

# Sustainability Bond – use of proceeds report

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

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

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

## Eligibility Criteria and oversight

The categories of our Eligibility Criteria are as follows:

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

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

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

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

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

## Allocation of proceeds

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

The allocation across categories is summarised below.

## Unallocated proceeds

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

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**Project examples**

**Green buildings:**

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

Certifications include:

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

**Environmentally sustainable management of living natural resources and land use:**

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

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

**Pollution prevention and control**




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

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

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

**External assurance of the use of proceeds**

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

Categories of spend	Total allocation from 21 September 2017 to 1 April 2023 £m	United Nations Sustainable Development Goals (UN SDG)
Green buildings	100.4	
Environmentally sustainable management of living natural resources and land use	90.2	
Pollution prevention and control	64.4	
<b>Total</b>	<b>255.0<sup>√</sup></b>	

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

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

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