

SUSTAINABILITY BOND USE OF PROCEEDS REPORT

Introduction

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

Burberry issued a debut five-year Sustainability Bond on 21 September 2020 for £300 million at a coupon of 1.125% (the Sustainability Bond). As part of the Sustainability Bond Framework¹, (the 'Framework') a commitment was made to publish a use of proceeds report within one year of the issuance of the bond and annually thereafter.

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

Eligibility criteria and oversight

The categories of our Eligibility Criteria are as follows:

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

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

The Sustainability Committee was established in 2019 to review and oversee the Group's strategy on environmental, social and governance issues related to our sustainability agenda. The Sustainability Committee convenes at least four times a year and is co-chaired by the CEO and CO&FO, who is accountable for ensuring oversight of climate-related risks and opportunities of the Group.




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

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

Allocation of proceeds

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

The allocation across categories is summarised below.

Categories of spend	Sep 2017 – Mar 2020 £m	Apr 2020 – Mar 2021 £m	Apr 2021 – Mar 2022 £m	Cumulative total £m	UN SDG
Green buildings	4.6	4.1	18.6	27.3	
Environmentally sustainable management of living natural resources and land use	42.4	17.8	30.0	90.2	
Pollution prevention and control	23.1	11.1	14.4	48.6	
Total	70.1	33.0	63.0[^]	166.1[^]	

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

Unallocated proceeds

The unallocated proceeds under the bond are £133.9 million. The cash is kept on deposit in accordance with Burberry's Treasury Policy.

Project examples

Green buildings:

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

Certifications include:

- a. LEED: Platinum or Gold level
- b. BREEAM: Excellent or Outstanding level

Environmentally sustainable management of living natural resources and land use:

As part of Burberry's Responsibility strategy, where cotton is the product's main material, Burberry set a goal to procure 100% of its cotton more sustainably by 2022 by using a portfolio approach.

Burberry continues to promote more sustainable farming practices among its suppliers and also remains committed to driving demand for organic cotton.

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

Pollution prevention and control

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

All Burberry retail bags and gift boxes are reusable, fully recyclable and made from a minimum of 40% recycled content and FSC TM certified paper. Our signature oak garment covers are made from 100% recycled polyester. Our products are transported on recyclable hangers made from a minimum of 60% recycled plastic.

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

External assurance of corporate responsibility disclosures

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over the allocation of use of proceeds. Information forming part of the assurance scope is denoted with a [^]. The assurance statement is available at burberryplc.com/en/responsibility/approach-to-responsibility.html.