

Independent Assurance statement to the Directors of Burberry Group PLC

Scope

We have been engaged by Burberry Group PLC (“the Group” and “Burberry”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements Other than Audits or reviews of Historical Financial Information (ISAE3000 revised¹), here after referred to as the engagement, to report on the Group’s Task Force on Climate-related Financial Disclosures (TCFD) (the “Subject Matter”) presented in the Group’s FY2022/23 Annual Report and Accounts (referred to as “the Report”).

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on that information.

In preparing the Group’s Task Force on Climate-related Financial Disclosures, Burberry’s management applied the Basis of Reporting as defined on Burberryplc.com (the “Criteria”), which are:

- The TCFD Annex “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” (October 2021).
- TCFD Technical Supplement entitled “The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities” (June 2017)
- The TCFD Fundamental Principles for Effective Disclosures. These seven principles include:
 - Disclosures should represent relevant information
 - Disclosures should be specific and complete
 - Disclosures should be clear, balanced and understandable
 - Disclosures should be consistent over time
 - Disclosures should be comparable among companies within a sector, industry or portfolio
 - Disclosures should be reliable, verifiable and objective
 - Disclosures should be provided on a timely basis.

Burberry’s responsibilities

Burberry’s management is responsible for selecting the Criteria, and for presenting the Group’s TCFD report in accordance with that Criteria in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

¹ International Federation of the Accountants’ International Standard for Assurance Engagements (ISAE3000) Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the *International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 revised'), and the terms of reference for this engagement as agreed with Burberry Group PLC on 30 March 2023. Those standards require that we plan and perform our engagement to obtain assurance with a view to expressing a conclusion that nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared in accordance with the Criteria defined above, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

A limited assurance engagement consists principally of applying analytical procedures (where appropriate), making enquiries of persons responsible for the Subject Matter, and performing such other appropriate procedures as we consider necessary in the circumstances.

The procedures we performed were based on our professional judgement and included the steps outlined below:

1. **Interviewed key personnel** within the organisation to understand the reporting process, including management's processes to identify Burberry's material climate-related risks and opportunities.
2. **Evaluated the suitability of the Basis of Reporting** used to prepare the TCFD disclosures and evaluated whether the reporting Criteria have been applied appropriately in relation to TCFD disclosures.

3. **Performed walkthroughs informed by analytical procedures to gain an understanding of the approach to Burberry's scenario analysis** considering the capability of the external specialists who performed the scenario analysis, Burberry inputs, key assumptions, and consistency with the principles and documents specified in the Criteria.

4. **Considered the Report** to understand how Burberry's identified material climate related risks and opportunities are reflected in the qualitative disclosures and for consistency of the Subject Matter with the Criteria.

5. For the **non-financial KPIs (Scope 1, 2 and 3 GHG emission KPIs)** within the TCFD disclosure, liaised with Burberry's non-financial assurance provider to understand the procedures performed under their assurance engagement.

6. **On a sample basis, based on professional judgement, checked statements** within the disclosures to source information to support the accuracy and reasonableness of these claims. The sample of statements was taken from across the Governance, Strategy, Risk Management and Metrics & Targets sections of the TCFD disclosure. Refer to Appendix 1 of this Assurance Statement for the statements subject to our assurance procedures.

7. **Considered the Report for the appropriate presentation of assumptions** and cross references to other parts of the Annual Report and Accounts.

Limitations to the procedures performed

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. The objective is to obtain reasonable assurance about whether the Subject Matter is presented in accordance with the Criteria in all material aspects, in order to express an opinion. Certain matters may not be identified during a limited assurance engagement which may be identified during a reasonable assurance engagement. Accordingly, we have not provided a reasonable assurance opinion as part of this engagement.

A limited assurance engagement in accordance with ISAE3000 (revised) in particular does not contemplate testing internal controls, assessing control risk or other procedures ordinarily performed during a reasonable assurance engagement (e.g., assessing fraud risk; testing company's records by obtaining sufficient appropriate evidence through inspection, observation, confirmation, or the review of source documents). Our procedures did not, for example, include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. The disclosure includes climate-related scenario analysis that is subject to inherent uncertainties given incomplete and evolving scientific and socio-economic knowledge about the possible impact, timing, and likelihood of physical and transition climate-related risks.

Notwithstanding this context in which our assurance conclusion is given, the scenario analysis was performed in conjunction with a third-party provider, who together with Burberry developed modelling to assess the possible impact of the climate-related risks in relation to Burberry's business. EY did not re-perform an assessment of the physical and transition risk modelling used in the preparation and application of the scenario analysis and did not perform an assessment of the underlying IT systems used in their generation.

With the exception of the procedures listed above, EY did not undertake assurance procedures in relation to any of the non-financial key performance indicators included in or referenced within the Report.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that suggests that the Group's TCFD disclosures for the year ended 1st April 2023 have not been prepared and presented fairly, in all material respects, in accordance with the Criteria.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report or its conclusions to any persons other than Burberry, or for any purpose other than that for which it was prepared.

Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance report or its conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ernst & Young LLP, London
17 May 2023

Appendix 1: Selected statements within the Reports, forming part of the Subject Matter

We list the selected statements, with the words underlined, that have been subject to the procedures described in step 6 of the procedures performed within our Assurance Statement.

Where the statements selected contain quantitative information, our procedures performed were the review of supporting evidence to assess whether the statements are fairly stated. Our procedures did not assess the completeness and accuracy of the underlying data.

Statements within the Burberry TCFD Disclosures
<u>Since 2016, we have reduced our market-based scope 1 and 2 emissions by 93%, becoming carbon neutral across our own operations by compensating for residual emissions through the use of verified carbon credits and maintaining our commitment to use 100% of our electricity from renewable sources.</u>
<u>The Group's strategy on environmental and climate-related issues is governed by the Sustainability Committee, which convened four times in FY 2022/23 and is chaired by the CEO.</u>
<u>The Committee plays an important decision making role to support Burberry's responsibility strategy, with membership including senior leaders from across the organisation who are responsible for the execution of this within their respective business areas.</u>
<u>Topics discussed in the Sustainability Committee in FY 2022/23 include plastic packaging, circular business models and a scope 3 GHG emissions update.</u>
<u>During FY 2022/23, the Board received two updates from the Sustainability Committee which included progress against the Group's sustainability related goals and targets.</u>
<u>The Audit Committee reviews the work performed by the TCFD working group, including progress against the four TCFD pillars, outcomes of the scenario analysis and proposed disclosure.</u>
<u>The Board reviews our climate-related reporting as part of its overall assessment of the fair, balanced and understandable nature of the Annual Report.</u>
<u>In May 2022, CISL delivered a training session to our Board on global sustainability challenges including climate change, biodiversity and the potential implications of these on our business. This followed a similar session presented to the Executive Committee in March 2022</u>
<u>Members of the TCFD working group participate in external training courses and educational events, including the Accounting for Sustainability Academy, to keep abreast of relevant climate and nature-related topics.</u>
<u>In FY 2022/23, 10% of the annual bonus for the Executive Directors was linked to ESG measures. This included progress against our long-term ambition to reduce scope 3 emissions by 46% by 2030 and become climate positive by 2040, and our stretching internal diversity and inclusion ambitions.</u>
<u>We are committed to sourcing 100% certified organic cotton which holds environmental benefits and is traced via a chain of custody by FY2029/30</u>
<u>We continue to develop our business continuity and resilience plans to allow us to respond to the impacts of physical risks at key locations such as our distribution centres. Our Incident Management teams were convened to respond to a number of weather related events in FY 2022/23.</u>
<u>We have reduced our absolute scope 1 and 2 GHG emissions by 93% from our FY 2016/17 base year and will continue to identify the energy efficiency opportunities required to reach and maintain our 95% reduction</u>

target in FY 2023/24. We also aim to reduce our absolute scope 3 GHG emissions by 46% by FY2029/30. Our emissions target are recognised by SBTi, and we will continue to report our progress against these.
The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress toward the Group climate goals.
We are aiming to ensure all key materials are 100% traceable by FY2029/30, supported by our use of certified materials where the country of origin is verified and disclosed. To support this, <u>we are investing in a traceability solution</u> . The quantifiable financial investments associated with these actions are included in our financial plans.
We are working to reduce our environmental footprint and meaningfully support our global communities whilst seeking to transform our industry.
We monitor and continuously improve processes to gain assurance that our licensees, suppliers, franchisees, distributors and agents comply with Burberry's contractual terms and conditions, its ethical business policies, and relevant legislation.
Actions taken to realise opportunities: <u>Moving to electrically operated steam boilers in our key internal manufacturing site</u>
Actions taken to realise opportunities: <u>100% of electricity used in our own operations is from renewable sources</u> and we will continue to maintain this
Actions taken to realise opportunities: <u>Our collections increasingly feature products made with certified key raw materials</u> , supported by our targets in this area.
Actions taken to realise opportunities: <u>We offer trench, cashmere and leather refresh services globally</u> and continue to expand these initiatives
We are currently <u>funding a two-year research project with The Hong Kong Research Institute for Textiles and Apparel (HKRITA)</u> to design a post-consumer leather goods recycling system.
We are currently trialing a number of new circular services including a product rental service with the UK's leading fashion rental platform, <u>My Wardrobe HQ</u> , and a handbag subscription service with <u>Cocoon</u> .
We are currently working with <u>Apparel Impact Institute (AII)</u> to implement the <u>Clean by Design</u> programme and improve energy, water and chemical use at eight mills known for producing high quality textiles used to create luxury garments
We monitor risks throughout the year to identify changes in principal risk profiles. <u>Management of climate-related risks is distributed throughout the organisation, depending on where the risk resides.</u>
When sustainability and climate-related risks are assessed, existing mitigating activities and controls are highlighted and, where relevant and appropriate, additional activities and controls are implemented if risks fall outside of appetite. <u>Progress against these mitigating activities is assessed by the Risk Committee and is subject to independent review by Group Internal Audit as part of the annual audit plan.</u>
The Group has also developed a risk platform which enables us to track our business objectives, <u>including those that create or protect financial, social, environmental and reputational value.</u>
Metrics: Supply chain water management practices, <u>water intensity across supply chain sites in absolute and relative terms</u> and water risks based on the geographical area
Metrics: <u>Water Scarcity, quality and flooding risk details are collected by supply chain partners and reviewed by Burberry against our water conservation framework</u> which rates sites as red, amber or green and identifies hotspots which are defined as sites in areas of high water stress. If these risks are deemed to be high, Burberry conducts specific risk assessments for the site covering emergency and mitigation plans and water stewardship activities.
Targets: <u>Maintain regular assessment coverage of at least 80% of our vendors and raw material suppliers.</u>
<u>We have included environmental and social KPIs into the personal objectives for our senior leaders, which also form part of the corporate bonus.</u>

Our sustainability Bond proceeds are allocated across three categories outlined in the Framework as "Eligibility Criteria";

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

Burberry monitors activity across its supply chain in line with its responsible business principles which includes its Global Environmental Policy. Key metrics include:

- Number of supply chain audits and engagement visits conducted
- Supply chain chemical management assessment results
- Effluent testing results (available on Burberrypkc.com)