RESPONSIBILITY INDICATORS – BASIS OF REPORTING FY 2022/23

Introduction

This document sets out how selected KPIs included in the Responsibility section of Burberry's FY 2022/23 Annual Report and Accounts have been prepared. It forms the criteria against which the selected KPIs, outlined below.

Product:
- % of our cotton that is certified organic

Planet:
- Total energy including: purchase of electricity, the operation of any facility, combustion of fuel for facilities and vehicles (kWh)
- Scope 1 – Combustion of fuel and operations of facilities (Tonnes CO2e)
- Scope 1 – Combustion of fuel and operations of facilities including fuel use from owned or leased transport (Tonnes CO2e)
- Scope 2 – Electricity purchased and used for operations (location based) (Tonnes CO2e)
- Scope 1 and 2 – Total emissions (location based) (Tonnes CO2e)
- Scope 2 – Electricity purchased and used for operations (market based) (Tonnes CO2e)
- Scope 1 and 2 – Total emissions (market based) (Tonnes CO2e)
- Progress towards Science Based Target - movement in Scope 3 emissions compared to FY 2018-19 baseline (%)
- Scope 3 - Total indirect emissions (Tonnes CO2e)
- % of the company's energy and electricity consumption (kWh) sourced from renewable sources (%)
- Operational waste sent to landfill from key sites (Tonnes)

Context

In FY 2022/23 Burberry launched their new sustainability strategy Burberry Beyond with 4 strategic pillars:
- Product
- Planet
- People (not covered in this Basis of Reporting)
- Communities (not covered in this Basis of Reporting)

To ensure completeness and accuracy of the selected KPIs underpinning the strategy, this 'Basis of Reporting' and all relevant data have been subject to internal validation, review and approval at senior level within Burberry.

KPIs are based on the period 1 April 2022 to 31 March 2023, unless where otherwise stated.

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.

KPIs

PRODUCT:

KPI: % of our cotton that is certified organic

- **Definition:**
  Building on from our 2017-2022 Creating Tomorrow's Heritage strategy, Burberry has set a series of ambitious raw materials targets to continue with our mission of minimising our environmental impact and creating opportunities for our global communities. In the new Burberry Beyond strategy, regarding organic cotton, Burberry set a target to: Source 100% certified organic cotton by FY 2022/23 by FY 2029/30.

- **Scope:**
  Time frame: financial year 2030 (31st of March 2030).
  Materials in scope: all main materials and main linings, inc. blends where more than 50% of the composition within the specific material is cotton.
  Divisions in scope: menswear, Womenswear, Childrenswear, Accessories, Outlet, Shoes.
  Excluded from scope: runway, trims (as per Global Organic Textile Standard GOTS criteria), sampling and prototyping, packaging, raw material excess, limited editions collaboration products, uniforms, point of sale products, VIP products, and products manufactured by a licensee. The coating of a product cannot be considered main material even if it represents more than 50% of the product composition. In this case, the second fibre to make up more than 50% of the fabric composition will be considered main material.

- **Units:**
  % of products whose main materials and/or main lining, including blends where more than 50% of the composition within the material is certified organic cotton.

- **Method:**
  The % is based on   consumption of meters of organic cotton in products delivered in our warehouses   within the financial year dates.   Products containing certified organic cotton within main material or lining   are downloaded from the Target Report. The Target

Report is a Burberry built python coded macro report created to improve the internal monitoring of progress against raw material targets and to enable access to information related to our products. This report contains information about product and materials consumptions. It automatically combines information related to the product composition and sustainability attributes taken from our FLEX PLM, Avery and SAP systems making the process automatic and not manual. Organic materials are flagged into FLEX PLM and the report extracts this information, calculating the consumption of material from the same system. The composition is taken from Avery and combined with the number of units from SAP.

- **Source**
  The Target Report combines data from FLEX PLM, SAP and Avery. These platforms, which are accessed by multiple teams across the business, allow the marking of materials as "Organic Cotton", "GOTS Cotton", or "OCS Cotton" by selecting this option in a drop-down menu related to the sustainability feature of the fabric. These are internal definitions, but the accepted certifications are only Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS). If an organic version of an existing fabric is created then a new fabric code is required. Whenever the option is selected, teams need to ensure that the material complies with minimum requirements, and relevant certifications and documents have been uploaded into the "Documents" section of a specific Fabric. Without this, the option of "Organic Cotton", "GOTS Cotton", or "OCS Cotton" cannot be selected from the dropdown menu.

- **Certification:**
  Accepted certifications are GOTs and OCS. **Global Organic Textile Standard (GOTS)** certifications to a minimum of yarn level and a minimum of 70% organic content, as required by GOTS certification. **Organic Content Standard (OCS)** certifications to a minimum of yarn level and a minimum of 50% organic content, as required by OCS certification. Organic cotton cannot be blended with conventional cotton in the main material or lining.

- **Certified Organic Cotton target rules:**
  - The raw material target for certified organic cotton applies only to the main material and main lining of a product. For shoes, the main material may be defined as the upper OR the lining.
  - The main material composition is inputted by suppliers into Burberry internal systems and reflected into the Target Report.

- For blended materials, the main fibre is defined as the fibre which makes up the highest proportion of a material's composition (more than 50%). For fabrics where the composition is 50% cotton and 50% another fibre, the main fibre will be the first one listed in the material composition.
- Trims and components such as zips and buttons are not included in the definition of main material.

PLANET:

KPI list:
1. Total energy including: purchase of electricity, the operation of any facility, combustion of fuel for facilities and vehicles (kWh)
2. Scope 1 – Combustion of fuel and operations of facilities (Tonnes CO2e)
3. Scope 1 – Combustion of fuel and operations of facilities including fuel use from owned or leased transport (Tonnes CO2e)
4. Scope 2 – Electricity purchased and used for operations (location based) (Tonnes CO2e)
5. Scope 2 – Electricity purchased and used for operations (market based) (Tonnes CO2e)
6. Scope 1 and 2 – Total emissions (location based) (Tonnes CO2e)
7. Scope 1 and 2 – Total emissions (market based) (Tonnes CO2e)

- **Definition:**
  One of Burberry's 'Planet' goals is to reduce Scope 1 and 2 emissions 95% by FY 2022/23 from a FY 2016/17 baseline (SBTi approved target). In doing so, we will maintain carbon neutrality in our own operational energy use achieved in 2022 throughout 2023. This will be achieved by reducing absolute consumption, improving energy efficiency and switching to renewable energy sources, before offsetting any remaining carbon emissions. We will also support our Scope 1 and 2 SBTi target by continuing to source 100% renewable electricity in our own operations throughout 2023.

  Burberry reports energy data and converts this into carbon dioxide equivalent (CO_2e) for disclosure purposes as part of Burberry's Mandatory Greenhouse Gas Reporting Requirements.

- **Scope:**
  Burberry applies an operational control approach to defining its organisational boundaries. Data is reported for directly owned sites and those where Burberry has operational control so that it can manage energy consumption. These sites are called "Category 1 sites". This differs from the financial reporting boundaries, as some sites where Burberry has an equity interest, but no control are not reported.

Where Burberry does not have visibility of a site's energy consumption (e.g. in a mall, where a store's energy use is not sub-metered), energy consumption is estimated based on the average consumption per sq. ft. of Burberry sites in that region.

All material sources of emissions are reported, including emissions generated from the use of electricity, gas, fuel oil and fuels consumed in company owned or leased vehicles. Refrigerant gases were deemed not material and are not reported.

- **Units:**
  Tonnes C02 equivalent

- **Method:**
  Burberry calculates greenhouse gas emissions data in accordance with the Greenhouse Gas Protocol. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Emissions are reported using both the location- and market-based methodology.

  The most current conversion factors from UK BEIS (2022), the International Energy Agency (IEA) (2022), Reliable Disclosure (RE-DISS) European Residual Mixes (2021), the EPA Center for Corporate Climate Leadership(2022) and custom fuel sources are used for all CO2e calculations, according to geography.

  Burberry is monitoring its 'Carbon Neutral' status by looking at its market-based emissions. For any emissions that remain after reducing energy within internal operations and purchasing renewable energy, Burberry will look to mitigate these through offsetting. In FY 2022/23 all our electricity was from renewable sources, either produced onsite or sourced through green tariff contracts or via unbundled energy certificates. Verified Emissions Reduction certificates have been applied to Burberry emissions data for FY 2022/23 to offset emissions from gas consumption.

  Sales revenue data[1] is used to derive the intensity metric of tCO2e/£1,000,000 sales revenue.

- **Source:**
  Data for electricity, gas and fuel oil use is based on energy consumption data inputted by responsible teams on the Credit 360 platform and supported by invoices . Data on fuel used in own/leased vehicle are obtained from invoices submitted by employees through

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[1] Sales revenue data used for the intensity metric calculation are provided by the Finance team. This data is audited by an independent third party within the end of year financial statement audit process

the online travel and expense claim platform "Concur". Data is then subject to a series of internal reviews conducted at group level.

KPI: **% of the company's energy and electricity consumption (kWh) sourced from renewable sources**

- **Definition:**
  Burberry has set itself a target to continue to source all electricity from renewable sources in FY 2022/23.

- **Scope:**
  Burberry applies an operational control approach to defining its organisational boundaries. Data is reported for directly owned sites and those where Burberry has operational control so that it can manage energy consumption. These sites are called "Category 1 sites". This differs from the financial reporting boundaries, as some sites where Burberry has an equity interest, but no control are not reported.

- **Unit:**
  % of renewable energy consumption in kWh

- **Method:**
  To calculate the progress against 100% renewable electricity, a report must be taken from Credit360 whereby all electricity consumed by the business has evidence of its renewable source associated with it. The accepted methods for generating and procuring renewable energy are aligned to the RE100 Technical Criteria and the GHG Protocol Scope 2 Guidance and include:
  - Onsite self-generation
  - Green Tariffs, Utility Green Pricing Programs
  - Renewable Energy Certificates (RECs) and International Renewable Energy Certificates (I-RECs)
  - Guarantees of Origins (GOs - Europe)
  - Power Purchase Agreement (PPA)

- **Source:**
  All renewable electricity that contributes towards the target must be based on evidence, including:
  - A certificate or agreement from the energy supplier with MWh or percentage of renewable energy stated
  - A form from the energy supplier to state that the renewable energy is compliant with best practice for renewable energy

KPI: Operational waste sent to landfill from key sites (Tonnes)

- **Definition:**
  Burberry publicly committed to send zero waste to landfill from its own operations (i.e. zero operational waste to landfill). Operational waste is waste generated in Burberry's key operational sites meaning it occurs within sources it controls.

- **Scope:**
  The scope of this KPI covers key UK and Italy operations, comprising Burberry's Internal Manufacturing facilities and distribution centre in Northern England, Burberry's head office, Burberry's office in Leeds, retail stores in the UK, Burberry's manufacturing site and distribution centres in Italy as well as Burberry's distribution centres in Vineland and Shanghai.

  In FY 2022/2023, the scope of reporting increased with the inclusion of Vineland which is Burberry's warehouse located in the United States. Key sites included in scope have a minimum square footage of 30,000 feet, these tend to be warehouses, offices, and manufacturing sites (where the greatest volumes of waste are created) as well as additional sites with a smaller square footage, where waste data is readily available (e.g. UK retail stores).

- **Method:**
  "Diverted from landfill" is defined as diverting waste from landfill through treatments such as recycling, anaerobic digestion and incineration with energy recovery.

  Burberry considers having achieved zero waste to landfill if 99.8% or greater waste is diverted from landfill, based on volume of waste created during the financial year. This threshold is to account for exceptional circumstances whereby, due to the nature of the waste it cannot be disposed of in any other way, or there has been an exceptional operational disruption or human error, outside of Burberry's control.

- **Source:**
  Waste data is based on annual reports provided by waste collection partners and covers dry mixed recycling (cardboard, plastic, paper), confidential paper, general waste, organic waste, glass, wood, metal leftover materials and cutting waste.

PLANET

Scope 3 emissions KPI list:
1. Progress towards Science Based Target - movement in Scope 3 emissions compared to FY 2018-19 baseline (%)
2. Scope 3 - Total indirect emissions (Tonnes CO2e)

Scope:

The focus of this reporting is to quantify Burberry's indirect emissions (referred to hereafter as Scope 3). This includes the emissions from all applicable categories set out by the Greenhouse Gas Protocol (GGP) which are required as part of Burberry's Science Based Targets.

While this reporting period covers Burberry's financial year 2022/23 from April 2022 to March 2023 (hereafter referred to as FY 2022/23), emissions sources have varying time boundaries. Table 1 below provide details by GGP category:

Table 1: Time boundary for Scope 3 emissions reporting

SCOPE 3 CATEGORY	REPORTING TIMEFRAME
01, Purchased goods and services	• Raw materials: Full 12-month Financial Year period (April 2022 – March 2023) • Product-waste: Calendar year (January – December 2022) except raw material excess and sample excess which are reported on Full 12-month Financial Year period (April 2022 – March 2023) basis • Packaging: 11 months of real data (April 2022– February 2023) + 1 month forecasted estimate (March 2023) • Manufacturing: Calendar year (January – December 2022) • Other PG&S: 11 months of real data (April 2022– February 2023) + 1 month forecasted estimate (March 2023)
02, Capital goods	11 months of real data (April 2022– February 2023) + 1 month forecasted estimate (March 2023)
03, Fuel- and energy-related activities	Full 12-month Financial Year period (April 2022 – March 2023)

04, Upstream transportation & distribution	Calendar year (January – December 2022)
05, Waste generated in operations	Calendar year (January – December 2022) except raw material excess and sample excess which are reported on Full 12-month Financial Year period (April 2022 – March 2023) basis
06, Business travel	11 months of real data (April 2022– February 2023) + 1 month forecasted estimate (March 2023)
07, Employee commuting	Full 12-month Financial Year period (April 2022 – March 2023)
09, Downstream transportation & distribution	Calendar year (January – December 2022)
12, End-of-life treatment of sold products	- Finished goods: Full 12-month Financial Year period (April 2022 – March 2023) - Packaging: 11 months of real data (April 2022– February 2023) + forecasted estimate (March 2023)
14, Franchises	- Franchise stores: Calendar year (January – December 2022) - Licensee: emissions timeframes vary based on reporting timelines of licensee (see Franchises section for more details)

Exclusions:

Not all emissions categories from the GHGP are relevant to Burberry's business model and therefore are excluded from our Scope 3 boundary. The rationale for the exclusions follows:
- Category 08. Upstream and Category 13. Downstream leased assets: not applicable and therefore excluded from scope 3 boundary as Burberry does not have emissions from use of leased assets (e.g., vehicles, stores) that are not already included in Scope 1 and 2 boundary (upstream), and does not own assets that are leased to other entities (downstream).
- Category 10. Processing of sold products: not applicable and therefore excluded from scope 3 boundary as Burberry does not process products subsequent to sale to end user. This category is typically relevant to manufacturers of intermediate products or products that need additional processing by the end user.
- Category 11. Use of Sold Products: Indirect use emissions such as this category (i.e., emissions generated from end user and not from the reporting company) are not required according to guidance from the Science Based Targets initiative. (See Apparel and

9

[Footwear Sector: Science-Based Targets Guidance](#), 2018.) This category would include emissions associated with laundering and care of garments by consumers who purchased from Burberry. Due to lack of accurate data and overreliance on estimations and assumptions, this category has been excluded.

- Category 15. Investments: not applicable and therefore excluded from scope 3 boundary as per the GHGP, this category is applicable only for investors and companies providing financial services.

Emissions sources:

Table 2 below outlines relevant information regarding emission sources included within each scope 3 category.

Table 2: Scope 3 emissions sources by category

SCOPE 3 CATEGORY	ACTIVITIES AND EMISSION SOURCES
01, Purchased goods and services	- Embodied carbon from the cradle-to-gate lifecycle of **raw materials used in finished products** (i.e., from extraction of materials from the farm level, transportation, refining, processing and fabrication through to finished material used in finished goods) - Embodied carbon from **product-related waste** (i.e., raw materials wasted in the manufacturing process at external vendor and internal production sites incl. cutting waste; excess raw materials incl. from production and sampling/prototyping stages; and raw materials used in overproduced, damaged and defective, and/or off-quality finished goods ultimately not included in finished goods dataset) - Embodied carbon (cradle-to-gate, incl. extraction, primary processing, manufacturing and transporting materials to the point of sale) associated with the **production of materials for use in both business-to-business and business-to-consumer packaging** (e.g. hangers; cardboard boxes; plastics; product tags and labels) - Energy use attributable to Burberry in the **finished goods manufacturing** process at all external sites (note that internal manufacturing energy use data is included in Scopes 1 and 2) - Embodied carbon associated with **all other purchased goods and services** not already included above (e.g., training, consultancy, creative and professional services)

02, Capital goods	Embodied carbon associated with all upstream (i.e., cradle-to-gate) emissions from the production of capital goods (e.g., IT hardware & software, display costs) purchased or acquired in the reporting year.[2]
03, Fuel- and energy-related activities	Upstream lifecycle emissions from fuel production and electricity generation, incl. transmission & distribution losses and well-to-tank processes (e.g., extraction, refining, transport) for all use associated with Scope 1 and 2 accounting[3]
04, Upstream transportation & distribution	Shipping of finished goods from internal & external manufacturing sites to Burberry distribution hubs. In internal operations this is known as Primary Transportation. This category also includes outbound transportation services paid for by Burberry (i.e., shipping of sold products to wholesaler or consumer), as well as transportation & distribution between Burberry facilities (e.g., hub to store) known internally as Secondary Transportation.
05, Waste generated in operations	Treatment and disposal of waste generated from operations (e.g., paper, plastic, metal, construction materials, fabric & textiles) at owned or controlled facilities.[4]
06, Business travel	Employee air and rail travel for business-related purposes
07, Employee commuting	Employee travel between home and work in the course of routine employment (therefore excluding business travel) by all modes in all countries where Burberry directly employs staff
08, Upstream leased assets	Not applicable and therefore excluded (see Exclusions section above)
09, Downstream transportation & distribution	Shipping of products sold by Burberry from internal operations (e.g., fulfilment centres and stores) to the end user (e.g., consumers, wholesale orders). This category includes only emissions generated after the point of sale (e.g., digital and e-commerce shipping, and

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[2] Emissions from the use of capital goods are accounted for in either scope 1 (e.g., for fuel use) or scope 2 (e.g., for electricity use), rather than in scope 3.

[3] Note the combustion of fuels and use of electricity is covered in Scope 1 and 2; this source accounts for the upstream production before use

[4] This is distinct from product waste as this covers the actual disposal and treatment, not the embodied carbon.

	returns, and wholesale orders) and only where the shipping costs are not paid for Burberry.
10, Processing of sold products	Not applicable and therefore excluded (see Exclusions section above)
11, Use of sold products	Energy use from cleaning, laundering, and care treatment of sold products to consumers (See note in Exclusions section above)
12, End-of-life treatment of sold products	Disposal and treatment of products sold by Burberry in the reporting year at the end of the product's lifecycle (not just products disposed of in the same year). Emissions are generated at the consumer level, incl. finished goods and consumer-facing packaging discarded by end user.
13, Downstream leased assets	Not applicable and therefore excluded (see Exclusions section above)
14, Franchises	Operation (e.g. energy usage) of franchise stores (i.e., stores operating under a license to sell or distribute Burberry-branded products within a certain location) not otherwise included in Scope 1 or 2. This category also includes emissions from operations associated with companies creating licensed Burberry products (e.g., the Scope 1 and 2 emissions for companies creating Burberry-licensed eyewear, fragrance/beauty products)
15, Investments	Not applicable and therefore excluded (see Exclusions section above)

Category-specific information:

The information below outlines the data sources, emissions factors, and calculation methodology (including estimation methods and key assumptions) for all Scope 3 categories included in Burberry's Science Based Target boundary.

01 PURCHASED GOODS & SERVICES (RAW MATERIALS USED IN FINISHED GOODS)

Data sources

Finished goods data incl. composition and weights comes from an internal dataset created by Burberry IT function, which draws from two internal systems: FlexPLM (third-party product lifecycle management tool) and SAP HANA (internal database management system).

Raw materials here refers only to the main commodity and the first to fourth blends (if applicable) used in finished products and as such may exclude some materials; for example if a composition has more than five fibres, the additional fibres will not be counted in the total. Linings are excluded, as this source is excluded from internal data capture and reporting (excepting cotton for the specific purposes of reporting on a related KPI on organic cotton). This has been consistent since Burberry's original baseline calculation based on data availability.

Further exclusions from the raw material dataset apply including:

- Uniforms (these materials are included in product waste as unsaleable goods)
- Samples (these materials are included in product waste as samples)
- VIP and bespoke garments (these materials are included in product waste as samples)
- Limited edition collaboration products where Burberry has not been involved in the manufacturing process (Burberry does not procure nor produce there garments therefore data is not available and excluded from boundary)
- Any product manufactured by a licensee (this is covered indirectly by the Scope 1 and 2 emissions of licensees with Franchises; Burberry is not responsible for the production of these products and does not purchase them but rather grants a license for their sale, therefore these materials are considered not applicable for this category)

Emissions factors
Emissions factors come via license from the Higg Materials Sustainability Index (Higg MSI) and measure the cradle-to-gate carbon impacts of textiles, plastics, metals, leather, and other materials based on data submitted to MSI from industry and other external lifecycle assessment databases (e.g., World Apparel & Footwear Life Cycle Assessment Database commonly known as WALDB). The embodied carbon from the extraction of materials from the farm level, transportation, refining, processing and fabrication through to finished material used in finished goods are all accounted for.

Emissions factors are specific to each raw material and provide a carbon dioxide equivalency for each kilogram of material used in the finished product. Higg MSI emissions factors (factors that represent an output of carbon dioxide equivalency for various inputs; referred to throughout as EFs) account for loss along the production cycle and therefore it is not necessary to convert weight from finished material to account for additional weight.

Note that the Higg MSI and other similar databases do not have emissions factors for cashmere. As such, the cashmere emissions factor used by Burberry is modified from wool. More details are provided in the estimation section below.

Calculation methodology
1. The weight of each raw material (i.e., weight of fabric used in finished goods) is derived from an internal report drawing on data from finished goods weight and composition
    a. This is completed using an automated script that calculates the total weight of each material by taking total weight of each product and apportioning said weight into each constituent material based on composition data (e.g., a 0.5kg item composed of 50% cashmere and 50% cotton will contribute 0.25kg of cashmere and 0.25kg of cotton to the total weight)
    b. The product breakdown weights are then summed to yield total weight by material
2. For cashmere, cotton, nylon, and polyester, the materials are further broken down into share of sustainable materials (i.e., organic, recycled) based on data from the same source as above
    a. This is to allow for increased accuracy of emissions accounting given that data is available on recycled nylon, polyester, and cashmere, and organic cotton and that these materials have different EFs than their conventional alternatives
3. Each material weight is then multiplied by the appropriate emission factor from Higg MSI and converted into tonnage of CO_2e, yielding the emission per material
4. Emissions from all materials are summed to yield full emission value for this category

Estimation methods
- There are no widely accepted standard LCAs covering emissions from cashmere. As such, assumptions about the carbon intensity for this material are made based on wool, the most similar material. Impacts are based on an extrapolation from Higg MSI data for *sheep wool from production, Australia* (note that Australian wool is the default value in the Higg MSI for wool production) to describe similar production and impacts from goats (emissions from sheep and goat are both driven by enteric fermentation). Impacts from the wool farming stage are multiplied by a factor of 150g/4000g, as cashmere goats yield on average just 150g of clean fibre per year, whereas sheep yield on average 4kg clean fiber. Sources used in this assumption are taken from [Agricultural Marketing Resource Center](#) and [United Nations Food & Agricultural Organisation](#).

Key assumptions
- Assume industry average impacts from processes e.g., coloration, spinning, finishing, in lieu of supplier-specific data (this assumption is built into Higg MSI by using default values)
- Assume recycled polyester is chemically recycled for use in textiles given available EFs (best approximation chosen)
- Assume recycled nylon is mechanically recycled for textile use given available EFs (best approximation chosen)

- Mohair and angora are assumed to have the same emissions factor as wool, as there are no standard EFs for these materials. (Their total use in Burberry products is immaterial.)
- All leather use is assumed to be bovine for the purposes of consistency with baseline and available verifiable data
- All metal is assumed to be brass and therefore the brass EF is applied
- Materials classed as Other use a blended EF which is an average of all materials classified as Other in the materials dataset where EF data is available in Higg MSI

01 PURCHASED GOODS & SERVICES (PRODUCT-RELATED WASTE)

Data sources
Waste emissions data is calculated from an internal waste model covering all relevant product-related waste streams, including:
- Quantity and weight of all purchased finished goods in reporting period from raw materials target report, used to aid in estimation where primary data is not available from third-party vendors;
- Waste reports from internal and third-party vendors including weight and disposal routes;
- Internal raw material excess database which tracks movement of raw materials excess (RMX) including exit date, quantity, composition, and method;
- Financial data on spend on samples and product development materials; and
- Internal dataset on quantity and disposal of unsaleable goods (e.g. unused staff uniforms).

Inputs into the waste model are from both primary and estimated data. For waste from the manufacturing of finished goods, waste collection data from internal manufacturing sites selected external vendors with data capture is used to estimate all other vendors. Raw material excess data comes from an internal database used to capture the intake and movement of excess raw materials from suppliers.

Note this category refers only to the emissions from wasted raw materials in the manufacturing and product development phase and therefore includes general fabric, leather, and metal waste only. Disposal of this and other waste streams falls into Category 5, *Waste generated in operations* as outlined later in this document.

Emissions factors
As this waste stream captures embodied carbon from wasted products and materials, emissions factors come via license from the Higg Materials Sustainability Index (Higg MSI) as outlined in the section above.

In most cases, specific material composition of waste is not available and is therefore taken to be fabric (textile), leather, or metal (leather have a distinct waste collection and treatment

stream and therefore we do know the specific weight of leather used/disposed of). Therefore custom factors blending the average of multiple materials are created. All leather uses the figure for leather (bovine), and all metal is assumed to be brass as per the assumptions in previous reporting. For general fabric, we use an average of nylon, cotton, polyester, and wool – the most commonly used materials in Burberry finished products by weight in the base year – to create a bespoke EF as in previous years.

Estimation methods
- Total volume of waste generated in the production of finished materials and manufacturing of finished goods across all vendors is estimated using available data from Burberry internal manufacturing sites and selected finished goods vendors where data is available. This waste is then extrapolated and applied to third-party vendors on a per-unit basis by geographic region where possible.
  - For example, for vendor A located in Italy where no waste data is available, real textile waste data from all Italian vendors providing data is applied to vendor A's true production volume of Burberry goods (known from internal purchase order data) on a per-unit basis [e.g., Vendor A units for Burberry x per-unit kg of waste from Italian vendors where data is available = estimated waste generated at Vendor A]
- Unsaleable goods weight and composition is estimated based on primary data of saleable finished goods.

Key assumptions
- Imprecise weight and size of RMX leads to estimation of weight based on a reference table created from internal knowledge in the baseline year
- Average emissions factors for wool, nylon, polyester, and cotton are used for generic fabric emissions as these are the highest volume of materials used in the baseline year.
- Assume samples are same composition as final products and that sampling materials cost is similar to that of finished products

Calculation methodology
As in raw materials calculations, the weight of each material is multiplied by the appropriate emissions factor to yield emissions. In this case, given lack of specific data on material composition, only three factors are used: generic fabric, leather, and metal.

01 PURCHASED GOODS & SERVICES (FINISHED GOODS MANUFACTURING ENERGY USE)

Data sources
Manufacturing energy use data comes from energy use reports compiled by Burberry regional teams derived from source data provided by finished goods vendors. Reports include the following energy types where applicable: biomass, coal, diesel, fuel oil, gasoline, grid electricity,

liquified petroleum gas, natural gas, and purchased steam, as well as on-site renewable energy generation and renewable energy credits purchased.

It is necessary to downscale the total energy use at vendors from data collection only to goods directly associated with Burberry; more details can be found in the emissions calculation section below.

Emission factors
Energy emissions factors are sourced from the International Energy Agency (IEA) via use in the UL Credit360 platform, and from UK Department for Business, Energy and Industrial Strategy (UK BEIS) 2022 Full Set of Conversion Factors for Advanced Users.

Grid electricity EFs come from IEA's country-specific database which Burberry have license to via Credit360; all others (e.g., coal, diesel, fuel oil, gasoline/petrol, LPG, natural gas, purchased steam, CNG, and wood pellets) come from UK BEIS, 2022 Full Set of Conversion Factors for Advanced Users within the <Fuels> and <Bioenergy> tabs.

Note that no emissions factor is applied to the use of purchased or on-site generated renewable electricity, as this energy type generates more energy than it takes to produce and therefore has a net-zero output of carbon dioxide equivalency for each kilowatt hour used. As avoided emissions are not included in the Scope 3 boundary, a negative EF is not applied.

Estimation methods
Energy use is estimated for vendors with no data capture based on a per-unit regional basis from primary data. For example, an Italian vendor with no available data will be estimated to use the same type and amount of energy as the average of all Italian vendors providing data, on a per-unit production basis.

Key assumptions
- All vendors without primary data were assumed to have the average energy intensity per-unit of those where data was available.
- Many vendors use subcontractors for parts of the production process; every effort is made to include this energy use. Where data is unavailable, this is considered an exclusion and the energy use reported by the primary vendor is assumed to be the complete use.

Calculation methodology
Where vendor energy use and total production data exists:
1. Take total energy use by type and all production (not only Burberry goods) from vendors via regional teams
2. Take Burberry-specific production data from internal receipted goods records (SAP HANA)

17

3. Attribute energy use by type to Burberry based on share of total production accounted for by Burberry products; this is calculated using an internal database tracking number of receipted finished goods to each vendor which can be divided by total production at vendor sites. This is necessary because most vendor facilities are shared with other brands, therefore not all use is attributable to Burberry
4. Multiply energy use attributable to Burberry for each type by the associated emissions factor to yield emissions for each vendor

Where no energy use and total production data available:
1. Create line item for each vendor with no data available from source
2. Add production data from internal database on receipted goods (SAP HANA), as this is available for all vendors used in a given year
3. Aggregate primary data from vendors on energy use and total production by energy type and region
4. Calculate a per-unit energy use value by region (i.e., average amount of energy use by each type for EMEIA vendors where data exists)
5. Apply estimates above to line item for each vendor (i.e. assume energy use by type is the average for the regional where data does exist)
6. Multiply estimated per-unit energy use by EFs to result in emissions

The results of both methods are summed to yield total emissions in the category.

01 PURCHASED GOODS & SERVICES (PACKAGING)

Data sources
This subcategory of emissions accounts for the embodied carbon (cradle-to-gate, incl. extraction, primary processing, manufacturing and transporting materials to the point of sale) associated with the production of materials for use in both business-to-business and business-to-consumer packaging (e.g. hangers; cardboard boxes; plastics; product tags and labels).

Data is sourced from a data collection template sent to all packaging suppliers. This includes customer (B2C) and non-customer facing (B2B) packaging and labelling materials by type for all packaging materials (e.g., dustbags, cardboard boxes, poly bags, hangers).

As in raw materials, packaging data includes only the main material in the finished packaging product and as such secondary materials (e.g., cotton handles on paper retail bags) are excluded.

Emissions factors
For paper, plastic, and wood, factors come from UK BEIS, *2022 Full Set of Conversion Factors for Advanced Users* within the <Material use> tab. For cotton, the same EF for cotton used in raw materials section is used here.

Estimation methods
March data is not available given timeline for data collection; as such an estimation is made using linear projection from the previous 11 months.

Key assumptions
Where no specific data was available on type of material used (i.e. LLDP versus PET plastic), average emissions factors were taken as proxy.

Calculation methodology
1. Using product composition data, classify each line in the data into the appropriate material type from emissions factor source (e.g., paper, plastic, cotton, wood)
2. For each composition type and subtype (e.g., plastic; PET) sum the total weight (kg)
3. *Before multiplying the above weights by the relevant emissions factor (e.g., closed loop recycling or primary production), we must account for the fact that not all packaging materials are 100% recycled content.*
4. Take the difference between Primary material production EF and Closed loop recycling EF
5. Multiply that difference by the share of non-recycled content of the finished packaging product, to offset the emissions benefit from post-consumer recycled materials
6. Add the above figure to the Closed loop EF
7. Now each row of data will have kg weight and a modified EF; multiplying these together yields the emissions for each row.
8. Sum all row emissions calculations to result in total emissions by composition type/subtype
9. Sum all together for total category emissions.

01 PURCHASED GOODS & SERVICES (OTHER) + 02 CAPITAL GOODS

Data sources
Data comes from Burberry's Business Planning & Consolidation (BPC) system, which is a core financial system holding the consolidated financial data audited by the statutory auditors and used to prepare Burberry's financial statements. It interfaces to the general ledger, also in SAP.

Data includes total GBP spend over the reporting period per relevant expense type indicated in the table below. Expenses are recorded net of VAT (unless the VAT is not recoverable) – this is standard and in line with International Financial Reporting Standards (IFRS). Data from each country is reported in local currency and is converted to GBP by the BPC system at the monthly average FX rate; for forecasted data (e.g., March 2023) the conversion is done using budgeted FX rate and is reconciled after the period is completed.

Note that in some instances, negative values may appear in the underlying dataset necessary for emissions calculations. This represents income and this will happen for example when an entity received a refund in relation to a certain cost. These values are excluded from the calculation procedures, as based on the nature of this emissions area, removing spend from the totals would artificially remove emissions from our boundary. Costs incurred relate to activity undertaken which accounts indirectly for emissions; income does not in reality reflect avoided or reduced emissions.

No further adjustments are made to the financial data internally after use in emissions calculations, with the exception of March 2023 projected data which is reconciled after emissions calculations are made and therefore is used as-is upon receipt.

Spend codes are classified as Capital Goods if they have an extended lifespan and/or are used specifically by Burberry to manufacture and/or sell items. Costs included in each category follow the standards of *Technical Guidance for Calculating Scope 3 Emissions, Chapters 1 (Purchased Goods & Services) and 2 (Capital Goods)*.

Emissions factors
Emissions factors for spend-based emissions sources come from UK Department for Environment, Food, and Rural Affairs (DEFRA). The factors are based on a model which describes in monetary terms how the goods and services produced by different sectors of the economy are used by other sectors to produce their own output. These monetary accounts are then linked to information about the greenhouse gas emissions of different sectors of the economy. In lieu of direct activity data, these emissions factors are deemed to be the most relevant source for approximating emissions.

As this emissions area is based solely on financial spend, the same emissions factors as applied in baseline and in FY 2021/22 are applied again here to maintain consistency.

Estimation methods
March 2023 forecast is calculated by regional finance teams based on internal knowledge of the region and the costs that they are expecting to incur for the rest of the year per budgets.

Assumptions applied
Global headline consumer price index (HCPI) inflation rates are assumed to represent each country where Burberry incurs expenses; UK DEFRA data on emissions per currency spend are assumed to equate to actual emissions in lieu of primary activity data.

Calculation methodology
1. Take global spend data across all relevant spend codes for reporting period from BPC dataset

2. Adjust for inflation back to FY 2018/19 levels based on historical inflation data from the World Bank (specifically the Global headline consumer price index (HCPI) median inflation rates). This is remove the inflationary impacts that would otherwise increase emissions artificially.
    a. This is done taking the present FY 2022/23 value, then reversing the annual inflation rate from the World Bank back to 2022, then to 2021, then 2020, then finally 2019.
3. Multiply adjusted (deflated) values for each spend category by the appropriate emissions factor from DEFRA (per mapping above) to yield emissions.

03 FUEL AND ENERGY-RELATED ACTIVITIES

Data sources
Final summary data for Scopes 1 and 2 by fuel and energy type.

Emissions factors
EFs come from UK Department for Business, Energy and Industrial Strategy (UK BEIS) *2022 Full Set of Conversion Factors for Advanced Users.* Specifically, factors accounting for transmission & distribution of purchased electricity and well-to-tank (WTT) production of purchased fuels are included.

Estimation methods
See Scope 1 and 2 KPIs for estimations included in final figures

Key assumptions
The WTT electricity figures for UK are assumed to be the same and applied to all other countries as the EFs for overseas electricity have been removed from BEIS data in 2022.

Calculation methodology
Scope 1 and 2 data inputs on energy use by type are multiplied by above emissions factors yielding total emissions for category.

For electricity, the kWh use is multiplied by the WTT factor for 'WTT- UK electricity (generation)' and separately by the 'WTT- UK electricity (T&D)' factor in the UK BEIS factor set. These are then combined to account for full WTT impact of the electricity generation and the losses experienced in the grid. For fuel use, activity data is multiplied by <Well-to-tank (WTT) fuels> Efs to yield upstream emissions.

All figures are aggregated to calculate total emissions.

04 UPSTREAM TRANSPORTATION & DISTRIBUTION

Data sources

Most upstream transportation data is provided by freight forwarders who arrange and carry out the upstream transportation on behalf of Burberry. These companies maintain their own records on shipping activity that is undertaken on behalf of Burberry. Data necessary for emissions calculations includes mode of transport, gross weight, and distance. In lieu of these, average unit weight, country origin and destination, or assumed method can be used as a proxy.

Exclusions from this data source include the following, in line with previous annual accounting:
- "Special shipments" which include items such as samples and VIP garments and internal movement of non-stock items (e.g., packaging; unsaleable finished goods)
- First/last transport for Primary/Secondary transportation (PT/ST) movement is sometimes included in carrier data and sometimes not, depending on if carriers directly provide the service or if they subcontract these legs of the journey. This would include, for example, road transport to and from airport/seaport and hub/store. This is excluded rather than estimated as road transport on this scale is deemed immaterial from an emissions perspective.

Emissions factors

Efs come from UK Department for Business, Energy and Industrial Strategy (UK BEIS) *2022 Full Set of Conversion Factors for Advanced Users,* specifically the <Freighting goods> tab. EFs for road, air, and sea are applied as appropriate.
- Road: HGV (all diesel) > All rigids > Average laden[5]
- Air: Freight flights > Without RF[6] (average of Domestic, Short-haul, Long-haul, International)
- Sea: Cargo ship > Container ship > Average size

Estimation methods
- For air freight shipping, airport-to-airport distances are calculated by carriers based on the Great Circle Distance (GCD) using the geographical coordinates of the airports and typical flight paths, and adding a supplement of 95km for take-off and landing as per EN 16258 (European standards for calculation and declaration of energy consumption and GHG emissions of transport services). This is in accordance with the Global Logistics Emissions Council – Smart Freight Centre, of which carriers are members. As such,

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[5] *Average laden* is used because payload capacity is unknown

[6] *Without RF* is used to capture the direct CO2e impact because "there is significant scientific uncertainty around the magnitude of the indirect effect of non-CO2 aviation emissions and it is an active area of research"

origin to destination distance measurements cannot be verified through simple as-the-crow-flies search and are not always the same for the same origin/destination pairs.

- For sea shipping, direct port-to-port relations are calculated by carriers based on actual sea routes where possible. As most of these relations do not exist in reality because ship operators apply schedules with several port calls in a loop, the Clean Cargo Working Group, in which around 80% of global container vessel operators are represented, add a distance correction factor of 15% to each port-to-port connection. As such, origin to destination distance measurements cannot be verified through simple as-the-crow-flies search and may vary on the same origin/destination pairings.
- Where no data is available from carrier or internal systems, a distance lookup table is used to estimate distance from country to country. The lookup table is sourced from the *Centre d'Etudes Prospectives et d'Informations Internationales* (cepii) and estimates the geodesic distance following the great circle formula, which uses latitudes and longitudes of the most important cities/agglomerations (in terms of population). Where origin and destination country are the same, the formulas applies within said country.

Key assumptions
- Where accurate distance data was not available due to unavailability in external database including flight timetables and schedules, average distances for some routes were applied as necessary per advice from third-party freight carriers. This is deemed to be a one-time instance necessitated by external factors and will not carry forward in future years
  - For example, movements from A to B are in some cases based on typical average distance of said route rather than on actual distance for trip taken from flight/ship routing
- Air freight EF is assumed to be the average of domestic, short-haul, long-haul and international
- Air and sea travel routes may contain some amount of road travel covering the start and end of the route (i.e. from pickup/drop-off location to airport). For the purposes of emissions calculations, the entirety of air and sea shipments are assumed to be by air and sea unless the carrier provides the transport link and therefore the distance data.
- Mode of transport, when not captured accurately by internal systems and not provided by carrier, is assumed based on typical shipping between two points (using distance and geographical context.) Assume air not sea where no data exists.

Calculation methodology
Where data is provided by carriers (e.g., all Primary transportation, and Secondary transportation where carriers submit data):
1. Consolidate all carrier files into master dataset
2. Format and process as needed (e.g., ensure dates and numbers are formatted correctly, remove duplicates)
3. Using data from consolidated carrier files, calculate tonne.km e.g., ((Distance (km) * (Weight (kg)/1000))

23

4. Multiply above tonne.km by appropriate emission factor to yield total emissions

Where data is not provided directly by carriers (e.g., Secondary transportation originating in EMEIA):
1. Take available data from internal SAP system incl. units, and origin and destination country
2. Use distance lookup table to estimate distance between origin and destination countries
3. Take average unit weight from primary data and apply to units to calculate gross weight per shipment
4. Assume mode of transport from distance and sense check against geographic context; assume air over sea
5. Calculate tonne.km e.g., ((Distance (km) * (Weight (kg)/1000))
6. Multiply tonne.km output by relevant emissions factors depending on mode of transport to yield emissions

05 WASTE GENERATED IN OPERATIONS

Data sources
Waste emissions data is calculated from an internal waste model covering all relevant waste streams within the business, including Offices & retail, production of raw materials, manufacture of finished goods (including raw material excess, samples and prototypes, vendor waste), distribution & logistics, damaged & defective finished goods unable to be repaired to appropriate standard, and ultimately disposed of, and other sources (including events, construction, visual merchandising, and unsaleable goods.)

Data is collected from third-party waste contractors who carry out collection and disposal.

Emissions factors
All waste disposal and treatment EFs are sourced from UK Department for Business, Energy and Industrial Strategy (UK BEIS) 2022 Full Set of Conversion Factors for Advanced Users published in September 2022. Specifically, EFs come from the <Waste disposal> tab for the relevant disposal route for all materials (e.g., clothing, wood, organics, plastics, paper).

Estimation methods
● Disposal pathway data, necessary for emissions calculations, is taken from waste contractor data where available and extrapolated to estimate the remaining elements where data is not available.
● Raw material excess: average widths and weights of items were used where primary data was not available, to allow for conversion to a similar unit of measurement

Key assumptions
● "Mixed dry recycling" is assumed to be half paper and half plastic

- Across all sites, assume waste volume and disposal method rate is similar at sites with no data capture as sites where primary data available on a per-area basis
- Confidence levels were attributed to each waste stream based on internal levels of confidence in the underlying assumptions and relative amount of estimations compared to real data

Calculation methodology
1. Tonnage by waste stream is aggregated from available data from waste contractors where available. Where no data exists, weight data estimates are created using per-square foot volume from existing data (e.g., dividing waste by type by floor area).
2. Aggregated data from above is then multiplied by relevant emissions factors based on material type and end-of-life treatment (e.g., recycling, incineration, landfill).
3. To ensure that emissions were not underestimated, the attributed confidence levels were used to increase emissions from each waste stream. Low confidence resulted in emissions increasing by 50%; medium confidence by 25%; and high confidence by 10%.

06 BUSINESS TRAVEL

Data sources
Burberry's licensed third-party travel booking agent collects data necessary for greenhouse gas emissions calculations (e.g. mode of travel, distance for each passenger segment travelled). This applies to trips booked through Burberry's internal travel booking and management system. In the instance that trips are booked by individuals outside of the mandated corporate system, these trips are unaccounted for and thus necessarily excluded.

Only air and rail travel is included in this boundary; other modes are infrequently used and immaterial from a total emissions perspective as this category accounts for less than 0.5% of the total Scope 3 footprint in the latest year, with air accounting for the most emissions-intensive source of travel. Hotel stays are optional under the GHGP and also excluded.

Emissions factors
Factors come from UK BEIS, *2022 Full Set of Conversion Factors for Advanced Users* within the <Business travel - air> and <Business travel - land> tabs based on the haul and class of flights and trail trips.

The EF source for air travel provides factors that include or exclude radiative forcing (RF). Burberry use the factors that include RF as this factor includes both direct and indirect emissions associated with non-carbon dioxide gases, as carbon dioxide equivalency is standard practice across all other categories.

Estimation methods
None

Key assumptions

All air travel factors include a distance uplift of 8% to compensate for planes not flying using the most direct route (such as flying around international airspace and stacking). This has been common practice in the EF source since 2012.

Calculation methodology

Total combined distance travelled (passenger trips times distance in kilometres) for each mode (e.g., rail, air) as provided by external partner is multiplied by the appropriate emissions factor to yield emissions.

Emissions data is also provided directly from the vendor.

07 EMPLOYEE COMMUTING

Data sources
- Number of fulltime employee equivalency (FTE) in each applicable country comes from human resources data
- Mode of travel and distance from home to workplace data comes from country or regional-level sources as compiled at numbeo.com (crowd-sourced global database) and is not specific to Burberry employees.
- Data on average number of days in workplace is unavailable outside of a few facilities and as such as estimated to be two days per week to maintain consistency with previous year reporting

Emissions factors

Factors come from UK BEIS, *2022 Full Set of Conversion Factors for Advanced Users* within the <Business travel – land> tab. Though employee commuting is distinct from business travel, the EF from this source still accurately accounts for movement via each commute type.

The following are applied:
- Medium car (petrol)
- Local bus (average)
- Rail (train/metro)
- Motorbike (average)
- Light rail and tram

Note cycling and walking have no emissions therefore no EF is applied.

Estimation methods

None

Key assumptions
- Assume Burberry employees' average distance from home to workplace is the same as the national average in each country based on available survey data
- Assume Burberry employees' typical mode of commuting to work is the same as the national-level breakdown in each country based on available survey data
- All rail is assumed to be equivalent to London Underground for emissions purposes
- Assume two days in the office each week during the reporting period per company guidance
- Assume retail and corporate employee travel behaviour is the same in lieu of primary data

Calculation methodology
1. Take table of all Burberry employees by country
2. Take external data[7] for each country on average distance (km) from home to work and multiply number of employees by average distance to derive total passenger km travelled in the year
3. Take same external data as above on typical share of commute type by method (e.g., car, bus, rail) for each country and multiply by total distance from above to derive, by country, total distance travelled by each commute type
4. Multiple values from above by relevant emissions factor
5. Sum values to yield total emissions from category

09 DOWNSTREAM TRANSPORTATION & DISTRIBUTION

Data sources
Limited data is available on downstream shipping as Burberry does not arrange nor pay for the services. However, internal invoices generated and maintained by Burberry contain data usable for emissions estimations by proxy. This data is maintained by regional Customer Fulfilment teams based in the UK (UK and EMEIA data), China (APAC data), and USA (North America data) and is stored internally in SAP AFS.

Data includes number of units moved, and origin and destination locations. No data is available on mode of shipping or weight.

Emissions factors
See 04 Upstream transportation & distribution section above

Estimation methods
- See 04 Upstream transportation & distribution section above

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[7] Publicly accessible data on commuting behaviour, taken from https://www.numbeo.com/traffic/ for each country specifically.

- Where no data is available, weight has been estimated using average gross weight per unit figure calculated from global PT/ST upstream transportation data

Key assumptions
See 04 Upstream transportation & distribution section above

Calculation methodology
1. Collect summary data from each region and group by shipment so as not to double count distance
   a. Each shipment ID has several delivery IDs within; a unique ID is created by concatenating date, receiver name and shipment ID and removing duplicates
2. For each movement, sum the total units of each delivery ID
3. Estimate weight by multiplying real units data by average weight per unit from upstream Primary Transportation/Secondary Transportation data
4. Estimate the distance by looking up the origin/destination country pair in external database
5. Assume mode of transport from distance and sense check against geographic context
6. Calculate tonne.km e.g., ((Distance (km) * (Weight (kg)/1000))
7. Multiply tonne.km output by relevant emissions factors depending on mode of transport to yield emissions

12 END OF LIFE TREATMENT OF SOLD PRODUCTS

Data sources
Total volume of sold products data comes from internal financial data from Burberry's Financial Planning & Analytics team. The volume of packaging associated with sold products is a subset of the packaging dataset outlined previously and includes all packaging materials tagged as business-to-consumer (B2C).

Emissions factors
The same emissions factors are used here that are used for waste disposal in Category 05, *Waste generated in own operations* (e.g., UK BEIS, 2022 Full Set of Conversion Factors for Advanced Users, <Waste disposal> tab.)

Specific factors used include plastics by type where data available, otherwise average plastic type is applied; mixed paper/cardboard; and clothing; and the associated disposal methods for each (e.g., recycling, landfill).

Estimation methods

As no specific data is available from Burberry consumers regarding how products and packaging are disposed of, estimates of the breakdown of disposal types (i.e., recycling, incineration) are used as a proxy. This is done using external research from the European Commission.

Key assumptions
- Assume that Burberry consumer behaviour regarding disposal is the same as the data found in external research above. This assumes that EU consumer behaviour is similar to global consumers.
- Assume all B2C packaging procured in the reporting year is equivalent to the amount disposed by consumers (e.g., no packaging materials are re-used or kept by consumers).

Calculation methodology
1. Total volume in kilograms of paper, plastic, and clothing from packaging and sold products data is divided into different disposal routes based on external research, as no data is available specifically from Burberry consumers
2. Volumes by type and disposal route are then multiplied by relevant emission factor to yield emissions.

14 FRANCHISES

Data sources
- Floor area of franchise stores comes from internal SAP C4C system
- Energy use and emissions from Scope 1 and 2 data
- Licensee royalties and units sold from internal licensee tracker

Emissions factors
Emissions factors are not directly applied to this category; rather they are used indirectly via an emissions per square foot or per product calculation which relies on energy emissions factors used in other categories and for Scopes 1 and 2.

Estimation methods
- Franchise square footage data is not available and is therefore estimated based on non-franchise Burberry stores, by region.
- If stores not operational for full year, energy use is discounted based on time open

Key assumptions
Assume franchise store energy use is equal to that of stores included in Scope 1 and 2 boundary on a per-area basis.

Calculation methodology
For franchise stores:

1. Compile list of stores active at any point in 2022 from internal SAP C4C system (that are not included in Scope 1/2 boundary);
2. Take total square footage of stores from same source;
3. Derive emissions per square foot value using total Scope 1 and 2 emissions for reporting year divided by total square footage of sites included in Scope 1 and 2 boundary;
4. Total franchise square footage is multiplied by per-square foot emissions to yield total emissions from franchise stores

For licensees:
1. From public reporting, obtain latest reporting year revenue and Scope 1 and 2 emissions for each licensee;
2. Divide licensee Scope 1 and 2 emissions by their associated revenue to yield an emissions per revenue unit figure;
3. Count Burberry-related revenue associated with each licensee from internal royalty tracker data for each licensee over same time period
4. Multiply above revenue by emissions per revenue figure to yield licensee emissions

Changes applied from previous year reporting:

Burberry follows the Science-Based Target Initiative (SBTi) guidelines for recalculation as stated in the following documents:

- SBTi CRITERIA AND RECOMMENDATIONS FOR NEAR-TERM TARGETS (VERSION 5.1) - see C26 and C27 for more details
- SBTi CORPORATE NET-ZERO STANDARD (VERSION 1.1) - see C32 and C33 for more details

Burberry's Scope 3 emissions boundary has remained consistent since the initial accounting for baseline year FY 2018/19 and is defined below.

A summary of changes applied since previous year FY 2021/22 is below.

Category 01, Purchased Goods & Services – Raw materials

Further breakdown of materials used in Burberry finished goods is now included where data is available (e.g., organic cotton, recycled polyester, recycled nylon, recycled cashmere). This change was implemented to better reflect the attributes of materials used in Burberry finished goods and their associated emissions impact and is possible due to increased data coverage within Burberry product teams.

Category 01, Purchased Goods & Services – Product-related waste

- Manufacture of finished goods waste includes additional vendors providing primary cutting waste data, which reduces share of estimated data to improve data coverage and accuracy.
- Prototypes waste has been moved under Manufacturing of Finished Goods waste stream alongside RMX and sample excess rather than allocated to the Office waste stream in previous reporting year. This is only an allocation change and does not impact emissions.
- Damaged & defective items, as well as overproduction & seconds, have been removed from this boundary as all finished goods tagged as such are already included in the raw material usage in the raw materials dataset and therefore do not need to be counted again.

Category 01, Purchased Goods & Services – Manufacturing

An emissions factor was applied to renewable energy in previous year reporting due to applying the same method as baseline year. In this reporting year renewable electricity used at vendors is deemed to have zero emissions per kilowatt hour used. In FY 2021/22 reporting, emissions

attributed to renewable electricity use accounted for less than one percent of the category total, therefore this is deemed an immaterial change.

Category 01, Purchased Goods & Services – Packaging

Where applicable, emissions factors specific to materials created in closed loop recycling processes have been used to determine the emissions of packaging products. This change has been implemented to better reflect the amount of recycled content used in packaging & labelling materials which previously had not been incorporated into calculations given lack of verifiable data.

Category 01, Purchased Goods & Services – Other

- Spend on packaging has been removed from the boundary after additional reviews of internal data and documentation which indicated including the spend in this category in addition to supplier data from the packaging sub-section of purchased goods & services resulted in double counting emissions from one particular internal site. This change has been deemed immaterial after internal analysis.
- Design & product development expenses have been modified slightly to remove one sub-expense type which was included both here and elsewhere in Product-related waste calculations in previous years (e.g., Product development raw materials). The impact of this change is deemed to be immaterial. The remaining spend codes included here account for all non-raw material costs (therefore emissions).
- ~~In some instances, original Standard industrial classification of economic activities (SIC) codes assigned to internal spend categories have been swapped due to additional review of internal information and SIC descriptions.~~

Category 02, Capital Goods

No changes from previous year.

Category 03, Fuel- and energy-related activities

No changes from previous year.

Category 04, Upstream transportation & distribution

No changes from previous year.

Category 05, Waste generated in operations

- Pop-up waste has been moved to Offices & Retail waste stream from Other waste; this is only an allocation change as does not impact emissions.
- Office and retail waste has been downgraded to Low confidence from Medium in the previous year due to the inclusion of pop-ups which use only estimates.
- Construction project in Asia Pacific region now employ a formal template for tracking waste generation data in relation to Leadership in Energy and Environmental Design (LEED) standards. This increases ease of capturing data and calculating emissions.
- Previous reporting on visual merchandising used estimations only; FY 2022/23 reporting uses data provided directly from warehousing partner related to disposals of visual merchandising items. Therefore the confidence level has been upgraded to Medium.

Category 06, Business travel

Emissions from rail travel have been added to the boundary to increase data coverage and include a newly available data source. Given the relatively low volume and emissions intensity of rail trips comparatively, this inclusion is deemed immaterial to the overall footprint.

Category 07, Employee commuting

No changes from previous year.

Category 09, Downstream transportation & distribution

Downstream transportation has now been included within Burberry's Scope 3 emissions boundary, having previously been excluded. All previously included transportation data is still deemed to be upstream; the addition of downstream transportation introduces one new source of emissions from wholesale orders where the purchaser, not Burberry, arranges and pays for the shipping of products.

Category 12, End of life treatment of sold products

Sold products are now used in place of units receipted as in previous years. This change allows for more accurate emissions and interpretation of the GHGP with minimal impact on overall emissions given the immaterial difference between the two.

Category 14, Franchises

No changes from previous year.