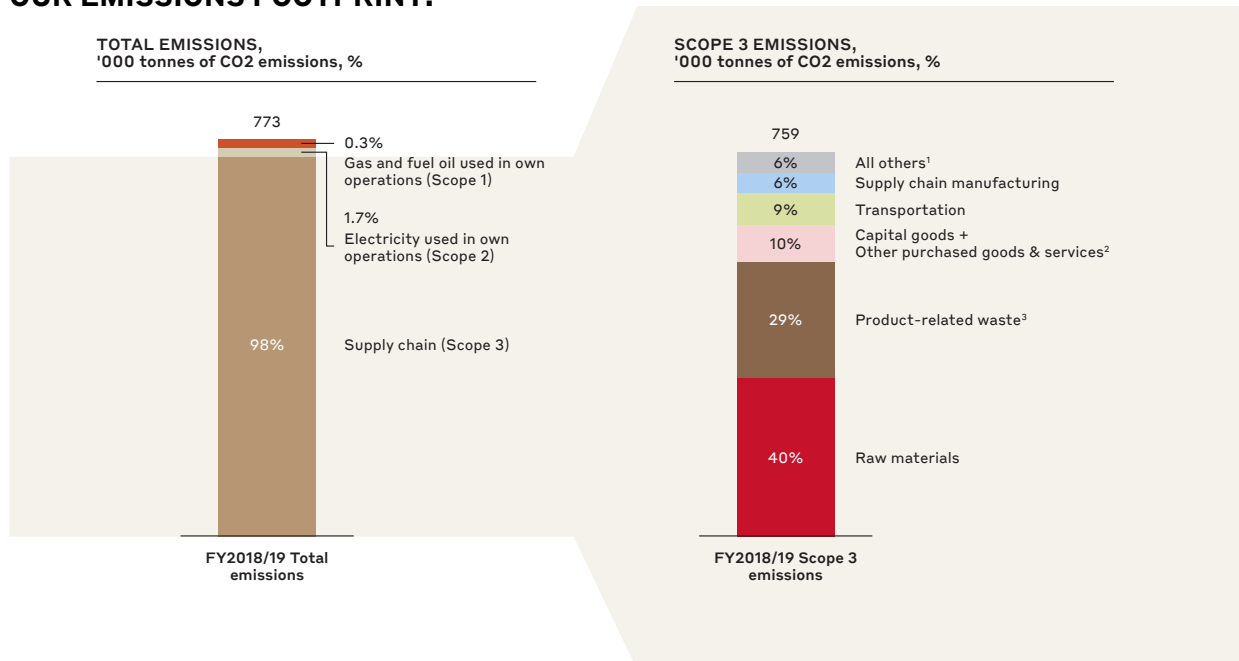
TOTAL tCO_{2e} 772,868 In FY2018/19	Scope 1	2,240	Emitted directly from our own on-site energy combustion (natural gas, fuel for company vehicles)
	Scope 2	12,086	Market-based; Emitted indirectly from the generation of purchased energy like electricity and heating / cooling
	Scope 3	758,542 [^]	All other indirect emissions in our value chain both upstream and downstream, such as purchased goods and services and transport of finished goods

FY2016/17 base year (tCO_{2e})
 Scope 1: 2,128
 Scope 2 (market-based): 23,230

*Excluding Downstream transportation and distribution; Processing of sold products; Use of sold products; Upstream and downstream leased assets; and Investments.

The symbol ^ represents data previously externally assured by PwC [here](#).

OUR EMISSIONS FOOTPRINT:



Progress towards our SBT net-zero target will be measured against our FY2018/19 GHG emissions baseline for our scope 3 (value chain) and FY2016/17 for our scope 1 and 2 GHG emissions. We will improve access to emissions data disclosed by our suppliers and partners and develop our understanding of measuring and monitoring emissions.

As a basis for measuring our net-zero target following the SBTi guidelines, we cover all categories within scope 1, 2 and 3 *excluding*:

- Scope 1 – Physical or chemical processing, fugitive emissions
- Scope 2 – Steam (not applicable), District heating, District cooling
- Scope 3 – Downstream transportation & distribution, use of sold products (considered optional by the SBT), processing of sold products (not applicable), upstream and downstream leased assets (not applicable as Burberry did not lease assets to a third-party for use), and investments (not applicable). In relation to shipping to consumers, this is included within upstream transportation & distribution where costs are paid by Burberry

MEASURING SCOPE 3 EMISSIONS

As scope 3 emissions occur across our extended value chain and are therefore outside our direct control, they can be difficult to measure with consistency.

For some scope 3 emissions sources, such as upstream transportation and raw materials, we have been able to work with our value chain partners to collect primary data on GHG emissions.

However, for many other categories we rely on the science of life cycle assessments (LCAs) to provide estimates of GHG emissions based on widely used life cycle data sources, available supplier data, Burberry data on purchase and production volumes, and waste data.

While this is a common approach used in industry, assessing scope 3 emissions does have varying degrees of estimation. To aid and improve our reporting of these emissions in future, we will work with our value chain partners to collect more primary data on supply chain emissions and identify opportunities to help advance their own emissions reductions. Estimates derived from LCA data will continue to play a role in our ability to measure and track this collective footprint.

¹ Includes use of sold products, business travel, colleague commuting, waste treatment, end of life treatment, franchises and fuel- and energy- related activities

² Includes IT hardware and software, display costs and showroom, plus other professional services (e.g., legal, consulting)

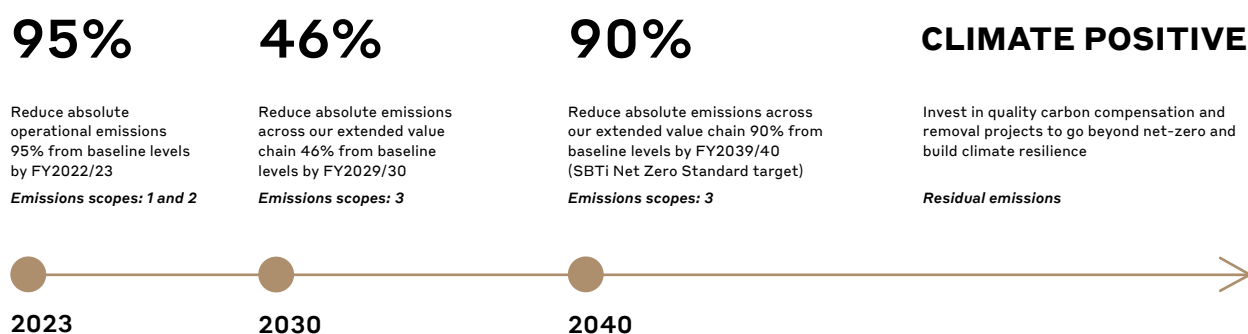
³ Includes embodied emissions associated with fabric, leather, and metal

SETTING OUR TARGETS AND FOCUSING ACTION

In October 2021, our near-term scope 3 target was approved by the SBTi. Targets are considered 'science based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement (limiting global warming to 1.5°C above pre-industrial levels).

The near and long-term targets approved by the SBTi as part of the Net-Zero Standard now include:

1. In the near term, we commit to reduce absolute scope 1 and 2 (GHG) emissions by 95% by FY2022/23 from a FY2016/17 base year, and reduce absolute scope 3 GHG emissions by 46% by FY2029/30 from a FY2018/19 base year.
2. In the long term, we commit to maintaining at least 95% absolute scope 1 and 2 GHG reductions from FY2022/23 through FY2039/40 against a FY2016/17 base year, while reducing absolute scope 3 GHG emissions 90% by FY2039/40 from a FY2018/19 base year.



DEFINING OUR CLIMATE POSITIVE ROADMAP

The FY2018/19 baseline informs a clearly defined pathway for future-proofing our business by sustainable reductions in GHG emissions.

As part of our Climate Positive roadmap, we have established:

- A short-term to medium-term science based GHG emissions reduction target
- A long-term net-zero GHG emissions target
- A carbon compensation and removals ambition to go beyond our neutralisation target

This is our first Climate Positive roadmap focused on where we can make the biggest difference and drive progress towards our first milestone of 46% GHG reduction by FY2029/30. We will refine our roadmap along the way as we continue to improve our data and increase our adoption rates to make incremental reductions.

Going forward our efforts will be applied across three key areas in order to deliver on our commitments. These are:

1. Accelerating reductions
2. Regenerating nature and removing carbon
3. Collaborating to achieve a more sustainable future

1. ACCELERATING REDUCTIONS

The most important driver of our Climate Positive strategy is reducing emissions in our own operations and those generated in our extended value chain. We believe that by deepening our GHG reductions to more immediate timelines, this can lead to systemic change in the industry.

DECARBONISING OUR OWN OPERATIONS

TARGETS

- Reduce our absolute scope 1 and 2 GHG emissions by 95% by FY2022/23 (and maintain thereafter through FY2039/40).
 - To date, in line with our Science Based Target, we have reduced our absolute scope 1 and 2 emissions by 93% compared to FY2016/17.
- Use 100% renewable electricity across our own operations.
 - We are passionate advocates of renewable electricity use and in FY2021/22 achieved our target to use 100% of our electricity from renewable sources.
- Be carbon neutral in our own operational energy use.
 - In FY2021/22, we achieved our target to become carbon neutral in our own operations and committed to maintaining that going forward. All of our major events, including runway presentations, are certified carbon neutral.



EXAMPLES OF USING CARBON OFFSETS

In our commitment to be carbon neutral across our operations, we make every effort to avoid and reduce emissions as far as possible, before offsetting any remaining emissions. We go one step further with this commitment by applying the same principles to our key external events and runway presentations too.

CARBON NEUTRAL EVENTS

To offset the emissions associated with our FY2021/22 runway presentations and key events, Burberry purchased carbon credits from a range of nature-based and sustainable living projects under the Verified Carbon Standard (VCS) and Gold Certified Standard and which deliver against a number of UN Sustainable Development Goals. Examples of projects we have supported include:

Restoring grasslands in China – We have funded a project to restore over 160,000 hectares of grasslands in Qinghai, China by seeding three species of native grass to increase carbon sequestration. The project will generate emissions removals by increasing the soil's organic carbon, and local biodiversity, and will provide residents with relevant technical skills and training.

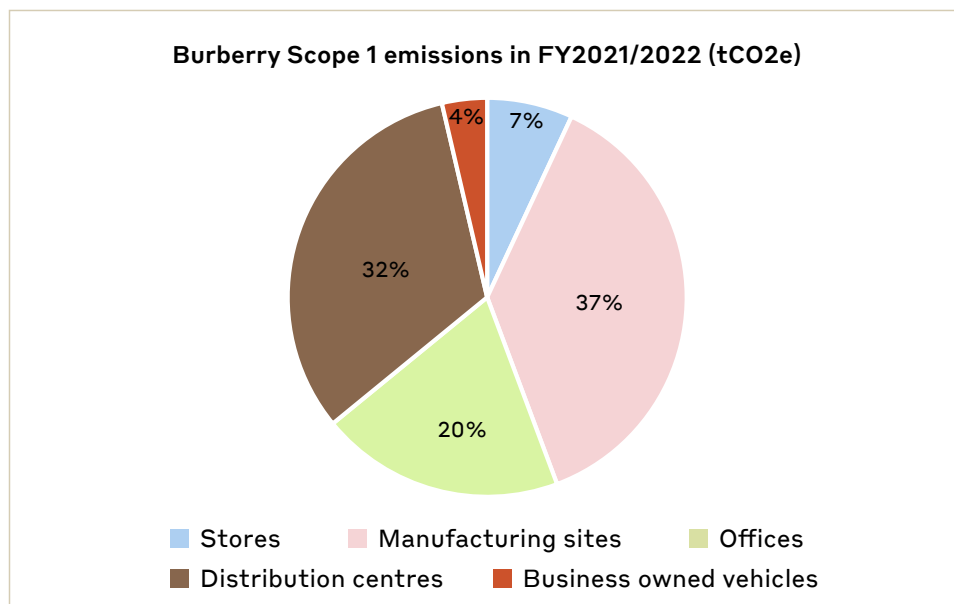
Fuel efficient cookstoves in Ghana and Bangladesh – This is a sustainable living project aimed at introducing families in Ghana and Bangladesh to efficient cookstoves that reduce fuel use and improve indoor air quality. The stove not only cuts emissions but also reduces exposure to toxic fumes.



SCOPE 1:

Reducing emissions in our direct operations. In FY2021/22 our scope 1 footprint accounted for emissions associated with our:

1. **Manufacturing sites:** Our manufacturing footprint accounts for 37% of all our scope 1 emissions. This includes our two key UK manufacturing sites – Burberry Mill, and Castleford – which use gas boilers. In the past, gas was used both for heating and steam production. We have recently moved to electrically operated steam boilers, which means that gas in our manufacturing sites is used exclusively for heating and enables us to reduce scope 1 emissions.
2. **Distribution centres:** Distribution centres account for 32% of our scope 1 footprint. Distribution centres contributing to our scope 1 footprint are our Vineland site in the US, Blyth in the UK and Piacenza in Italy.
3. **Offices:** Burberry's headquarters in London account for 20% of scope 1 emissions.
4. **Stores:** The remaining 7% of Burberry's scope 1 is made up by the US and EMEIA store network. The rest of our global network falls out of scope for scope 1 as stores use electricity-generated heating.
5. **Business-owned vehicles:** The remaining 4% of scope 1 emissions come from fuel use in business-owned vehicles.



SUPPORTING GREEN BUILDINGS THROUGH THE BURBERRY SUSTAINABILITY BOND

In September 2020, Burberry launched a £300 million, five-year Sustainability Bond*.

Projects funded by the Bond proceeds include the financing or refinancing of properties which have achieved one of the following certifications:

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

47 stores** are currently certified LEED Gold or BREEAM Excellent, with more in the pipeline.

What is LEED certification?

Developed by the US Green Building Council, LEED is a globally recognised rating system and certification standard for evaluating the environmental, health, and safety performance of building design and construction projects. To earn LEED certification, construction projects achieve points across several categories such as energy use and air quality. Based on the number of points achieved, projects can achieve one of four LEED rating levels: Certified, Silver, Gold, or Platinum.

What is BREEAM certification?

BREEAM is the world's longest established method of assessing, rating, and certifying the sustainability of buildings. This method guides developers and architects to masterplan projects, infrastructure and buildings within the built environment. Its categories evaluate energy and water use, health and wellbeing, pollution, transport, materials, waste, ecology and management processes.



*Find out more details about our Sustainability Bond on pages 96 & 97 of our Annual Report FY2021/22.

**to July 2022

SCOPE 2:

Using 100% renewable electricity in our operations

The first step towards cutting emissions begins with energy efficiency and using less energy-intensive processes. Alongside that is procuring 100% renewable electricity in our own operations which we have already achieved. We are long standing members of RE100, a global initiative of more than 300 influential companies committed to using 100% renewable electricity.

Our approach to renewable energy includes increasing our use of renewable electricity through green tariffs, on-site solar panels in our distribution centres and offices and renewable energy certificates. For example, we have solar panels in our manufacturing sites in Italy as well as our London headquarters and procure green electricity from solar panels on our US distribution site. We are currently planning more for our distribution and manufacturing sites in the UK.

Currently, all the electricity we use in our direct operations in Europe and the United Kingdom is covered by a green-tariff contract. These two territories represent approximately 38% of Burberry's overall global electricity use.

By increasing the use of electricity from renewable sources, we also increase market demand and access in regions where there are barriers to clean energy procurement.



BEHAVIOURAL CHANGE – RESPONSIBILITY CHAMPIONS AND THE B-GREEN INITIATIVE

As retail emissions account for 70% of the total global emissions, a pilot scheme was set up in FY2019/20 to recruit Responsibility Champions to drive energy reduction and behavioural change across the largest energy consuming retail sites within Europe.

The network of Responsibility Champions consisted of retail associates passionate about sustainability and keen to take on an additional, environmentally-focused role. The network was piloted across 15 stores in the EMEA region and resulted in a 21% reduction in energy achieved through small adjustments in day-to-day in-store activity. The success of this pilot led to the development of a global Retail Responsibility agenda, the 'B-Green' campaign, which focuses on driving energy, water and waste reductions through sharing best practices and monitoring data.

REFLECTING ON OUR PROGRESS IN FY2021/22 – SCOPE 1 AND 2

In FY2021/22, disruption from COVID-19 continued to be felt around the world, with the breadth and depth of the impact varying across regions. Store closures along with disruptions to suppliers, manufacturers and markets presented challenges to the way we do business.

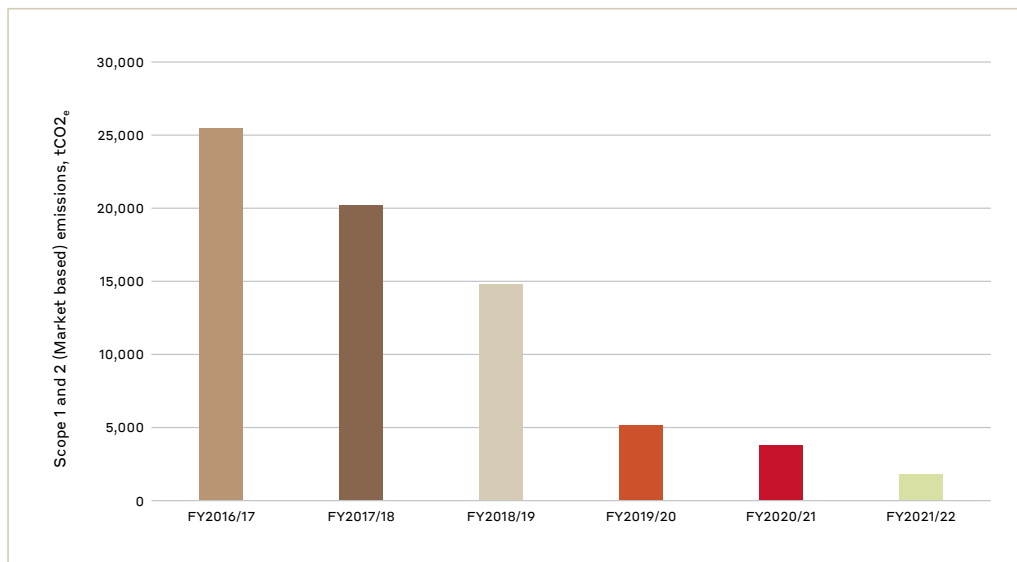
In light of this, over the course of the last two years we have changed the way we manufacture and distribute in our operations in line with government restrictions and to ensure the safety of our people. For example, our manufacturing and distribution operations extended their production time to allow for social distancing to deliver on production orders. The maintenance of our operational systems for longer periods impacted the use of gas-operated heating and air-cooling systems, affecting the ability to meet our ambitious reduction target.

In addition, our store footprint expanded with 34 new openings during FY2021/22 which saw a 25% increase in electricity consumption globally versus the previous year.

Across our store footprint, in FY2021/22 we achieved 24 LEED / BREEAM certification standards. By adopting LEED / BREEAM certification combined with refurbishments to incorporate energy efficiency measures such as panorama power and LEDs to our existing store footprint, we reduced our electricity consumption over the long-term.

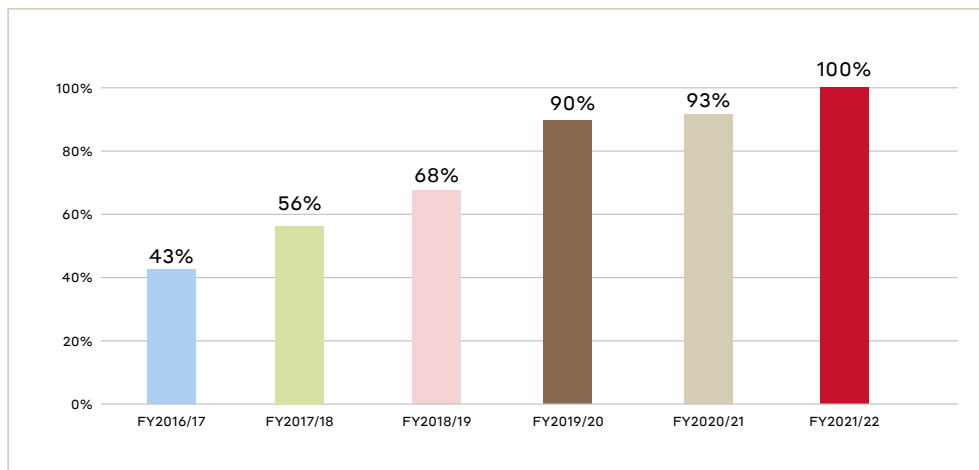
Most of our retail sites across the United States (US) operate on a BMS (Building Management System), which is a computer-based system installed to control and monitor a building's electrical equipment such as heating, ventilation and air conditioning (HVAC). A BMS is crucial to managing demand for energy in a cost-effective way and allows a better performance and a reduction in energy use.

Burberry Annual Scope 1 and 2 (Market-based) emissions



Despite this, in FY2021/22, and in line with our Science Based Targets (SBTs), we have reduced our total scope 1 and 2 emissions by 93% compared to FY2016/17 base year. Our performance in FY2021/22, was largely driven by a 15% decrease in scope 1 emissions compared to previous year due to implementing energy efficiency measures within sites that consume gas or fuel. Our Castleford manufacturing site reduced scope 1 emissions by 40% versus FY2020/21 by switching from gas generated steam boilers to more efficient electrical steam generators. We are confident in meeting our 95% absolute reductions SBT target for scope 1 and 2 in the coming year.

% Renewable electricity from base year FY2016/17



In FY2021/22, we achieved our goal to be carbon neutral in our own operations (i.e. scope 1 and 2 emissions) and progressed our procurement of renewable electricity across our regions, achieving our 100% target for renewable energy in the process. For the unavoidable emissions not reduced in FY2021/22, we purchased offsets accounting for 7% of our scope 1 and 2 baseline total. We will maintain this target of carbon neutrality and 100% renewable electricity in our own operations going forward as part of our Science Based Target extending to FY2039/40.



DECARBONISING OUR VALUE CHAIN

Ensuring our value chain partners share our ambition for a net-zero future is a critical step in achieving change at scale.

In 2021, we accelerated our ambition to reduce scope 3 GHG emissions (across our extended value chain), aiming to reduce them by 46% by FY2029/30.

TARGET

- Reduce absolute Scope 3 GHG emissions by 46% by FY2029/30 and by 90% by FY2039/40 to achieve net-zero

Using the revised scope 3 GHG baseline (FY2018/19) we are focusing on five key impact areas that each have defined actions to drive progress.

KEY ACTION AREAS



Sustainable Raw Materials

Our collections feature high-quality and sustainably sourced materials, and we create products made to last. Most of our products are made with natural raw materials that are farmed or cultivated and generate the highest proportion of all our GHG emissions. To achieve net-zero, we need to consider the way we source and manufacture these materials and work alongside suppliers to adopt regenerative and low carbon approaches to agriculture.

By FY2024/25 we aim to:

- Source 100% certified recycled nylon* and recycled polyester* where nylon or polyester is the product's main material
- Source 100% certified wool* supporting certifications that uphold the highest animal welfare standards
- Source 100% certified organic cotton which holds environmental benefits and is traced via a chain of custody
- Source 100% of our leather* from certified tanneries with increased environmental requirements

*Denotes where the material referenced is referring to the product's main material

IMPROVING TRACEABILITY

Improving the traceability of our suppliers and their approaches to agriculture and processing during the manufacturing stages is important to us. These improvements will help inform key decisions and actions that will enable long-term reductions of our collections' carbon footprint.

Alongside our raw material targets we have set a traceability target to:

- Ensure all key materials are 100% traceable by FY2024/25, supported by our use of certified materials where the country of origin is verified and disclosed. We will achieve traceability to a minimum of country level for key raw materials

REGENERATIVE AGRICULTURE

Beyond our raw material targets, we are developing our approach to sourcing from regenerative agriculture systems with an initial focus on our leather supply chain; as part of a partnership with The Savory Institute on their 'Land to Market' programme. Regenerative agriculture practices work with nature to rebuild soil organic carbon, support local biodiversity and improve watershed health as well as aspiring to improve the livelihoods of farmers.

Through our Regeneration Fund we support nature-based carbon compensation and removal projects that protect and restore ecosystems and support livelihoods of local producers (see page 25 for more information).

LOWER CARBON FUTURE MATERIALS

In addition to transitioning to sustainable sources of our key raw materials and engagement with suppliers, we are also exploring alternative raw materials with a lower carbon impact than what is currently available on the market or in development. One example is ECONYL®, a sustainable nylon yarn made from regenerated fishing nets, fabric scraps and industrial plastic which is used for our outerwear collection.

Supporting sustainable and regenerative agriculture and alternative raw materials is a key step towards stimulating wider demand across our industry for materials that are less impactful on the environment and better for the planet.

STANDARDISING INDUSTRY DATA

Generating quality data on the environmental impact of our materials is a shared challenge for the fashion industry; raw material production is the main contributor of these impacts. LCAs are used to quantify the carbon, land and water footprints of fibre production and help to identify approaches to reduce the carbon footprint through improving soil and biomass carbon.

We plan to contribute to the evolution of data sets by partnering with leading research organisations. For example, cashmere is a high emitter of carbon due to its nomadic farming conditions and so we identified a need for an updated LCA. As a result, we are working with several brands, including Johnstons of Elgin, our key supplier and manufacturer of cashmere scarves, to fund an 18-month research study with the Textile Exchange into the carbon footprint of cashmere. The aim is for this study to inform a standardised LCA for this fibre and approaches to regenerative management practices at farm level.

We will also closely monitor developments by the GHG Protocol and SBTi FLAG (Forest, Land, and Agriculture) into regenerative agriculture and inclusion of both carbon reduction and sequestration benefits as part of achieving net-zero. We will set both a near-term and long-term FLAG target by December 2023 that will include recalculating emissions based on guidance to be issued at a later date.



Circularity and Managing Product-related Waste

Whilst we seek to minimise waste at all stages of our value chain, we also recognise the shared challenge in the industry of the high carbon impact of excess fabric and textile waste on scope 3 emissions.

We follow clearly defined waste hierarchy principles for our product waste covering reuse, resell, repurpose, donation or recycling. Value chain efficiency and management of materials is a critical area of focus and by putting in place the systems for optimising the procurement and utilisation of our materials and finished goods, we can reduce their associated climate impacts.

Through our ReBurberry Fabric programme, in partnership with The British Fashion Council, we donate leftover fabrics to fashion students in over 30 fashion schools across the UK to support their studies. Over 8,000 square metres have been donated since the partnership began in 2021. We also piloted a UK-based product resale and rental initiative with My Wardrobe HQ (MWHQ), the UK's leading fashion rental platform. For each Burberry transaction on the site, 40% of profits are donated to Smart Works, a long-time Burberry charity partner, which provides high-quality interview clothes and coaching to disadvantaged, unemployed women.

INNOVATING RECYCLING SOLUTIONS

Leather is a challenging material to recycle, due to its complex compositions and components such as trims and lining. As there are no current options for leather finished goods recycling, we are funding a two-year research project with The Hong Kong Research Institute of Textiles and Apparel (HKRITA) to design a post-consumer leather goods recycling system.

The aim is to extract fibre from leather by using an environmentally bio-based solvent, which transforms into a recycled leather sheet that can then be used in manufacturing of other products such as packing, accessories or steering wheels for cars.

In addition, we extended our funding to HKRITA to research additional solutions to aid the recycling process and second life:

1. *Auto garment sorting* – Manual sorting requires lots of manpower but often with low efficiency, given the complexity associated with unknown composition. HKRITA are establishing a fabric library system to help identify materials and automatically sort by 1) garment type 2) material 3) colour 4) fabric construction, which will greatly enhance the upcycling process to reuse the textile fibre.
2. *Auto-trimming* – Trims on garments can often cause damage to shredding machines. These require a manual de-trimming process, which is time-consuming and potentially hazardous for workers. Setting up an auto-trimming system will help to increase the efficiency of recyclable parts, as well as help safeguard workers' wellbeing.
3. *Nylon separation* – Nylon textile waste is significant across the industry, with limited options for recycling. In this project, nylon is separated from blended nylon materials using a solvent that dissolves it, but does not affect the compositions' molecular structure, so the physical properties remain unchanged. The dissolved nylon is then spun into recycled nylon fibre which could be used in garments, accessories and industrial textiles.

CIRCULAR DESIGN THINKING

Tackling product related waste is a key priority for us. Adopting a circular approach to product design is one of the ways that we can combat this, ensuring that our products are consciously crafted and with minimal impact on the environment.

We are actively engaging our creative community on this topic through in-house training and have hosted a series of product disassembly workshops, helping teams better understand how product lives can be extended.

AFTERCARE SERVICES

We offer a global luxury aftercare service to extend the life of our products.

Building on our existing repair offering, we rolled out a Leather Refresh service globally, offering complimentary leather conditioning to extend the lives of bags. We also introduced a Trench Refresh service, which invites clients to a Trench diagnostic session with an in-house expert.

Customers can opt to have their coats reproofed, repaired and/or have elements replaced, with the aim of extending a Trench Coat's life for as long as possible. We only use organic, biodegradable solutions for this service, reducing its impact on the environment.

SUSTAINABLE PACKAGING

Driving greater circularity for our packaging is a priority for our business. Although packaging materials (e.g. retail bags and boxes) represent a relatively small proportion of our GHG value chain emissions, our ongoing efforts to increase recycling can help reduce emissions and send an important signal to our customers about our commitment to sustainable materials.

As a signatory of the 2025 New Plastics Economy Global Commitment, we have pledged a number of ambitious targets in the areas of plastic reduction and recycling. In 2018, we changed our consumer packaging to incorporate weight, size and eco-design principles supporting decarbonisation across transportation and procurement.

More recently, we have committed to strengthening our commitments to reducing consumer and operational packaging:

B2C packaging targets by FY2024/25:

1. Eliminate problematic or unnecessary plastic packaging
2. Ensure all plastic packaging has minimum 20% recycled content
3. Ensure plastic packaging is 100% reusable or recyclable

B2B packaging targets by FY2029/30:

1. Eliminate problematic or unnecessary plastic packaging
2. Ensure as a minimum that 50% of all plastic packaging is from fully recycled content



Supply Chain Decarbonisation

Bringing our supply chain partners with us is critical to achieving our Climate Positive ambition. We want to ensure they too can help build resilience for climate impacts and the sustainability of their business.

This requires collaboration and collective action, setting realistic targets and milestones and providing our partners with technical and strategic support.

Through our work on measuring positive change across our products, we have built a good understanding of our supply chain and who we need to engage at manufacturing and raw material levels. We have a number of policies that set out the environmental and social standards we expect from our suppliers and regularly monitor their compliance against these.

For finished goods vendors and raw material suppliers, emissions can generally be reduced by increasing energy efficiency and shifting to renewable sources of energy. We will also prioritise our engagement with high carbon intensive manufacturers which use dyeing and finishing processes and seek to continually drive efficiency programmes.

We have a number of programmes in place already and will continue to explore opportunities to replicate and scale, in order to reach all of our vendors and suppliers:

- We utilise online climate action training for industry suppliers; one of the initiatives spearheaded by the Manufacturing and Energy Working Group as part of the UN Climate Change fashion industry initiatives
- Last year we created a bespoke renewable energy guide for our Italian suppliers to help them navigate the various options available to them

CLEAN BY DESIGN – FACILITATING POSITIVE ENVIRONMENTAL IMPACT IN ITALIAN TEXTILE MANUFACTURING

In 2021, Burberry joined forces with the Apparel Impact Institute (AII), Italian NGO Legambiente and two peer brands to implement the Clean by Design programme, created by the Natural Resources Council (NRDC), for addressing environmental impacts in Italy's apparel supply chain. The programme works with eight mills known for producing high quality textiles used to create luxury garments.

The cornerstone of Clean by Design is a set of '10 best practices' for textile factories for improving energy, water and chemical use that are practical, low cost, easy to implement, with a strong return on investment. The programme is also structured with key milestones in place including an initial programme kick-off, on-site assessments, KPIs and benchmarking, relevant workshops and action plan creation.

The assessments of textile factories were completed in its first year of operation and comprehensive action plans, informed by best practice standards, are being tailored for each mill. These mills will also receive ongoing support and guidance by experts in the implementation of the plans over the coming year.



Sustainable Transportation

Our logistics and distribution footprint accounts for approximately 9% of our scope 3 footprint in the most recent reporting year. The vast majority of our transportation and logistics emissions are attributable to transporting our finished goods from vendors to our distribution hubs, and from hubs to our retail locations via air freight.

While there is a greater need for an enabling regulatory environment and innovation in green transport solutions to accelerate the transition to zero emissions, we recognise the need to make considerable changes to meet our carbon reduction target.

In the short to medium-term, we will work with our logistics partners to improve efficiencies and shift to lower emissions carriers. As with the changes we have made to reduce the size and weight of our packaging, we will optimise each journey to transport our products including transitioning to electric vehicles for last mile logistics.

Reducing air freight shipments is also key to reducing the impact of our logistics emissions. Over the next decade we will progressively move towards more sustainable transport solutions and shift more products from air to sea and other less carbon-intensive options, such as rail and multi-modal shipments.



Business Travel and Commuting

As a global business, we operate in many countries around the world. Whilst emissions from business travel represents a small part of our overall emissions, there is a lot of innovation in this space that can play a part in achieving our net-zero target.

Due to the pandemic, desk-based colleagues were well equipped to work remotely. All our corporate offices in each region and manufacturing sites in Castleford and Italy have video conferencing capabilities. By utilising best practices and learnings from the last two years, our colleagues can make more conscious decisions regarding their business travel.

Moving forwards, as part of reviewing our emissions reduction strategy for our offices and headquarters, we will look to measure the actual impact of our colleagues commuting and working from home.

REFLECTING ON OUR PROGRESS IN FY2021/22 – SCOPE 3

We achieved significant reductions in scope 3 emissions in FY2021/22 compared to our FY2018/19 baseline total of 758,542[^] tonnes of carbon dioxide equivalency (tCO_{2e}). In total, we reduced 245,300 tCO_{2e}, equal to 32%[~] of the scope 3 total. This was against the backdrop of a global pandemic and subsequent economic slowdown that inevitably led to a fall in production of finished goods and associated carbon impacts generated through reduced raw materials, manufacturing and transportation. However, reductions were not evenly distributed across scope 3 categories, with most of our reductions across the following areas:

Scope 3 Category	FY2018/19 (Baseline)	FY2021/22	Percentage Change
Purchased goods and services	621,110	399,973	-36%
Capital goods	34,074	38,027	12%
Fuel- and energy- related activities	4,625	7,909	71%
Upstream transportation and distribution	64,624	47,274	-27%
Waste generated in operations	11,443	6,453	-44%
Business travel	6,907	1,342	-81%
Employee commuting	4,784	1,954	-59%
End-of-life treatment of sold products	2,059	1,432	-30%
Franchises	8,917	8,879	0%
Total	758,542 [^]	513,243 [~]	-32% [~]

Table. Scope 3 emissions by category – baseline and most recent reporting year

SUPPLY CHAIN MANUFACTURING

Among carbon-intensive sources (i.e., sources of emissions accounting for more than 5% of the baseline total), the largest decrease was seen in the energy use in finished goods manufacturing at vendor sites. This was due to an increase in the use of renewable energy at finished goods vendors, as well as an overall decrease in production units.

RAW MATERIALS AND PRODUCT-RELATED WASTE

As the main contributors of our supply chain emissions come through the sourcing and production stages of raw materials, we work closely with partners to address these impacts. In FY2021/22, we achieved considerable reductions in emissions associated with raw materials and product-related waste, driven by strategic interventions through improved inventory management and decreased production.

In addition, in 2017 we set a five-year target of ensuring 100% of our products have a positive social or environmental impact, with a focus on driving improvements at the raw material sourcing and product manufacturing stages. These positive attributes range from the amount of organic content or recycled fibres used in materials or the delivery against emission reductions at production facilities, to workers being paid the living wage or being supported through wellbeing programmes.

Information subject to assurance is denoted with a [~]. See Assurance section on page 29 for details.
The symbol [^] represents data previously externally assured by PwC [here](#).



In FY2021/22, we're proud to say that 99% of Burberry products had at least one positive attribute and 84% had three or more positive attributes, with some partners having as many as eight positive attributes. Positive attributes are assigned at the product or at the facility level. While not all positive attributes deliver carbon reduction benefits, those achieving a positive attribute due to the use of sustainable materials (e.g., bio-based or recycled content) or from being manufactured at a facility using a minimum share of renewable energy, are directly reducing our scope 3 emissions. (See pages 58-79 in our FY2021/22 Annual Report for more details on FY2021/22 Responsibility KPIs and achievements).

UPSTREAM TRANSPORTATION & DISTRIBUTION

Transporting finished goods from vendors to Burberry hubs, and then onto retail locations, accounted for nearly one in ten emissions in the scope 3 baseline. In FY2021/22, we enacted strategic interventions to drive down emissions overall and saw a decrease in shipping volumes due to changes in purchasing patterns as a result of the pandemic. These factors also created a reduction specifically across our scope 3 emissions.

We have implemented strategic interventions to improve logistics and routing efficiency. One such example is a regional pilot, completed in FY2021/22, which saw vendors ship directly to local fulfilment centres by road and air where feasible, as opposed to the previous process whereby some goods were shipped via air to more distant hubs. This included over one million units in FY2021/22.

We also achieved improved route optimisation through weekly review of production between internal teams where shipping was shifted from air to sea as feasible to drive down both costs and emissions.

SUMMARY

While we made significant progress in FY2021/22, we do not expect progress to continue at such a rapid and linear pace and expect to see some categories reverse in the next few years as the world resumes to pre-pandemic levels of activity. However, as we continue to elevate our luxury position and focus on full-price sales, as well as increasing the mix of sustainable raw materials (in line with our 2025 targets) alongside adopting sustainable ways to transport, package and market our products, we anticipate overall progress against emissions reductions towards our 2030 milestone.

ENLISTING THE SUPPORT OF OUR PEOPLE

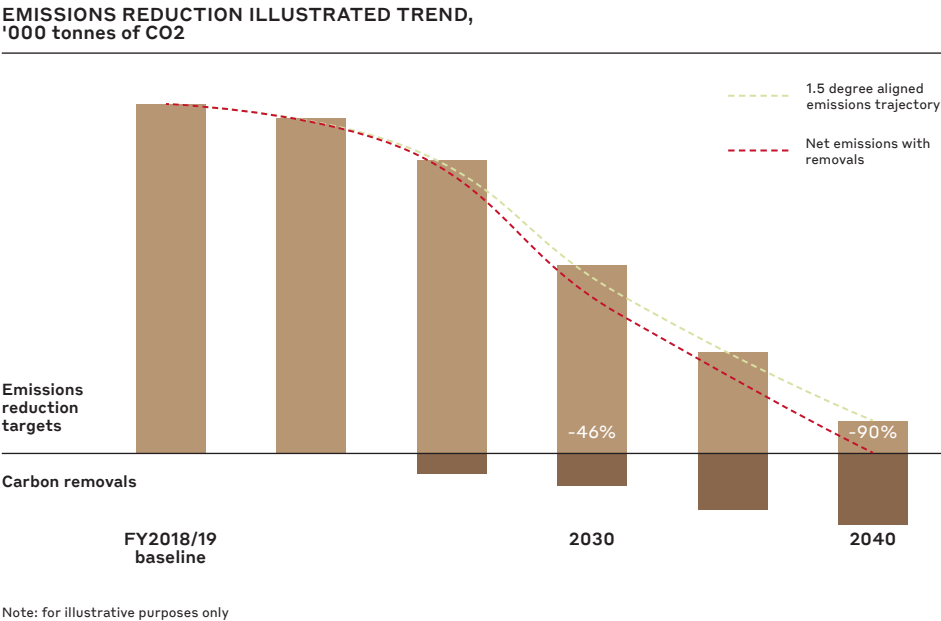
Everyone has a role to play when it comes to our Climate Positive journey. Through the creation of relevant training modules and webinars focused on sustainability, our aim is to inspire, educate and enable Burberry colleagues across the world to play their part.

In FY2021/22, we ran a “Sustainability in Action” series, to help raise awareness of our sustainability programmes and shine a light on some of the actions we are taking to achieve a climate positive future. Phase two of the series will evolve from raising awareness to taking action, supporting individuals to embed sustainability practices into their every day. Over the coming months, we are looking to build on the success of this and engage even more Burberry colleagues across the world by running a webinar series focused on our Climate Positive journey. Longer-term, our ambition is for every individual at Burberry, no matter their role, to connect more deeply with our sustainability commitments and feel empowered to make a difference.

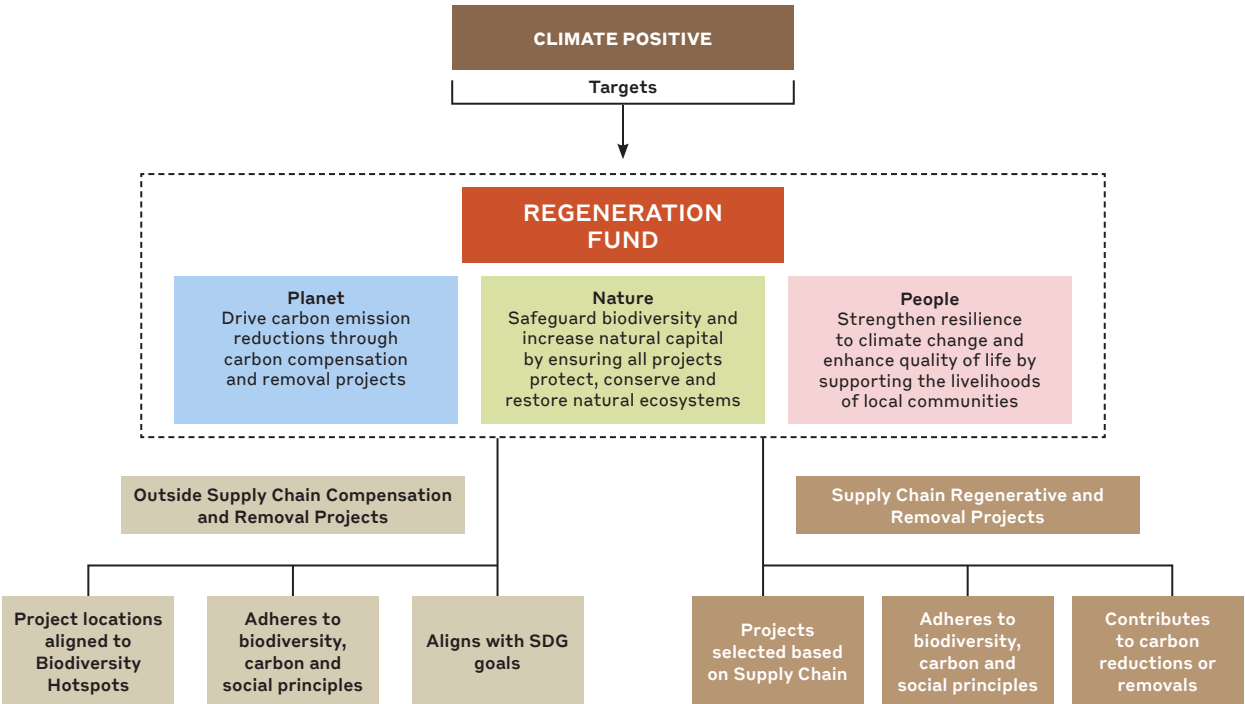


2. REGENERATING NATURE AND REMOVING CARBON

Burberry was built upon a rich heritage of exploration of nature and the outdoors, which is why nature and people are at the heart of our climate strategy. Protecting and restoring natural ecosystems is key to delivering climate adaptation and mitigation so that whole communities can continue to flourish. In addition to being Climate Positive by 2040, we also are committed to being Nature Positive by 2030. We have also made a commitment to zero deforestation and sustainable management of natural forests by 2025.



For any GHG emissions that we can’t reduce directly to achieve our Climate Positive 2040 target, we will invest in nature-based solutions through our Regeneration Fund.



Over a third of our scope 3 emissions comes from sourcing raw materials. Supporting regenerative agriculture projects within our value chain not only helps promote carbon capture and storage through improved farming practices and land management, but can also help to reduce emissions. Regenerative agriculture practices are currently being reviewed by the SBTi FLAG with more guidance expected in the foreseeable future. This will include setting FLAG-specific near and long-term targets by December 2023 to address our carbon impacts associated with raw materials.

Going beyond our own value chain, we are also investing in carbon compensation and removal projects with biodiversity co-benefits of protecting and restoring natural ecosystems and ensuring a just transition for enhancing livelihoods and building climate resilience of global communities.

SUPPLY CHAIN: SUPPORTING REGENERATIVE WOOL AGRICULTURE IN AUSTRALIA

For our inaugural supply chain project, we partnered with Fox & Lillie and PUR Projet in June FY2021/22 to design and implement regenerative agricultural practices with wool producers in our supply chain in Australia. The project works at the farm level to improve carbon capture in soils, enhance watershed and soil health, and promote biodiverse habitats. The programme initially launched with wool producers that are part of Fox & Lillie and Burberry's shared value chain including Allan, whose family has been farming since the 1890s.

"We decided to come on board with Burberry and join the programme because it fitted with our goals and our plans for the future. We are just at the beginning of implementing our grazing plan that will allow more rest for our plants with the aim of improving our plants and soil health."

– Allan, first year programme participant located in the New South Wales state

The initiative has successfully completed its first year and Allan has made a number of improvements to his farm, such as better fencing to increase control over grazing and enhance pasture productivity, as well as more efficient water distribution by investing in three new bores equipped with solar pumps to transfer water across the entire farm. More farms will be added to scale the project globally over the next few years, with 12 wool producing farms involved by the end of 2023.



GLOBAL LEAF COALITION – TACKLING DEFORESTATION

In FY2021/22, we committed to the global Lowering Emissions by Accelerating Forest finance (LEAF) Coalition to support the end of deforestation in tropical and subtropical forest countries.

We support the LEAF Coalition's aim of achieving its Nationally Determined Contributions (NDCs) under the Paris Agreement. As part of the LEAF Coalition, over the next five years we will purchase high-quality Emissions Reductions. These will meet the ART-TREES requirements and contribute to our global mitigation efforts as part of the Regeneration Fund's pillars of Planet, Nature and People.



3. COLLABORATING TO ACHIEVE A MORE SUSTAINABLE FUTURE

The level of ambition required to achieve a 1.5°C goal is substantial and demands collective action. We recognise the value of working together and we are collaborating with our peers, NGOs, sector experts and governments, to find ways to accelerate and scale change.

- We are a founding signatory of the UN Climate Change Fashion Industry Charter for Climate Action. We support the efforts of UN Climate Change and have taken a leadership position in the industry by collaborating with other brands to promote energy efficiency and renewable energy through the UNFCCC Manufacturing Working Group. We also signed the Fashion Charter Communique at the Conference of the Parties 25 (COP25), which works to partner with countries with major fashion production and consumer markets to bring the industry in line with the Paris Agreement goal of limiting average global temperature rise to 1.5°C above pre-industrial levels.
- We are also a signatory of the Fashion Pact, a global alliance between 32 of the world's leading fashion and textile companies to tackle climate change. Through the Pact, we will build on our work over the last decade to limit global warming, protect the world's oceans and restore biodiversity. Our Chief Executive Officer (CEO) is also a member the Fashion Pact steering committee.
- Additionally, our Chief Operating and Financial Officer (CO&FO) is a co-chair of the Leadership Network for the Accounting for Sustainability initiative (A4S), driving action by finance leaders across industries for a fundamental shift towards resilient business models and a sustainable economy.



ADVOCATING FOR URGENCY AND ACTION

We also look beyond our industry, using our voice to advocate for new solutions and a more supportive regulatory environment. This includes initiatives such as low-carbon technologies and transportation infrastructure, as well as legislation that helps to reduce barriers to renewable energy markets and circularity solutions.

To enable us to do better, we welcome incentives from manufacturers to develop better products, implement green energy solutions and help accelerate regenerative agriculture that will sequester carbon and promote biodiversity. That means we also need more clarity on common standards for certification of nature-based solutions and recognition for their role in achieving net-zero. In turn, we will share our learnings and ensure we make the best decisions that are right for reaching a low carbon world.

HOLDING OURSELVES ACCOUNTABLE

CLIMATE CHANGE GOVERNANCE

Climate change and our business response to associated impacts is front of mind for senior leaders at Burberry. In FY2019/20, we established a Sustainability Steering Committee to review and oversee the Group's strategy on environmental, social and governance issues relating to our sustainability agenda. Following a review of the governance of ESG topics during FY2021/22 the committee evolved into the Sustainability Committee which convenes at least four times a year and is co-chaired by our CEO and CO&FO. To enhance the Board's monitoring of progress against goals and targets for addressing climate-related issues, the Sustainability Committee reports to the Board at least twice a year. In addition, sustainability matters are discussed at the Ethics and Risk Committees.

The implementation of our strategy is overseen by various working groups across our organisation. In addition, a Regeneration Fund governance group supports investment decisions on carbon removal projects and monitors progress.

Our senior leaders are also incentivised to make sustainable decisions. A portion of the Executive Directors' annual bonus is determined against the delivery of strategic objectives including in year progress against our long-term carbon reduction goals, which includes progress towards our scope 3 emissions reductions. In addition, the Burberry Share Plan (BSP) long-term incentive award for Executive Directors is subject to performance underpins including the delivery of progress against our long-term carbon reduction goals. Further details are contained within our 2021/22 Annual Report (pages 187 and 188).

REPORTING AND DISCLOSURES

We are committed to being transparent on our journey towards our Climate Positive goal. Our GHG scope 1 and 2 emissions data is assured by PwC (see below). We also report in line with the GHG Protocol and Streamlined Energy and Carbon Reporting (SECR) legislation.

For the first time this year, we have also obtained external assurance over our carbon scope 3 baseline and our current year scope 3 emissions reductions (see below). We are committed to continuing to evolve our disclosures in line with best practice.

ASSURANCE

We engaged PricewaterhouseCoopers LLP (PwC) to undertake a limited assurance engagement using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements'. PwC have provided an unqualified opinion in relation to the KPIs that are identified with the symbol ~ and featured on page 22 of this report. The FY2018/19 baseline data that has been marked with the symbol ^ has also been externally assured by PwC and details including the assurance statements and all Burberry's basis of reporting for assured data are available on <https://www.burberryplc.com/en/responsibility/approach-to-responsibility.html>. To ensure completeness and accuracy of the selected KPIs, this basis of reporting and all relevant data have been subject to internal validation, review and approval at senior level within Burberry. Burberry is solely responsible for the preparation and presentation of the selected KPIs. Burberry has established objective reporting criteria for preparing and presenting the non-financial information and the reported performance measures are in accordance with this basis of reporting.

A limited assurance engagement is substantially narrower in scope than a reasonable assurance engagement in terms of the risk assessment procedures which include an understanding of internal control, as well as the procedures performed in response to the assessed risks. Non-financial performance, and, in particular greenhouse gas quantification is subject to more inherent limitations than financial information. It is important to read the responsible business information in this report in the context of PwC's full limited assurance opinion and Burberry's reporting methodology, both found on [Burberryplc.com](https://www.burberryplc.com).

DISCLOSURES

Disclosures on our climate strategy, emissions and progress in reducing emissions can be found in our [Annual Report](#) and on [Burberryplc.com](https://www.burberryplc.com). We are a signatory of the Taskforce on Climate-related Financial Disclosures (TCFD) and report against their framework in our Annual Report and we are a member of the global multi-disciplinary Taskforce on Nature-related Financial Disclosures (TNFD) Forum and contribute to the development of the TNFD framework.

We also report to a number of other non-mandatory initiatives and leading indices such as CDP. We have been recognised in the 2020 CDP A List and Supplier Engagement Leaderboard for our success in stimulating demand for renewable energy throughout our global value chain.

In FY2021/22, we were recognised for our efforts more broadly in ESG, with highlights including:

- Reuters Responsible Business Awards: highly commended in the Net Zero Transition Award category in 2022
- CDP: ranked in the Leadership band for climate change and recognised in the CDP Supplier Engagement Leaderboard
- S&P Global Yearbook member
- FTSE4Good Index: constituent
- Responsibility100 Index: ranked 10th in the FTSE 100
- Sustainalytics: negligible risk rating, ranked first in our industry (textiles and apparel) and sub-industry (luxury apparel)
- Finance for the Future Sustainability Awards: winner of the Climate Leader Award in 2021

As we continue to develop our thinking and actions in this space, we welcome feedback on this report. Contact corporate.responsibility@burberry.com.

