

# BURBERRY

LONDON ENGLAND

## RESPONSIBILITY

### RECOGNITION



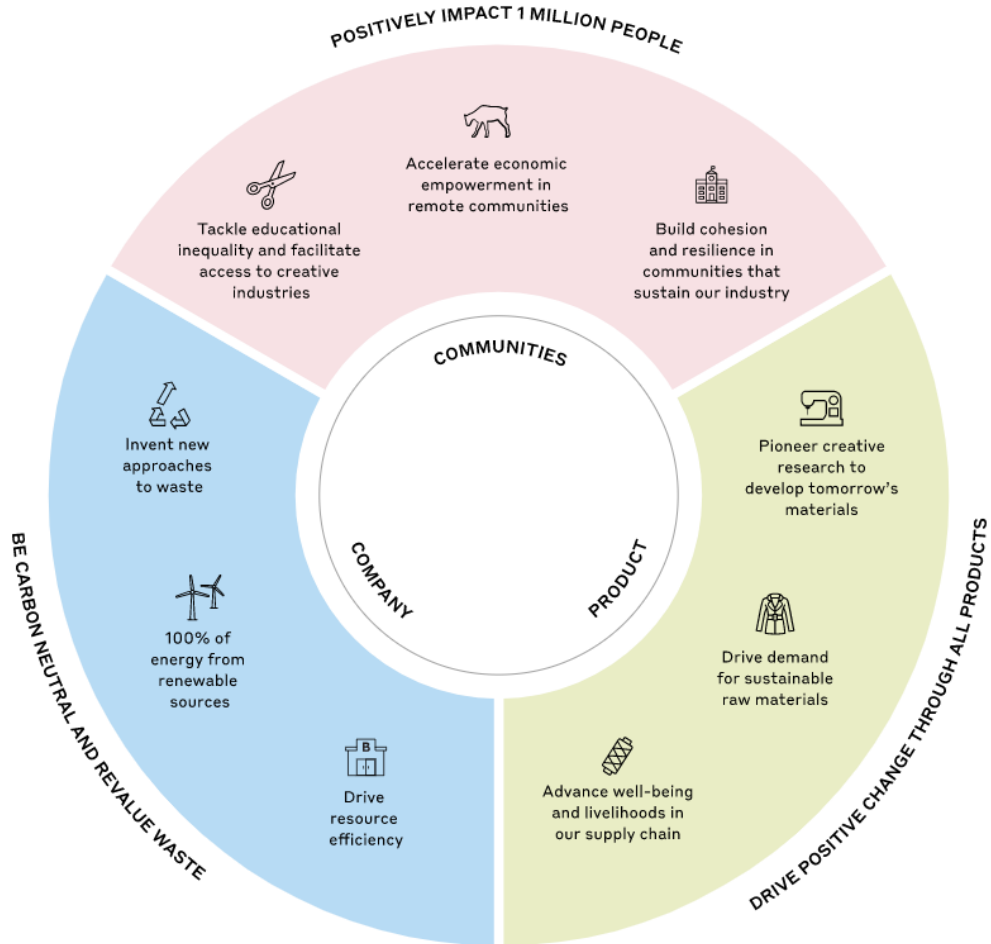
- Included in the Dow Jones Sustainability Index for the fifth consecutive year ranked third place in the 'Textiles, Apparel & Luxury Goods' sector and achieved our highest score ever in the Index.
- Named as one of the most engaged companies in the UK fashion industry on the issue of sustainability – *UK Environmental Audit Committee report 'Fixing Fashion: clothing consumption and sustainability'* (February 2019).
- Named number one best performer in the 2019 Hampton-Alexander Review of FTSE Women Leaders, with 61.3% women in the combined Executive Committee and Direct Reports team.
- Awarded Gold Class distinction in RobecoSAM's Sustainability Yearbook 2020, for excellent sustainability performance.
- CDP participant since 2014, completing annual Climate Change, Forest and Water assessments (A- Score for CDP Climate Change in latest assessment).
- Long standing FTSE4GOOD Index constituent.
- Walpole British Luxury Awards for driving systemic change, winner of 'Luxury with a Heart'
- Recognised as Leader in the Ethical Trading Initiative's annual assessment.
- First luxury retailer and manufacturer to achieve accreditation as a UK Living Wage Employer in 2015.

### GOVERNANCE



- Burberry's Chief Executive Officer is responsible for overseeing our Responsibility strategy including its social and environmental programmes and the delivery of goals to 2022.
- Targets relating to 2022 goals are owned by senior leadership across key departments.
- Progress against goals is regularly reviewed by the Executive Steering Committee and the Board receives regular updates on Responsibility matters.
- Implementation of policies and programmes is supported by cross-functional delivery groups.
- Responsibility teams are based in London, Leeds, Florence, Hong Kong and Tokyo to drive/support implementation of programmes.
- Burberry's Responsibility Advisory Committee, comprising independent experts from NGOs, social enterprise and an ethical trade, human and labour rights, meet several times a year to hear progress updates, comment on draft strategies and generally challenge and support Burberry's Responsibility agenda.

# RESPONSIBILITY GOALS FOR 2022

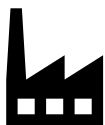


## DRIVING POSITIVE CHANGE THROUGH ALL PRODUCTS



- The goal is to ensure 100% of products have more than one positive attribute by 2022. Positive attributes relate to social and/or environmental improvements achieved at either the raw material sourcing or product manufacturing stage. In addition our goal is to source 100% of cotton through the Better Cotton Initiative (BCI) and 100% of leather from certified tanneries by 2022.
- Positive attributes are allocated in relation to a product's:
- Main material: e.g. if it contains recycled content, or if it's main material is cotton sourced through the BCI, and/or
- Production facility: e.g. based on a facility's Leather Tannery Certification, Chemical Management Rating, Energy & Water Reduction, Living Wages, Renewable Energy, Waste Recycling
- **Progress during 2018/19:**
  - 30% of products have one positive attribute
  - A further 36% of products have more than one positive attribute
  - 68% of cotton is procured through the BCI
  - 49% of leather is sourced from tanneries with environmental, traceability and social certifications. A significant increase from 1% in 2017/18 through working closely with key tanneries in Italy to improve particularly the traceability of leather.

## BECOMING CARBON NEUTRAL IN OWN OPERATIONAL ENERGY USE



- Carbon neutrality in Burberry's own operational energy use will be achieved by improving energy efficiency, reducing absolute consumption and switching to renewable energy sources wherever possible, before offsetting any remaining emissions.
- As part of our RE100 membership, we have committed to 100% renewable electricity by 2022 and are driving this through close collaboration with our procurement and retail teams and engagement with landlords.
- **Progress during 2018/19:**
  - 43% reduction in market-based CO2e emissions since 2016/17
  - 68% of electricity procured from renewable sources
  - Partnered with UN Climate Change to launch the Fashion Industry Charter for Climate Action, to help reduce aggregate greenhouse gas emissions across the fashion industry by 30% by 2030.
  - In April we set science based carbon reduction targets approved by the Science Based Targets initiative. Burberry aims to reduce scope 1 and 2 emissions by 95% by 2022 and scope 3 emissions by 30% by 2030.

## REDUCING AND REVALUING WASTE








- Burberry's 5-year Responsibility agenda, launched in June 2017, includes a key commitment to reducing and revaluing waste.
- The goal is not only to reduce, reuse and recycle any waste generated, but also to create new solutions and move towards a more circular business model. The goal is supported by the implementation of a zero-waste mindset across the company's global operations.
- **Progress during 2018/19:**
  - In September we ended the practice of destroying unsalable finished products with immediate effect
  - New retail packaging, launched in February 2019, includes 40% recycled content and is fully FSC certified and recyclable.

## POSITIVELY IMPACTING 1 MILLION PEOPLE



- This will be achieved mainly by supporting the Burberry Foundation in delivering impactful community programmes.
- **Progress during 2018/19:**
  - 125,000 people positively impacted in our communities since 2016/17 including:
  - 65,000 students and teachers engaged in Yorkshire, UK, through school workshops, teacher training, guest speaker sessions and work experience at Burberry;
  - 18,000 people in Tuscany, Italy, benefitting from enhanced multi-cultural spaces and events, new youth mentoring programmes and better access to community support services;
  - 7,000 people in Afghanistan benefitting from training on more sustainable livestock management and participation in community-owned collective action organisations; and
  - Five-year partnerships set up with leading organisations in each of the above locations with organisations such as Oxfam

## MORE SUSTAINABLE RAW MATERIALS

	<p><b>INNOVATIVE NEW MATERIALS</b></p> <p><b>RECYCLED POLYESTER</b></p> <ul style="list-style-type: none"> <li>We use recycled polyester produced from a variety of sources including plastic bottles (PET) and industrial polyester waste. This material appears in a several products across both menswear and womenswear, including our reversible vintage check recycled polyester jacket.</li> </ul> <p><b>BIO-BASED MATERIALS</b></p> <ul style="list-style-type: none"> <li>Our runway eyewear is made from bio-based acetate derived from renewable vegetation-based resources.</li> </ul> <p><b>WE LAUNCHED A COLLECTION MADE FROM SUSTAINABLE NYLON</b></p> <ul style="list-style-type: none"> <li>ECONYL® is a sustainable nylon yarn made from regenerated fishing nets, fabric scraps and industrial plastic.</li> </ul>
	<p><b>COTTON</b></p> <ul style="list-style-type: none"> <li>Supporting 'Cotton 2040', a cross-industry partnership, convened by Forum for the Future, to address long term resilience in cotton supply chains.</li> <li>Ban on the use of cotton from Uzbekistan, Turkmenistan and Syria.</li> </ul>
	<p><b>CASHMERE</b></p> <ul style="list-style-type: none"> <li>Founding partner of the Sustainable Fibre Alliance (SFA), a NGO working with key stakeholders to drive sustainable cashmere production in Mongolia, restore grasslands, promote animal welfare and improve the livelihoods of herders and their families.</li> <li>The SFA has also established a training programme to help young herders develop skills and knowledge in agricultural practices and goat husbandry.</li> <li>Burberry Foundation programme in Afghanistan to develop a more inclusive and sustainable cashmere industry.</li> </ul>
	<p><b>LEATHER</b></p> <ul style="list-style-type: none"> <li>Working with key tanneries to monitor their water, energy and chemical use and to validate effectiveness of waste water treatment processes and air emissions management.</li> <li>Policy in place not to source leather from cattle raised in the Amazon Biome.</li> </ul>
	<p><b>WOOL</b></p> <ul style="list-style-type: none"> <li>Promoting adoption of Responsible Wool Standard – ensuring that wool comes from responsibly treated sheep and from farms with a progressive approach to land management.</li> </ul>
	<p><b>DOWN</b></p> <ul style="list-style-type: none"> <li>Sourcing 100% of down from Responsible Down Standard certified suppliers.</li> </ul>



#### EXOTIC SKINS

- Active member of the Business for Social Responsibility, Southeast Asia Reptile Conservation Alliance.
- Dedicated expert customs team responsible for managing compliance with CITES, which limits international trade of endangered species.
- Engaging with industry experts to explore initiatives to modernise and simplify established production techniques.



#### FUR

- Announced in September 2018 that the company will no longer use real fur.

## ENVIRONMENTAL SUSTAINABILITY





#### ENERGY: DIRECT OPERATIONS

- Retail network is responsible for 76% of the company's direct carbon emissions.
- In 2018/19, global, absolute energy consumption reduced by 7%.
- Steps taken to reduce consumption include:
  - Introduced real time energy monitoring & enhanced training
  - Introduced LED lighting, timers and intelligent controls
  - Integrated Energy KPIs into team objectives
- Currently sourcing 58% of energy from renewable sources, 13% increase in 2018/19.
- Carbon neutral across the Americas region, EMEA retail stores and UK operations.






#### ENERGY/WATER: SUPPLY CHAIN

- Long-standing Energy & Water Reduction programme modelled on NRDC "Clean by Design" principles.
- 19 supply chain partners participating in the programme in 2018/19. 17% of products manufactured in facilities that have significantly reduced their energy and/or water consumption.
- Assessing which suppliers are using renewable energy and, where possible, facilitating the transition to renewable energy sources.
- In 2018/19, 7% of product manufactured in facilities that procure a significant proportion of their energy from renewable sources.
- Driving demand for more sustainable raw materials (such as BCI cotton and recycled yarns), to increase water efficiency at farm and processing level.

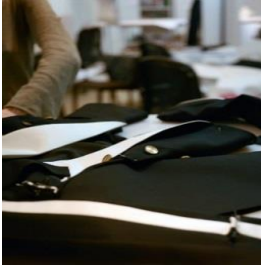
	<ul style="list-style-type: none"> <li>• Wet processing suppliers are mapped and profiled in terms of their Water Risk, Water Management practices and Water Intensity of processes.</li> <li>• In 2019, launched a Water Conservation programme to address water risk mitigation in wet processing facilities.</li> <li>• Ongoing collaboration with various stakeholders and brands to develop common strategies, tools and initiatives.</li> </ul>
	<p><b>CHEMICALS</b></p> <ul style="list-style-type: none"> <li>• In 2014, set chemical requirements above legal limits and committed to eliminate by 2020 the use of chemicals that may have a negative environmental impact.</li> <li>• Trained over 1,000 people in chemical management, resulting in significant progress against targets.</li> <li>• Adopted Manufacturing Restricted Substances List in 2015.</li> <li>• Active participant on the board of the Zero Discharge of Hazardous Chemicals.</li> <li>• Working with 33 other leading brands to drive positive change more widely across the industry and global supply chains.</li> <li>• Partnered with an external technology provider to create an online tool to help facilities procure better chemical formulations; approximately 50 facilities in the supply chain are using this tool in their day-to-day chemical management.</li> </ul>
	<p><b>REVALUING WASTE &amp; CIRCULARITY</b></p> <ul style="list-style-type: none"> <li>• Core partner of the Ellen MacArthur Foundation's Make Fashion Circular Initiative, working with other leading organisations to explore how the industry can work towards the vision for a circular fashion economy.</li> <li>• Signatory of the Ellen MacArthur Foundation New Plastics Economy Global Commitment, focused on eliminating problematic or unnecessary plastic packaging, ensuring plastic in packaging can be easily reused, recycled or composted and ensuring plastic packaging has a minimum 20% of recycled content, so that it can be made into new packaging or products.</li> <li>• To maximise the lifecycle of products, a range of after-sale care and repair services are offered to customers.</li> <li>• Working with Avena in the UK and Resmal and Green line in Italy, to recycle damaged garments and pre-consumer textile waste.</li> <li>• Donating items of smart business clothing to Smart Works, a UK charity that supports unemployed women with interview training, smart clothing and styling advice as they prepare for that life-changing interview.</li> <li>• Partnering with Elvis &amp; Kresse, a sustainable luxury company, to transform Burberry leather offcuts into new products and affect real change in the leather goods industry.</li> <li>• Donating excess fabric to Progetto Quid in Italy, a women-led not-for-profit cooperative that provides women and men from disadvantaged backgrounds with employment opportunities through sustainable fashion.</li> </ul>

	<ul style="list-style-type: none"> <li>• We are teaming up with the luxury consignment marketplace The RealReal in the US to promote and champion a more circular future.</li> <li>• Directing food waste from UK head office to be turned into biogas/ bio-fertilisers.</li> </ul>
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## SOCIAL RESPONSIBILITY

	<p><b>HUMAN RIGHTS</b></p> <ul style="list-style-type: none"> <li>• Human Rights Impact Assessments completed every two years since 2014.</li> <li>• The company is engaging representatives of affected stakeholder groups to develop informed mitigation action plans.</li> <li>• First luxury retailer and manufacturer to achieve accreditation as a UK Living Wage Employer in 2015.</li> </ul>
	<p><b>ETHICAL TRADING</b></p> <ul style="list-style-type: none"> <li>• All supply chain partners must agree to uphold Burberry's Responsible Business Principles, including Burberry's Ethical Trading Code of Conduct, Migrant Worker Policy and Homeworker Policy.</li> <li>• Existing and new suppliers are audited against international labour standards. 481 audits and 221 training and engagement visits conducted during 2018/19.</li> <li>• No sourcing allowed from Bangladesh, Pakistan and Cambodia.</li> <li>• Modern Slavery Statement published annually, setting out the steps taken to mitigate and reduce risks of slavery and human trafficking in supply chains or in any part of the business.</li> </ul>
	<p><b>COMMUNITY INVESTMENT</b></p> <ul style="list-style-type: none"> <li>• 1% of Group adjusted PBT is donated each year to charitable causes worldwide. These range from supporting disaster relief efforts to nurturing emerging talent.</li> <li>• Each year, a significant proportion of the 1% goes to the Burberry Foundation, to create long-term partnerships that fuel innovation and transform communities.</li> <li>• Burberry apprentices - a programme offering young people exciting development opportunities in traditional craftsmanship and HQ business operations.</li> <li>• Volunteering – employees worldwide are encouraged to dedicate up to three working days a year to volunteer in their local community.</li> <li>• In Kind Donations – these range from gifts of fabric to assist young people on creative courses, to donations of business clothing to support people on employability programmes</li> </ul>





## DIVERSITY AND INCLUSION

- Burberry has always sought to build a culture that is diverse, open and inclusive and where all perspectives are valued. The organisation is committed to attracting, developing and recognising the best talent, and ensuring everyone feels a sense of belonging. Broadening and deepening the Diversity and Inclusion agenda continues to be a key priority for the business. In February 2019, we announced key measures that will be taken to increase consciousness and understanding of social issues and fully embrace diversity and inclusion. These encompass leadership training, an ongoing dedication to diversity in leadership, supporting the next generation of talent and working with external organisations. Some of these key commitments include:
- Helping everyone at Burberry to be truly inclusive by:
  - Engaging senior leaders and managers in inclusive leadership training rolled out globally
  - Introducing additional training programmes for all employees, such as unconscious bias training
  - The establishment of a global internal employee council focused on diversity and inclusion
  - Creating and launching the Cultural Advisory Board, consisting of external experts from across industries and backgrounds
- Building a more diverse talent base for the future by:
  - Strengthening tangible goals to ensure diverse representation in its employee base and a continued commitment to an inclusive culture
  - Expanding Burberry's creative arts scholarship programme internationally to support students from diverse backgrounds and provide full-time employment for graduates
  - Extending its in-school arts programme, Burberry Inspire, internationally, to help young people overcome challenging circumstances and access to a variety of creative industries
- Supporting organisations that promote diversity and inclusion through meaningful partnerships with industry bodies and charitable organisations, which can offer additional resources and support for employees and communities, e.g. the Samaritans.

## POLICIES & COMMITMENTS

Burberry has various policies in place that guide economic, social and environmental responsibility across our business. These apply to our global operations and supply chain activities, where applicable, and implementation and adherence to policies is reviewed on a regular basis. The policies and statements below are in the public domain and can be found on [www.burberryplc.com](http://www.burberryplc.com)

PEOPLE	CORPORATE
Ethical Trading Code of Conduct Gender Pay Gap Report Health and Safety Policy Human Rights Policy Migrant Worker Policy Model Wellbeing Policy Parental Leave Policy Partner Non-Compliance Policy Transparency in the Supply Chain and Modern Slavery Statement	Anti-bribery and Corruption Policy Corporate Governance Tax Policy UN Global Compact – Communication on Progress
ENVIRONMENT	COMMUNITY
Chemical Management Global Environmental Policy Responsible Sourcing	Community Investment Local Stakeholder Engagement Policy The Burberry Foundation

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