

# A MESSAGE FROM OUR CHAIR



**Dear Shareholder,**

Much has changed in the past year but I continue to be very proud of our teams around the world as they adapted to multiple external challenges while continuing to progress our brand elevation strategy and, critically, staying true to Burberry's purpose and values. The global context in which Burberry operates has evolved amid the conflict in Ukraine, amplified warnings about the climate crisis and the ongoing impacts of the COVID-19 pandemic. Yet our teams have shown resilience, agility and creativity to drive an acceleration in full-year revenue and record profitability, while continuing to play a positive role in society.

I am particularly proud of the commitment we have shown to do well by doing right by all our stakeholders. In response to the appalling humanitarian crisis in Ukraine, Burberry made financial donations to charities and aid agencies providing food, shelter and essential services to displaced children and families. We are also donating more than 20,000 blankets that we manufactured at our factory in Castleford, UK, with the support of our supply chain partners in Italy.

At the same time, we retained our focus on environmental and social responsibility, substantially meeting our five-year targets and setting new industry-leading climate and nature commitments, encapsulated in our ambition to be Climate Positive by 2040. Meanwhile, through donations, we continued to support the brilliant scientists, researchers and health professionals tackling COVID-19 as its impacts continue to reverberate around the world, including in some of our most important markets.

The year also saw important changes within Burberry. Marco Gobetti stepped down from his role as Chief Executive Officer in December 2021 and I would like to thank him for launching Burberry's luxury repositioning, setting strong foundations for sustainable growth and for his leadership during the pandemic. The Board and I wish Marco well in his future endeavours.

In March, we were delighted to welcome Jonathan Akeroyd as Burberry's new Chief Executive Officer and Executive Director. With a wealth of experience in building global luxury fashion brands, Jonathan's expertise will be invaluable as we advance the next phase of Burberry's evolution as an iconic and unique British luxury leader.

**“OUR TEAMS HAVE SHOWN RESILIENCE, AGILITY AND CREATIVITY TO DRIVE AN ACCELERATION IN FULL-YEAR REVENUE WHILE CONTINUING TO PLAY A POSITIVE ROLE IN SOCIETY.”**

**GERRY MURPHY, CHAIR**

#### **FY 2021/22 performance**

In terms of our financial performance:

- Revenue was £2.8 billion, up 21% at reported rates and 23% at constant exchange rates (CER)
- Adjusted operating profit was £523 million, up 38% at CER
- Reported operating profit was £543 million, up 4% after adjusting items of £20 million net credit
- Adjusted diluted earnings per share (EPS) was 94.0p, up 49% at CER
- Reported diluted EPS was 97.7p, up 5%

#### **A brand invigorated**

During FY 2021/22, we have seen a material improvement in the quality of our sales mix. Full-price comparable store sales grew 30% compared with pre-pandemic levels (FY 2019/20) as we maintained our commitment to focus on full-price sales in our mainline stores and Burberry.com, and tightly managed our outlet business. This growth was supported by continued investment in brand, product quality and customer experience.

Our teams strengthened and personalised their connection with our customers through localised marketing campaigns and brand activations rooted in our unique heritage of exploration and adventure. A standout event was an immersive experience on Jeju Island, South Korea that consisted of a vast mirrored space set in nature and enhanced by Augmented Reality (AR) technology. We also experimented with new and exciting ways for customers to engage with Burberry, including our first foray into digital Non-Fungible Tokens (NFTs), partnering with Mythical Games to create a new character in the Blankos Block Party game.

Our focus on Burberry's key outerwear and leather categories underpinned our performance. Full-price outerwear sales were particularly strong, supported by our dedicated campaign, while new additions to the Lola and TB bag families, including the recent launch of the Frances tote, helped drive full-price leather goods sales. I witnessed first-hand the excitement at our first in-person runway show in two years in March, with our Autumn/Winter 2022 collection celebrating British culture in the heart of London.

As well as delivering exciting new products, we made good progress in elevating our customer's shopping experience, accelerating the rollout of our new store concept. In total, 47 stores were redesigned in FY 2021/22, including flagships in London, Shanghai, Chengdu and, most recently, on Rue Saint-Honoré in Paris. A further 65 stores are planned for FY 2022/23, meaning that by next March, around a quarter of our directly operated stores will conform to our latest design concept.

### **Driving positive change**

While FY 2021/22 was the final year of our latest five-year Responsibility strategy, we remain resolute in our continuing commitment to making a positive difference for our planet, people and communities.

Ahead of COP 26 in Glasgow, we set a new ambition to become Climate Positive by 2040, which will require faster reduction of emissions across our extended supply chain and supporting our business partners in their own carbon reduction journeys. During the year, we also announced a new biodiversity strategy to help protect and restore nature, while expanding support for farming communities and developing regenerative supply chains.

In parallel, we continued our focus on empowering young people. We extended our partnership with international footballer and youth advocate Marcus Rashford MBE to help disadvantaged children in the UK develop their literacy skills. Our support for literacy projects extended beyond the UK as we provided funding for new libraries and books in underserved communities in the USA, Japan and Hong Kong S.A.R., China.

Throughout the year, we continued to prioritise the health and wellbeing of our people. We maintained momentum on our global Diversity and Inclusion strategy, rolling out allyship training across the business. We introduced our first global bereavement policy, menopause support, and a policy for those experiencing domestic violence. On International Women's Day 2022, we also announced our ambition to be the best place to work for women in the industry. We are proud to have been recognised for our efforts, including being recognised in the Bloomberg Gender-Equality Index for a second consecutive year and featuring as a best performer in the inaugural FTSE Women Leaders report.

### **Looking ahead**

While COVID-19 lockdowns in Mainland China and the current macroeconomic outlook create some near-term uncertainty, we continue to target high single-digit revenue growth and meaningful margin accretion in the medium term.

We have strong foundations on which to build and accelerate growth in this next phase. Our strategy is clear and our teams are united by a shared purpose and values. I am confident that Burberry will continue to demonstrate its extraordinary potential under Jonathan's leadership, leveraging our unique British brand to deliver sustainable and responsible growth.

### **Dividend**

Given the strong operating performance for the year to 2 April 2022, the Directors are pleased to recommend a final dividend of 35.4p per ordinary share subject to approval at the Annual General Meeting. This is in line with our Capital Allocation Framework and gives a full year dividend per ordinary share of 47.0p (FY 2020/21: 42.5p) restoring our normal pay-out ratio of around 50%. The Board has also approved a £400m share buyback to be completed in FY 2022/23.

### **Board changes**

On behalf of the Board, I would like to thank Dame Carolyn McCall, who has retired from Burberry, for her exemplary service and wise counsel and wish her well in her future endeavours. Orna NíChionna replaced Carolyn as Senior Independent Director in April 2022. Orna has been an Independent Non-Executive Director since 2018 and is Chair of the Remuneration Committee and a member of the Nomination Committee.

It is my pleasure to welcome Danuta Gray who joined the Board as a Non-Executive Director and member of the Remuneration and Nomination Committees in December 2021. Danuta has extensive UK and international experience of technology driven consumer businesses and her significant UK plc board experience as an Independent Director and Chair will help strengthen our governance in the years ahead.

I would like to thank our Executive Committee and our exceptional teams for their passion and energy over the past year. I am also grateful to my fellow Board members for their unfaltering commitment and counsel and for their flexibility as we worked, mostly virtually, through a very busy agenda. Finally, on behalf of everyone at Burberry, I would like to thank our shareholders for their steadfast and continuing support.

### **Gerry Murphy**

Chair

**“OUR STRATEGY  
IS CLEAR AND  
WE HAVE STRONG  
FOUNDATIONS ON  
WHICH TO BUILD  
AND ACCELERATE  
GROWTH IN THIS  
NEXT PHASE.”**

**GERRY MURPHY, CHAIR**

# A MESSAGE FROM OUR NEW CEO



**Dear Shareholder,**

It is a privilege to be writing to you as Burberry's Chief Executive Officer.

Burberry is a unique British brand and business that I have long admired. It has extraordinary history and heritage, iconic products and house codes, and strong culture and values. I am very proud to have the opportunity to lead the Company in the next phase of its development.

Having closely followed Burberry's journey over the past few years, I have been impressed by the progress that has been made. The Company has laid out a clearly defined strategy to elevate the brand, product and customer experience to true luxury status and taken some challenging but important commercial actions to achieve this ambition, including a relentless focus on full-price sales. At the same time, Burberry has continued to be a force for good, leading the industry in luxury's transition to net zero and supporting communities in need.

As Chief Executive Officer, I fully intend to build on these strong foundations as we focus on accelerating growth. The ambition to be a true luxury brand remains absolutely the right strategic positioning for Burberry. It will create the most desire and value for the brand, and ultimately the most sustainable and profitable business. Under my leadership, Burberry will continue to go the extra mile in terms of environmental and social responsibility, guided by our purpose and values.

Since joining in mid-March, my immersion into the business has left me even more excited about the opportunity that lies ahead. The quality and commitment of our people are second to none and we have a strong platform from which to grow faster. I look forward to updating you on my plans to do so at our Interim Results in November.

**Jonathan Akeroyd**

Chief Executive Officer

**“THE AMBITION TO  
BE A TRUE LUXURY  
BRAND REMAINS  
ABSOLUTELY THE  
RIGHT STRATEGIC  
POSITIONING FOR  
BURBERRY.”**

**JONATHAN AKEROYD,  
CHIEF EXECUTIVE OFFICER**

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## Revenue by region<sup>1,2,3</sup>



Americas **£696m**,  
+51% at CER  
Number of stores: **83**



Europe, Middle East,  
India and Africa (EMEIA)  
**£813m**, +32% at CER  
Number of stores: **111**



Asia Pacific **£1,276m**,  
+7% at CER  
Number of stores: **224**

## Total revenue by channel

Retail/wholesale revenue by destination

Period ending £m	<b>2 April 2022</b>	27 March 2021
Retail	<b>2,273</b>	1,910
Wholesale	<b>512</b>	396
Licensing	<b>41</b>	38

## Revenue by product<sup>2</sup>

Retail/wholesale revenue by product division

Period ending £m	<b>2 April 2022</b>	27 March 2021
Accessories	<b>1,017</b>	841
Women's	<b>784</b>	653
Men's	<b>807</b>	668
Children's, Beauty and other	<b>177</b>	144

1. All references to revenue growth on page 2 are presented at Constant Exchange Rates (CER) and exclude the impact of the 53<sup>rd</sup> week. See page 44 for reconciliation to total revenue.

2. Retail/wholesale revenue.

3. For more detail on performance see Group Financial Highlights on pages 44 to 50.

**Revenue**

2022	<b>£2,826m</b>
2021	£2,344m
2020	£2,633m
2019	£2,720m
2018	£2,733m

**Cash (net of overdrafts)\***

2022	<b>£1,177m</b>
2021	£1,216m
2020	£887m
2019	£837m
2018	£892m

**Adjusted operating profit**

2022	<b>£523m</b>
2021	£396m
2020	£433m
2020	Pro forma £404m
2019	£438m
2018	£467m

**Operating profit**

2022	<b>£543m</b>
2021	£521m
2020	£189m
2020	Pro forma £160m
2019	£437m
2018	£410m

**Adjusted diluted EPS**

2022	<b>94.0p</b>
2021	67.3p
2020	78.7p
2020	Pro forma 77.9p
2019	82.1p
2018	82.1p

**Diluted EPS**

2022	<b>97.7p</b>
2021	92.7p
2020	29.8p
2020	Pro forma 29.0p
2019	81.7p
2018	68.4p

**Dividend per share**

2022	<b>47.0p</b>
2021	42.5p
2020	11.3p
2019	42.5p
2018	41.3p

Alternative performance measures, including adjusting measures, are defined on page 49. Pro forma FY 2019/20 results are included to better indicate the impact of adoption of IFRS 16 Leases in FY 2019/20. These pro forma results are estimations of the results for FY 2019/20 if the previous accounting standard for leases, IAS 17 Leases, had been applied.

\* The Group also had borrowings at 2 April 2022 of £298m (March 2021: £297m)



# A YEAR OF OPENING SPACES



Since being founded in 1856, Burberry has been guided by the core belief that Creativity Opens Spaces. From developing outerwear that allowed daring men and women to surpass the limits of human endeavour to being a luxury pioneer in the digital space, our purpose is to unlock the power of imagination to push boundaries and open new possibilities for our people, our customers and our communities.

# ELEVATING CUSTOMER EXPERIENCES

Harnessing creativity, technology and a commitment to excellence, we aim to inspire and delight our customers with beautiful products, innovative experiences and emotive campaigns rooted in our heritage of adventure and exploration.

## UNVEILING OUR NEW LUXURY STORE CONCEPT

Authentic, bold, and with creativity at its core, our new global store concept embodies all that is Burberry. With a design that is emblematic of our rich heritage, our stores in the new concept, including our flagships in London, Paris, Shanghai and Chengdu, open spaces for creativity to be showcased and shared.

Read more on [pages 31 to 33](#)

# 47

**LOCATIONS FEATURE OUR  
NEW STORE CONCEPT  
WORLDWIDE**

## STANDOUT GLOBAL ACTIVATIONS

Our dedicated outerwear campaign brought natural landscapes to shoppers all around the world in the form of a brand film and a series of immersive activations. Our pop-up and pop-in spaces showcased our outerwear silhouettes and explored the blurring lines between nature and technology, and between the indoors and outdoors.

Read more on [page 35](#)

**OVER**

# 6 MILLION

**VIEWS OF OUR  
#BURBERRYOPENSACES  
FILM ON YOUTUBE**

# WE ENGAGED OUR CUSTOMERS ACROSS MORE CHANNELS THAN EVER BEFORE



**FASHION, TECHNOLOGY,  
ART AND NATURE MERGE  
ON JEJU ISLAND**

Housed in a mirrored sculpture nestled into the natural landscape of Jeju Island in South Korea, a genre-bending pop-up space harnessed art and technology for an immersive brand experience that showcased Burberry's new outerwear collection.



# REDEFINING LUXURY PRODUCTS

We pair exceptional craftsmanship with the latest technological innovations to deliver products that are both of the moment and made to last. Constantly evolving and always respectful of our heritage, we champion contrasts and embrace innovation.

## **GROWING OUR LEATHER GOODS OFFERING**

We expanded our leather goods portfolio with exciting new shapes, including the Rhombi and extensions to the Lola family, which created meaningful opportunities to connect with our customers. Through dedicated campaigns and global pop-ups, we built momentum around the category, delighting customers with pieces and experiences that reflect Burberry's aesthetic.

Read more on [page 37](#)

# 70

**POP-UP SPACES GLOBALLY AS PART OF THE WORLD OF OLYMPIA CAMPAIGN**

## **EXPLORING NEW TERRAIN WITH OUTERWEAR**

From outfitting polar explorers to empowering people to discover new spaces closer to home, Burberry outerwear has given its wearers the freedom to broaden their horizons for 166 years. We continue to push boundaries in terms of performance, comfort and design with our new lightweight gabardine, as well as our exclusive capsule collections, including our Lunar New Year pieces inspired by the Year of the Tiger.

Read more on [page 38](#)

# >30

**IMMERSIVE POP-UPS AND POP-INS CELEBRATING OUR OUTERWEAR COLLECTION**

# BOTH LEATHER AND OUTERWEAR DELIVERED DOUBLE-DIGIT FULL-PRICE SALES GROWTH



## **TAKING A LAYERED APPROACH TO OUTERWEAR MESSAGING**

With a legacy of technical innovation and distinctive designs, Burberry's outerwear is iconic. We celebrated its storied heritage with our dedicated outerwear campaign which showcased our new, lightweight gabardine, crafted in the UK and expertly woven in a compact twill.

# ENHANCING VIRTUAL DISCOVERY

As our customers reshape community spaces and the way in which they interact with brands, we continue to harness digital innovations to forge connections around their passion points, while enhancing the luxury experience.

## **A LUXURY PIONEER IN THE DIGITAL DOMAIN**

We made our first foray into non-fungible tokens (NFTs) with the launch of our in-game NFT collection in partnership with Mythical Games in August 2021. Sporting looks inspired by the Animal Kingdom, our digital shark character excited customers across the world, selling out in 30 seconds. Our collaboration with Mythical Games reflects our longstanding spirit of innovation and creativity as we continue to push boundaries in the spaces that matter most to our customers.

Read more on [page 32](#)

**All 750  
SHARKY B NFTS SOLD OUT  
IN 30 SECONDS**

## **HARNESSING HIGH-TECH INNOVATIONS TO CREATE HIGH-IMPACT EXPERIENCES**

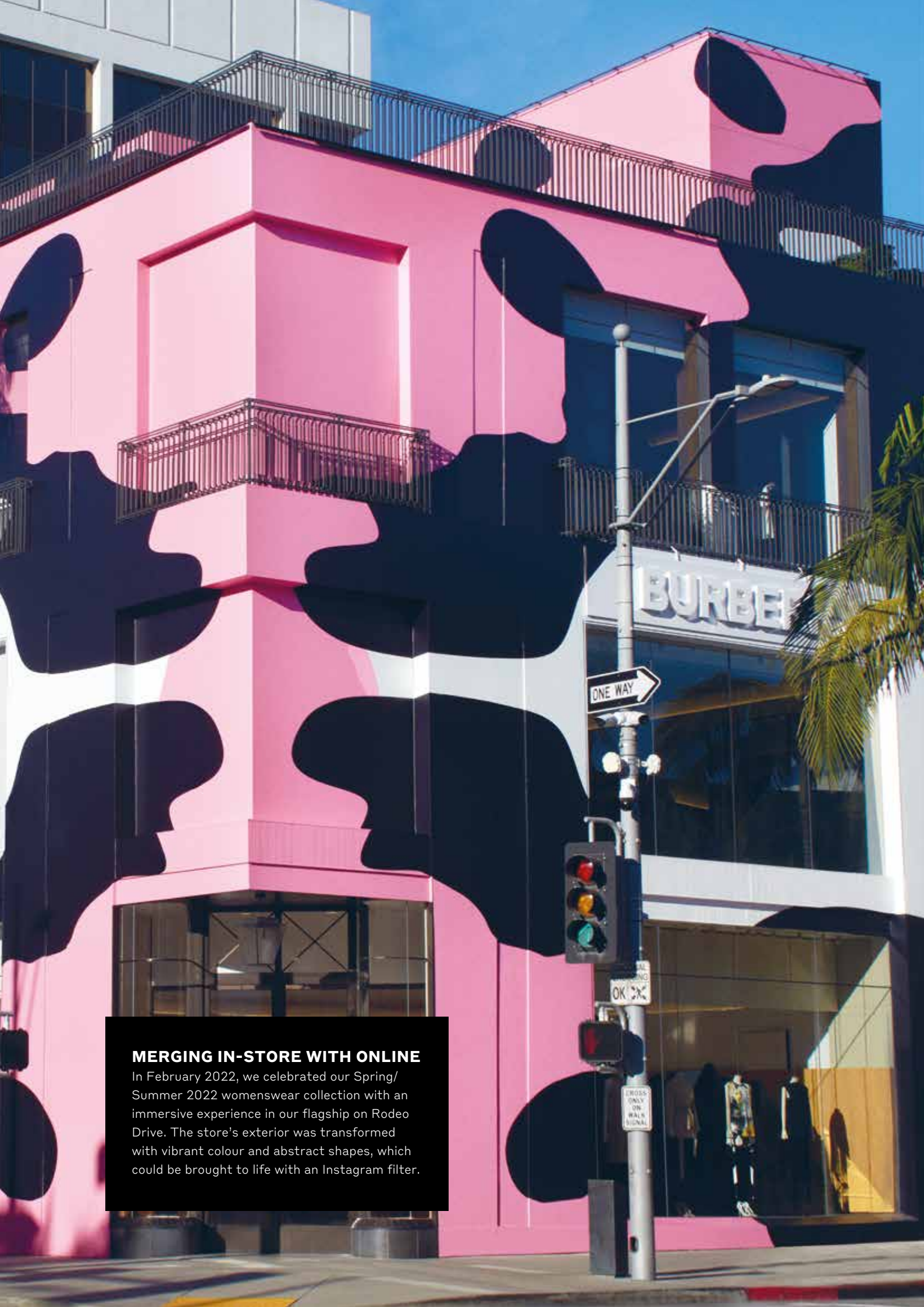
To mark the launch of our Summer Monogram capsule in July 2021, we released an interactive AR brand filter on TikTok, an industry and platform first. We also continued to evolve our social retail concept with a travelling Trench experience, which we brought to customers across Mainland China.

Read more on [page 35](#)

**4.5 BILLION  
VIEWS OF OUR TIKTOK  
BRAND FILTER**

**WE ENHANCED  
OUR CUSTOMERS'  
EXPERIENCES WITH  
EMERGING TECHNOLOGY**





### **MERGING IN-STORE WITH ONLINE**

In February 2022, we celebrated our Spring/ Summer 2022 womenswear collection with an immersive experience in our flagship on Rodeo Drive. The store's exterior was transformed with vibrant colour and abstract shapes, which could be brought to life with an Instagram filter.



# POSITIVELY IMPACTING OUR PLANET AND COMMUNITIES

Thomas Burberry supported humanitarian and environmental causes and gave generously to local charities. As an open and caring company with a deep commitment to communities and the environment, we are proud to continue that legacy today.

## PROTECTING OUR PLANET

In June 2021, we pledged to become Climate Positive by 2040, building on our efforts to cut our carbon emissions. We are taking action within and across our entire value chain, and we are investing in key initiatives to support wider climate change efforts. In November 2021, we announced our Biodiversity strategy to protect, restore and regenerate nature.

Read more on [page 94](#)

**100%**  
**OF THE ELECTRICITY**  
**WE USE IS FROM**  
**RENEWABLE SOURCES**


## CREATING OPPORTUNITIES FOR OUR COMMUNITIES

Caring for our people and our communities is part of who we are as a company, and we are committed to opening spaces for aspirations to become reality. In November 2021, we announced our support for organisations in the UK, USA, Japan and Hong Kong S.A.R., China, that are helping disadvantaged children develop their literacy skills.

Read more on [page 81](#)

**>1 MILLION**  
**PEOPLE SUPPORTED BY**  
**PROGRAMMES LED BY THE**  
**BURBERRY FOUNDATION**

**WE HAVE SET NEW,  
INDUSTRY-LEADING  
CLIMATE AND NATURE  
COMMITMENTS**



### **SUPPORTING MARCUS RASHFORD MBE'S YOUTH ADVOCACY WORK**

Burberry continued to support the work of international footballer and youth advocate Marcus Rashford MBE throughout FY 2021/22. Among the initiatives we supported was the Marcus Rashford Book Club, which was created by Marcus and Macmillan Children's Books with the aim of encouraging a love of reading among children.

# CREATIVITY OPENS SPACES

## BRINGING OUR PURPOSE AND VALUES TO LIFE

At Burberry, we are guided by the core belief that Creativity Opens Spaces. Our purpose informs the choices we make as a company and shapes our long-term goals.

A reference to Thomas Burberry's Open Spaces manifesto, our purpose draws on our heritage of pushing boundaries and making space for creativity to flourish. For our founder, "open spaces" referred to the tiny pockets of air found within the weave of gabardine, the revolutionary fabric he invented. It was also a nod to the freedom his products gave to the pioneering women and men who wore Burberry clothing, including explorer Sir Ernest Shackleton and aviator Betty Kirby-Green, and the open spaces they explored. Today, upholding that tradition of innovation, Burberry continues to inspire and delight customers by harnessing creativity to deliver extraordinary products of the highest quality and exceptional experiences.

Our purpose is underpinned by our values. Being creatively driven, forward thinking, open and caring, and proud of our heritage are hallmarks of our organisation at its best and have remained core to our brand since the Company was founded in 1856.

[Read more about how our values drive our key priorities and business operations on pages 52 to 97](#)



We find beauty in every detail  
Put passion and creativity in everything we do  
Committed to excellence  
Challenging the ordinary to pursue  
the extraordinary

## CREATIVELY DRIVEN



Harnessing strength in diversity  
United to achieve common goals  
Responsible, guided by our conscience  
Upholding a legacy of respect and inclusivity

## OPEN AND CARING



## PROUD OF OUR HERITAGE



Inspired by our past, as we create our future  
Globally minded, learning from others  
Championing contrasts from royals to rebels  
Representing Britain on the global stage

## FORWARD THINKING



An open space for imagination  
Free to explore, push boundaries, pioneer  
Unafraid to stand out  
Our creativity drives us forward

# BUSINESS MODEL

Burberry is a British luxury brand headquartered in London.

## RESOURCES

### People

Burberry is an open, inclusive and caring employer. We strive to open spaces for our people so they can express their creativity and grow both personally and professionally. We are proud of the diversity of our people and the rich variety of skills and experiences they bring to our brand from the many cultures and backgrounds they represent. Today, our colleagues represent 129 nationalities across 34 countries and territories.

### Customers

We create beautiful products, designed to inspire and excite our customers. We aim to understand our customers' needs while also anticipating their future desires. When our customers enjoy our products, engage with our brand online, or interact with our teams in store, we place the highest importance on their experience.

### Brand

Burberry is a luxury house and outerwear pioneer with a uniquely British identity and a commitment to quality, innovation and creativity. We are custodians of a brand with a rich history and heritage, built on the principles of our founder, Thomas Burberry. The decisions we take are guided by our purpose and values. We protect Burberry's identity and safeguard its intellectual property (IP) across the world.

### Financial

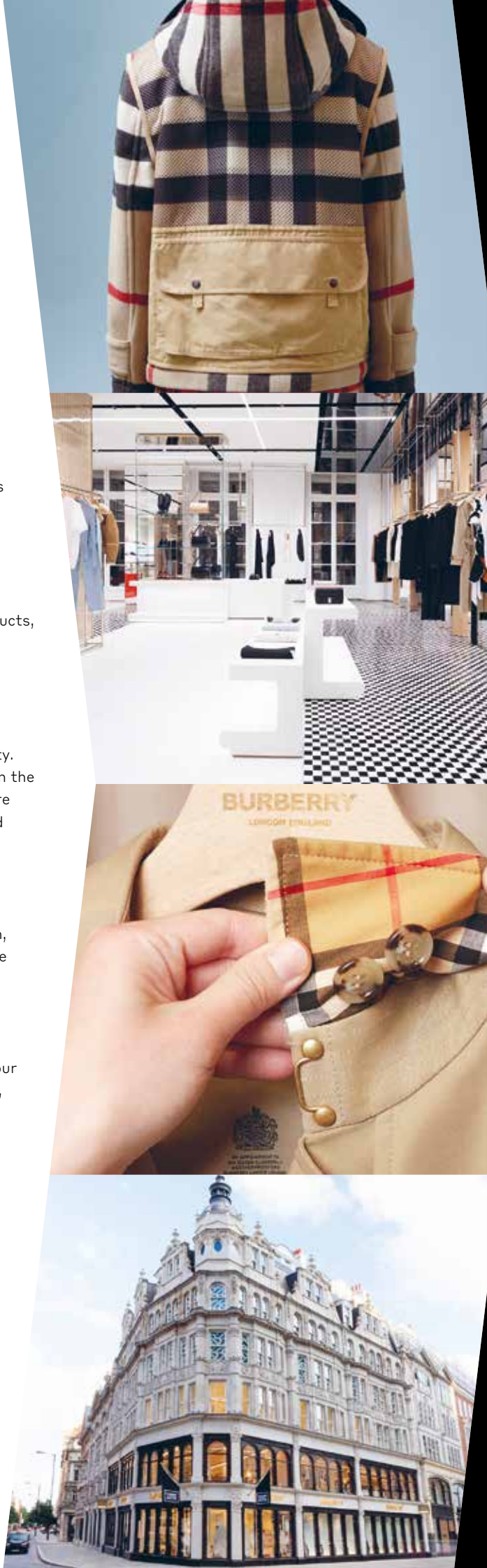
Listed on the London Stock Exchange, Burberry is a member of the FTSE 100 Index. We invest in the business to generate growth, deliver shareholder value and ensure the long-term sustainable future of our Company. We are committed to doing well by doing right by all our stakeholders.

### Manufacturing

A commitment to quality and craftsmanship has been a hallmark of our brand since its inception. At our mill in Keighley, we weave gabardine, the fabric invented by Thomas Burberry, and we make our Heritage Trench Coats at our factory in Castleford, both located in Yorkshire. In Scandicci, Italy, our leather goods centre of excellence oversees all aspects of the manufacture of our products, from prototyping to the coordination of production.

### Stores

Our customers purchase Burberry products through our network of directly operated and franchised stores, wholesale distributors, and online. Aligned with our brand vision, these spaces seek to offer our customers seamless omnichannel experiences, where they can engage with the Burberry brand at their convenience and always enjoy exemplary customer service.



## WHAT WE DO

### Design

We design beautiful luxury goods that are made to last. Our teams collaborate from the earliest stages of product development so that our design, strategy, marketing and responsibility functions are aligned and working with common goals in mind. Sustainability and doing the right thing for the environment are always a priority.

### Source

We source the finest materials available from our global network of suppliers. We think and act creatively in order to inspire and delight our customers while ensuring sustainability and environmental considerations are prioritised.

### Make

We make our products at Burberry-owned sites in the UK and Italy, as well as through a network of global suppliers. We strive to deliver products of the highest quality to our customers and invest in driving improvements throughout our supply chain. We are aware of the impact of our production processes on the environment and actively reduce, reuse and recycle the waste we create while investing in innovative solutions to help us move towards a circular business model.

### Sell

We sell Burberry products through our directly operated and franchised stores, as well as via wholesale partners and online. We use the product and distribution expertise of licensing partners for certain product categories, such as eyewear and beauty. To inspire and excite our existing and prospective customers, our creative, marketing and communications teams create distinctive and meaningful content as well as luxury experiences that speak to our brand heritage and purpose.

## VALUE ADDED



### Customers

We open spaces for our customers to explore the world of Burberry and to discover beautiful luxury products of the highest quality. We invite them to engage with the Burberry community through meaningful online and offline experiences.



### People

As an open and caring employer, we endeavour to provide our people with the tools they need to develop professionally and personally so they can enjoy rewarding careers with us. We value and listen to our people's voices and create inclusive workplaces where they can enjoy a sense of belonging and thrive.



### Communities

Doing well by doing right has been core to Burberry since the Company was founded by Thomas Burberry in 1856. We help others, give back and contribute to driving positive change. We seek to play a positive role in society, contributing to local economies and supporting the communities around us through direct partnerships and with organisations making a positive impact.



### Shareholders

Our shareholders benefit from return on investment and long-term shareholder value. We focus on three pillars to drive long-term value creation: revenue growth, operating margin accretion and capital efficiency.



### Environment

We are united by our desire to be a force for good in the world and we are committed to having a positive impact on the environment. We innovate to reduce our environmental impact and encourage our industry to push boundaries to do the same by setting standards and pioneering solutions that will drive real system change.



# SUSTAINABLE VALUE

## INVESTMENT CASE

Our vision is to be the leading British luxury brand, delivering sustainable, high-quality growth and value for our stakeholders and communities.

### STRATEGY

#### Brand

Having transformed our brand over the past few years, our ambition is to harness our unique brand story to strengthen consumers' love of and connection with Burberry.

We will focus on inspiring and exciting our customers through product-led content, emotive campaigns and brand activations rooted in our heritage and history of adventure and exploration.

We will adopt a highly localised approach in each market, creating unexpected, authentic and culturally relevant experiences for our communities.

#### Product

Building on the strong product transformation we have executed over the last few years, our vision is to further elevate our offering, leveraging our house codes.

**Outerwear:** continue to build on our legacy of innovation, further developing silhouettes and fabric diversification.

**Leather goods:** reinforce our pillars while delivering newness in our offering and strengthening our menswear offer.

**Ready-to-wear:** reinforce our progress in womenswear by focusing on luxury essentials, and strengthen our position in menswear by redefining modern tailoring.

**Shoes:** maintain growth and innovation in sneakers, a key category for customer acquisition, while broadening the category to cover all occasions, for both men and women.

#### Customer experience

We continue to invest in delivering an elevated customer experience by strengthening our full-price channels.

In mainline, we continue to roll out our new store concept across our network, accelerating our plans for flagship stores.

We are driving a step change in retail productivity, focusing on high Average Unit Retail (AUR) categories, particularly outerwear and leather goods.

We are further integrating digital and physical journeys by expanding our omnichannel capabilities, enabling more services from our stores.

### ENABLERS

**Agile supply chain**

**World-class talent**

**Operational efficiency**

### Environmental, Social and Governance (ESG)

We are committed to doing well by doing right by all our stakeholders. We fuel creativity by championing diversity, equity and inclusion, and by supporting our colleagues' wellbeing. We empower young people with the skills, confidence and opportunities to succeed. We are creating a more sustainable future for luxury by further reducing our environmental impacts and helping to transform our industry. Read more about our Responsibility strategy on pages 52 to 97, our TCFD disclosures on 130 to 143 and visit [Burberryplc.com](https://www.burberryplc.com) for more information.

Our framework for long-term value creation centres around three pillars: revenue growth, adjusted operating profit margin accretion and capital efficiency.

### **Revenue growth**

Burberry operates in the luxury goods sector, where industry growth tends to deliver ahead of overall annual global Gross Domestic Product (GDP) growth. Our ambition, in the medium term, is to deliver high single-digit top-line growth (from FY 2019/20 base at constant currency).

#### **We drive revenue growth through five key levers:**

1. Build brand advocacy and community
2. Focus on core product categories
3. Drive store performance
4. Supercharge digital sales
5. Focus on full-price sales

### **Adjusted operating profit margin accretion**

Our ambition is to deliver meaningful adjusted operating profit margin improvements in the medium term.

#### **We drive profit through five key levers:**

1. Full-price penetration
2. Digital and omnichannel
3. Gross margin
4. Sales density
5. Cost management

### **Capital efficiency**

Burberry has a capital allocation framework, which prioritises the use of cash while maintaining an appropriate capital structure for the business. This is set out in further detail on page 51.

Our uses of cash are summarised below.

#### **Reinvest**

Reinvest for organic growth.

#### **Dividend**

Pay a progressive dividend.

#### **Inorganic strategic investment**

Invest in strategic initiatives.

#### **Capital returned**

Return excess cash to shareholders based on target leverage ratio underpinned by maintaining a solid investment grade credit rating.



# LUXURY MARKET ENVIRONMENT

## The luxury sector

In 2021, the personal luxury market experienced a V-shaped rebound (+4% versus 2019 compared to -23% in 2020), reaching a total market size of €283 billion, while profits also returned to 2019 levels.

Overall, the recovery was uneven across geographies. Mainland China continued its strong growth trajectory, doubling in size versus 2019, despite a resurgence of COVID-19 in the fourth quarter. Growth in the Americas outperformed expectations, while Europe and the majority of countries in other parts of Asia recovered from the pandemic. Lockdowns in China and the conflict in Ukraine create some near-term uncertainty. However, the luxury market is expected to remain resilient in a challenging macroeconomic environment.

## Luxury geographies

### Asia

Mainland China grew by +97% in 2021 versus 2019 (+45% in 2020). This growth was supported in part by an increasingly affluent middle class, strong performances across all categories and generations, as well as price increases and a repatriation of spend due to travel restrictions. In the rest of Asia, overall sales declined by 25% versus 2019, albeit with some divergence in performance across regions. South Korea returned to 2019 levels with repatriation compensating for a lack of tourism. In Japan, sales declined by 17% versus 2019, with local consumption affected by slow vaccine adoption.

### Americas

In the Americas, the personal luxury goods market showed a strong rebound at +13% in 2021 versus 2019 (compared to -27% in 2020), driven by high consumer confidence and improved macro-indicators. Luxury demand polarised between entry-price and high-price items, with a strong market share shift towards European brands. Regionally, the luxury map expanded to new emerging cities, particularly in the Midwest and southern states of the USA as well as suburban areas, while demand in larger luxury hubs, such as New York and Los Angeles, rebounded strongly.

## Europe and Middle East

In 2021, Europe's luxury market remained in decline, decreasing -20% versus 2019. While local consumption grew +15-20%, the region was unable to offset a lack of tourism. Among key markets, the UK was most affected. Conversely, the Middle East rebounded due to a repatriation of luxury spend.

## Product

### Leather goods

Leather goods remained a key growth driver in 2021, increasing by 8% versus 2019. This was a significant rebound on 2020, which had tracked -18% against 2019. Growth was fuelled by iconic and new hero products, which were particularly popular with younger consumers.

### Apparel

The apparel category decreased by 10% in 2021 versus 2019, though sales were up on 2020, which had suffered a decline of 30% versus 2019. Womenswear grew faster than menswear, driven by an acceleration in occasion wear, while growth in comfort wear normalised.

### Shoes

The footwear market grew by 11% versus 2019, compared to -12% in 2020, with strong performances registered across most geographies. Casual styles, particularly sneakers, continued to outperform formal shoes, particularly in menswear.

## Channels

### Stores

Retail channels returned to growth as lockdowns eased and customers returned to stores. Growth was driven by mainline stores, delivering above-market growth (+6% versus 2019), and returning to 2019 levels in terms of market share. Other offline channels continued to decline: outlet contracted at 5% versus 2019, and travel retail was still affected by reduced travel flows, registering -61% versus 2019.



### Digital

Online channels grew by 89% in 2021, reaching a market share of 22%, almost double that of 2019 (12%). Growth was driven by accelerated adoption of online channels across all age groups, and was particularly strong on brand websites, representing 40% of the online personal luxury goods market. Key product categories online in 2021 were leather goods and sneakers.

### Wholesale

With digital remaining the key growth driver in 2021 and direct-to-consumer channels becoming increasingly relevant, wholesale continued to lose market share reaching 45-50% of purchases (versus 60% in 2019). Within wholesale channels, department stores declined -16% versus 2019, whereas speciality stores declined -19% compared to 2019.

## Key themes

Despite ongoing uncertainty in the macro environment, the fundamentals of the luxury market remain largely unchanged. Consumers continue to value iconic products, with a strong focus on quality. Physical stores continue to play a very important role in the customer journey and luxury players are investing heavily in their retail networks, as well as in ways to connect the physical and digital experience.

The COVID-19 pandemic has accelerated changes within the market, particularly in four key areas: local and young luxury consumers, brand authenticity, digital, and sustainability.

### Local and young luxury consumers

As a result of travel restrictions linked to the pandemic, local consumers were the driving force behind the luxury market's rebound. As the tourist market declined by 80-90% in 2021 versus 2019, local consumption grew by 50-60% in the same time period. Across geographies, new luxury locations emerged, widening the luxury map: the top 10 cities accounted for 25-30% of total luxury market sales in 2021, while in 2019 that figure was 35%. Travel flows, particularly internationally, are expected to resume more slowly in 2022 than previously estimated and are forecast to reach pre-COVID-19 levels by 2024. Luxury brands are focusing on engaging consumers with locally and culturally relevant marketing and products.

The generational shift in luxury towards younger consumers has accelerated through the pandemic. Millennials and Gen Z comprised 63% of the market in 2021 (versus 44% in 2019) and it is estimated they will exceed 70% by 2025.

### Brand authenticity

Now more than ever, consumers, particularly the new, younger generations, are placing greater importance on brand authenticity. Consumers expect brands to have a clear purpose, and to communicate with them in a meaningful and authentic way. In response to this, brands are increasing their focus on storytelling to establish and deepen their connection with consumers, while increasing their investment so that they stand out from the crowd.

### Digital

COVID-19 has had a lasting impact on shopping habits, accelerating the adoption of digital among consumers, increasing the development of omnichannel services and formats, and enhancing the role of digital as an inspiration channel.

Share of sales through online channels almost doubled from 2019 to 2021 (from 12% to 22%, respectively). This is expected to continue to accelerate in the medium term to reach 30% by 2025, making digital the strongest growth channel in luxury. Through the COVID-19 crisis, brands have developed new shopping formats, extending to social and livestream shopping, which have generated good traction with consumers (particularly in Mainland China and the USA). They have also expanded their omnichannel offerings, cementing consumer expectations with respect to cross-channel experiences when purchasing luxury. Digital has also further confirmed its role as a key inspiration point and luxury players have accelerated their focus on digital-first video-led content to deliver a continuous stream of newness across their online communities.





### Sustainability

Consumers, particularly younger generations, expect brands to have a clear and comprehensive agenda with respect to sustainability and social responsibility, from carbon reduction, to raw material sourcing and traceability, to fair labour practices, diversity and inclusion. Sustainability in particular is increasingly influencing their purchasing decisions as a higher share of consumers indicate they would be willing to pay a premium for sustainable products (57% in 2021 versus 42% in 2019<sup>3</sup>).

Overall, the COVID-19 pandemic has accelerated the pace at which luxury players operate and deliver on new initiatives. Successful brands adapted quickly to the environment, identifying opportunities and reacting to evolving consumer preferences, while developing new capabilities to connect with consumers. Looking ahead, agility will remain a key success factor for luxury brands to respond effectively to changing consumer preferences and a volatile macro environment.

1. Bain Altagamma Luxury Goods Worldwide Market Study Fall 2021.

2. McKinsey COVID-19 Global air traffic demand scenarios (June 2021).

3. Morgan Stanley ESG conference (February 2021), C2P Compliance Knowledge Management Platform, McKinsey.

# STRATEGIC PROGRESS

In 2017, we set out a strategy for transformation and growth to elevate Burberry to a true luxury positioning. Since then, we have revitalised our brand, strengthened our product offer and elevated our customer experience. Building on these strong foundations, our goal is to accelerate our performance and leverage our unique brand equity to deliver sustainable, high-quality growth, while continuing our efforts to be a better company.

In FY 2021/22, despite a challenging macroeconomic environment, we continued to strengthen our brand, product and customer experience, while focusing on accelerating full-price performance by exiting markdowns in our mainline stores and our Burberry.com digital platform.

As a result, we have seen strong growth in full-price sales, with double-digit growth in comparable store sales compared to FY 2020/21. We strengthened our position with new and local clients and increased the share of our revenues from high-spending customers.

During the year, we harnessed our creativity to drive growth across our two core product categories, outerwear and leather goods, while maintaining our focus on strong, localised marketing campaigns to excite our customers.

At the same time, we continued to elevate how our customers experience our brand and product with the global rollout of our new store concept.

Our actions were underpinned by financial discipline and the resilience and agility of our teams.

OUR JOURNEY		
FY 2018/19- FY 2020/21	FY 2020/21-FY 2021/22 COVID-19	FY 2022/23 AND BEYOND
Build foundations	Strengthen foundations	Growth acceleration
<ul style="list-style-type: none"> <li>• Repositioned to luxury</li> <li>• Transformed product offer</li> <li>• Reset distribution to luxury</li> <li>• Stable revenue and profit</li> </ul>	<ul style="list-style-type: none"> <li>• Orientated the business to full-price sales</li> <li>• AUR increased</li> <li>• Gross margin improvement</li> <li>• Operating efficiency and margin</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to strengthen the brand</li> <li>• Accelerate revenue growth</li> <li>• Meaningful margin accretion</li> <li>• Deliver positive change with sustainability at our core</li> </ul>

## Our strategic pillars



### Brand

Our programme of brand activities generated strong reach and engagement globally. We excited our customers in unexpected and innovative ways, connecting with them through authentic and meaningful storytelling, anchored in our heritage and purpose. We transformed how we introduced our new collections, with separate womenswear and menswear shows presented digitally. In March 2022, we combined the two for our Autumn/Winter 2022 collection in an event that marked the first live runway show for Burberry in two years. Presented in the heart of London, the show was a celebration of British culture and identity.

In 2021, we dedicated two major brand moments to our focus categories: leather goods and outerwear. In May 2021, we launched a campaign centred around the Olympia handbag, which received an excellent response

from both our customers and press. In October 2021, we launched a dedicated outerwear campaign, celebrating our iconic product with an inspirational brand film unlocking the themes of freedom and exploration. We also launched activations across physical and digital channels to accompany the campaign, with large-scale immersive brand activations, including at Plaza 66, Shanghai, and on Jeju Island, South Korea. Throughout the year, we excited our customers with a drumbeat of local activity, including Chinese Valentine's Day and Lunar New Year animations, and dedicated local events to celebrate our Summer Monogram capsule. We continued to drive brand heat through our partnerships and collaborations. In March, we collaborated with American streetwear brand, Supreme, to launch an exclusive capsule collection, which sold out on Burberry.com within seconds.





## Product

We made significant progress in developing and enhancing our product. Our new collections resonated strongly with customers, supporting strong full-price growth and AUR.

In leather goods, we continued to boost our performance by strengthening our women's handbag pillars. We delivered a programme of 70+ pop-ups for the Olympia bag and expanded the Lola family with crossbody, tote and small leather goods versions as part of our winter collection. We also introduced a new shape, the Frances tote, extending the TB family. In outerwear, we reimagined our house codes in modern shapes, with a dedicated edit showcasing our DK fabric, a new lightweight gabardine featuring special quilting techniques, cashmere linings, and leather details.

Both leather and outerwear delivered double-digit full-price sales growth compared with pre-pandemic levels, having resonated particularly well with new customers. Ready-to-wear had a good year, with knitwear the key driver of performance. Our new Birch Brown Check products in particular resonated with our customers in this category.

## GIVING GAMING A LUXURY SPIN

As our customers continue to reshape the ways in which they interact with brands, we are harnessing digital innovations to forge lasting connections and enhance the luxury experience. Gaming is one of a number of unique spaces where we can trial and assess innovations that embody our values, while also offering an opportunity to share an open creative space with our communities.

In August 2021, we partnered with Mythical Games to create our first in-game non-fungible token (NFT) collection for online multi-player game, Blankos Block Party.

Inspired by our Animal Kingdom house code, Burberry's limited-edition Blanko character, a digital shark named Sharky B, sported looks featuring our TB Summer Monogram, as well as an array of branded

in-game NFT accessories, including a jetpack, armbands and pool shoes, which were available to purchase.

The NFT character was the first digital item to be released as part of Burberry's B Series, limited-edition product drops available on Burberry's channels, which combine moments of inspiration and discovery. All 750 Sharky B NFT characters sold out in just 30 seconds, while the character's digital jetpacks sold out in under two minutes.

Burberry's collaboration with Mythical Games reflects our longstanding spirit of innovation and creativity, pushing boundaries to inspire and delight customers while bringing our communities closer to our brand in a celebration of art, design and exploration.

Completing our global offer, we launched several capsule collections to celebrate local calendar moments and seasonal animations, including for Chinese Valentine's Day and Lunar New Year, as well as our Summer Monogram collection. In March 2022, we also launched our first astronomy-inspired capsule collection dedicated to the Middle Eastern consumer focusing on womenswear, childrenswear and accessories.



### Customer experience

During the year, we continued to elevate the customer experience, both in store and on digital channels. In April 2021, we started the rollout of our new store concept. By the end of our financial year, we had redesigned 47 stores, including four flagships in London's Sloane Street, Shanghai's Plaza 66, Chengdu IFS and Paris's Rue Saint-Honoré. The new store concept is transforming how our customers experience our brand and our product, while supporting revenue growth and attracting higher-spending clientele. We continued to excite customers with inspiring pop-ups linked to both our Olympia bag and outerwear campaign.

Digital full-price sales increased by high double digits compared with pre-pandemic levels. We are seeing strong engagement globally with customers buying online as an outcome of enhancements we have made to the online purchase journey, including greater personalisation and enhanced product discovery. We are also seeing strong take-up among our customers of omnichannel solutions, including booking store appointments, which we expanded across more stores and countries during FY 2021/22. We created an immersive travelling Trench experience inspired by the Trench Room in our social retail store in Shenzhen and brought it to stores across Mainland China where it generated strong engagement, traffic and sales. We also launched an AR brand filter on Instagram, as well as a Burberry branded filter on TikTok.

### Enablers

Our performance was underpinned by continued cost and cash discipline, enabling us to invest in consumer-facing initiatives, while optimising our internal processes. Finally, we continued to place a strong focus on our People and Responsibility agendas, making significant progress on our commitments. Read more about environmental and social responsibility on pages 52 to 97.







## ► RETAIL REFRESH

Our flagships in London, Shanghai, Chengdu and Paris speak to Burberry's heritage and forward-thinking approach to design.

# NEW STORE CONCEPT **ELEVATING THE STORE EXPERIENCE**

Authentic, bold, elevated and with creativity at its core, our new global store concept embodies all that is Burberry. In the past year, 47 stores were opened or transformed with the refreshed aesthetic, offering a welcoming space where fashion, art, culture and design intersect.

After transforming our product offering and resetting our approach to distribution, during FY 2021/22 we enhanced the in-store experience with a new retail concept that opens space for creativity to thrive and luxury retail moments to be enjoyed. By doing so, we offer our customers opportunities to connect with Burberry in meaningful ways. In July 2021, we opened our first space to feature our new store design, our No. 1 Sloane Street flagship in the heart of London's Knightsbridge neighbourhood. Designed in collaboration with architect Vincenzo De Cotiis, the space is a twist on classicism, juxtaposing brutalist elements with luxurious materials to create a dynamic modern space. Nods to our heritage and a sense of history blend seamlessly with contemporary sensibilities and our house codes, including the Burberry Check. Our signature Trench Coat is also celebrated in a dedicated area.

In November 2021, we opened our second flagship to feature the new global design concept at Plaza 66 in the dynamic and cosmopolitan city of Shanghai. Beige, black, white and red, the core colours of the Burberry Check, are explored and developed throughout the store, while the iconic pattern itself is reinterpreted in the ceilings' mirrored zones, which reflect tiled chequerboard floors and create a sense of openness.

In March 2022, we welcomed customers back to our newly-designed flagship store in Chengdu International Finance Square (IFS). A place where tradition and modernity blend seamlessly, the flagship sees our iconic house codes stylistically reinterpreted and explored in a unique and bold setting, which brings our brand vision to life.

In March 2022, we also opened a flagship store on Rue Saint-Honoré in the heart of Paris's luxury design district. The opening builds on Burberry's strong bonds with the French capital, which is where Thomas Burberry opened his first international store in 1909. Now, over 100 years later, the flagship offers an opportunity to fully experience our brand in a unique space that connects our past, present and future. To mark the opening, we staged a citywide takeover in the new Birch Brown Check, with projections on a series of Paris landmarks and Check-adorned London taxis, which offered customers tours of Paris.

We plan to redesign a further 65 stores in FY 2022/23, meaning around a quarter of our directly operated stores will carry the new concept by the end of the fiscal year.

# STRATEGY OUTLOOK

Having delivered a strong performance over FY 2021/22, we maintain our strategic direction and aspirations for our brand. Looking ahead, we will focus on opportunities to reinforce our luxury positioning and deliver on our growth acceleration targets.

## Communications

More than ever, luxury consumers are inspired by brands' authenticity, cultural relevance and creativity. Our ambition is to harness our brand story to strengthen our customers' love for and connection with our brand. Leveraging the creativity that underpins our purpose, we will focus on inspiring our customers through product-led content and creative communication, amplifying our messages through our brand communities.

## Product

Having successfully transformed our product over the last few years, our vision is to continue elevating our offering while leveraging our house codes. Within outerwear, we will continue to build on our legacy of innovation, further developing silhouettes and exploring new fabrics. We will continue our leather goods evolution, reinforcing our portfolio and delivering newness, while also continuing to strengthen our offering for men. In ready-to-wear, luxury essentials will be our focus for womenswear, while we will look to redefine modern tailoring to strengthen our position in menswear. Building on our momentum with shoes, a key category for customer acquisition, we will maintain growth and innovation in sneakers, while broadening the category to cover all occasions, for both men and women.

## Customer experience

We will continue to invest in delivering an elevated customer experience by strengthening our full-price channels with a focus on high-AUR categories, particularly outerwear and leather goods. In mainline, we will continue to roll out our new store concept across our network. We will continue to merge physical and digital retail journeys by expanding our omnichannel

capabilities and enabling access to more services from our stores. Leveraging the significant market growth opportunity for digital, we will step change the experience across both our website and mobile app. Building on our innovation credentials and the success of our first social retail store in Shenzhen, we will continue to evolve our social retail concept, integrating successful elements into our new store design and local activations, and develop new innovative digitally powered experiences to excite our customers around the world.

## Enablers

Execution of these plans will be underpinned by operational and people enablers:

- An agile supply chain that delivers exceptional quality at speed
- An effective organisation that attracts and retains a diverse world-class team while fostering true allyship
- Continued focus on operational efficiency and flexibility

We believe that by fostering the creativity that has driven our brand since its inception, we will continue to deliver sustainable high-quality growth and value for our stakeholders and communities in three ways:

- Revenue acceleration, with high single-digit growth in the medium term
- Meaningful margin expansion
- Positive change for our people, our communities and the environment



# LEATHER ACCELERATING GROWTH IN LEATHER GOODS



In recent years, we have transformed the architecture of our women's leather goods business by focusing on key shapes and families designed to appeal to a variety of customer preferences. We are taking a similar approach to our men's leather goods offer and are currently establishing a portfolio of pieces that reflect the Burberry aesthetic, excite our customers and respond to their needs.

New additions to our leather goods portfolio provide opportunities to connect with our customers and build excitement around the category. In FY 2021/22, we extended the Lola range with the introduction of the crossbody, tote and small leather goods versions as part of our winter collection. We revisited the silhouette in a range of materials, including Italian-tanned leather, cotton canvas and raffia.

To celebrate Lunar New Year 2022 and the advent of the Year of the Tiger, we also launched an exclusive capsule collection, which featured our Lola bag in an orange hue with a tiger stripe.

We entered FY 2022/23 with a campaign dedicated to the Lola range starring Jourdan Dunn, Bella Hadid, Lourdes Leon and Ella Richards. To accompany the campaign, we launched the World of Lola pop-ups, a series of global activations offering customers from London to New Delhi a chance to discover the Lola bag in its various sizes, styles and colourways.

As we look to the future, we will continue to pair innovative design with exceptional craftsmanship to create leather goods that are both of the moment and made to last.

## HERITAGE MEETS HIGH-TECH ◀

Burberry has been an outerwear pioneer since Thomas Burberry's invention of gabardine in 1879. We continue that legacy of innovation today.

# OUTERWEAR

## PUSHING BOUNDARIES WITH OUTERWEAR

From outfitting polar explorers to empowering people to discover new spaces closer to home, Burberry outerwear has given its wearers the freedom to broaden their horizons for 166 years. Drawing on our heritage of innovation, we continue to focus on creating the iconic outerwear of tomorrow.

The Heritage Trench Coat, a Burberry icon since Thomas Burberry's invention of gabardine in 1879, underwent a significant transformation as part of our Spring/Summer 2022 womenswear presentation.

Deconstructed and rebuilt using gabardine and textural linen cotton, we riffed on the iconic silhouette to create a striking new take on outerwear. The collection reflected the spirit of the moment while also highlighting the timeless quality and adaptability of our original Trench Coat.

In October 2021, we launched a dedicated outerwear campaign with a brand film and a series of immersive activations across our physical and digital channels. The film explored the themes of freedom and adventure set among the natural beauty of the British countryside.

Around the globe, we showcased our outerwear silhouettes with a series of pop-up and pop-in spaces that blurred the lines between nature and technology, and between indoors and outdoors. Bringing natural landscapes to shoppers around the world, the spaces offered visitors opportunities to unlock additional

branded experiences online by scanning in-store QR codes.

We unveiled a first-of-its-kind activation on Jeju Island, South Korea, in November 2021. Visitors to the ephemeral Burberry space were able to engage with our outerwear pieces from within a futuristic, mirrored sculpture, its shape and reflective surfaces seamlessly merging with the foot of the majestic Halla mountain. The immersive experience also featured AR technology powered by TikTok which drove strong engagement with our customers.

Thomas Burberry's spirit of innovation lives on in our continued efforts to push the limits of outerwear, both in terms of performance and comfort. We took DK Fabric, a lightweight gabardine, and adapted it to casual styles across womenswear and menswear, using special quilting techniques, cashmere linings and leather details.

We engineered our quilted designs with thermoregulation technology to accelerate evaporation and breathability, allowing wearers to explore the outdoors with ease and comfort.





# BURBERRY



# KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) help management measure progress against our strategy.

## Non-financial measures

We have developed non-financial measures to assess our performance against our ongoing employee objectives and 2022 Responsibility targets, with progress regularly monitored by our Board. For further details on ESG activities and progress against 2022 targets, see pages 60 to 83. The Group has considered the non-financial reporting requirements under sections 414CA and 414CB of the Companies Act 2006 and has included details in the Annual Report.

Objective	Measure	Performance
<b>Employees</b>		
Create an environment where all our colleagues are actively engaged in delivering outstanding results for the business	Employee engagement score as measured by our Glint survey	FY 2021/22 performance: average employee engagement score of 74.5 points <sup>1</sup>
Ensure our policies, processes, practices and resources promote equal gender representation in our leadership population	Number of women globally in Director and above roles, divided by the total number of Director and above roles	FY 2021/22 performance: women account for 53% of the leadership population
<b>Responsibility</b>		
<b>Product</b>		
Drive positive change through 100% of our products by increasing demand for more sustainable raw materials and supporting our supply chain partners in going beyond social and environmental compliance to improve resource efficiency and worker wellbeing	% of products with more than one positive attribute <sup>2</sup>	FY 2021/22 performance: 99% <sup>^</sup> of product with more than one positive attribute
<b>Company</b>		
Become carbon neutral in our own operational energy use by 2022 and meet our approved Science Based Targets: <ul style="list-style-type: none"> <li>• Reduce absolute scope 1 and 2 Greenhouse Gas (GHG) emissions by 95% by end of calendar year 2022 from a FY 2016/17 base year</li> <li>• Reduce absolute scope 3 GHG emissions by 46% by 2030 from a FY 2018/19 base year</li> </ul>	Absolute market-based CO <sub>2</sub> emissions	Carbon neutral in our own operational energy use: 100% reduction compared to FY 2016/17  To date, in line with our Science Based Targets, we have reduced our total scope 1 and 2 emissions by 93% compared to FY 2016/17  Reductions in scope 3 GHG emissions will be reported in 2022 on Burberryplc.com
<b>Communities</b>		
Positively impact 1 million people by supporting programmes led by The Burberry Foundation. The three pillars of our Communities strategy focus on projects that tackle educational inequality and build cultural capital; foster community cohesion and employability skills; and support social and economic development	Number of people positively impacted <sup>3</sup>	FY 2021/22 performance: 1,247,780 <sup>^</sup> people positively impacted over the course of the five-year Communities strategy

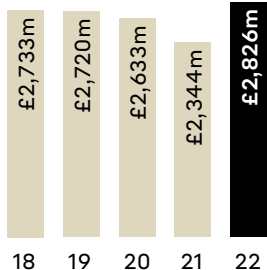
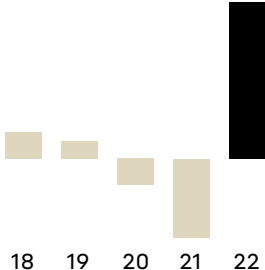
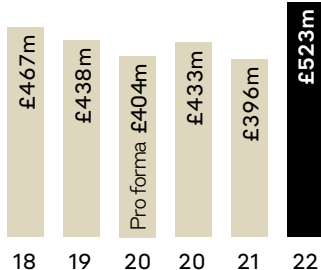
Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over selected company, product and community information for FY 2021/22. Information subject to assurance is denoted with a ^ on pages 41 and 52 to 95. PwC's assurance report and Burberry's basis of reporting for assured data are available on [burberryplc.com/en/responsibility/approach-to-responsibility.html](https://www.burberryplc.com/en/responsibility/approach-to-responsibility.html).

1. Employee engagement average score as measured by Glint employee engagement survey undertaken in September 2021 and February 2022. Engagement index based on completed survey responses only.
2. Positive product attributes: we have defined key positive attributes relating to a range of social and environmental programmes, which drive improvements in the raw material and manufacturing stages of our supply chain.
3. Positively impact people: we support The Burberry Foundation and its partners in addressing key community needs within our industry's footprint (see pages 72 to 83). This is giving rise to different impacts, depending on geographies and community needs. Impacts are assessed and reported at regular intervals over the course of five years.



## Financial measures

We believe it is vital to ensure alignment between our strategic focus and the long-term interests of shareholders. To that end, elements of executive remuneration are linked to the delivery of revenue, adjusted operating profit and adjusted Group return on invested capital, as well as strategic objectives. Further information about our Directors' Remuneration can be found on pages 186 to 213.

	Revenue growth*	Comparable sales growth*	Adjusted operating profit growth*																																																			
KPI	<p>This measures the appeal of the Burberry brand to customers through all of our sales channels.</p> <p>Financial ambition over time: high single-digit top-line growth.*</p>	<p>This measures the growth in productivity of existing stores. It is calculated as the annual percentage increase in sales from retail stores that have been open for more than 12 months. It is adjusted for permanent closures and refurbishments, and includes all digital revenue.</p> <p>Financial ambition over time: high single-digit top-line growth.*</p>	<p>This measure tracks our ongoing operating profitability and reflects the combination of revenue growth and cost management.</p> <p>Financial ambition over time: adjusted operating profit growth ahead of revenue growth.*</p>																																																			
Measure	<p>CER growth %</p> <p>-1   -1   +4   -10   +23</p>  <table><tr><th>FY</th><th>Revenue (£m)</th><th>CER growth %</th></tr><tr><td>18</td><td>£2,733m</td><td>-1</td></tr><tr><td>19</td><td>£2,720m</td><td>-1</td></tr><tr><td>20</td><td>£2,633m</td><td>+4</td></tr><tr><td>21</td><td>£2,344m</td><td>-10</td></tr><tr><td>22</td><td>£2,826m</td><td>+23</td></tr></table>	FY	Revenue (£m)	CER growth %	18	£2,733m	-1	19	£2,720m	-1	20	£2,633m	+4	21	£2,344m	-10	22	£2,826m	+23	<p>CER growth %</p> <p>+3   +2   -3   -9   +18</p>  <table><tr><th>FY</th><th>Comparable sales growth %</th></tr><tr><td>18</td><td>+3</td></tr><tr><td>19</td><td>+2</td></tr><tr><td>20</td><td>-3</td></tr><tr><td>21</td><td>-9</td></tr><tr><td>22</td><td>+18</td></tr></table>	FY	Comparable sales growth %	18	+3	19	+2	20	-3	21	-9	22	+18	<p>CER growth %</p> <p>+5   0   -8   -1   -8   +38</p>  <table><tr><th>FY</th><th>Adjusted operating profit (£m)</th><th>CER growth %</th></tr><tr><td>18</td><td>£467m</td><td>+5</td></tr><tr><td>19</td><td>£438m</td><td>0</td></tr><tr><td>20</td><td>Pro forma £404m</td><td>-8</td></tr><tr><td>21</td><td>£433m</td><td>-1</td></tr><tr><td>22</td><td>£396m</td><td>-8</td></tr><tr><td>22</td><td>£523m</td><td>+38</td></tr></table>	FY	Adjusted operating profit (£m)	CER growth %	18	£467m	+5	19	£438m	0	20	Pro forma £404m	-8	21	£433m	-1	22	£396m	-8	22	£523m	+38
FY	Revenue (£m)	CER growth %																																																				
18	£2,733m	-1																																																				
19	£2,720m	-1																																																				
20	£2,633m	+4																																																				
21	£2,344m	-10																																																				
22	£2,826m	+23																																																				
FY	Comparable sales growth %																																																					
18	+3																																																					
19	+2																																																					
20	-3																																																					
21	-9																																																					
22	+18																																																					
FY	Adjusted operating profit (£m)	CER growth %																																																				
18	£467m	+5																																																				
19	£438m	0																																																				
20	Pro forma £404m	-8																																																				
21	£433m	-1																																																				
22	£396m	-8																																																				
22	£523m	+38																																																				
Performance	<p>FY 2021/22 revenue increased by 23% at CER.</p>	<p>FY 2021/22 comparable sales increased by 18% in the year as a result of the improvement in the quality of our sales mix in the current year and the impact of COVID-19 on trading in the prior year.</p>	<p>Adjusted operating profit in FY 2021/22 increased by 38% at CER. This was as a result of the growth in revenue, improvement in gross margin and the leverage from controlling adjusted operating cost growth as a result of strong cost management and delivery of restructuring programmes.</p>																																																			

\* At CER and adjusted for the 53<sup>rd</sup> week

Details of alternative performance measures are shown on pages 49 and 50. Pro forma is an estimation of the FY 2019/20 results when applying the previous accounting standard, IAS 17: Leases, consistent with FY 2018/19. The calculation of Adjusted Group ROIC is set out on page 297.

Adjusted operating profit margin	Adjusted diluted EPS growth	Adjusted Group ROIC																																				
<p>This measures how we drive operational leverage and disciplined cost control, with thoughtful investment for future growth building the long-term value of the brand.</p> <p>Financial ambition over time: meaningful adjusted operating margin expansion.*</p>	<p>Growth in adjusted diluted EPS reflects the increase in profitability of the business, improvement in the tax rate and share repurchase accretion.</p> <p>Financial ambition over time: adjusted EPS growth ahead of revenue growth.*</p>	<p>Adjusted Group ROIC measures the efficient use of capital on investments. It is calculated as the post-tax adjusted Group operating profit divided by average adjusted operating assets over the period.</p> <p>Financial ambition over time: ROIC significantly ahead of Weighted Average Cost of Capital (WACC).</p>																																				
<p>%</p> <p>17.1 16.1 15.3 16.4 16.9 18.5</p> <table><tr><th>FY</th><th>Adjusted operating profit margin (%)</th></tr><tr><td>18</td><td>17.1</td></tr><tr><td>19</td><td>16.1</td></tr><tr><td>20</td><td>15.3 (Pro forma)</td></tr><tr><td>20</td><td>16.4</td></tr><tr><td>21</td><td>16.9</td></tr><tr><td>22</td><td>18.5</td></tr></table>	FY	Adjusted operating profit margin (%)	18	17.1	19	16.1	20	15.3 (Pro forma)	20	16.4	21	16.9	22	18.5	<p>Reported growth %</p> <p>+6 0 -4 -5 -14 +40</p> <table><tr><th>FY</th><th>Adjusted diluted EPS growth (%)</th></tr><tr><td>18</td><td>+6</td></tr><tr><td>19</td><td>0</td></tr><tr><td>20</td><td>-4 (Pro forma)</td></tr><tr><td>20</td><td>-5</td></tr><tr><td>21</td><td>-14</td></tr><tr><td>22</td><td>+40 (94.0p)</td></tr></table>	FY	Adjusted diluted EPS growth (%)	18	+6	19	0	20	-4 (Pro forma)	20	-5	21	-14	22	+40 (94.0p)	<p>%</p> <p>20.0 17.0 24.6</p> <table><tr><th>FY</th><th>Adjusted Group ROIC (%)</th></tr><tr><td>20</td><td>20.0</td></tr><tr><td>21</td><td>17.0</td></tr><tr><td>22</td><td>24.6</td></tr></table>	FY	Adjusted Group ROIC (%)	20	20.0	21	17.0	22	24.6
FY	Adjusted operating profit margin (%)																																					
18	17.1																																					
19	16.1																																					
20	15.3 (Pro forma)																																					
20	16.4																																					
21	16.9																																					
22	18.5																																					
FY	Adjusted diluted EPS growth (%)																																					
18	+6																																					
19	0																																					
20	-4 (Pro forma)																																					
20	-5																																					
21	-14																																					
22	+40 (94.0p)																																					
FY	Adjusted Group ROIC (%)																																					
20	20.0																																					
21	17.0																																					
22	24.6																																					
<p>Adjusted operating profit margin improved by 160bps as a result of the improved gross margin and the leverage from revenue growth in excess of operating cost growth.</p>	<p>Adjusted diluted EPS increased by 40% year on year primarily due to the improvement in adjusted operating profit.</p>	<p>Adjusted Group ROIC increased to 24.6% in FY 2021/22, mainly due to the increase in adjusted operating profit. Average operating assets decreased by 5%.</p>																																				

# GROUP FINANCIAL HIGHLIGHTS

FY 2021/22 is a 53-week year. The comparative period is 52 weeks to 27 March 2021. To aid understanding, we are providing CER percentage changes on a 52-week basis while absolute figures will be on a reported basis including the 53<sup>rd</sup> week unless otherwise stated. FY 2022/23 will be a 52-week year.

## Revenue

- Revenue £2,826 million +23% CER, +21% reported
- Retail comparable store sales +18% (H1: +37%; H2: +7%)
- Retail full-price comparable store sales +24% (H1: +49%; H2: 10%)

## Adjusted profit

- Adjusted operating profit £523 million, +38% CER, +32% reported
- Adjusted gross margin of 70.6%, +60bps at CER and reported rates. Driven by higher mix of full-price sales and price rises reflecting the underlying strength in the brand
- Adjusted profit margin of 19.0% at CER, +210bps (18.5% reported)
- Operating expenses before adjusting items rose 19% at CER (+18% reported) due to higher investment and cost normalisation
- Adjusted diluted EPS 94.0p, +49% at CER, +40% reported

## Reported profit measures

- Operating profit £543 million, +4% after adjusting items of £20 million net credit (FY 2020/21: £125 million net credit)
- Diluted EPS 97.7p, +5% reported

## Cash measures

- Full year dividend per share declared of 47.0p (FY 2020/21: 42.5p) restoring a normal pay-out ratio
- Free cash flow of £340 million (FY 2020/21: £349 million) due to strong cash management
- Cash net of overdrafts and borrowings of £879 million at 2 April 2022 (27 March 2021: £919 million) with a £150 million share buy back completed in the year. Cash net of overdrafts amounted to £1.2bn with borrowings of £298 million

## Summary income statement

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	YoY % change 53 vs 52-week Reported FX	YoY % change 52 vs 52-week CER
<b>Revenue</b>	<b>2,826</b>	<b>2,344</b>	<b>21</b>	<b>23</b>
Cost of sales*	(831)	(704)	18	
<b>Gross profit*</b>	<b>1,995</b>	<b>1,640</b>	<b>22</b>	<b>24</b>
<b>Gross margin*</b>	<b>70.6%</b>	<b>70.0%</b>	<b>+60bps</b>	<b>+60bps</b>
Operating expenses*	(1,472)	(1,244)	18	19
Opex as a % of sales*	52.1%	53.1%		
<b>Adjusted operating profit*</b>	<b>523</b>	<b>396</b>	<b>32</b>	<b>38</b>
<b>Adjusted operating margin *</b>	<b>18.5%</b>	<b>16.9%</b>	<b>+160bps</b>	<b>+210bps</b>
Adjusting operating items	20	125		
<b>Operating profit</b>	<b>543</b>	<b>521</b>	<b>4</b>	
<b>Operating margin</b>	<b>19.2%</b>	<b>22.2%</b>		
Net finance (charge)**	(32)	(31)		
<b>Profit before taxation</b>	<b>511</b>	<b>490</b>	<b>4</b>	
Taxation	(114)	(114)		
Non-controlling interest	(1)	–		
<b>Attributable profit</b>	<b>396</b>	<b>376</b>		
<b>Adjusted profit before taxation*</b>	<b>492</b>	<b>366</b>	<b>34</b>	<b>41</b>
<b>Adjusted diluted EPS (pence)*</b>	<b>94.0</b>	<b>67.3</b>	<b>40</b>	<b>49</b>
<b>Diluted EPS (pence)</b>	<b>97.7</b>	<b>92.7</b>	<b>5</b>	
Weighted average number of diluted ordinary shares (millions)	404.8	405.1		

Certain financial data within this document have been rounded. Growth rates and ratios are calculated on unrounded numbers.

\* Excludes adjusting items. All items below adjusting operating items on a reported basis unless otherwise stated  
For detail, see Appendix.

\*\* Includes adjusting finance charge of £1 million (FY 2020/21: £1 million)

## Revenue analysis

### Revenue by channel

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	% change	
			53 vs 52-week Reported FX	52 vs 52-week CER
Retail	2,273	1,910	19	20
Retail comparable store sales growth	18%	(9%)		
Wholesale	512	396	29	35
Licensing	41	38	8	11
<b>Revenue</b>	<b>2,826</b>	<b>2,344</b>	<b>21</b>	<b>23</b>

### Retail

- Retail sales +20% at CER; +19% reported
- Impact of space +2%, 53<sup>rd</sup> week +2%
- Total comparable store sales grew 6% vs LLY (+18% vs LY) with ongoing disruption from the COVID-19 pandemic during the year, particularly in the fourth quarter
- Underlying performance was strong with full-price sales growth of 30% vs LLY (+24% vs LY) partially offset by the planned exit of markdown across mainline and digital stores and reduced trade in outlets. Overall, markdowns had a 9% adverse impact on FY 2021/22 comparable store sales growth vs LLY (-6% vs LY) and are no longer a headwind in FY 2022/23
- Comparable store sales grew 7% vs LY in the fourth quarter with COVID-19 restrictions impacting our Asia business, particularly in Mainland China. The quarter saw minimal headwind from markdowns (-2% vs LY)

#### Comparable store sales by region:

##### Full-price comparable store sales by region:

Asia Pacific FY 2021/22 comparable store sales grew by 13% with full-price up 29% vs LLY:

- Mainland China comparable store sales grew 37% with full-price comparable store sales up 54% vs LLY
- South Korea outperformed with comparable store sales up 44% vs LLY with continued strength in full-price comparable store sales, 81% ahead of FY 2019/20

- South Asia Pacific (SAP) declined by a double digit percentage, affected by limited tourist traffic and airport store closures
- Japan also fell, impacted by a lack of international travel

EMEIA FY 2021/22 comparable store sales fell by 18% with full-price down 11% vs LLY:

- A resilient performance given the ongoing drag from lack of tourists, which accounted for around 50% of annual pre-pandemic revenues in the region
- Continental Europe saw a decline broadly in line with the regional average; however, local European customer spend was up over 30% vs LLY
- The UK remained challenged with London performance weak given high tourist exposure
- Middle East continues to grow, driven by strong local demand and improved tourist flows

Americas FY 2021/22 comparable store sales grew by 28% with full-price up 86% vs LLY:

- Americas has been the stand out region with full-price sales in the US almost doubling vs LLY driven by new and younger consumers to the brand

**By product**

- Full-price sales grew across all product categories in FY 2021/22 vs LLY
- Outerwear was driven by strong performance in Jackets, Quilts and Downs
- Within Ready-to-wear, Tops and Bottoms continued to outperform
- Leather goods remained a key focus in FY 2021/22 with extensions to both the Lola and TB family. The core families continue to account for more than 70% of our women's leather bag sales

**Store footprint**

The transformation of our distribution network continued as we addressed high priority programmes:

- In FY 2021/22 we opened 38 stores and closed 35 stores
- Key openings included 3 new flagship stores; Sloane Street (London), Rue Saint Honoré (Paris) and Plaza 66 (Shanghai)

**Operating profit analysis****Adjusted operating profit**

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	% change	
Revenue	2,826	2,344	21	23
Cost of sales*	(831)	(704)		
<b>Gross profit*</b>	<b>1,995</b>	<b>1,640</b>		
<b>Gross margin %*</b>	<b>70.6%</b>	<b>70.0%</b>	<b>+60bps</b>	<b>+60bps</b>
Operating expenses*	(1,472)	(1,244)	18	19
Opex as a % of sales*	52.1%	53.1%		
<b>Adjusted operating profit*</b>	<b>523</b>	<b>396</b>	<b>32</b>	<b>38</b>
<b>Adjusted operating margin %*</b>	<b>18.5%</b>	<b>16.9%</b>	<b>+160bps</b>	<b>+210bps</b>

\* Excludes adjusting items

Adjusted operating profit increased 38% at CER and margin up 210bps to 19.0% at CER:

- Gross margin increased 60bps both at CER and reported rates benefitting from a higher mix of full-price sales and price rises. Adjusted operating expenses rose by 19% at CER against last year impacted by higher investment and cost normalisation
- Adjusted operating profit at £523 million including a £33 million FX headwind in FY 2021/22

- During the year we completed 47 stores in the new design; 39 in Asia including 17 in South Korea and 13 in Mainland China, 5 in EMEA and 3 in Americas. We have 65 stores planned for FY 2022/23
- Completed the non-strategic store rationalisation programme over the past four years with 38 stores closed

**Wholesale**

Wholesale revenue increased 35% at CER (+29% at reported rates) driven by strong orders in Americas and recovery in Asia from travel retail.

**Licensing**

Licensing revenue grew 11% at CER and 8% at reported exchange rates.



## Adjusting items\*

Adjusting items were a net credit of £19 million (FY 2020/21: £124 million net credit).

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
<b>The impact of COVID-19</b>		
Inventory provisions	16	22
Rent concessions	18	54
Store impairments	(5)	47
Government grants	2	9
Receivable impairments	1	5
<b>COVID-19 adjusting items**</b>	<b>32</b>	<b>137</b>
Restructuring costs	(11)	(30)
Profit on sale of property	–	18
Revaluation of deferred consideration liability	(1)	–
<b>Adjusting operating items</b>	<b>20</b>	<b>125</b>
Adjusting financing items	(1)	(1)
<b>Adjusting items</b>	<b>19</b>	<b>124</b>

\* For more details see note 6 of the Financial Statements

\*\* COVID-19 adjusting item includes a £16 million credit (FY 2020/21: £22 million credit) that has been recognised through COGS relating to inventory provisions

The major adjusting items are as follows:

- Impact of the COVID-19 pandemic: we saw a total credit of £32 million from COVID-19 related adjustments with £16 million representing an inventory provision reversal, £18 million of rent concessions and £2 million of Government grants. The £5 million impairment charge relates to a store that remains closed due to COVID related travel restrictions
- Restructuring costs: incurred £11 million bringing the total of our cost programmes to £139 million of the £152 million total expected by the end of FY 2022/23, with cumulative cost savings of £205 million, aligned to guidance

## Adjusted profit before tax\*

After an adjusted net finance charge of £31 million (FY 2020/21: £30 million), adjusted profit before tax was £492 million (FY 2020/21: £366 million).

## Taxation\*

The effective tax rate on adjusted profit decreased to 22.2% (FY 2020/21: 25.4%). This was lower than the prior year due to increased adjusted profits rebalancing the geographical mix. The reported tax rate on FY 2021/22 profit before taxation was 22.3% (FY 2020/21: 23.3%).

\* For detail see note 9 of the Financial Statements

## Total Tax Contribution

The Group makes a significant economic contribution to the countries where it operates through taxation, either borne by the Group or collected on behalf of and paid to the relevant tax authorities. In FY 2021/22, the total taxes borne and collected by the Group amounted to £501 million. In the UK, where the Group is headquartered and has significant operations, Burberry paid business taxes of £141 million and collected a further £21 million of taxes on behalf of the UK Exchequer. For further information see Burberrypplc.com.

## Cash flow

### Represented statement of cash flows

The following table is a representation of the cash flows, excluding the impact of adjusting items, to highlight the underlying movements.

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
Adjusted operating profit	523	396
Depreciation and amortisation	313	277
Working capital	54	(25)
Other	19	29
<b>Cash inflow from operations</b>	<b>909</b>	<b>677</b>
Payment of lease principal and related cash flows	(206)	(155)
Capital expenditure	(161)	(115)
Proceeds from disposal of non-current assets	8	27
Interest	(30)	(27)
Tax	(180)	(58)
<b>Free cash flow</b>	<b>340</b>	<b>349</b>

Free cash flow was £340 million (FY 2020/21: £349 million) and cash conversion was 106% (FY 2020/21: 111%) reflecting strong cash discipline. We had the following key flows:

- Working capital saw a £54 million inflow. Within this, inventories reduced 3% at CER in gross terms due to disciplined inventory control, however on a net basis increased due to lower provisioning levels generating an outflow of £22 million in the year (FY 2020/21 inflow of £21 million). This was more than offset by a significant inflow in trade payables resulting from timing of payments
- Lease related payments increased £51 million year-on-year to £206 million (FY 2020/21: £155 million) primarily driven by lower COVID rent rebates and new leases in the year
- Capital expenditure increased £46 million to £161 million (FY 2020/21: £115 million) due to planned store network investment
- Tax paid increased significantly to £180 million (FY 2020/21: £58 million) due to higher taxable profits in FY 2021/22 coupled with the prior year benefitting from accelerated payments made in FY 2019/20

Cash net of overdrafts at 2 April 2022 was £1.2bn (27 March 2021: £1.2bn). Our net debt\* including reported lease liabilities was £179 million (27 March 2021: £101 million). Net Debt/adjusted EBITDA was 0.2x on a rolling 12 months period (27 March 2021: 0.1x), significantly below our target range of 0.5x to 1.0x.

A final dividend per share declared at 35.4p giving a full year dividend per share of 47.0p (FY 2020/21: 42.5p) restoring our normal pay-out ratio.

\* For a definition of net debt see page 50.

## Outlook

As we start FY 2022/23, there is a more challenging trading environment due to macroeconomic uncertainty and the recent outbreaks of COVID-19 in Mainland China. Subject to our planning assumption that the restrictions in Mainland China should be lifted by the end of the first half, there is likely to be a different phasing between H1 and H2 Group profits this year compared to a typical year.

We expect wholesale to be broadly stable in H1 with no change expected in overall space. The tax rate is expected to remain around 22% in FY 2022/23, increasing by around 5% in FY 2023/24 reflecting the UK corporation tax rate increase from 19% to 25%. Capital expenditure is expected to be around £170 million to £180 million with investment into the retail network being the largest component covering a further 65 stores.

We maintain our guidance of high single-digit revenue growth and meaningful margin accretion at CER in the medium-term. Our outlook is dependent on the impact of COVID-19 and rate of recovery in consumer spending in Mainland China.

Store portfolio	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
At 27 March 2021	<b>214</b>	<b>145</b>	<b>56</b>	<b>415</b>	<b>44</b>
Additions	18	16	4	38	0
Closures	(14)	(18)	(3)	(35)	(6)
<b>At 2 April 2022</b>	<b>218</b>	<b>143</b>	<b>57</b>	<b>418</b>	<b>38</b>

Store portfolio by region* At 2 April 2022	Directly-operated stores				Franchise stores
	Stores	Concessions	Outlets	Total	
Asia Pacific	107	93	24	224	7
EMEIA	52	41	18	111	31
Americas	59	9	15	83	–
<b>Total</b>	<b>218</b>	<b>143</b>	<b>57</b>	<b>418</b>	<b>38</b>

\* Excludes the impact of pop up stores

### Alternative performance measures

Alternative performance measures (APMs) are non-GAAP measures. The Board uses the following APMs to describe the Group's financial performance and for internal budgeting, performance monitoring, management remuneration target setting and for external reporting purposes.

APM	Description and purpose	GAAP measure reconciled to		
Constant Exchange Rates (CER)	This measure removes the effect of changes in exchange rates and the 53 <sup>rd</sup> week compared to the prior period. The constant exchange rate incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also on foreign currency procurement and sales through the Group's UK supply chain.	Results at reported rates		
Comparable sales	The year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak. <b>Full-price sales:</b> Full-price comparable store sales are sales from items sold at full retail price in our own mainline retail network and online.	Retail Revenue:		
		Period ended	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
		YoY%		
		Comparable sales*	18%	(9%)
		Change in space	2%	–
		CER retail	20%	(9%)
		53 <sup>rd</sup> week	2%	–
		FX	(3%)	–
		Retail revenue	19%	(9%)
		* Includes full-price comp +24% (FY 2020/21 +7%)		
Comparable sales vs LLY	The change in sales over two years measured at constant foreign exchange rates. It also includes online sales. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak. This measure reflects the two year aggregation of the growth rates.	Retail Revenue:		
		Period ended % change	53 weeks ended 2 April 2022	
		Comparable sales	6%	
		Change in space	4%	
		CER retail	10%	
		53 <sup>rd</sup> week	2%	
		FX	(4%)	
		Retail revenue	8%	

APM	Description and purpose	GAAP measure reconciled to																					
Adjusted Profit	Adjusted profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance.	<b>Reported Profit:</b> A reconciliation of reported profit before tax to adjusted profit before tax and the Group's accounting policy for adjusted profit before tax are set out in the financial statements.																					
Free Cash Flow	Free cash flow is defined as net cash generated from operating activities less capital expenditure plus cash inflows from disposal of fixed assets and including cash outflows for lease principal payments and other lease related items.	<i>Net cash generated from operating activities:</i> <table> <tr> <th>Period ended £m</th><th>53 weeks ended 2 April 2022</th><th>52 weeks ended 27 March 2021</th></tr> <tr> <td>Net cash generated from operating activities</td><td><b>699</b></td><td>592</td></tr> <tr> <td>Capex</td><td><b>(161)</b></td><td>(115)</td></tr> <tr> <td>Lease principal and related cash flows</td><td><b>(206)</b></td><td>(155)</td></tr> <tr> <td>Proceeds from disposal of non-current assets</td><td><b>8</b></td><td>27</td></tr> <tr> <td>Free cash flow</td><td><b>340</b></td><td>349</td></tr> </table>	Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	Net cash generated from operating activities	<b>699</b>	592	Capex	<b>(161)</b>	(115)	Lease principal and related cash flows	<b>(206)</b>	(155)	Proceeds from disposal of non-current assets	<b>8</b>	27	Free cash flow	<b>340</b>	349			
Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021																					
Net cash generated from operating activities	<b>699</b>	592																					
Capex	<b>(161)</b>	(115)																					
Lease principal and related cash flows	<b>(206)</b>	(155)																					
Proceeds from disposal of non-current assets	<b>8</b>	27																					
Free cash flow	<b>340</b>	349																					
Cash Conversion	Cash conversion is defined as free cash flow pre-tax/adjusted profit before tax. It provides a measure of the Group's effectiveness in converting its profit into cash.	<i>Net cash generated from operating activities:</i> <table> <tr> <th>Period ended £m</th><th>53 weeks ended 2 April 2022</th><th>52 weeks ended 27 March 2021</th></tr> <tr> <td>Free cash flow</td><td><b>340</b></td><td>349</td></tr> <tr> <td>Tax paid</td><td><b>180</b></td><td>58</td></tr> <tr> <td>Free cash flow before tax</td><td><b>520</b></td><td>407</td></tr> <tr> <td>Adjusted profit before tax</td><td><b>492</b></td><td>366</td></tr> <tr> <td>Cash conversion</td><td><b>106%</b></td><td>111%</td></tr> </table>	Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	Free cash flow	<b>340</b>	349	Tax paid	<b>180</b>	58	Free cash flow before tax	<b>520</b>	407	Adjusted profit before tax	<b>492</b>	366	Cash conversion	<b>106%</b>	111%			
Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021																					
Free cash flow	<b>340</b>	349																					
Tax paid	<b>180</b>	58																					
Free cash flow before tax	<b>520</b>	407																					
Adjusted profit before tax	<b>492</b>	366																					
Cash conversion	<b>106%</b>	111%																					
Net Debt	Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.	<i>Cash net of overdrafts:</i> <table> <tr> <th>Period ended £m</th><th>53 weeks ended 2 April 2022</th><th>52 weeks ended 27 March 2021</th></tr> <tr> <td>Cash net of overdrafts</td><td><b>1,177</b></td><td>1,216</td></tr> <tr> <td>Lease liability</td><td><b>(1,058)</b></td><td>(1,020)</td></tr> <tr> <td>Borrowings</td><td><b>(298)</b></td><td>(297)</td></tr> <tr> <td>Net debt</td><td><b>(179)</b></td><td>(101)</td></tr> </table>	Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	Cash net of overdrafts	<b>1,177</b>	1,216	Lease liability	<b>(1,058)</b>	(1,020)	Borrowings	<b>(298)</b>	(297)	Net debt	<b>(179)</b>	(101)						
Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021																					
Cash net of overdrafts	<b>1,177</b>	1,216																					
Lease liability	<b>(1,058)</b>	(1,020)																					
Borrowings	<b>(298)</b>	(297)																					
Net debt	<b>(179)</b>	(101)																					
Adjusted EBITDA	Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double-counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our gearing ratios.	<i>Reconciliation from operating profit to adjusted EBITDA:</i> <table> <tr> <th>Period ended £m</th><th>53 weeks ended 2 April 2022</th><th>52 weeks ended 27 March 2021</th></tr> <tr> <td>Operating profit</td><td><b>543</b></td><td>521</td></tr> <tr> <td>Adjusted operating items</td><td><b>(20)</b></td><td>(125)</td></tr> <tr> <td>Amortisation of intangible assets</td><td><b>39</b></td><td>33</td></tr> <tr> <td>Depreciation of property, plant and equipment</td><td><b>86</b></td><td>72</td></tr> <tr> <td>Depreciation of right-of-use assets</td><td><b>188</b></td><td>172</td></tr> <tr> <td>Adjusted EBITDA</td><td><b>836</b></td><td>673</td></tr> </table>	Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	Operating profit	<b>543</b>	521	Adjusted operating items	<b>(20)</b>	(125)	Amortisation of intangible assets	<b>39</b>	33	Depreciation of property, plant and equipment	<b>86</b>	72	Depreciation of right-of-use assets	<b>188</b>	172	Adjusted EBITDA	<b>836</b>	673
Period ended £m	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021																					
Operating profit	<b>543</b>	521																					
Adjusted operating items	<b>(20)</b>	(125)																					
Amortisation of intangible assets	<b>39</b>	33																					
Depreciation of property, plant and equipment	<b>86</b>	72																					
Depreciation of right-of-use assets	<b>188</b>	172																					
Adjusted EBITDA	<b>836</b>	673																					

# CAPITAL ALLOCATION FRAMEWORK

Burberry's Capital Allocation Framework is used to prioritise the use of cash generated by the Group. The framework addresses the investment needs of the business, regular dividend payments and additional returns to shareholders. The framework also seeks to maintain an appropriate capital structure for the business and a strong balance sheet with a solid investment grade credit rating.

Net Debt/Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was 0.2x in FY 2021/22 (FY 2020/21: 0.1x) on a rolling 12-month period, below our target range of 0.5x to 1.0x. In September 2020, we went through a formal process to obtain a credit rating and Moody's rated us as Baa2 (stable). The diagram below summarises the key priorities.

1. Reinvest for organic growth	2. Progressive dividend policy	3. Inorganic strategic investment	4. Return excess cash to shareholders
Capital spend across store portfolio, including new spaces, refreshes and refurbishments; IT infrastructure, including digital, and the supply chain. Spend includes investment in ESG initiatives, for example, costs incurred in meeting our Sustainability Bond use of proceeds commitments set out on pages 96 to 97.	Maintain or grow the dividend in pence terms year on year. Deliver regular cash returns to shareholders.	Investment in inorganic structural changes to our business activities that typically tend to be infrequent.	Returns to shareholders based on target leverage range of 0.5x to 1.0x, after considering future cash generation and the external environment.

## Maintain a strong balance sheet with a solid investment grade credit rating

- Review the principal risks of the Group and relevant financial parameters, both historical and projected, including liquidity, net debt and measures covering balance sheet strength.
- These risks and financial parameters are considered by the Board when assessing the viability of the Group, as set out on pages 107 to 146.

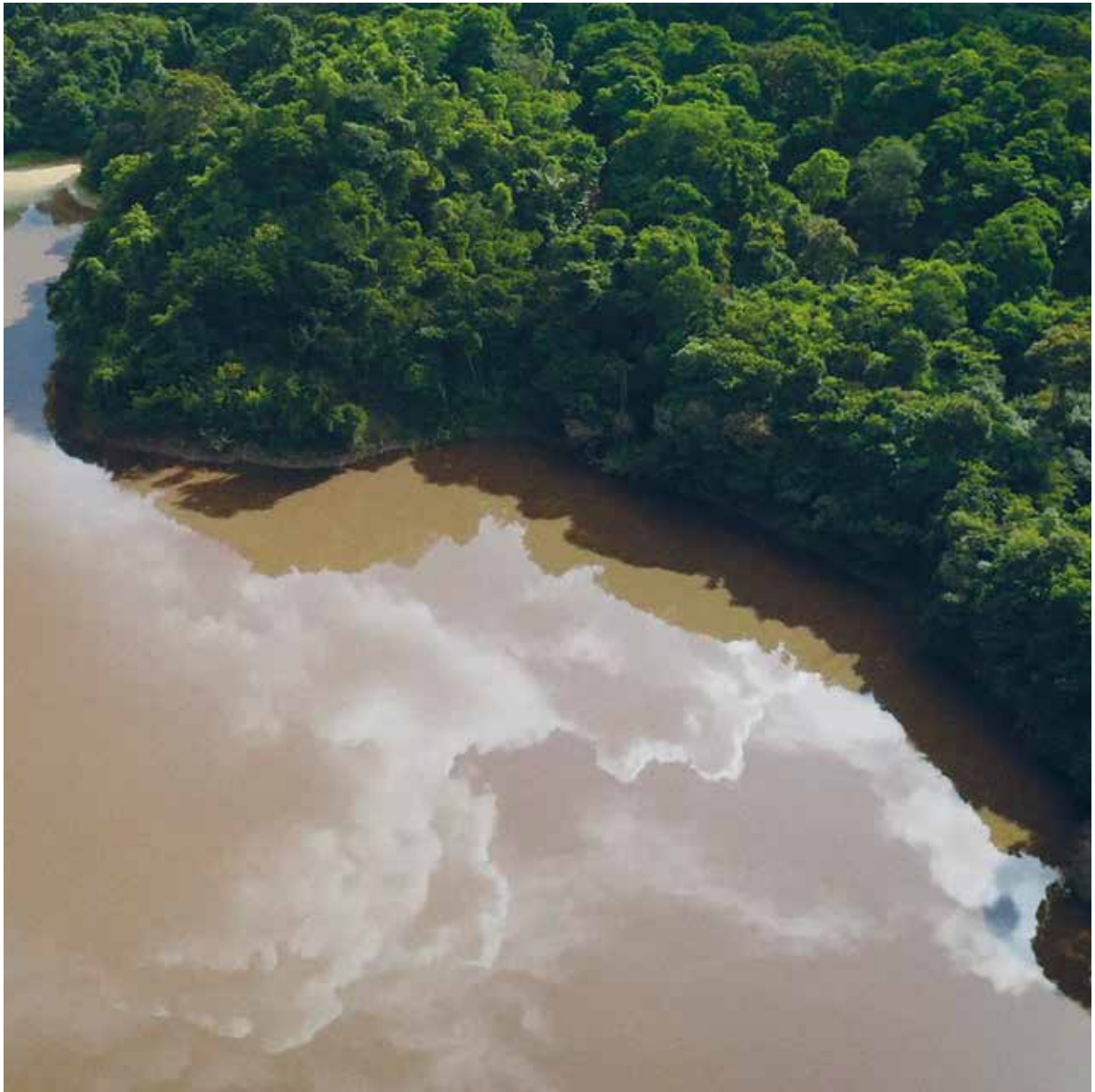
Capital structure metrics	FY 2021/22	FY 2020/21
Cash net of overdrafts	<b>£1,177m</b>	£1,216m
Lease liability	<b>(£1,058m)</b>	(£1,020m)
Borrowings	<b>(£298m)</b>	(£297m)
Net debt	<b>(£179m)</b>	(£101m)



# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## CREATIVITY OPENS SPACES

Our commitment to environmental and social responsibility is the purest expression of our purpose and values.



At Burberry, our purpose underpins the choices we make as an organisation. Enshrined in the statement Creativity Opens Spaces, our purpose is the shared belief that through creativity, we can push boundaries and explore new possibilities for our people, our customers and our communities.

We recognise that the long-term success of our business depends on investing in the environmental sustainability of our operations, the resilience of our supply chains and our management of climate change impacts. Our future depends on it.

During FY 2021/22, we undertook an ESG materiality assessment review to identify the most material risks and opportunities for the business. This included assessing environmental and social topics based on their importance to our stakeholders and their impact on Burberry, and determining which topics were most material for Burberry. We also reviewed the Group's governance of ESG topics to ensure appropriate oversight of ESG risks and opportunities.

This work has informed the evolution of our ESG ambitions. Drawing on this, and guided by our heritage and purpose, we are pushing boundaries, setting leading standards and pioneering innovative solutions to help transform our industry.

**Read more in this report about  
how we are driving positive change:**

**Creating Tomorrow's Heritage:  
Progress on our 2017-2022  
strategy**

[\(pages 58 to 83\)](#)

- **Company**
- **Product**
- **Communities**

**The Burberry Foundation**

[\(page 82\)](#)

**Our People**

[\(pages 84 to 91\)](#)

**Burberry Beyond: The evolution  
of our ESG strategy**

[\(pages 92 to 95\)](#)



## RECOGNITION

In FY 2021/22, we were recognised for our achievements in environmental and social responsibility

**FTSE4Good Index:** constituent

**CDP:** ranked in the Leadership band for climate change and recognised in the CDP Supplier Engagement Leaderboard

**MSCI:** AAA Rating

**S&P Global:** Yearbook Member

**Responsibility100 Index:** ranked 10<sup>th</sup> in the FTSE 100

**Finance for the Future Sustainability Awards:** winner of the Climate Leader Award in 2021

**Reuters Responsible Business Awards:** highly commended in the Net Zero Transition Award category in 2022

**Bloomberg Gender-Equality Index 2022:** recognised for the second consecutive year

**FTSE Women Leaders Report:** named a Best Performer

**UNFCCC:** member of the UN's Fashion Industry Charter for Climate Action (UNFCCC)

**European Women on Boards Gender Equality Index:** recognised as a Best Practice Leader

## INITIATIVES AND FORUMS

As a member of several leading forums, we share our experiences and collaborate with third parties in order to adopt more sustainable ways of working while learning from innovators within and outside our industry. These forums include:



**A4S Accounting for Sustainability**



**RE100**

THE FASHION PACT

**The Fashion Pact**



**Canopy**



**Science Based Target Network**



**The Living Wage Foundation and the Global Living Wage Initiative**



**Leather Working Group**



**Textile Exchange**



**The ZDHC Foundation**



**Race to Zero**

## Governance

Environmental and social responsibility is an essential element of Burberry's strategy for which the Board is responsible. The Board is also responsible for ensuring its approach to ESG topics is integrated into, and implemented across, the business. The governance framework of committees and advisory forums provide updates and key information to the Board to ensure it is able to make informed decisions. Our governance framework is outlined in the corporate governance statement on page 167. The Board receives updates on priorities relating to the environment, people, supply chain, communities, sustainable finance and communications regularly.

In FY 2019/20, a Sustainability Steering Committee chaired by the CEO was established to review and oversee the Group's strategy on environmental and social issues. During FY 2021/22, we reviewed the governance of ESG topics. As part of this review, the Sustainability Steering Committee evolved to the Sustainability Committee, which will meet four times a year and is co-chaired by the CEO and the Chief Operating and Financial Officer (CO&FO). The Sustainability Committee will report to the Board at least twice a year to enhance the Board's monitoring of progress.

The Chief Supply Chain Officer, the Chief People Officer, the Head of Ready-to-Wear, General Counsel, Senior Vice President Strategy, Vice President Corporate Responsibility and Senior Vice President Corporate Relations and Engagement are also members of the Sustainability Committee. Senior leaders are responsible for ensuring all decisions are taken with environmental and social impacts in mind.

The Company has a cross-functional working group responsible for delivering the recommendations of the TCFD and evolving the Company's TCFD disclosures. The TCFD working group includes members from the Risk Management, Finance and Corporate Responsibility teams, and reports to the Risk Committee, which is chaired by the CO&FO.

The Ethics Committee covers topics relating to ethics, compliance, environment and communities, and reports to the Audit Committee.

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's Responsibility goals. More details of this are set out in the Directors' Remuneration Report on pages 186 to 213.

### **External assurance of corporate responsibility disclosures**

Burberry appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over selected company, product and community information for FY 2021/22. Information subject to assurance is denoted with a ^ on pages 41, 61, 63, 66, 67 and 72. PwC's assurance report and Burberry's basis of reporting for assured data are available on [burberryplc.com/en/responsibility/approach-to-responsibility.html](https://burberryplc.com/en/responsibility/approach-to-responsibility.html).

### **Our contribution to the United Nation's Sustainable Development Goals (SDGs)**

#### **Committed to a decade of action**

Burberry's commitment to environmental and social responsibility is longstanding, grounded in the belief that for sustainable growth we need to stay responsive to the challenges facing the luxury industry and beyond. In line with the United Nations' plan of action for people, planet and prosperity, we are dedicated to enabling social progress and reducing our environmental footprint. We work with a wide range of stakeholders, including our peers, sector experts, supply chain communities and non-governmental organisations (NGOs) to help us achieve our ambitions and address the challenges that threaten the environment and the prosperity of our communities.

Our programmes are aligned to the Paris Climate Agreement, the UN Global Compact and UN Guiding Principles on Business and Human Rights, and informed by the SDGs. As part of the United Nations' 2030 agenda, we are committed to focusing action on driving change via the Global Goals. The Goals that we are actively contributing to are detailed across page 61.

**“WE WORK WITH A WIDE RANGE OF STAKEHOLDERS TO ADDRESS THE CHALLENGES THAT THREATEN THE ENVIRONMENT AND THE PROSPERITY OF OUR COMMUNITIES.”**





# CREATING TOMORROW'S HERITAGE: 2017-22

FY 2021/22 concluded Creating Tomorrow's Heritage, our most recent five-year Responsibility strategy comprising a set of ambitious targets across our Company, Product and Communities pillars.

**Over the last five years, we have focused on three key areas:**

- **Driving positive change through all our products**
- **Becoming carbon neutral and revaluing waste**
- **Positively impacting 1 million people**

Our strategy was informed by our belief that the long-term success of our business depends on reducing our environmental impact, building sustainable, resilient supply chains and positively impacting communities.

We are proud to have substantially met all the targets we set as part of our 2017-2022 Responsibility strategy. We are now carbon neutral across our own operations globally, all the electricity we use is from renewable sources, and almost all of our products have two or more positive attributes, meaning they carry a social or environmental benefit. We have made significant progress in sourcing leather from tanneries with environmental, traceability and social compliance certifications, and have strengthened our targets for sustainable raw materials. We have also reached all of our targets created to help our communities thrive, positively impacting 1,247,780<sup>^</sup> people.

We have ambitious plans in place to build on the strong progress we have made, working in concert with our supply chain partners, external stakeholders and communities. A summary of our headline results can be found on page 61, as well as a detailed overview on pages 63 to 83.

## **Our learnings inspire our future**

We consulted with non-governmental, climate and civic experts and organisations to develop our strategy and ensure we were prioritising the most material social and environmental impact areas along our value chain. Their guidance has been invaluable and we will continue to partner with them and other external stakeholders to strengthen the scope and impact of our programmes.

We have seen the benefit of deep and consistent engagement with our supply chain partners. By working closely with them, we have helped advance their progress to becoming more sustainable at the raw material and product manufacturing stage. We achieved 99%<sup>^</sup> of product with more than one positive attribute and exceeded our expectations in achieving 84% with three or more positive attributes.

Over the past five years, we have adapted our programmes in response to global shifts and continued to push boundaries to help transform our industry. We incorporated learnings from challenges we faced during the COVID-19 pandemic into our work, improving our responsiveness to changing community needs and building greater flexibility into our community programmes. For example, by adapting our programmes to be delivered in a digital format, we connected students in the UK and the USA taking part in our youth programme, Burberry Inspire, who otherwise would not have had the chance to meet and exchange ideas. At the same time, we continued to engage in long-term, strategic NGO partnerships with organisations like Oxfam, Teach First and London Youth in order to increase our reach and impact. We also participated in 23 industry initiatives, including the Fashion Pact, the UN Fashion Charter for Climate Action and the Living Wage Foundation.

Strong sponsorship and accountability from our leaders, as well as active involvement from colleagues across our organisation, played a vital role in our success. We

continued to engage our colleagues on the importance of our Responsibility agenda and how they can play a meaningful role in it. Our cross-functional Responsibility Champions are a key point of contact in advocating our goals, communicating our plans and how to achieve them. They work with their teams to reduce our impacts, from sourcing through to emissions reductions.

We have learned that continuous improvement is key to success, alongside an evolving set of short-term targets to help meet our long-term goals. For example, we have evolved and strengthened our raw material certification targets, enhancing our ambition to 2025.

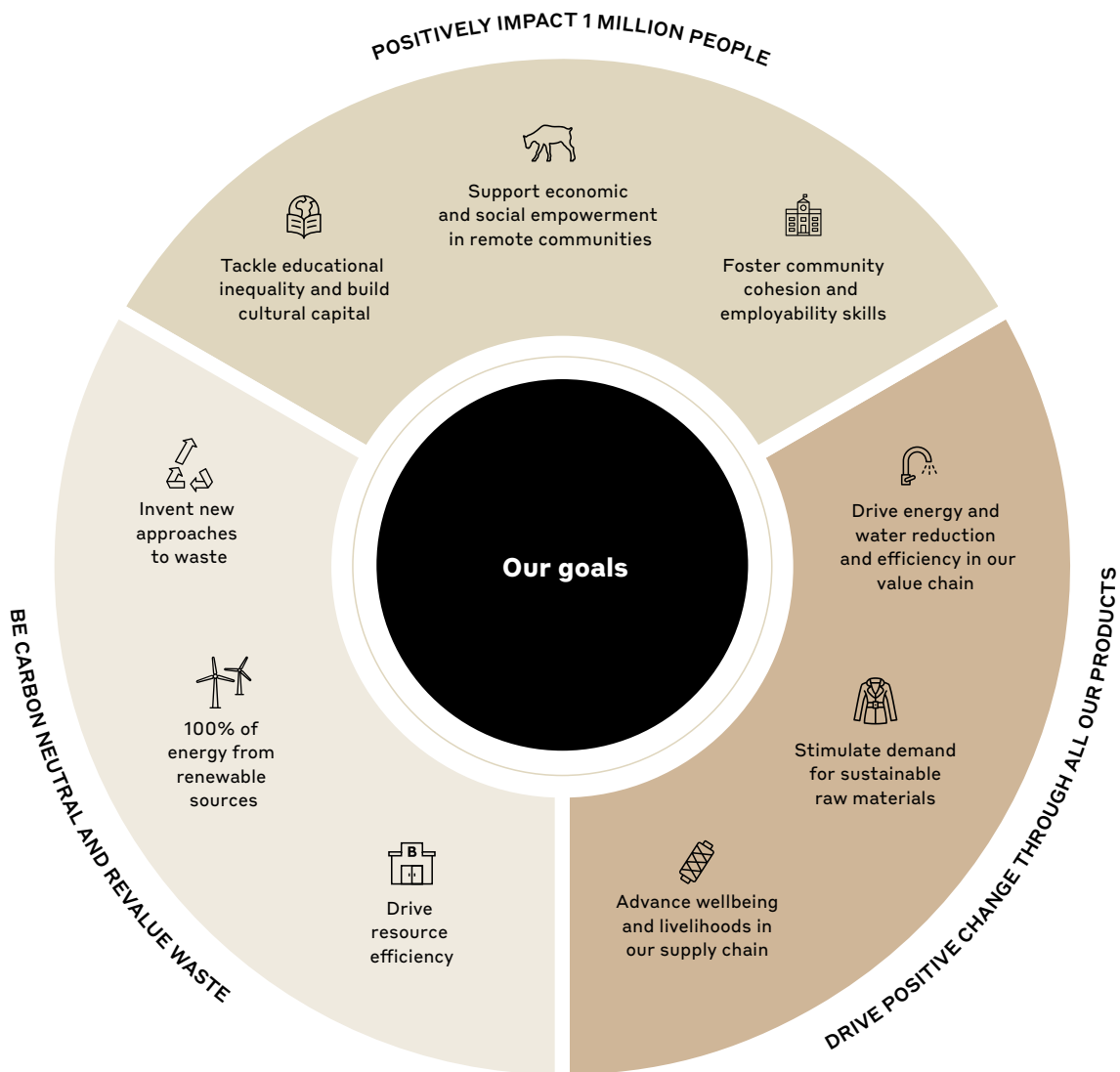
We are committed to going further faster. We have created an ambitious new strategy, which builds on the strong foundations we have set. We will continue to challenge ourselves, push boundaries and raise our ambitions to build a more sustainable future for the luxury industry. Read more about our strategy on pages 30 to 40.

**“WE HAVE ADAPTED  
OUR PROGRAMMES  
AND CONTINUE TO  
HELP TRANSFORM  
OUR INDUSTRY.”**



# PROGRESS AGAINST OUR FY 2021/22 TARGETS

We believe our FY 2021/22 targets were among the most ambitious in the luxury industry. We are proud of the significant progress we have made across all areas of our strategic pillars and desire to do more.



## OUR HEADLINE RESULTS

### Company: be carbon neutral and revalue waste



**GOAL:** to achieve carbon neutrality in our own operational energy use by reducing absolute emissions, improving energy efficiency and switching to renewable electricity sources, before offsetting any remaining emissions

**Achievement:**

100% reduction in market-based emissions (including offsets) since base year FY 2016/17

**GOAL:** to achieve 100% renewable electricity by the end of FY 2021/22, driven by close collaboration with our procurement and retail teams as well as engagement with landlords

**Achievement:**

100%^ renewable electricity in FY 2021/22

**GOAL:** to reduce and revalue waste and achieve zero operational waste to landfill across key sites. We already reuse, repair, repurpose, donate or recycle unsaleable products and we will continue to expand these efforts

**Achievement:**

Zero^ operational waste sent to landfill from key sites during FY 2021/22

### Product: drive positive change through all our products



**GOAL:** to have 100% of product with more than one positive attribute by the end of FY 2021/22, where positive attributes relate to social and/or environmental improvements achieved at either raw material sourcing or product manufacturing stage

**Achievement:**

99%^ of products with more than one positive attribute

% product with more than one attribute: 99%^

% product with at least one attribute: 100%^

% of product with only one positive attribute: 1%^

**GOAL:** to procure 100% of our cotton more sustainably by the end of FY 2021/22 by using a portfolio approach. This includes working with partners and exploring new sources, including organic and regenerative cotton

**Achievement:**

100% of cotton procured more sustainably

**GOAL:** to source 100% of leather from tanneries with environmental, traceability and social compliance certifications by the end of FY 2021/22

**Achievement:**

92% of leather sourced from tanneries with environmental, traceability and social compliance certifications

### Communities: positively impact 1 million people



**GOAL:** to positively impact 1 million people by the end of FY 2021/22

**Achievement:**

1,247,780^ people positively impacted since FY 2017/18

567,610^ positively impacted in FY 2021/22

**GOAL:** tackle educational inequality and building cultural capital

**Achievement:**

658,121 people positively impacted over the course of the programme

**GOAL:** foster community cohesion and employability skills

**Achievement:**

219,456 people positively impacted over the course of the programmes

**GOAL:** supporting economic and social empowerment

**Achievement:**

124,357 people positively impacted over the course of the programme







# COMPANY

## REFLECTING ON OUR PROGRESS: REDUCING OUR ENVIRONMENTAL IMPACT

### Direct operations



We are proud to have met our stretching target of achieving carbon neutrality. All the electricity we use in our own operational footprint is now from renewable sources. For example, with our new store concept which we rolled out to 47 stores, we installed LED lights to improve our sustainability credentials. In support of our 2040 Climate Positive goal, we also financed or

refinanced the spend on properties that have achieved one of the following certifications:

- Leadership in Energy and Environmental Design (LEED): Platinum or Gold level
- Building Research Establishment Environmental Assessment Method (BREEAM): Excellent or Outstanding level

We also sent zero^ waste to landfill across our key operational sites, supported by the work of our dedicated Responsibility Champions.



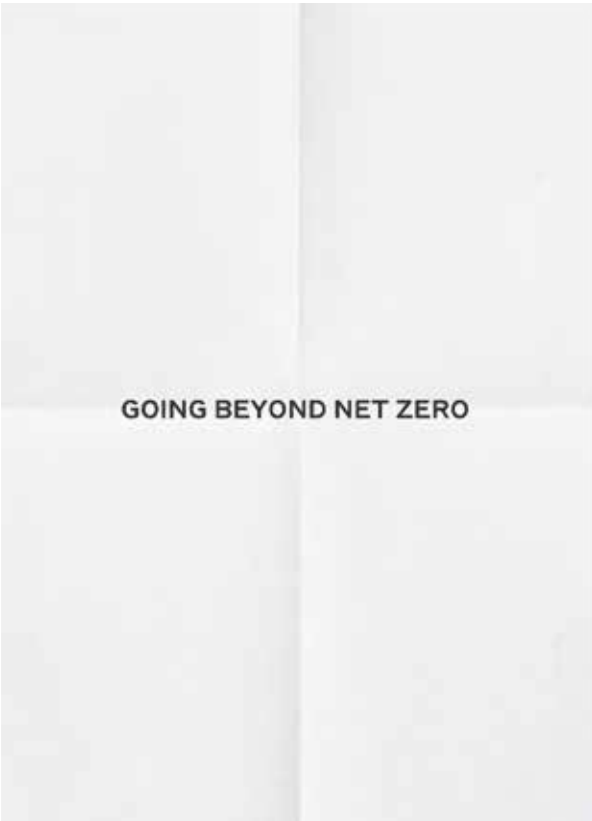
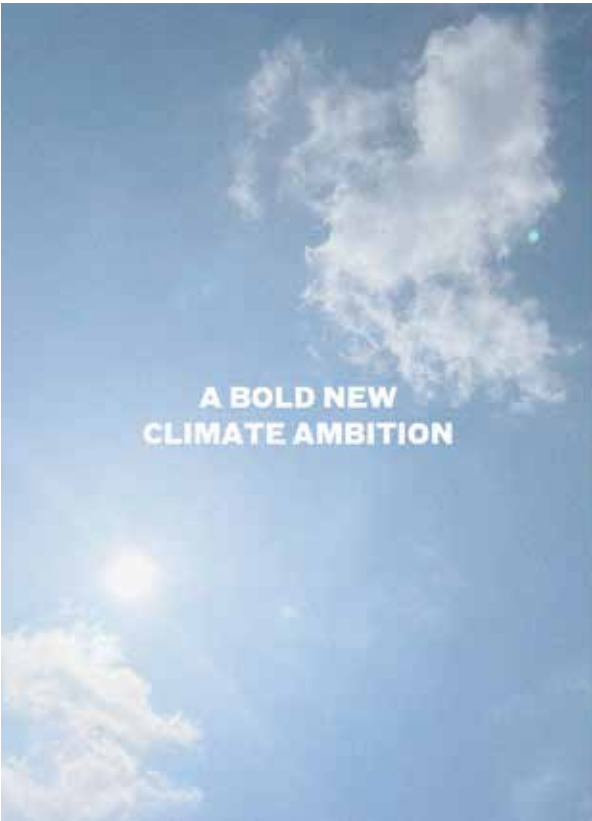
Supply chain



In our supply chain, we drove energy reductions as a key component of our positive attributes programme. During the year, 18 sites, representing 43% of product, reduced energy consumption by at least 5%.

As a signatory to RE100, a global initiative committed to 100% renewable electricity, we promote the use of renewables in our supply chain, such as creating a bespoke renewable energy guide for our Italian suppliers. During the year, we sourced 66% of product from supply chain partners with a positive attribute for renewable energy use at their manufacturing site. In January 2021, we launched a two-year programme in partnership with the Apparel Impact Institute (Aii) to support Italian manufacturers to implement energy, water and chemical management efficiency programmes and help them transition to renewable energy sources.

We support the UN's Fashion Charter for Climate Action's efforts in the fashion industry, and we partner with them on a number of initiatives across our industry. In the lead-up to COP26, we contributed to UN Climate Change and Race to Zero's "Decarbonising Fashion Milestones" document, which sets out short, medium and long-term actions required for the fashion and apparel sector to reach net zero. The document aims to find solutions to some of the toughest questions on the road to a more resilient, zero carbon future. To mark the launch, we joined the sector's leading voices on climate to discuss what it will take to reach net zero, from accelerating decarbonisation solutions to financing the transition and making the 1.5°C target easy to understand for customers.



## Water and chemical management

In our supply chain, we reduced water consumption and promoted water recycling initiatives.

We operate strict guidelines regarding water usage. We work closely with our supply chain partners, cultivating a culture of openness and transparency to understand and monitor our water impacts at the manufacturing stage of our value chain. Through our Water Conservation Programme, we aim to improve our water resilience profile and reduce our water footprint and impacts. As part of this initiative, we engage our third-party suppliers to evaluate their own water practices and resilience, with a particular focus on wet processors, such as dye houses, tanneries and textile mills. Our programme seeks to evaluate risks through the use of the World Wide Fund for Nature's (WWF's) water risk assessment tool, minimise water use as well as track and promote water management practices and technologies that facilitate water efficiency and recycling.

In FY 2021/22, we mapped the water resilience profile of our partners and co-funded three in-depth water efficiency evaluations to identify opportunities for implementing innovative recycling solutions. Going beyond our value chain, we advocate for change across our industry. As part of this, we support the WWF's open letter calling for businesses to ensure that sustainability remains front of mind after the pandemic, focusing on environmental impacts as a result of water consumption and pollution.

Our chemical management approach is industry leading. We committed to the elimination of unwanted chemicals in early 2014. In 2015 we became the first luxury brand to adopt the ZDHC Manufacturing Restricted Substances List (MRSL). As part of this commitment, we also align to the ZDHC's Wastewater Guidelines, ensuring that wet processors perform wastewater testing twice a year. We publish these results annually on [Burberryplc.com](https://www.burberryplc.com). We have been an active member on the Board of the ZDHC Foundation since June 2018, helping shape the direction of the industry in the chemical management roadmap, including that of other brands and luxury peers, third-party suppliers and external chemical experts.

Since November 2021, we have acted as Chair of the Strategy Committee and Vice Chair of the Board of Directors. In 2021, our ZDHC chemical management implementation was recognised as "Aspirational", the highest attainable level in this year's Brands to Zero Leader Programme.

## Our principal measures used for increasing operational energy efficiency

To achieve our climate-related goals, we focus on energy efficiency first and foremost. To manage our operational energy efficiencies, we set annual energy reduction targets. We drive energy efficiency across our stores by ensuring good practice and installing more efficient lighting systems in our new and refurbished stores. We then reinvest savings into renewable energy procurement, before finally offsetting any remaining emissions. We have a global community of Responsibility Champions who play a key role in raising awareness as well as monitoring and reporting data into our systems.

Further information about Burberry's basis of reporting is available on [Burberryplc.com](https://www.burberryplc.com). ^ Please see page 56 for details on external assurance.

## Global GHG emissions

	Current reporting year 21/22		Reporting year 20/21		Reporting year 19/20	
	Global	UK and offshore only	Global	UK and offshore only	Global	UK and offshore only
Total energy including: purchase of electricity, the operation of any facility, combustion of fuel for facilities and vehicles/kWh	72,548,109 <sup>^</sup>	18,517,153	63,113,580	20,826,276	70,093,744	23,432,093
Combustion of fuel and operation of facilities (scope 1)/tCO <sub>2</sub> e	1,768 <sup>^</sup>	1,311	2,089	1,478	2,061	1,581
Combustion of fuel from owned or leased transport (scope 1)/tCO <sub>2</sub> e	67	1	66	0	78	5
Electricity purchased and used for operations (scope 2, location-based)/tCO <sub>2</sub> e	25,866 <sup>^</sup>	2,390	20,563	2,934	22,544	3,400
Total emissions location based (scope 1 & 2)/tCO <sub>2</sub> e	27,701 <sup>^</sup>	3,702	22,718	4,412	24,683	4,986
Electricity purchased and used for operations (scope 2, market-based)/tCO <sub>2</sub> e	0 <sup>^</sup>	0	1,917	0	3,122	0
Total emissions (scope 1 & 2, market-based)/tCO <sub>2</sub> e	1,835 <sup>^</sup>	1,312	4,072	1,478	5,261	1,586
Total emissions offset by Verified Emissions Reduction Certificates/tCO <sub>2</sub> e	1,835 <sup>^</sup>	1,312	2,081	1,478	1,063	815
Scope 1 and 2 intensity (location-based tCO <sub>2</sub> e per £1,000,000 sales revenue)	9.8 <sup>^</sup>	N/A	9.7	n/a	9.4	n/a
% of energy from renewable sources	86% <sup>^</sup>	61%	76%	61%	82%	81%

Burberry applies an operational control approach to defining its organisational boundaries. Data is reported for sites where it is considered that Burberry has the ability to influence energy management. Data is not reported for sites where Burberry has a physical presence but does not influence the energy management for those sites, such as a concession within a department store. Overall, the emissions inventory reported equates to 92% of our net selling space square footage.

Burberry uses the Greenhouse Gas Protocol (using a location and market-based approach to reporting scope 2 emissions) to estimate emissions and applies conversion factors from Defra, IEA and RE-DISS. All material sources of emissions are reported. Refrigerant gases were deemed not material and are not reported. Market-based emissions globally and for the UK relating to electricity purchased and used for operations (scope 2) is stated as 0 due to 100% of electricity being procured from renewable sources. Combustion of fuel use from owned or leased transport is reported from FY 2018/19 onwards. Burberry has updated GHG data for FY 2020/21 and FY 2019/20 to account for updated emission factors and improvements in data availability and estimation methods. GHG emissions data reported is based on the period from 1 April 2021 to 31 March 2022. For the avoidance of doubt, the Company's financial accounting period is from 28 March 2021 to 2 April 2022. However, references to FY 2021/22 for the selected KPIs included in the Responsibility section of Burberry's Annual Report 2021/22 refer to the period 1 April 2021 to 31 March 2022.

<sup>^</sup> Information subject to assurance is denoted with a ^. PwC's assurance report and Burberry's basis of reporting for assured data are available on [Burberryplc.com/en/responsibility/approach-to-responsibility.html](https://www.burberryplc.com/en/responsibility/approach-to-responsibility.html).



# PRODUCT

## REFLECTING ON OUR PROGRESS

### Consciously crafted collections



In 2017, we set ourselves the ambitious goal of driving positive change through all our products. Our target was for 100% of our products to have more than one positive attribute by the end of FY 2021/22, meaning they have a social and/or environmental benefit at either the raw material sourcing or product manufacturing stage.

In FY 2021/22, 99%<sup>^</sup> of our products had more than one positive attribute. Moreover, 84% of our products had three or more positive attributes and some had as many as eight positive attributes.

Throughout the course of our five-year strategy, we engaged each of our supply chain partners in a tailored programme designed to adapt to their business and priorities to deliver these positive attributes.

While all our positive attributes address key material issues, the top five positive attributes obtained by our supply chain partners were:

1. Chemical management in manufacturing
2. Renewable energy
3. Waste recycling
4. Sustainably sourced cotton
5. Energy and water reduction

Our wellbeing positive attribute has also prepared our supply chain to move beyond compliance to focus on workers' happiness and overall experience in the working environment.



We have also embedded our learnings from the programme into our targets and new strategy. For example, we gained valuable insight into the importance of certified and sustainable raw materials and their ability to mobilise suppliers. As a result, we have strengthened and extended our sustainable raw material targets to 2025. For more details see pages 92 to 93.

We are proud of our achievements and we will continue to guide and support those in our supply chain as we continue to seek to drive positive change through all of our products.

### **Sustainable raw materials**

Over the past five years, we moved from small-scale solutions for our sourcing and sustainable raw materials to system change. This was achieved through ongoing collaboration with manufacturers, brands and NGOs.

We achieved:

- 100% of cotton procured from more sustainable sources, including organic, using a portfolio approach
- 92% of leather from tanneries with environmental, traceability and social compliance certifications

As part of our Burberry Beyond ambition, we have strengthened our targets for sustainable raw materials, recognising their importance on our overall impact on climate, nature and communities. We have also procured organic cotton, recycled cashmere, recycled nylon and recycled polyester, and we are increasing the uptake of these textiles in line with our new ambition. As a modern luxury company, we have banned the use of exotics in future collections, building on our commitment to go fur free in September 2018.

Our Responsible Sourcing Policy continues to play a key role in how we source and communicate our standards to our supply chain partners across a wide range of raw materials from wool to viscose.

Our work with the Savory Institute Land to Market initiative with respect to leather, and Conservation International regarding cotton, gives Burberry clear insight into the benefits of sourcing regenerative materials through our supply chains.

### **Wellbeing and livelihoods**

Throughout the duration of our five-year Responsibility strategy, we have focused on the people contributing to our value chain and their wellbeing. In 2016, we developed a tool with Oxfam to measure worker wellbeing in our supply chain and capture comments and feedback from workers. It allowed us to work with factory management teams to address issues raised and to develop specific action plans for individual factories. These action plans focused on the development of HR management systems, worker and supervisor training programmes and policy implementation. In addition, during FY 2021/22, we delivered our Wellbeing Survey to over 30 supply chain partners reaching more than 3,300 workers and actively engaged with factory management on how they can focus on wellbeing within their organisation.

## Circularity and waste

Our products are made to last. The quality and durability of our pieces ensure they can be enjoyed over their lifetime. While we seek to minimise waste at all stages of our value chain, we also recognise the fashion industry's shared challenge with respect to the carbon impacts of excess fabric and textile waste.

We follow clearly defined waste hierarchy principles for waste arising in the business, covering reuse, resell, repurpose, donation and recycling. Supply chain efficiency and management of materials is a key area of focus. By putting in place systems to optimise the procurement and utilisation of our materials and finished goods, we can reduce their associated climate impacts.

### Circular design thinking

Consideration for sustainability permeates our entire design process, which ensures our products are consciously crafted. We engage our creative community through training on circular design and have hosted a range of product disassembly workshops to help teams better understand how the lives of our products can be extended.

Over the past five years, we engaged with our supply chain partners on textile waste recycling, awarding facilities that recycle a minimum of 50% of recyclable textile waste with a positive attribute. We also ensured they had a time-bound roadmap to work towards increasing recycling.

We focused on increasing the recycled content within our products too. We awarded a positive attribute where the main material of a product is made from 70% or more recycled content for synthetic fibres and 20% or more recycled content for natural fibres. This is substantiated by recognised certifications, including the Global Recycled Standard and Recycled Claim Standard.

We invested in finding recycling solutions for challenging materials, such as leather. We have funded a two-year research project, which began in 2020, with The Hong Kong Research Institute of Textiles & Apparel (HKRITA) to develop a system for leather goods recycling. On top of this we have recently extended our funding to HKRITA to research the automatic removal of garment accessories and trims from finished products to aid the recycling process.

This commitment to accelerating circular solutions also extends to our packaging. All Burberry retail bags and gift boxes are reusable, fully recyclable and are made from a minimum of 40% recycled content and Forest Stewardship Council 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.

In December 2021, we launched a UK-based pilot for product resale and rental with My Wardrobe HQ (MWHQ), the UK's leading fashion rental platform. For each Burberry transaction on the site, 40% of profits are donated to Smart Works, a long-time Burberry charity partner, which provides high-quality interview clothes and coaching to disadvantaged unemployed women. Our partnership with MWHQ is complementary to our broader strategy to become Climate Positive by 2040, supporting the principles of a circular economy. This includes expanding reuse, repair, donation and recycling routes and developing new partnerships and revaluation solutions.

We continue to donate raw materials and finished goods to various charities, design schools and colleges globally. During FY 2020/21, we launched the ReBurberry Fabric programme in partnership with The British Fashion Council. The initiative, through which we donate leftover fabrics to fashion students, was expanded during FY 2021/22. Since the launch of the partnership, we have given over 12,000 metres of fabric, benefiting 33 fashion schools and over 200 students.

### Aftercare services

We offer a global luxury aftercare service to extend the life of our products for as long as possible. In FY 2021/22, we handled approximately 28,544 repair and replacement part enquiries, ranging from Trench Coat reproofing to repairing vintage items.

Building on our existing repair offering, we rolled out a Leather Refresh service globally, offering complimentary leather conditioning to extend the lives of bags. We also introduced a Trench Refresh service, which invites clients to a Trench diagnostic session with an in-house expert. With the aim of extending a Trench Coat's life for as long as possible, our customers can opt to have their coats reproofed, repaired and/or have elements replaced. We use organic, biodegradable solutions for this service, which reduce its impact on the environment.

For our UK-based clients, the service is undertaken at our Castleford factory in Yorkshire, where our iconic Trench Coats are made.

To support this, we have added a new aftercare page on Burberry.com to help our clients better understand the different aftercare services we offer for Trench Coats, leather goods, apparel and scarves. The page provides clients with advice about maintaining their Burberry products and enables clients to check store availability for services, and book dedicated in-store aftercare appointments. Furthermore, clients can quickly and easily connect to our dedicated Customer Service team 24/7 via live messaging on the Aftercare page on Burberry.com.





## Positive attribute case studies

### Cashmere scarves

The quintessential Burberry scarf is an integral part of our heritage. Our cashmere scarves are manufactured by Johnstons of Elgin, a Scottish mill which we have partnered with since 1900. In a process that involves over 30 different steps, the cashmere is woven, washed in local spring water, and carefully brushed using techniques passed down through generations.

All production staff are paid the UK Living Wage Foundation's Living Wage rate as a minimum. In addition, the site where our scarves are manufactured holds positive attributes for its use of renewable energy and upholding high standards of chemical management.

### Leather accessories

In 2017, we set ourselves a target to source 100% of our leather from certified tanneries by 2022, with environmental, traceability and social compliance certificates. In FY 2021/22, we achieved 92%.

In recognition of the importance of sustainable practices within leather manufacturing and continuous improvements in this sector, we are increasing our certification requirements and extending our commitment to source 100% of our leather from certified tanneries to 2025.

Through a partnership with the Savory Institute on their Land to Market programme, we are exploring the potential of regenerative farming practices in the leather supply chain and its impact on livelihoods.



# COMMUNITIES

## REFLECTING ON OUR PROGRESS

### **POSITIVELY IMPACTING 1 MILLION PEOPLE**

Our five-year Communities agenda focused on supporting and empowering local communities across our value chain, with a goal to positively impact 1 million people by 2022.

Working with NGO partners and community-based organisations, and funded via The Burberry Foundation, we are proud to have positively impacted the lives of over 1,247,780^ people.

Our programmes focused on three strategic areas:

1. Tackling educational inequality and building cultural capital
2. Fostering community cohesion and employability skills
3. Supporting economic and social empowerment

We regularly reviewed the effectiveness of our programmes and worked with our partners to build in the ability to adapt and respond to the changing needs of our communities during the COVID-19 pandemic and local contexts. Alongside our existing support for global relief efforts, in October 2021, The Burberry Foundation committed further support to UNICEF's COVID-19

Vaccines Appeal, enabling more equitable distribution of vaccines in countries around the world to continue tackling the global pandemic. This latest contribution builds on previous funding provided by the Foundation and Burberry. Collectively, the donations went towards the overall goal of providing safe and equitable access to over 2 billion doses of COVID-19 vaccines to low and middle-income countries, as well as supporting UNICEF to provide 5.6 million COVID-19 test kits and 5.5 million COVID-19 treatments globally.

Our programmes are monitored and evaluated by independent organisations to assess outcomes and impacts and we adapt them where required. Monitoring partners include the Office of Research, Evaluation and Program Support (REPS) of the City University of New York, The Policy Institute at King's College London and Action-Research for Co-development (ARCO) at the University of Florence. Our reporting on beneficiary numbers across the five years of the strategy have limited assurance by PwC. In FY 2022/23, we will publish a social impact report of all the projects that have contributed to our 1 million people target.



## Burberry Foundation: impact areas



### Tackling educational inequality and building cultural capital

Teach First | The Careers & Enterprise Company | Connectr | Burberry Inspire Programme | London Youth via The Burberry Foundation

658,121 positively impacted between 2017-2022

- 82% of the students interviewed about their experience of in-person activities linked their participation in the programme to an increased sense of self-confidence\*
- 73% of the students interviewed noted increased creativity of one form or another after taking part in the programme\*
- 82% of teachers felt that their careers guidance and advice improved as a result of their engagement in the programme\*



### Fostering community cohesion and employability skills

Oxfam Italy | Elvis & Kresse | Progetto Quid via The Burberry Foundation

219,456 positively impacted between 2017-2022

- 96% of beneficiaries stated they had better knowledge of services in the community\*
- 96% of beneficiaries stated they felt able to access services in the community\*
- 99% of beneficiaries stated they found the community facilitators and helpdesks a useful service in the area\*



### Supporting social and economic empowerment

Oxfam & Pur Projet via The Burberry Foundation

124,357 positively impacted between 2017-2022

- 28% of herders engaged in the community-owned cashmere groups were women\*
- 136% increase in the volume of cashmere collected reported by herders\*
- 95% of herders demonstrated gender awareness after training, compared to 79% in the baseline study conducted in FY 2017/18\*



[Read more about The Burberry Foundation on page 82](#)

\* Denotes the impact evaluation results of a sample of direct beneficiaries surveyed across each of the programmes



### Tackling educational inequality and building cultural capital



At Burberry, we believe diversity of thought, experience and voice opens spaces for new ideas to thrive, fuelling creativity and enabling us to fulfil our purpose. Over the last five years, a key focus of The Burberry Foundation has been to open career pathways within the creative industries and unlock opportunities for young people who may not otherwise have had access to or felt equipped to pursue a career in this arena.

Over the year, The Burberry Foundation continued its partnership with leading education charities Teach First, The Careers & Enterprise Company and Connectr, with the goal of opening up opportunities to young people from disadvantaged communities in Yorkshire, where our iconic Burberry Trench Coat is manufactured, and London, where we have our head office. During FY 2021/22, 197,950 students and teachers benefitted from a variety of virtual and in-person training and engagement activities with the aim of inspiring young people by expanding their career horizons and developing core employability skills.

In the five years up to the end of FY 2021/22, a total of more than 570,000 students and teachers were positively impacted across these programmes. More than 10,000 teachers in the UK were engaged through Continuing Professional Development sessions, Career Leaders programmes and National Professional Qualifications. Feedback from students and teachers confirmed the importance of robust leadership for a school's success, supporting pupils to thrive in education and make more informed decisions around their future career choices. More than 50,000 students participated in virtual and in-person engagement activities such as guest speaker sessions, inspiration days, online challenges and career workshops. The aim of the sessions was to inspire the next generation with respect to their future career paths and inform pupils of the skills and behaviours required to flourish within the creative industry. School engagement activities also offered a unique opportunity for Burberry colleagues to support the programme by volunteering in activities and sharing their life experiences and career journeys with students. Digital platforms and resources were developed to support young people with developing employability skills and help them move closer to employment.

### Burberry Inspire

Burberry Inspire, which first launched in Yorkshire in 2018 and expanded to New York City in 2020, measures the impact of enhancing young people's access to cultural capital by connecting eminent arts organisations with schools. Schools participating in the programme are allocated an Artist in Residence from a cultural organisation every year, providing students with wide-ranging, hands-on experience of different areas of the creative arts, such as theatre, dance, art and film. Artists in Residence work with teachers and students to deliver experiences, workshops and co-created events within their local communities.

Both programmes are independently evaluated by our research partners, the Office of Research, Evaluation and Program Support (REPS) of the City University of New York and The Policy Institute at King's College London, to study the impact of the immersive arts and creative education programme on students' development for the purpose of supporting longer-term adaptation within schools.

During FY 2021/22, 7,537 students from 15 different schools were engaged through the programme. Burberry Inspire partners worked on expanding the experience for their students, artists and their organisations despite the challenges imposed by COVID-19 restrictions. The digital transformation of the programme enabled us to reach teachers and allowed us to provide valuable resources for homeschooling. Going online also enabled us to connect with participating students so that they could continue to follow the programme from their homes. Artists in Residence and cultural partners were also supported through training sessions that upskilled their resources in areas of digital creation and delivery.

Over the last four years, Burberry Inspire assisted 10,000 students to access the arts, develop their creativity and think positively about their futures. Both independent evaluations demonstrated the positive impact of the multi-year programme on students, teachers, arts partners and Artists in Residence. The programme successfully provided many students who otherwise would not have had opportunities to engage with the arts to do so while also gaining employability skills. The programme contributed to increasing students' awareness of professional opportunities in the arts and, for some, this impacted their career, self-confidence and educational aspirations.

During FY 2021/22, the final year of the programme:

- 82% of the students interviewed about their experience of in-person activities linked their participation in the programme to an increased sense of self-confidence\*
- 73% of the students interviewed noted increased creativity of one form or another after taking part in the programme\*
- 82% of teachers felt that their careers guidance and advice improved as a result of their engagement in the programme\*

Teachers involved in the programme reported that they felt inspired and energised by the presence of the Artist in Residence and experienced the benefits of enhancing their schools' arts offerings. The programme enabled them to develop their online and in-school teaching practices. The programme also had a positive impact on the cultural partners and Artists in Residence, resulting from the strong relationships built with their counterparts across the globe and with other local cultural organisations.

\* Denotes the results of a sample of direct beneficiaries surveyed.

## Fostering community cohesion and employability skills



The Florentine area of Italy, which has a long tradition of creativity and craftsmanship, is a key manufacturing location for Burberry and the location of Burberry Manifattura, our leather goods centre of excellence. In recent years, the region has faced challenges from youth unemployment and economic migration. These have been compounded by the COVID-19 pandemic.

Over the past five years, The Burberry Foundation and Oxfam worked in collaboration on a programme to help foster community cohesion and social inclusion among local communities. The programme raised community members' awareness of and access to services in the local area, while also focusing on facilitating integration.

The programme's three-fold approach to fostering community cohesion included in-school mentoring and inclusive education; providing vital services via community centres, and funding a network of community facilitators who worked on the ground and at help desks to reach vulnerable individuals.

From 2017-2022, the programme ran school mentoring schemes both online and in person in 15 Tuscan schools, reaching 1,506 students and 327 teachers. It provided training for teachers on introducing a new style of inclusive teaching to their classes, helping them to overcome challenges around working with students with different social and cultural backgrounds and varying levels of Italian language skills.

The mentoring programme brought about positive changes in schools, with teachers from Sassetti Peruzzi in Scandicci noting in the annual evaluation report that students' school performance had improved, as had their self-esteem, motivation and class inclusion.

The Burberry Foundation also partnered with four local community centres to help them to expand their day-to-day services. Over five years, the centres provided services directly to 12,789 people.

As COVID-19-related restrictions eased in the summer months, the community centres took to the outdoors to ensure young people could continue to interact and socialise after months of social isolation.

A network of 22 community facilitators enabled Oxfam to reach the most vulnerable community members. Over the course of the programme, these facilitators provided vital support over the phone, online and in person, where possible, to over 7,000 people. Access to Community Facilitator services was particularly vital for vulnerable people during FY 2021/22 as many public services either closed or reduced their hours. Community facilitators played a central role in addressing the needs of programme beneficiaries and helping them to access vital online and offline services.

A study by Oxfam concluded that community facilitators and community centres are tools for effective social inclusion, which complement and reinforce each other in effectiveness, efficiency and accountability towards the community. This gives them growing authority and recognition in the communities in which they operate, as well as guaranteeing a deep bond of trust with the people they assist.

From the different experiences examined during the learning process study, it became clear that a community centre's potential to be a community welfare actor is enhanced by further spaces where inclusive activities can take place for people and families.

Flexibility on the part of the centres and the facilitators was identified as crucial to responding to evolving needs. Adapting to challenges raised by the COVID-19 pandemic and to the evolution of needs in general was recognised by those interviewed, as was the ability of the partnership between the centres and facilitators to combat multidimensional poverty and inequality.

Community centres and facilitators have the potential to empower community members living in difficult conditions to act to change their personal circumstances for the better.



**Oxfam Italy**

- 96% of beneficiaries stated they had better knowledge of services in the community\*
- 96% of beneficiaries stated they felt able to access services in the community\*
- 99% of beneficiaries stated they find community facilitators and helpdesks a useful service in the territory\*
- 96% of community facilitator training session participants stated they felt more equipped to support users once training had been completed\*

The Burberry Foundation funded two additional programmes focused on supporting employability within the circular economy. Both programmes work with communities that sustain the luxury industry while also tackling the industry's systemic waste issue. Elvis & Kresse is dedicated to giving raw materials a new life. It is committed to transforming perceptions of waste and inspiring people to protect the environment. Progetto Quid addresses the challenge of excess fabric in the fashion industry while also providing disadvantaged people with training opportunities, apprenticeship programmes and direct employment. The programmes have provided opportunities for 256 vulnerable and/or under-skilled people to learn a new craft and develop workplace skills to help secure long-term employment either within the creative industries or other sectors. In addition, Progetto Quid goes beyond employability skills by addressing the welfare needs of highly vulnerable people. It provides the security of a stable environment and support in procuring official documentation, both fundamental to ensuring vulnerable individuals have an identity and a place within society.

Through our Elvis & Kresse programme, we hosted 452 events focused on the brand's innovative approach to leather upcycling over the past five years. Over 1,600 participants explored the topics of environmental entrepreneurship and how to actively contribute to delivering a circular economy.

We also engaged young people through the programme by inviting 164 work-experience students and 43 apprentices to work alongside environmental entrepreneur Kresse Wesling MBE. Furthermore, Elvis & Kresse donated 50% of profits from the sale of products made from Burberry leather manufacturing cutting waste to the Barefoot College, a charity which empowers women from remote villages in developing countries, where access to electricity is limited, to become solar engineers. Elvis & Kresse also enabled a total of 72 women to train as solar engineers and over 4,000 people in their communities to benefit from their engineering skills.

A key learning from this programme and of the Communities strategy as a whole, is the importance of responsiveness and adaptive management. For instance, Elvis & Kresse exceeded its beneficiary events target and was able to offset the impact of COVID-19 restrictions by providing comprehensive online work experience placements.

**Elvis & Kresse**

- 87% of beneficiaries had an improved knowledge of leather manufacturing and the circular economy\*
- 60% of apprentices entered employment in manufacturing, creative industries or the Makers Movement\*

**Progetto Quid**

- 100% of beneficiaries improved employability related skills, including communication and problem solving
- 100% of beneficiaries speaking languages other than Italian improved their proficiency in the Italian language
- 23% of beneficiaries obtained documentation to prolong their permits as legal residents and workers in Italy

\* Denotes the results of a sample of direct beneficiaries surveyed.

## Supporting social and economic empowerment



Afghanistan has been a key cashmere sourcing region for the luxury fashion industry. The Burberry Foundation launched a one-of-a-kind programme in FY 2017/18 with partners Oxfam and PUR Projet with the aim of improving the livelihoods of Afghan cashmere herding communities by helping them to develop a more sustainable and inclusive cashmere industry in the country. The programme concluded in September 2021. As many refugees from Afghanistan began to rebuild their lives around the world, Burberry supported continued efforts both internationally and within the UK to help those displaced access crucial resources, education and secure employment. We donated to two organisations helping refugees, the International Rescue Committee (IRC) and Breaking Barriers.

One aspect of the initiative was a training programme developed to help raise herders' awareness of cashmere harvesting best practice and herding techniques to enhance their income. Training on sustainable pasture management and responsible farming techniques aimed to prevent overgrazing and desertification while also building awareness around climate change and climate resilient behaviours. In the final year of the programme, additional training was provided to herders covering

cashmere harvesting, trade and value, as well as pasture management. Overall, 6,165 herders participated in these training sessions. Results of pre- and post-programme tests showed a significant increase in the level of knowledge of the herders involved.

During the 2021 harvest season, over 14,000 kgs of cashmere was sold to cashmere buyers via the programme's community-owned groups. Herders involved in the programme were able to improve their income and livelihoods by selling additional livestock products through the community groups, including almost 20,000 kgs of wool, 16,500 litres of milk, 4,000 kgs of dry yoghurt and 1,000 kgs of oil.

At the close of the programme, 382 of the breeding farm's high-quality cashmere goats were distributed to over 60 farmers in the Herat and Balkh provinces. These goats will be bred with local cashmere goats owned by herders, which will, in turn, improve the overall quality of cashmere fibre in those localities. All farmers receiving the high-quality goats participated in a one-day training session on breeding and good animal husbandry practices.

The programme's partners are committed to sharing the learnings of the initiative with industry actors and policy makers in the future, to ensure a long-lasting legacy for the benefit of the communities contributing to the wider cashmere industry.



### Oxfam and PUR Projet in Afghanistan

- 28% of herders engaged in the community-owned cashmere groups were women
- 136% increase in the volume of cashmere collected reported by herders\*
- 95% of herders demonstrated gender awareness after training, compared to 79% in the baseline study\*

\* Denotes the results of a sample of direct beneficiaries surveyed.

## Community investment allocation

Since 2010, Burberry's policy has been to donate 1% of Group adjusted profits before tax (PBT) to charitable causes.

The majority of our philanthropic work is carried out through The Burberry Foundation, which was set up in 2008 by Burberry Group plc as an independent charity (UK registered charity number 1154468) for general charitable purposes and grant-making. The Board meets four times a year and is responsible for upholding the Foundation's vision and ensuring delivery of its charitable purpose.

In FY 2021/22, a total of 1.22% of adjusted PBT was donated to charitable causes.

Burberry Group's charitable giving goes towards supporting causes relating to youth, mental health, diversity and inclusion, and disaster relief. The remaining proportion is allocated to The Burberry Foundation every year.

Our people worldwide are offered three working days a year to volunteer in their local communities. During FY 2021/22, Burberry employees participated in over 85 volunteering and fundraising activities, collectively contributing over 7,000 hours to charitable causes. Employees can also apply for match-funding for team fundraising activities. Our in-kind donations range from one-off gifts of non-trademark fabric and materials to assist young people on creative courses, to donations of smart business clothing to support vulnerable people enrolled in employability programmes.

In FY 2021/22, we donated over 3,000 items of business clothing to selected charities to enhance their

employability programmes and help provide their clients with an extra boost of confidence as they prepare to enter or re-enter the job market.

## Supporting global humanitarian relief efforts

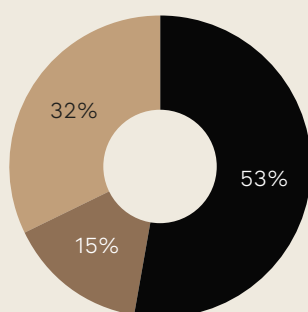
Thomas Burberry's longstanding dedication to community serves as the foundation of our culture. To support global relief efforts in Ukraine, we provided funding to charities and aid agencies delivering essential goods and services to those impacted by the humanitarian crisis, and mobilised our employee community to participate in a range of fundraising activities.

We donated to the British Red Cross Ukraine Crisis Appeal, enabling the distribution of food, hygiene products, warm clothes and aid to meet urgent and immediate needs. In response to the refugee crisis, we also donated to Save the Children and UNICEF in support of their Ukraine humanitarian appeals. Both organisations have worked to provide essential services, including health, protection, education, water and sanitation to millions of children and their families who have crossed into neighbouring countries for safety.

In addition to providing financial aid, we are working with our global supply chain partners to support displaced communities. In April 2022, we committed to manufacture and distribute over 20,000 blankets for Ukrainian refugees at our manufacturing sites in the UK and Italy.

We also encouraged our employees to support relief efforts by matching their donations to our charity partners, and supporting them to organise individual or team volunteering and fundraising activities.

**Charitable spend**



- Community investment<sup>1</sup>
- Commercial initiatives<sup>2</sup>
- Charitable donations<sup>3</sup>

1. Long-term community investments, including our annual donation to The Burberry Foundation.
2. Charitable marketing events and other campaign-related donations.
3. One-off charitable donations in support of charitable activities, memberships, disaster relief or matched funding for employee fundraising activities, including exceptional Ukraine humanitarian response donations.



## ► **BACKING BRIGHTER FUTURES**

Our work with Marcus Rashford MBE in FY 2021/22 included supporting literacy projects for young people.

# DEVELOPING LITERACY **AN INITIATIVE ANCHORED IN COMMUNITY, TO HELP SHAPE THE FUTURE**

Caring for our people and our communities is intrinsic to who we are as a company. We open spaces for aspirations to become reality and support those who face disadvantages so that their potential can be fulfilled.

In November 2021, we announced our support for organisations in the UK, USA, Japan and Hong Kong S.A.R., China, committed to helping disadvantaged children develop their literacy skills. By providing funding to transform school libraries and donating books, we aimed to ensure children had access to safe environments and resources.

### **United Kingdom**

In the UK, we partnered with English international footballer and youth advocate Marcus Rashford MBE and the National Literacy Trust (NLT) to support literacy among young people. With the NLT, we focused on helping libraries in primary schools provide young people with the literacy skills they need to fulfil their ambitions. The funding went towards transforming library spaces in 10 schools across Manchester, Yorkshire and London, positively impacting the lives of over 3,500 children.

All 10 schools participated in the Marcus Rashford Book Club, a programme created by Marcus and Macmillan Children's Books to encourage and nurture a love of reading among children. The schools also received a donation of 8,000 books, enabling children to benefit from further teaching materials, a variety of literature and activities. Curated by the NLT and provided by Macmillan Children's Books and other publishers, the selection of illustrated, award-winning fiction and non-fiction books represented a range of experiences, backgrounds and interests. Dedicated training and access to NLT resources were also provided to 200 teachers across the country during FY 2021/22.

### **United States**

In the USA, we continued to build upon our existing partnership with Wide Rainbow to provide access to arts education in underserved neighbourhoods. Our funding will help to create 15 libraries across New York City and its outer boroughs, as well as three larger libraries in Los Angeles, Detroit and NYC, with each unique space receiving over 100 children's books.

The Wide Rainbow Library Project, in collaboration with Detroit-based curator and art educator Asma Walton of the Black Art Library, and design duo Melissa and Amanda Shin of Shin Shin Architecture, creates libraries for youth and families living in under-resourced communities.

### **Around the world**

Our funding for the Bring Me a Book Hong Kong initiative provided over 500 books to youth centres in the region and bespoke storytelling workshops for the organisation's volunteers. Meanwhile, our ongoing support for the Japan School Library Association helps increase book donations to school libraries across the country.

These programmes continue Burberry's long history of supporting communities and championing access to experiences that enable imagination and creativity to flourish. By investing in creative spaces that expand children's worlds through reading, we aim to nurture their curiosity and make them aware of their own potential so they take their first steps to becoming the innovators, creators and leaders of the future.



## **The Burberry Foundation**

The Burberry Foundation was set up in 2008 by Burberry Group plc as an independent charity dedicated to using the power of creativity to drive positive change in our communities and build a more sustainable future. The Burberry Foundation underwent a strategic review in FY 2021/22 following the completion of its long-term partnerships. From FY 2022/23, the new global strategic mission for the Foundation will be to concentrate all of its resources on addressing the issue of empowerment for left-behind youth and to expand the Foundation's activities to the key operational geographies of Burberry Group Plc.

The Burberry Foundation's new mission is grounded in the belief that young people, regardless of their backgrounds, can create ideas, solutions, and connections for a better future. The Foundation is dedicated to empowering youth and enabling the next generation to unlock their creativity and drive positive change. A core belief of the new mission is that young people who have positive role models, safe spaces, and opportunities to develop and exercise their creativity, can become empowered, self-confident individuals. The Foundation will focus its grant-making to support a number of youth clubs and community-based organisations around the world that are working to break down barriers faced by marginalised young people. At the heart of disadvantaged communities, youth clubs provide safe spaces and essential services to help young people gain confidence and develop valuable skills to improve their lives and progress their career pathways. Through working with a global delivery partner, the Foundation aims to co-develop and support innovative solutions to youth challenges that generate long-term sustainable impact. More information on the Foundation's new strategy and partnerships will be communicated during FY 2022/23.

## **Human rights statement**

While we respect and uphold human rights where we operate, we are aware that risks can arise in relation to our own workforce, our supply chain, our communities and customers.

Burberry's Human Rights Policy sets out our procedures to uphold human rights across these stakeholder groups, and the mechanisms we use to identify and address any instances of potential infringement. The policy was developed with reference to the International Bill of Human Rights and follows the UN Guiding Principles on Business and Human Rights for the implementation of the UN's "Protect, Respect and Remedy" framework. Responsibility for the policy lies with Burberry's CEO. To ensure compliance with the policy, we assess human rights impacts and monitor labour conditions across our own operations and extended supply chain on a regular basis through our ethical trading programme, which is delivered by an established global team of ethical trading experts. Details of the programme and a full copy of our Human Rights Policy can be found on [Burberryplc.com](https://www.burberryplc.com).

We conduct a Human Rights Impact Assessment every two years as part of our broader Human Rights due diligence process to confirm potential areas of risk, capture any emerging risks in relation to new operations and projects, and review and develop mitigation plans as required. We have completed four impact assessments since 2014 and our latest assessment took place within FY 2020/21. The Human Rights Impact Assessment process involves mapping our own operations and those of our extended supply chain, and assessing them in terms of their potential impact on human rights as set out in the Universal Declaration of Human Rights.

For each assessment, key findings and mitigation plans were reviewed by external experts. In FY 2020/21, our Human Rights Impact Assessment highlighted increased risk due to the COVID-19 pandemic, particularly in relation to workers' health and wellbeing.

In FY 2021/22, we continued to implement and build on our mitigating actions. In addition, we strengthened our approach to raw materials traceability mapping and assessment of risks.

During FY 2021/22, we completed 601 supply chain audits and assessments. During ethical trade audits and as part of our broader Responsibility programme, we conduct interviews with workers to better understand their needs and perceptions, while gathering insights into the direct and indirect impacts of our business and developing focused mitigation plans where required. We also provide grievance mechanisms for our global employees, as well as confidential hotlines run by NGOs for workers in our supply chain.

Currently, more than 19,000 workers across 36 factories in our third-party supply chain are provided with improved access to remedy and confidential support, including advice and information on workers' rights and wellbeing. The effectiveness of these hotlines is regularly reviewed. During FY 2021/22, Burberry-sponsored hotlines received 435 calls and their resolutions were monitored closely by our Responsibility team. Supporting our human rights commitment is set out in our Modern Slavery Statement. This is published in line with the UK Modern Slavery Act and can be found on [Burberryplc.com](https://www.burberryplc.com).



# OUR OUR PEOPLE PEOPLE

Together, we open spaces for creativity to flourish by prioritising our people's wellbeing and being an open, inclusive and caring employer. By listening to, valuing and amplifying the voices of our colleagues, we ensure Burberry reflects the rich diversity of our customers and our communities, and fosters a culture of true inclusion and belonging.

Our people perform at their best when they feel supported. By embedding our values in everything we do and communicating our purpose in meaningful ways, we aim to inspire our people to take pride in Burberry's achievements and the part they play in accomplishing them. We firmly believe in designing the colleague experience in collaboration with our people, making sure their needs and perspectives are reflected in how we continue to support them. As we look toward reimagining our workspaces, exploring the new possibilities presented by the future of work and challenging ourselves to achieve our diversity and inclusion goals on an ongoing basis, we maintain our focus on perpetuating a culture of belonging.

## **Enhancing the colleague experience**

Gathering feedback from our people about their experiences at Burberry is key to ensuring the policies, programmes and initiatives we are building as an organisation reflect the support our colleagues need to thrive. Starting in FY 2020/21, we replaced our annual Employee Engagement Surveys with shorter and more frequent pulses. Data extracted from these surveys, as well as suggested action points, are delivered to leaders throughout the business via personalised portals. In our most recent survey from February 2022, we saw engagement levels rise across the organisation to 75 points, matching levels not seen since early in the pandemic. Surveys are conducted by an external provider and results are independently verified.

## **Building on our purpose and values through leadership standards**

When we launched our purpose and values, we drew on the legacy of Thomas Burberry to articulate our shared belief in the power of creativity to open new possibilities and to describe who we are at our best.

In September 2021, we rolled out our Leadership Standards, which are designed to empower everyone at Burberry to live our values, help us to maintain our open and inclusive culture, reinforce our commitment to social and environmental sustainability, and drive our growth through high performance. Alongside this, we created a bespoke, interactive playbook designed to immerse everyone in our values and inspire conversation among teams on how they could be brought to life.

These standards are being embedded across the colleague journey at Burberry, starting at the application and new hire stages, through to development, performance management and recognition. We aim for all performance reviews to be fully aligned to our Leadership Standards from FY 2022/23. Performance reviews take place annually, with quarterly touchpoints ensuring colleagues and leaders have meaningful conversations and can provide feedback regularly.

## **Supporting wellbeing**

The wellbeing of our colleagues is our top priority. As our people around the world have continued to contend with the challenges presented by the pandemic, creating a supportive wellbeing programme, which enables our colleagues to thrive, has been a key priority. Through the year we have redesigned our existing seasonal programmes to focus on the importance of wellbeing, launching Wellbeing Days, which offer all colleagues globally at least five days' paid leave to focus on their health and wellness. Alongside this, we launched a global partnership with Headspace, providing free access to its award-winning mental health app for all colleagues. We also continued to develop our internal wellbeing portal, which provides focused tools and resources to support colleagues making small positive changes to their everyday lives.

## **“GATHERING FEEDBACK FROM OUR PEOPLE ABOUT THEIR EXPERIENCES AT BURBERRY IS KEY TO ENSURING THE PROGRAMMES WE ARE BUILDING REFLECT THE SUPPORT OUR COLLEAGUES NEED TO THRIVE.”**

In FY 2021/22, we continued to develop our inclusive policies and leaders' guides. In May 2021, we set out our commitment to support survivors of domestic abuse. This includes a new policy setting out how we can care for colleagues who experience abuse; leader training, including drop-in sessions and a leaders' guide, and a new section on our wellbeing site with links to external organisations providing help and expertise in each of our markets. Viewing this new section of the site does not appear in an individual's browsing history, and it features a safe button, which will quickly close the site if necessary.

On World Mental Health Day in 2021, we launched our first global bereavement policy, providing paid leave and support for all colleagues who suffer a loss, including pregnancy loss, regardless of how long they have been with the organisation. Again, in recognition of the crucial role our people leaders play in demonstrating our values, we also launched a guide to help leaders support colleagues through bereavement and a dedicated internal site of curated on-demand content.

On International Women's Day 2022, we introduced our new support area on our internal site for colleagues who are experiencing symptoms of menopause or supporting someone else who is experiencing symptoms. This includes potential work adjustments, a guide specifically for leaders and on-demand training materials.

### **Collaborating to design the future workplace**

Lockdowns and local restrictions linked to the COVID-19 pandemic have meant that many of our people have had to adapt to new ways of working over the past two years. We have supported our colleagues through this challenging time by offering flexible working arrangements and, in some cases, providing additional paid leave when further support was required.

We have incorporated our learnings from the pandemic period into our evolving vision for the future of Burberry workplaces. Over FY 2021/22, we carefully examined research and data around more flexible ways of working. To ensure Burberry workplaces can best meet the changing needs of our people in the future, an internal team supported by external experts assessed our current and future office needs, and studied a variety of redevelopment options.

Beyond day-to-day ways of working, we aim to incorporate key considerations to support our colleagues' individual needs, such as providing dedicated spaces for mothers, religious observance, quiet areas and making sure accessibility requirements are factored into all of our spaces.

## OUR LONGSTANDING COMMITMENT TO DIVERSITY AND INCLUSION

At Burberry, our global Diversity and Inclusion strategy is focused on valuing and embracing differences and creating an environment where everyone feels they belong, has a voice and can reach their full potential. We know that when this happens, our colleagues are more engaged, committed and effective in driving results, and we make a more meaningful contribution to the world around us.

### OUR FOUR STRATEGIC PILLARS

To help achieve our diversity and inclusion goals, our dedicated global Diversity and Inclusion team works with colleagues across the business, including our senior leadership teams, the broader Human Resources team and our advisory networks, with a focus on four strategic pillars:

- Attracting and retaining diverse top talent
- Fostering an open and inclusive culture
- Educating and raising awareness
- Implementing a global approach

Throughout the year, we continued to build upon our strong foundations across these areas, and introduced new initiatives designed to help us to achieve our ambitions. In FY 2021/22, we launched a broader ambition to drive gender equality.

Over the coming years, our aim is for Burberry to become the best place to work for all women in the luxury industry, and to build our strength in developing women leaders. Some of our latest actions underpinning our goals include actively engaging our employee networks and councils to drive our ambition forward and launching a summit dedicated to advancing gender parity in leadership. We are also broadening our talent pipeline through leadership development programmes, funding creative arts scholarships and investing in our mentorship offering, particularly to elevate women leaders from all backgrounds.





### Commitment to equal pay

Our reward policy is to pay all colleagues in line with their level and experience and at a market-competitive level, irrespective of gender or ethnicity. We undertake a pay analysis process annually to identify and correct any pay disparities, ensuring we meet our commitment to equal pay.

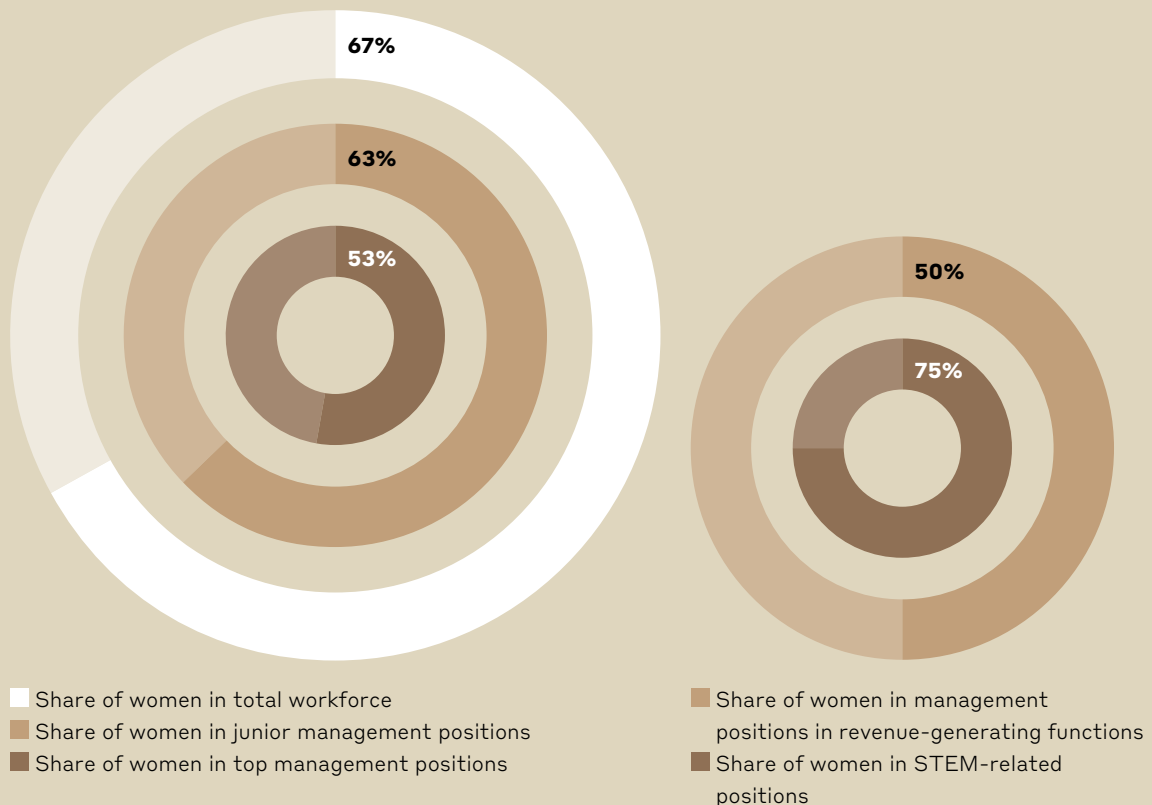
### Gender diversity at Burberry

As of March 2022, the representation of women and men in the workplace is:

Board	Total	Number of women	Percentage of women	Number of men	Percentage of men
Executive Committee	11	3	27%	8	73%
Leadership (Director and above)	302	159	53%	143	47%
All workforce	9,293	6,254	67%	3,039	33%

### SHARE OF WOMEN IN OUR WORKFORCE

In addition to examining the representation of women and men in our broader organisation, we are committed to better understanding our workforce through greater disclosure. In the charts below, women in junior management are categorised as colleagues up to Director-level, with women in top management being Director-level and above. Women in STEM-related positions sit within our manufacturing and product development teams, while women in revenue-generating functions sit across digital, retail, customer service, wholesale, franchise and licensing teams.



## Attracting and retaining diverse top talent Recruitment

How we attract and retain the best people at Burberry is a critical part of our global Diversity and Inclusion strategy and vital to our ongoing success. We are taking measures to ensure our recruitment practices remain inclusive. For instance, we use a gender decoder tool to analyse the language we use across all job advertisements to ensure they are gender neutral. In FY 2020/21, we began piloting anonymous curriculum vitae screening and included diversity information monitoring forms in candidate applications in the UK and USA, with all disclosures voluntary and data collected in line with local market regulations. We aim to implement these practices across our business in certain markets by FY 2022/23. To identify and engage with a wide range of candidates at all levels, we collaborate with organisations running diverse leadership networks and job boards around the world, and engage with a Historically Black College and University (HBCU) in the USA. Building on mandatory annual unconscious bias training for talent acquisition teams, we have also introduced interview skills training for all line managers to support inclusive interviewing techniques and mitigate unconscious bias throughout the interview process.

We also continue to support creative art scholarships in a bid to improve access to the creative industries for people from underrepresented communities. The scholarships support more than 50 students over five years at renowned creative institutions, including The New School's Parsons School of Design in New York City, Institut Français de la Mode in Paris and Central

Saint Martins in London. This also includes our support for scholars at the Royal College of Art via separate funding from Burberry and The Burberry Foundation.

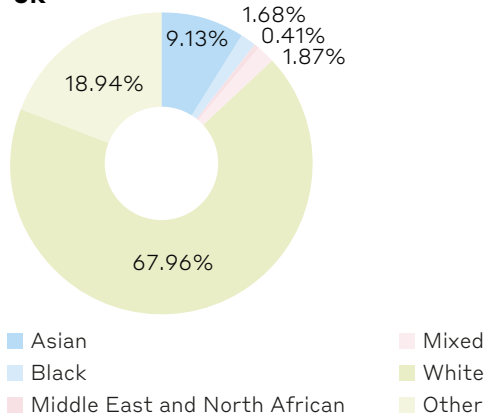
## Leadership development

We strongly believe that all colleagues are leaders. By harnessing our Leadership Standards, all of our colleagues will play a critical role in driving Burberry's performance, better serving our customers and meaningfully supporting our communities. We embed Leadership Standards across the business by making forums accessible to all of our people and creating opportunities for conversations around our values to take place. In addition, we run leadership development programmes, which are designed to elevate leadership capability and support the continued diversification of our organisation.

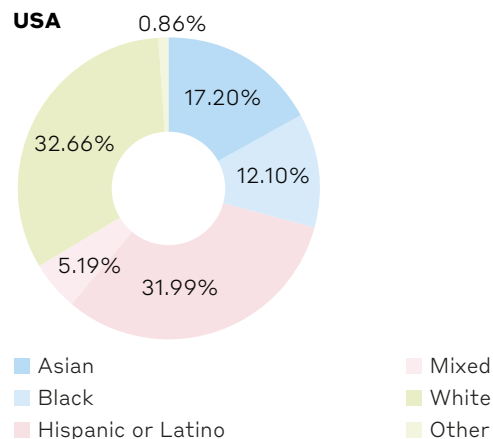
Our New Manager Development Programme (NMDP) focuses on the principles of good leadership for people managers. Core to this is equipping leaders with the capability required to foster an open and inclusive environment for teams and colleagues. This programme also explores leadership accountability and personal commitment to our sustainability and diversity and inclusion strategies. Our Executive Development Programme (EDP) continues to deepen leadership capability, building on learnings from our NMDP and our allyship training. Participants focus on elevating and reaffirming their commitment to fostering an inclusive culture as well as taking accountability for diversifying our workplace. During FY 2021/22, we worked to ensure the cohorts for each programme were balanced from gender and ethnicity perspectives.

### DIVERSITY AT BURBERRY\*

#### UK



#### USA



\* These values are based on voluntary colleague disclosure in line with local regulations.

## Fostering an open and inclusive culture

### Internal networks

We have a number of Employee Resource Groups (ERGs) led by members of our teams in collaboration with senior sponsors from across the business. Our growing ERGs create spaces for colleagues to come together and share knowledge, experiences, learnings and mark cultural moments with their Burberry community.

Our networks established in the USA include Asians in America, the Black Heritage and Culture Cooperative (BHCC), LGBTQ+, Women Empowered and the Working Parents Group. In 2021, we expanded some of our ERGs globally, reaching over 650 colleagues across our regions. Each ERG arranges events and celebrates cultural moments throughout the year, educating others and raising awareness.

Examples in FY 2021/22 included celebrating Black History Month with an internally curated musical playlist and hosting open forums focusing on mental health. We discussed bystander intervention in the wake of the #stopaapihate movement, which grew in response to acts of hate and violence being directed towards Asian American and Pacific Islander communities in the USA, and created an educational series and activities around cultural heritage calendar moments. For International Women's Day 2022, the Women Empowered ERG held a number of global open forums and networking sessions, focusing on themes including mentorship, career progression and leadership.

The ERGs also continue to work closely with the Global Diversity and Inclusion team, focusing on education, raising awareness and incorporating intersectionality into their conversations and resources.

### Disability inclusion

We aim to ensure that all our colleagues can thrive professionally and feel valued in our environments. As reinforced by our global Diversity and Inclusion Policy, we have no tolerance for discrimination at Burberry. Our inclusive hiring practices across Burberry include giving full and fair consideration to applications from people with disabilities. We ensure reasonable adjustments are in place for people with disabilities throughout their career, including for those who have become disabled during their time with us. Our training programmes are designed to be more accessible for those with visible and non-visible disabilities, including written text accompanying imagery, different levels of interactivity and adjustments to fonts. We collaborate with external

organisations to ensure our sites, policies and processes are inclusive of people with both visible and non-visible disabilities.

Through our partnership with The Valuable 500, the largest network of global CEOs committed to disability inclusion in business, we commit to including an accessibility assessment measurement through our current global Health and Safety assurance audit programme of our EMEA stores, aiming to meet accessibility criteria by 2023, which we have already achieved. We have also worked closely with the organisation to provide feedback on resources provided to members within a dedicated digital hub.

Our Health and Safety team works in close partnership with human resources and line managers to support our colleagues with occupational health reviews, identifying where we may need to make workplace adjustments or adaptations to help remove the barriers colleagues with disabilities may face, closely supported by our partnership with the Business Disability Forum, a non-profit organisation bringing together businesses, people with disabilities and policymakers to help make a difference. We are expanding our internal global disability audit framework to identify where we can take the most impactful action on accessibility.

### Diversity information

Assembling a complete picture of our colleague population is vital for us to measure progress. With more information on the diversity of our colleagues, we can design programmes and policies to best support our people.

In FY 2020/21, we upgraded our human resources systems to make it possible for UK-based colleagues to voluntarily share anonymised diversity information. The resulting data allows us to improve our global diversity dashboard, the platform which allows us to analyse colleague diversity within Burberry. Insights garnered from the dashboard are shared quarterly with the Executive Committee and bi-annually with the Board. This additional information helps us to make informed decisions with respect to our Diversity and Inclusion strategy.

In FY 2021/22, we began engagement with teams across Burberry, starting in the UK, to raise awareness of how colleagues may voluntarily provide certain diversity information in a confidential manner. This includes data on ethnicity, gender identity, visible and non-visible disabilities.

## Educating and raising awareness

### Internal Diversity and Inclusion Council

Established in 2019, our first Internal Diversity and Inclusion Council comprised 12 colleagues who met monthly to raise emerging issues and challenges, as well as explore feedback and solutions. Over their two-year tenure, they co-hosted 35 open forums with colleagues, contributed to raising awareness of global cultural moments and supported working groups in creating localised diversity and inclusion action plans that support the central agenda.

In February 2022, we expanded our Internal Diversity and Inclusion Council membership to 27 colleagues, ensuring representation across demographics, function, tenure and geography. The role of the council remains to foster a culture of inclusion and belonging throughout the organisation, while elevating our existing diversity and inclusion working groups and employee resource groups. Over the next two years, our members will be responsible for driving inclusion globally, sharing educational tools and resources, leveraging our Leadership Standards, supporting the delivery of local diversity and inclusion actions, and amplifying colleague voices.

### Mentorship

At Burberry, successful mentoring is centred around principles of trust, inclusivity, openness and communication. We have created a framework of mentoring resources to enable all colleagues to create and build mentoring partnerships. This is supported by regular career development conversations to identify ways to support growth, as well as access to a network

of mentors and mentoring champions. Engagement with our mentoring framework is driven through our ERGs and local Diversity and Inclusion working groups to further support the development of diverse and underrepresented talent.

### Global Diversity and Inclusion Education Programme

In FY 2021/22, we rolled out our Diversity and Inclusion Education Programme. The online series released 15-minute interactive learning episodes to all colleagues; commencing with Mitigating Bias and following with an introduction to Understanding Allyship.

Our people also have access to virtual workshops hosted by our partners and a global diversity and inclusion resource library stocked with more than 350 items. The library was designed to support self-directed learning.

We have also created Demonstrating Allyship, a virtually delivered workshop programme, which creates space for colleagues to understand identity, recognise how to be an ally, and practise allyship. This is hosted by external facilitators and is accessible to all colleagues; the workshops are interactive, available in multiple languages and scheduled with consideration for organisational and commercial moments.

Such initiatives encourage our people to acknowledge and understand the variety of lived experiences and the challenges individuals may face. It is our belief that, when our colleagues are sensitive to a diverse range of perspectives, we can create more inclusive working environments.

### Cultural Advisory Council

Established in 2019, our Cultural Advisory Council comprises six thought leaders from different backgrounds across the globe who collaborate with Burberry to shape and challenge our way of thinking. Meeting three times per year, the External Council plays an active role in advising on our Diversity and Inclusion strategy.

Over FY 2021/22, all members of the Council committed to another two-year term. The Council's involvement included roundtable discussions, mentorship and engagement with colleagues around

key cultural moments, such as World Mental Health Day, International Women's Day and Black History Months. To date, the members have helped advise on a range of initiatives, from diversity information engagement globally to truly embedding localised action plans across the business.

They have also dedicated time to raising awareness on issues ranging from psychological safety and the connection between mental health and inclusive environments, to the intersectionality of particular communities and representation within leadership. More information can be found on [Burberryplc.com](https://www.burberryplc.com).

### Implementing a global approach

While our ambition is to foster an inclusive culture globally, we recognise that one size does not fit all. In FY 2020/21, all key regional markets and global functions began developing detailed action plans aligned to the global Diversity and Inclusion strategy pillars. The localised plans were created by working groups within different areas of the business. Incorporating input from colleagues, the plans cover local needs and opportunities for change, applying a local understanding of the diversity and inclusion landscape while supporting our overarching global priorities.

Empowering voices across Burberry globally, the plans came to life across 10 months, engaging over 200 working group members and incorporating over 4,500 contributions and pieces of feedback from colleagues. These plans are now being actioned and embedded around the business, with groups continuing to meet regularly to move their bespoke actions forward. Key themes across functions included an enhanced talent approach to attract, retain and invest in diverse talent, encouraging openness and regular communication and fostering local community and partner support.

### Accountability

All members of our Executive Committee have diversity and inclusion objectives as part of their goals. They are accountable for attracting and retaining diverse talent and promoting an inclusive culture within the Company. They do this by participating in cultural moments and activities, and by sponsoring diversity and inclusion programmes so they are embedded in our ways of working. Supporting diversity and inclusion plans visibly and authentically is also the responsibility of our line managers, who advance our goals by encouraging inclusive behaviours and supporting localised efforts.

In order to measure our progress as a company and understand the success of our diversity and inclusion initiatives, we also take part in key benchmarks. In FY 2021/22, we were recognised by the Bloomberg Gender-Equality Index (GEI) for the second consecutive year. We scored well above the company average across the female leadership and talent pipeline, inclusive culture and pro-women brand categories. We will use the results to inform areas where we can implement meaningful change. Burberry was also recognised in the European Women on Boards Gender Equality Index as a Best Practice Leader and named a best performer in the inaugural FTSE Women Leaders report.

### Partnerships

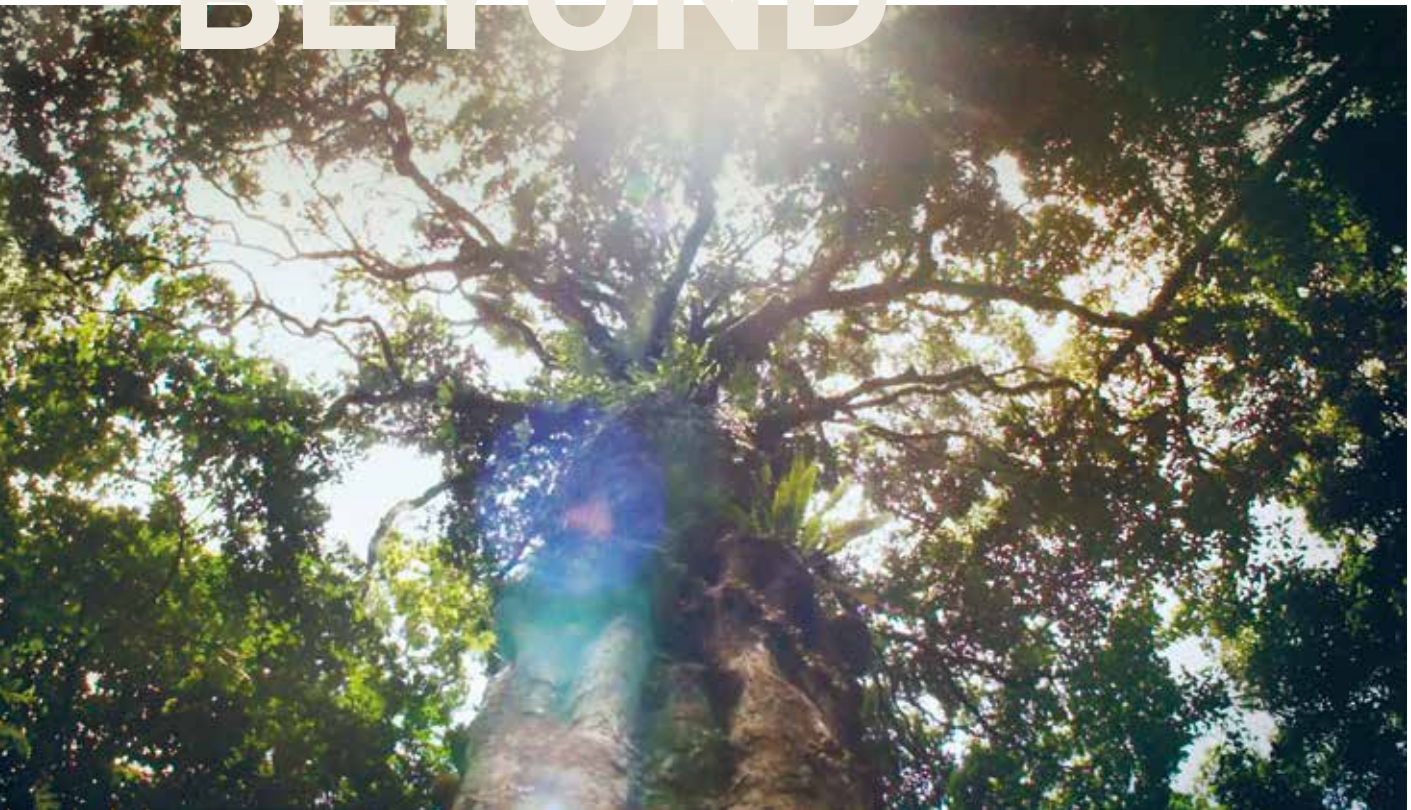
To support our diversity and inclusion journey, we forge strategic partnerships with key organisations, charities and communities around the world. As well as demonstrating our commitment to inclusion, these partnerships help us to build a diverse talent pipeline, support talent development and provide a range of educational opportunities across our organisation.

### Some examples include:

- Collaborating with the Business Disability Forum and The Valuable 500 to further our commitment to disability inclusion globally
- Hosting workshops and in conversations with partners such as Stonewall, Global Butterflies and Investing in Ethnicity
- In FY 2021/22, Burberry was a headline sponsor of the inaugural British Diversity Awards, bringing together communities to celebrate individuals, organisations and initiatives contributing to positive change



# BURBERRY BEYOND



**DRAWING ON OUR HERITAGE OF  
EXPLORATION AND THROUGH OUR  
CREATIVE SPIRIT, WE COMMIT TO  
CONTINUALLY EVOLVE, INNOVATE AND DEFY  
CONVENTION TO BUILD A BRIGHTER FUTURE  
FOR GENERATIONS TO COME.**

As a brand built on the desire to explore nature and the great outdoors, our new strategy, Burberry Beyond, is our commitment to be a force for good through how we design, source, create and advocate. We are determined to be a better company, to create a more sustainable future for luxury, and to have a positive impact on climate, nature and people. This compels us to draw on our creative spirit, to evolve, innovate and, at times, defy convention. It also requires us to enhance our metrics to track, guide and report on progress.

### Climate

We are going beyond net zero, reducing emissions across our extended supply chain and investing in initiatives and projects that support wider climate change efforts beyond our business. These include programmes that remove carbon from the atmosphere, designed to accelerate climate action and build resilience for climate-vulnerable communities.

### Nature

We will take action to protect, restore and regenerate nature by applying a nature-based approach to our own value chain and in areas of greatest need beyond our operations. We are committed to restoring ecosystems within Burberry's own value chain, working with key partners such as the Savory Institute's Land to Market programme, as well as continuing to evolve our understanding of our nature impacts in partnership with The Biodiversity Consultancy. We are also working with organisations like the Science Based Targets Network and the Taskforce on Nature-related Financial Disclosures to support the development of a robust framework to monitor and drive progress.

### People

We are committed to having a positive impact on our people and communities. We are collating information about the work we do across our business and in our supply chain, from protecting and nurturing luxury craftsmanship skills, to driving progress towards our diversity, equity and inclusion ambitions, in order to establish and evaluate the full picture of our impact on people within and beyond our Company.

## LEVERS FOR ACTION

As a global luxury brand, there are four main levers for action that will underpin our progress.

### DESIGN

We will harness our expertise in design, using the freedom creativity brings to usher in a new generation of luxury that not only does no harm, but also seeks to have a positive impact.

### SOURCE

We will ensure the materials we source are aligned to our ambitions, equipping and empowering our supply chain to achieve meaningful change at scale.

### CREATE

As we create, from the manufacturing of garments through to putting on shows, we will carry an ethos of innovation that continues to push boundaries.

### ADVOCATE

We will use our voice to call for strengthened policies, standards and behaviour change to drive positive social and environmental impacts.

# OUR GOAL TO BE CLIMATE POSITIVE BY 2040



During FY 2021/22, we strengthened our climate ambitions by pledging to become Climate Positive by 2040. This entails accelerating emissions reductions across our extended supply chain, aiming to cut them by 46% (from a previous target of 30%) by 2030, from a FY 2018/19 base year. In October 2021, our scope 3 2030 GHG emission targets were approved by the Science Based Targets initiative (SBTi) as meeting the criteria for the 1.5°C pathway set out in the Paris Agreement. All our scope 1, 2 and 3 SBTs are aligned to the 1.5°C pathway, the most ambitious designation available through the SBTi process.

Climate Positive 2040 is about going further than net zero. Our goal is to implement steep reductions in our carbon emissions footprint and neutralise residual emissions by investing in compensation and projects that remove carbon from the atmosphere. We have set up the Burberry Regeneration Fund to support our efforts and our strategy follows the SBTi Net Zero Standard recommendations.

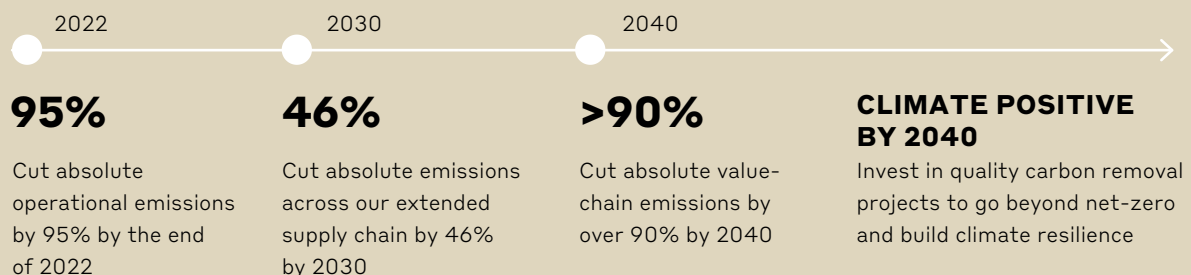
In FY 2021/22 we developed our first carbon emissions reduction roadmap to net zero and set out a number of KPIs that sit across the business. In line with our new targets, we are analysing the data and reporting methodology for our value chain emissions, which fall under our scope 3 disclosures. With new guidance from the SBTi, we resubmitted our baseline to FY 2018/19 and expanded the number of categories, which resulted in an increase in our reported scope 3 emissions compared to our previous baseline.

Our FY 2018/19 Scope 3 baseline totals 758,542<sup>^</sup> tonnes of carbon dioxide equivalent emissions. The baseline represents the emissions arising from raw materials, waste, product manufacturing, packaging, transportation, and other sources from our value chain. The baseline excludes emissions from use of products sold. PwC provided independent limited assurance for the reported FY 2018/19 scope 3 baseline figure. The assurance statement is available at [burberryplc.com/en/responsibility/approach-to-responsibility.html](https://burberryplc.com/en/responsibility/approach-to-responsibility.html).

In executing our scope 3 target, we are committed to partnering with our suppliers in areas including renewable energy solutions; circular-designed products and business models; regenerative agriculture solutions, and increasing the recycled content of packaging.

During the year, we set about embedding our commitments and targets to achieve Climate Positive throughout the business. We strengthened our cross-functional KPIs geared to deliver these reductions with Executive Committee accountability. In addition, we engaged teams by providing educational sessions to raise awareness around climate change impacts, our goals and how everyone can contribute. For example, our Finance and Operations team led a Sustainability in Action series, reaching between 150 and 300 colleagues during each of its five sessions in FY 2021/22.

In addition, in 2021, we launched our biodiversity strategy to support global conservation efforts. Through this plan, we will take action to protect, restore and regenerate nature, helping to slow further global warming as part of the transition towards the 1.5°C pathway set out in the Paris Agreement.







### **The Burberry Regeneration Fund**

For the GHG emissions that we cannot reduce directly, and to meet our Climate Positive targets, we are investing in nature-based solutions through our Regeneration Fund. The fund supports global mitigation efforts through offsets and carbon removal projects in our supply chain and beyond.

We take a portfolio approach to investing, focusing on both external removal and avoidance projects, as well as insetting initiatives. For our inaugural supply chain project, we partnered with PUR Projet to design and implement regenerative agricultural practices with wool producers in our supply chain in Australia. The project works at farm level to improve carbon capture in soils, improve watershed and soil health, and promote biodiverse habitats. The initiative in Australia has

successfully completed its first year, and more farms will be added to scale the project globally over the next few years.

In FY 2021/22, through the Burberry Regeneration Fund, we also invested in the global Lowering Emissions by Accelerating Forest finance (LEAF) Coalition to support the end of deforestation in tropical and subtropical forest countries. We support the LEAF Coalition's aim of achieving its Nationally Determined Contributions (NDCs) under the Paris Agreement. As part of the LEAF Coalition, over the next five years we will purchase high-quality Emissions Reductions. These will meet the ART-TREES requirements and contribute to our global mitigation efforts as part of the Regeneration Fund's pillars of Planet, Nature and People.

# 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 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 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 <sup>1</sup>	166.1 <sup>1</sup>	

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 <sup>^</sup>. The assurance statement is available at [burberryplc.com/en/responsibility/approach-to-responsibility.html](https://www.burberryplc.com/en/responsibility/approach-to-responsibility.html).

# NON-FINANCIAL INFORMATION STATEMENT

This section of the strategic report constitutes Burberry's Non-Financial Information Statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006.

The information listed is incorporated by cross reference.

Reporting requirement	Policies and standards which govern our approach	Information necessary to understand our business and its impact, policy due diligence and outcomes
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>• Global Environmental Policy</li> <li>• Responsible Sourcing Policy</li> <li>• Chemical Management Standards</li> <li>• Science Based Targets initiative</li> <li>• UN Climate Change Fashion Industry Charter for Climate Action</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental and Social Responsibility section, pages 52 to 97</li> <li>• Responsibility goals and commitments, pages 52 to 83</li> <li>• Environmental and Social Responsibility section on Burberryplc.com</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Our Culture and Values</li> <li>• Global Health and Safety Policy</li> <li>• Ethical Trading Code of Conduct</li> <li>• Responsible Business Principles</li> <li>• Diversity and Inclusion policy</li> </ul>	<ul style="list-style-type: none"> <li>• Directors' Report, pages 214 to 219</li> <li>• Purpose, page 20</li> <li>• Stakeholder Engagement, pages 99 to 106</li> <li>• Gender and Ethnicity Pay Gap Report on burberryplc.com</li> <li>• Environmental and Social Responsibility, pages 52 to 97</li> </ul>
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>• Human Rights Policy</li> <li>• Ethical Trading Code of Conduct</li> <li>• Transparency in the Supply Chain Statement</li> <li>• Modern Slavery Statement</li> <li>• Data Privacy Policy</li> <li>• Information and Cybersecurity Policy</li> <li>• Model Wellbeing Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights Statement, page 82</li> <li>• Environmental and Social Responsibility section on Burberryplc.com</li> </ul>
<b>Social matters</b>	<ul style="list-style-type: none"> <li>• Responsible Business Principles</li> <li>• Ethical Trading Code of Conduct</li> <li>• Local Stakeholder Engagement Policy</li> <li>• Volunteering and Match Funding</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental and Social Responsibility section on Burberryplc.com</li> </ul>
<b>Anti-corruption and anti-bribery</b>	<ul style="list-style-type: none"> <li>• Anti-Bribery and Corruption Policy</li> <li>• Cash Acceptance Policy</li> <li>• Fraud Risk Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Reflecting the needs of our stakeholders, Customers, page 101</li> <li>• Reflecting the needs of our stakeholders, Employees, page 100</li> </ul>
<b>Additional disclosure</b>		<ul style="list-style-type: none"> <li>• Business Model, page 22</li> <li>• Key Performance Indicators, pages 41 to 43</li> <li>• Principal Risks, page 107 to 129</li> <li>• Purpose, page 20</li> </ul>

# STAKEHOLDER ENGAGEMENT

Understanding our stakeholders and doing right by them is fundamental to sustaining Burberry's success in the long term.

The Board is aware of its obligations, both collectively and individually, to promote the success of the Company for the benefit of its stakeholders. Ensuring regular, comprehensive engagement with those stakeholders to understand their perspectives, values and insights when decision making and planning, allows us to deliver our strategy with the knowledge of the potential impact of our actions.


Papers submitted to the Board for approval from various areas of the business are required to outline the impact on stakeholder groups to enable the Board to have informed discussions before reaching key strategic decisions.


**Section 172(1) statement and statement of engagement with employees and other stakeholders**


In accordance with the Companies Act 2006 (the Act) as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the Directors provide this statement to describe how they have engaged with and had regard to the interests of our key stakeholders when performing their duty to promote the success of the Company, under section 172 of the Act.


Reflecting the importance of our stakeholders and the impact they have on our strategy, reputation and the Group's long-term success, consideration has been given to them throughout the FY 2021/22 Annual Report and the table on pages 162 to 165 identifies where they are discussed.


Major stakeholders


 People

 Shareholders

 Partners

 Customers

 Communities

 Governments



## PEOPLE

Our people are Burberry's greatest asset, and it is vital that we continue to attract and retain the best talent, fostering an inclusive environment where everyone can thrive.

We have increased our Employee Engagement Surveys from one per year to two. We use insights from these surveys to action changes across the Group so we can address the needs of our colleagues most effectively.

We communicate daily with our teams across the business to keep them informed, engaged and drive open conversation. Written communications, videos and podcasts are made available via Burberry World, our global intranet. We provide tailored communications to teams, such as Sales Associates during the year, providing regular operational updates and training around our new products and brand heritage. We continue to bring colleagues together virtually for significant calendar moments, such as the annual Icon Awards and global town halls, to maintain a sense of community.

We remain firmly committed to the professional and personal development of our people, as well as their wellbeing. We provide learning tools and resources via B-Learning, a range of training programmes on areas such as demonstrating allyship and running leadership development programmes, making sure each cohort reflects the diversity of our workforce.

More information on Burberry's progress towards a more diverse and inclusive workplace can be found on pages 84 to 92.

## What matters

- Career development
- Operational efficiency
- Wellbeing and flexible working
- Fostering a diverse and inclusive culture

## Board engagement

To ensure that our colleagues' views are considered in decisions made at Board level, meaningful two-way communication between the Board and our workforce is crucial. The Global Workforce Advisory Forum was established to facilitate such dialogue and is made up of representatives from a variety of roles across the global business. During FY 2021/22 the Forum met twice, and was attended by Gerry Murphy, our Chair; Matthew Key, Non-Executive Director and Chair of the Audit Committee, and Orna NíChionna, Chair of the Remuneration Committee. The Board discussed a range of topics including colleagues' views on how culture is monitored throughout the Group, Leadership Standards, changes to reward programmes made in 2021, methods of raising concerns, and considerations for our new CEO. Insights from these Forum meetings were shared with the Board as a whole.

The Board values these opportunities to hear directly from the workforce and take the feedback received into consideration when discussing relevant topics at Board and committee meetings as noted on pages 162 to 165.

Employee Engagement Survey: the Board reviewed the results of the Employee Engagement Surveys and an overview of the key trends for 2021. The Board gave particular focus to wellbeing, developing leader and colleague capabilities, recognition and discussed areas of focus and proposed actions.

Direct interaction: Burberry's various colleague platforms allow the Board to interact with our people on a global scale. In March 2022, as part of our International Women's Day celebrations, Board members Julie Brown and Debra Lee participated in a webcast focusing on the 2022 theme of "Break the Bias", sharing their personal thoughts and experiences on the subject.



## CUSTOMERS

We have a diverse customer base across the world whom we serve through Burberry.com, directly operated stores, concessions and wholesale partners.

We aim to create a seamless omnichannel experience, where they can engage with our brand, our product, our campaigns and our people. We continue to harness insights to develop our understanding of luxury goods customers and enhance our customer proposition, ensuring we offer inspiration and opportunities to engage with Burberry across our platforms.

During FY 2021/22, we continued to innovate the customer experience, leveraging technology to provide virtual appointments and bring the brand experience to customers wherever they are in the world. We also rolled out our new store concept more widely, with 47 stores built or refurbished in FY 2021/22. More information on the new store concept is on page 35.

Providing exceptional customer service and assistance is vital for any luxury brand. We look at ways to improve the assistance we offer to customers on an ongoing basis, including ensuring they are able to contact us at their convenience through their preferred medium, including phone, email, social media and Burberry.com chat. At present, we offer customer service assistance in 14 languages.

### What matters

- Product innovation and newness
- Customer service and brand experience
- Addressing evolving customer habits and changes in buying patterns
- Environmental and social impact

### Board engagement

Customer insights: understanding our customers and what they are looking for is key for developing our brand. Most of Burberry's engagement with customers is at the operational level, however the Board receives regular updates from the CEO and members of the senior management team on sales performance and brand heat. During FY 2021/22, the Board also received updates on market conditions and trends including research pieces, such as a consumer video. These provided insights from a number of fashion vanguards in our key markets, enriching and developing the Board's understanding of our customers, as well as highlighting any potential issues and how these can be addressed.

Customer experience: as customers themselves, the Board regularly engage with the business across all of our channels. Insights gained through these interactions are regularly discussed with management.

As part of his induction, our new CEO Jonathan Akeroyd has spent time visiting a number of stores as well as discovering Burberry's product offering, both of which provide valuable insight and understanding of Burberry's customer experience.





## SHAREHOLDERS

We are committed to creating long-term sustainable value for our shareholders delivered through the Group's strategy. We believe it is important to develop an open and transparent relationship with our shareholders for them to understand our business and its strategy to enable them to make informed decisions.

Investors are invited to attend our trading and results announcements online, which include a dedicated question-and-answer session. All investor announcements are made available on our website including webcasts, slides and transcripts.

During FY 2021/22, our Investor Relations team participated in over 200 investor meetings and events. This engagement included presentations to institutional shareholders and analysts following the release of the Group's half- and full-year results, as well as meetings with the Group's 20 largest investors.

### Board engagement

The Board benefits from the views of the investment community in their decision-making and we therefore encourage multichannel engagement through our Investor Relations team, Company Secretariat, Board and Executive Team, as well as other areas of the business.

The Board receives monthly updates from the Investor Relations team, providing an overview of market sentiment, share price performance and any meetings held with investors. More than 50 meetings were also held with a combination of our Chair, the Chair of the Remuneration Committee, Executive Directors and members of senior management.

In addition, the Board and management regularly receive and respond to queries from shareholders on a wide range of topics, including sustainability, climate change, recycling and waste, and human capital management.

### What matters

- Capital gain through share price appreciation and capital return via dividend
- Quality of governance
- ESG
- Profitability and business growth potential

Shareholder Value: in May 2021, in light of recovery in demand in key markets, strong operating performance and exemplary cost control, the Board was pleased to recommend a final dividend in respect of FY 2020/21. The Company aims to maintain a progressive dividend policy, maintaining or growing the dividend in pence terms year on year to return cash to shareholders. This dividend policy forms part of our capital allocation framework which prioritises the use of cash generated by the Group, further details of which can be found on page 51. In November 2021, the Board took the decision to pay an interim dividend in respect of FY 2021/22 and to implement a £150 million share buyback. In making these decisions, the Board considered the views of investors and advice from our brokers. The share buyback programme completed in March 2022.

Communications: the Board reviews and approves Burberry's material communications to investors, such as the trading updates and results announcements, the Annual Report and Accounts and the Notice of Annual General Meeting (AGM).

AGM: the AGM is an important opportunity for the Board to engage directly with shareholders on the performance and strategic direction of the Company. As a result of the COVID-19 pandemic and government restrictions in place at the time, shareholders were encouraged to attend the 2021 AGM virtually rather than in person which enabled them to watch the proceedings and submit questions to the Board live during the meeting. Shareholders were encouraged to submit their proxy votes; circa 80% of total voting rights were voted and all resolutions passed.

Following a change to our Articles of Association at the 2021 AGM, the 2022 AGM will be a hybrid meeting, enabling shareholders that participate both in person and virtually to ask questions and cast their votes on the proposed resolutions.



## COMMUNITIES

At Burberry, we have a longstanding commitment to supporting our communities through various programmes and initiatives.

We support The Burberry Foundation (UK registered charity number 1154468) in creating long-term partnerships that drive positive change in our communities and help build a more sustainable future through innovation. Each year, we donate a percentage of Group adjusted profits before tax to charitable causes, which include long-term community programmes led by The Burberry Foundation and emergency efforts as they arise, such as disaster relief. Donations as part of the Ukraine humanitarian response to UNICEF, Save the Children and The British Red Cross have been made and we continue to support those charities.

As the COVID-19 pandemic continued to affect our communities, we worked closely with teams, partners and the Board to determine how we could best provide support. This year, we supported UNICEF's COVID-19 Vaccines Appeal with separate donations from Burberry and The Burberry Foundation, contributing to the equitable distribution of vaccines around the world. Additionally, we have maintained our commitment to supporting our communities through our broader relief efforts and via The Burberry Foundation COVID-19 Community Fund.

Alongside contributions, employees are encouraged and supported in volunteering for charities and donating up to three working days a year to supporting their communities.

Burberry provides match-funding towards team-based fundraising activities. Read more about this on page 79.

In addition, we have continued to support our programmes, including Burberry Inspire and our creative arts scholarships, to ensure that future generations, particularly from underrepresented communities, have the support they need to enter the creative industries.

### What matters

- Positively impacting the communities living and working around us
- Employment within our communities
- Increased focus on ESG

### Board engagement

Strategy updates: the Board received regular updates on the implementation of The Burberry Foundation's five-year strategy, which aimed to positively impact 1 million people by 2022 by supporting community programmes, making financial contributions and encouraging employee volunteering.

Supporting communities: the Board understands the importance of sustainability in the fashion industry and receives updates on the sustainability initiatives and projects undertaken by the Group. More information on ESG can be found on pages 52 to 97. Further information on Burberry's progress in meeting the recommendations of the TCFD can be found on pages 130 to 143.

The Burberry Foundation: the work of The Burberry Foundation is key to Burberry's Responsibility agenda. In FY 2021/22, the Board agreed to donate 1% of Group adjusted profits before tax to social and community causes worldwide, which include disaster relief, scholarships and long-term community programmes led by The Burberry Foundation. The Board also approved incremental charitable donations in response to the Ukraine humanitarian crisis. More details on The Burberry Foundation can be found on page 82.



## PARTNERS

Our partners include our suppliers, companies, NGOs, civil society groups and retail third parties. We believe in building collaborative relationships with our partners and we take pride in sharing knowledge and expertise to find solutions and opportunities for innovation.

Our initiatives across environmental and social responsibility contribute to many of the United Nations SDGs. We work with industry peers, business partners and other key stakeholder groups to drive wider industry change aligned to our ambitions. This year, we substantially met our Responsibility goals, which include being completely carbon neutral across our operations and positively impacting over 1 million people across communities. Read more about our Responsibility strategy on pages 52 to 97 and our support for communities on pages 72 to 83.

We nurture close relationships with members of our supply chain, including wholesalers, licensees and supply chain partners, on an ongoing basis to drive social and environmental improvements, focusing on every step in our sourcing and manufacturing processes. This includes ensuring compliance with our Responsible Business Principles and supporting understanding and adherence to our sustainability ambitions.

To ensure a luxury experience across brand touchpoints, we collaborate with other companies to create the best experiences for our customers. Read more on page 33. We maintain close relationships with our wholesale and licensing partners through frequent updates to understand product needs, ongoing preferences and opportunities for innovation.

## What matters

- Increased focus on ESG
- COVID-19 relief support
- Driving collaboration and contributing to the United Nations SDGs

## Board engagement

Environmental impact on operations: throughout the year, the Board receives updates on sustainability-related matters, including those related to climate change. These were supported by insights from independent sustainability strategy consultants.

The TCFD Working Group was established to assess and implement the required governance and strategy for climate-related risks and opportunities, together with the metrics and targets used to assess and manage these. The working group reports to the Risk Committee, which is chaired by Julie Brown, our CO&FO to ensure that the Group's TCFD disclosure is fully compliant with the TCFD recommendations. The Audit Committee reviews and discusses the work of the TCFD Working Group.

Ethical trading: the Board approved the Transparency in Supply Chains and Modern Slavery Statement, which widened the scope of the ethical trading programme to include packaging, visual merchandising and recycling facilities. Information on the Human Rights Statement can be found on page 82 and our Modern Slavery Act Statement can be found on [Burberryplc.com](https://www.burberryplc.com).



## GOVERNMENTS

Governments influence long-term retail environments, environmental priorities, employment laws, trade and other business matters, which are all key areas for Burberry.

We regularly engage with governments in the countries where we operate to understand their concerns so we can seek solutions to shared environmental, social, economic and governance issues.

In 2021, we collaborated with governmental departments to drive the sustainability agenda forward, culminating in commitments made at the UN Climate Change Conference (COP 26).

### What matters

- Industry/product policies such as taxes, restrictions, trade and regulations
- Employment
- Increased focus on ESG

### Board engagement

The Board is briefed on any engagements with governments. In FY 2021/22 this included topics such as the Group's COVID-19 response, Brexit and the humanitarian response to the conflict in Ukraine. The Audit Committee monitors and reviews tax payments to governments.

# BOARD ENGAGEMENT

The table below sets out where further information can be found on how the Board has exercised its duties in accordance with Section 172 of the Act.

## Section 172 responsibilities

### a. Long-term results – the likely consequences of any decision in the long-term

#### Strategic Report:

Business Model	(page 22)	Key Performance Indicators	(page 44)
Chair's Letter	(page 2)	Risk and Viability Report	(page 107)
CEO's Letter	(page 6)	<b>Corporate Governance Report:</b>	
Capital Allocation Framework	(page 51)	Report of the Audit Committee	(page 178)
Investment Case	(page 24)		

### b. Our workforce – the interests of the Group's employees

#### Strategic Report:

Business Model	(page 22)	2020 Directors' Remuneration Policy	
Purpose	(page 20)	pages 161 to 171 in the Annual Report	
Operational Risks	(page 117)	2019/20)	
Environmental and Social Responsibility	(page 52)	Report of the Audit Committee	(page 178)
Stakeholder Engagement	(page 99)	Remuneration	(page 286)
<b>Corporate Governance Report:</b>		<b>Burberryplc.com:</b>	
Chair's Letter	(page 152)	Gender and Ethnicity Pay Gap Report,	
Division of Responsibilities	(page 167)	ESG, People and Responsibility	
Directors' Remuneration Report	(page 186)		

### c. Our business relationships – the importance of developing the Group's business relationships with suppliers, customers and others

#### Strategic Report:

Business Model	(page 22)	Stakeholder Engagement	(page 99)
Environmental and Social Responsibility	(page 52)		

### d. The community and our environment – the impact of the Group's operations on the community and the environment

#### Strategic Report:

Environmental and Social Responsibility	(page 52)	<b>Burberryplc.com:</b>	
Climate Change Risks	(page 127)	ESG and Responsibility	
Task Force on Climate-related Financial Disclosures (TCFD)	(page 130)		

### e. Our reputation/our desire to maintain our reputation for high standards of business conduct

#### Strategic Report:

Environmental and Social Responsibility	(page 52)	<b>Corporate Governance Report:</b>	
The Environment	(page 52)	Board roles	(page 154)
Human Rights Statement	(page 82)	Other Governance Disclosures and	(page 166)
Compliance Risks	(page 124)	Tax Governance Framework	
Non-Financial Information Statement	(page 98)	<b>Burberryplc.com:</b>	
		Modern Slavery Statement	

### f. Fairness between our shareholders – our aim is to act fairly as between members of the Company

#### Strategic Report:

Stakeholder Engagement	(page 99)	<b>Corporate Governance Report:</b>	
		Engagement with Shareholders	(page 102)
		Directors' Remuneration Report	(page 186)
		Board Roles	(page 154)



# RISK AND VIABILITY REPORT

We place value creation and value protection at the centre of our approach to risk. This allows us to make informed decisions about which risks to prioritise and how best to mitigate them through our internal controls.

## Our approach to risk

Effective risk management is essential to executing our strategy and achieving sustainable shareholder value. We assess the risks we need to take in order to remain successful and to grow, and we use the available evidence to manage those risks as effectively as possible. These risk assessments are formally updated, documented and approved at least twice a year.

The Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve our strategic objectives (the Board's risk appetite), as well as challenging management's implementation of effective systems of risk identification, assessment and mitigation. The Board has delegated the responsibility for reviewing the effectiveness of the Group's internal controls and risk management arrangements to the Audit Committee. Ongoing review of these controls is provided through internal governance processes.

The Group Risk team (Group Risk) comprises risk management, risk analytics, business continuity and insurance. This team assesses and prioritises risks to determine mitigating actions and to secure a more resilient organisation. Group Risk also promotes agility, by highlighting areas of control which require further investment, and in managing the Group's incident response to urgent, emerging challenges. This multi-disciplinary team is an integral part of our business, and reports to our CO&FO.

Risk management activities are reviewed by Internal Audit and other control functions, which provide assurance to our Risk Committee, Audit Committee, and Board, as described on page 144. During FY 2021/22, we commenced a risk modelling project with Cambridge University's Centre for Risk Studies, which began by modelling our climate-related risks (see TCFD section on page 130). This work will be expanded through FY 2022/23 to encompass other principal risks.

## Risk appetite

We will pursue growth and accept a certain level of risk to ignite brand heat commensurate with our position in luxury fashion. We approve capital investment in strategic projects and accept a moderate to high risk in pursuit of innovation and profitable growth, balancing a reasonable return on capital with a reasonable level of commercial risk within the approved capital allocation framework.

Complying with applicable laws and doing the right thing are part of our culture and underpin our strategic ambition. In evaluating risks and opportunities, we prioritise the interests and safety of our customers and our people. We seek to protect the long-term value and reputation of the brand, maximising commercial benefits to support responsible and sustainable global growth within our defined risk tolerance.

## Our principal risks

The Board considers the principal risks to be the most significant risks faced by the Group, including those that are the most material to our performance and those that could threaten our business model or the future long-term solvency or liquidity of Burberry. They do not comprise all the risks associated with our business and are not set out in priority order. Additional risks not known to management, or currently deemed to be less material, may also have an adverse effect on our business.

Our risk framework is structured around the following categories of risk: External, Strategic, Operational, Compliance and Climate Change. Each principal risk is

linked to one of these categories and may impact one or more of our strategic priorities. We have reviewed and updated the descriptions and mitigating actions of our principal risks and emerging risks. We reviewed whether the level of risk associated with each of the principal risks is increasing or decreasing compared to the previous financial year and noted new risks, which do not have a basis for comparison. Our risk management processes are designed to enable us to identify risks that can be partially mitigated through insurance. We focus our insurance resources on the most critical areas or where there is a legal requirement, and where we can get best value for money for risk transfer.

## Emerging risks

Our understanding of emerging risks which have potential to affect our business is an area of focus for us. We undertake detailed horizon scanning in conjunction with our strategy team to identify and assess emerging risks and opportunities and how to address them. Emerging risks are by their nature highly uncertain, and to manage this, we involve specialist third parties where necessary to better understand them and their potential impacts. Our risk management approach considers short term to be one year, medium term to be two to five years and long term more than five years.

### MACRO:

**Macroeconomic impacts** – escalating inflation particularly in food and energy prices which may lead to increased interest rates as central banks try to curb inflation, heightening the risk of recession

**Changing regulatory environment** – new regulations continue to emerge, including financial reporting (UK Corporate Governance regulations), raw material transparency (New York bill) and UK/EU/US government sanctions on Russia, all of which increase the risk of non-compliance

**Geopolitical** – increasing geopolitical tensions and bifurcation, which may restrict free trade through mechanisms such as quotas and tariffs

### CONSUMER:

**Changing consumer preferences** – expectations around product and sustainability continue to increase, along with heightened focus on the ESG performance of companies

**Significance of influential groups/third parties on consumer spending patterns** – increased reliance on third parties to produce content to influence consumer spending (for example, social media influencers), which carries risk of damage to brand image

### INDUSTRY:

**Industry concentration** – increase in concentration on key customer groups resulting in greater competition for growth targets and polarisation of luxury players in the global fashion industry

**New technology** – leading to changes in consumer spending habits and expectations around product availability (for example, virtual stores, the metaverse, and new materials)

**Circularity** – new business models and increase in product re-sale markets, including fashion rental

**Full supply chain traceability** – requiring investment in new technologies and greater collaboration amongst participants in the fashion value chain

## EXTERNAL RISKS

### COVID-19 impact

We are continuing to monitor the potential impacts of the COVID-19 pandemic and we continue to prioritise the safety of our people, customers and suppliers. Our response is globally coordinated but locally tailored, driven by regional developments. We regularly update our modelling of the impact of the pandemic across all our regions and on the Group. The impact of pandemic risk on our viability and asset impairment is carefully considered, as well as on other principal risks, especially those related to our customers, supply chain and operations.

### Risk movement and outlook

COVID-19 was a new principal risk in FY 2019/20 and was considered to have been effectively managed by our Executive Committee, functional heads, regional leaders and Business Continuity team. We assess a diverse range of exogenous risk factors: infection and hospitalisation rates, vaccine efficacy, lockdowns and social restriction policies, travel policy and other factors when assessing the regional risks and potential impact. We aggregate these regional risks to form an assessment of risk to the Group. This risk remains similar to last year for the Group which reflects an increase in Mainland China as a result of ongoing restrictions and a decrease in other key markets.

### Link to strategy

Pandemic risk remains a significant factor in our ability to execute our strategy. The risk varies by region over time. In each region, we ensure that we comply with legal obligations, which vary depending on national responses to COVID-19 developments.

### Risk tolerance

We prioritise and have a low risk tolerance regarding the safety and wellbeing of our people, our customers, partners and the communities in which we operate.

### Examples of risks

- Changes to the nature of the pandemic, such as the introduction of novel variants, impacts the health of our employees and their ability to operate effectively
- Recovery is delayed by a resurgence in virus infections
- Challenges to liquidity to manage operations and meet liabilities as they fall due
- The Group's regional trading performance and cash flows are significantly impacted by further extended periods of closures of Burberry retail stores, manufacturing facilities and distribution centres
- Burberry's regional internal manufacturing sites and global network of suppliers, storage and distribution hubs are disrupted, significantly impacting the supply chain and the speed with which we recover as government restrictions are lifted
- Impairment of goodwill, retail assets and inventory

## COVID-19 impact continued

### Actions taken by management

- The Group Executive Committee is responsible for the overall management of our response to the COVID-19 pandemic. Mitigating actions are delegated to the relevant regional and function leadership teams to ensure we maintain an agile, tailored response, including the temporary closure of stores, offices and other buildings, as required
- We monitor emerging regional regulations as COVID-19 continues to develop and evolve. We are focused on promoting and protecting the health and safety of our people, customers, partners and communities, and ensuring we comply with regulations
- Where local regulations are less restrictive, we recognise individual needs and preferences. We provide free PPE and offer a flexible working approach to our colleagues, where possible. We have tailored our commercial approach to each market, which includes targeted marketing investment in Mainland China and the USA
- We keep product, inventory and supply chain under constant review to maintain supply chain operations while optimising buying commitments and ensuring an uninterrupted flow of product to our customers
- Burberry has significant financial headroom and minimal leverage. We have £0.9 billion of cash, excluding proceeds of £0.3 billion from the Sustainability Bond, and a further £0.3 billion undrawn from the revolving credit facility. We have completed detailed stress testing to understand the extent to which the Group could withstand a loss of revenues within the limits of its available financial resources. Details of this reverse stress testing are set out in the Viability Assessment on page 146
- We continue to manage cash and costs to protect the Group's liquidity. A comprehensive cost mitigation programme has been delivered. Other levers include delaying discretionary capital. We also focus on investment in commercial areas to drive revenues and strengthen the brand

### Macroeconomic and political instability

The Group operates in a wide range of markets and is exposed to changing economic, regulatory, social and political developments, which may impact consumer demand or affect our supply chain and manufacturing, and therefore our profitability. Adverse macroeconomic conditions or country-specific crises, such as natural disasters, global health emergencies or civil unrest, may significantly affect our markets and our ability to operate.

### Risk movement and outlook

The risk has increased over the last two years. The outlook remains uncertain as we continue to navigate through several significant macroeconomic and political events, including the macroeconomic impact of the conflict in Ukraine. External factors, such as global health emergencies and natural disasters, are difficult to predict, although we remain confident in our ability to adapt and respond as they emerge.

### Link to strategy

Volatility in the external environment could impact our overall financial performance and operations.

### Risk tolerance

We have a low tolerance for risk in this area but recognise external factors can be more difficult to mitigate as they are often outside our control. This requires us to be resilient, while retaining the agility required to respond effectively.

### Examples of risks

- Rapidly changing market sentiment caused by international crises, leading to uncertainty in the economic outlook for the luxury sector
- Rising inflation both in a supply chain and consumer context
- Global health emergencies affecting countries and regions
- Disruptions to and increased cost associated with the internal and external supply chain
- Increased customs and duty charges resulting from international trade disputes

### Actions taken by management

- We quickly and decisively responded to the macroeconomic impact of the conflict in Ukraine through our coordinated cross-function cross-region Group Incident Management team and supporting operational groups
- We continue to respond in a way that leverages our brand appeal and global reach across multiple customer segments and regions to mitigate reliance on a particular customer group
- We recognise the importance of Mainland China and the Chinese consumer for the luxury industry
- We continue to assess shifts occurring in the industry and in consumer preferences to ensure our plans are dynamic and responsive to the market
- We monitor external macroeconomic and regulatory changes and perform horizon scanning supported by insights from the Group Strategy, Commercial and Finance teams



## Further impacts from the UK's withdrawal from the EU

Various scenarios could impact the Group's financial position, operating model and people.

### Risk movement and outlook

The UK's withdrawal from the EU on 31 December 2020 has crystallised with some supply chain disruption and costs realised, notwithstanding the EU-UK Trade and Cooperation agreement. Further disruption may arise in the event of destabilisation of the trading arrangements between the EU and UK, potentially giving rise to incremental border costs and delays. However, the risk has reduced since last year.

### Link to strategy

Volatility arising from uncertainty around the trading relationship between the UK and EU following the end of the transition period may impact our overall financial and operating performance, as well as our ambitions under supply chain Operational Excellence.

### Risk tolerance

We have a low tolerance for risk arising from uncertainty regarding the trading relationship between the UK and EU.

### Examples of risks

- Additional customs duty based on the post-transition trading relationship between the UK and EU
- Disruption to business operations
- Impact on some current business project roadmaps
- Extended supply chain lead times could increase inventory levels
- Uncertainty over the rights of EU nationals and UK immigration law could increase the risk of being unable to recruit and retain talent
- Exchange rate volatility impacts Group revenues, margins, profits and cash flow

### Actions taken by management

- Our steering committee continually monitors the evolving post-transition trading relationship between the UK and EU, and oversees our mitigation plans
- While the business has experienced some short-term disruption, ongoing mitigation reduced the risk to all business activities, including supply chain, trade compliance, IP and people
- We engage with UK government departments and other external stakeholders to ensure they are fully informed of our circumstances

## STRATEGIC RISKS

### Image and reputation

We invest in building trust in our brand and protecting our image and reputation globally. Unfavourable incidents, unethical behaviour or erroneous media coverage relating to the Group's people, practices, products or third-party suppliers could damage the Group's image and reputation and negatively impact the value of our brand. A negative perception of the Group's values could potentially lead to a slowdown in sales as well as a loss of customers. While internal enhancements continue to be made to protect Burberry's image and reputation, we operate in a complex and volatile external environment. Scrutiny of our brand is high and the risk to our brand is elevated as a result of global events. Working with third parties, including collaborators and influencers, creates additional risk.

### Risk movement and outlook

The risk has increased over the last two years. The outlook remains uncertain as we continue to navigate through several significant macroeconomic and political events and external factors, including global health emergencies and natural disasters.

### Link to strategy

All strategic pillars.

### Risk tolerance

Protecting our brand and reputation safeguards our licence to operate. We have a moderate risk appetite in order to deliver our strategy supported by processes to avoid or mitigate any reputational/brand risk where possible.

### Examples of risks

- Unethical behaviour on the part of individuals or entities connected with the Group
- Unfavourable or erroneous media coverage or negative discussions on social networks about the Group's products, content or practices
- An organisation, association, celebrity, influencer, collaborator or model associated with Burberry becoming involved in a reputational incident
- Suppliers or partners not respecting the Group's Responsible Business Principles
- Alleged infringement or appropriation of third-party rights in connection with the production of content and design of product
- Failure of our people or those acting on Burberry's behalf to adhere to Burberry's Model Wellbeing Policy
- Failure to understand social issues and respect cultural sensitivities around product and marketing content

## Image and reputation continued

### Actions taken by management

- Oversight of mitigation of reputational issues by the Ethics and Risk Committees
- Audit of reputational risks, continued monitoring of risks and development of mitigation plans
- Undertaking marketing risk analysis/risk register and implementation of mitigation procedures
- Codified incident management policy, monitoring of social networks and response procedures
- Review process in place for engagements with collaborators, influencers and/or celebrities
- Approval processes and editorial controls in place to ensure all product and content is reviewed and signed off prior to external release
- Development of due diligence policy in connection with retention of talent and partners
- Training and monitoring of adherence to Burberry's Model Wellbeing Policy for all people who engage with models on Burberry's behalf, including employees, freelancers, casting agents, contractors and external third parties
- Training and monitoring of adherence by personnel to the requirements in the Group's Responsible Business Principles
- Continued supplier audits and supplier training programmes to ensure compliance in day-to-day operations
- Continued development of our global Diversity and Inclusion strategy as well as the widening of our Internal Diversity and Inclusion Council membership to support its implementation
- Renewal of Cultural Advisory Council members
- Updated and consolidated our Code of Conduct for our people and third parties to ensure they act lawfully and in accordance with Burberry's values

### Global Chinese consumer spending

A significant change to Chinese consumer spending habits globally due to changes in the economic, regulatory, social or political environment in Mainland China, including a further health emergency or a natural disaster, may adversely impact domestic consumers' disposable income and confidence. Such changes could also lead to Chinese consumers scaling back on spending and travel. This could impact the Group's revenue and profits outside Mainland China, which may not be fully compensated by the repatriation of spend in the country.

### Risk movement and outlook

The risks associated with Chinese consumer spending have increased since the prior year and remain the Group's highest principal risk. This is driven by a number of factors, including the resurgence of COVID-19 disruptions in Mainland China and associated restrictions on movement, which reduce the potential for domestic and tourist spend. Due to the significant proportion of sales to Chinese consumers, the Group may lose revenues and profits as a result of changes in Chinese consumer spending patterns resulting from shifts in the economic, social or geopolitical environment.

### Link to strategy

All strategic pillars.

### Risk tolerance

We accept a certain level of concentration risk in relation to consumer nationality to maximise growth opportunities.

### Examples of risks

- We suffer a major reputational shock in Mainland China causing a deterioration in brand value
- Burberry's growth in Asia does not meet expectations either in magnitude or timing, especially in Mainland China
- Slower recovery in Asia due to a resurgence of COVID-19
- We are unable to capture additional consumer spend in Mainland China

### Actions taken by management

- Sustained execution of Mainland China strategy, including localised campaigns and additional marketing spend to support growth targets
- Building new social partnerships in Mainland China in strategic locations, and developing innovative customer experiences, storytelling and products that are locally relevant
- Sustained investment in inventory and technology to support our Mainland China digital business across our own platform and those of our third-party partners
- Targeted investments supporting tailored strategies in other regions to diversify our global consumer profile

### Foreign exchange

Volatility in foreign exchange rates could have a significant impact on the Group's reported results. Burberry is exposed to uncertainty through foreign exchange movements. Major events such as the COVID-19 pandemic and the conflict in Ukraine might impact foreign exchange rates, which in turn could cause significant change in the Group's reported results.

### Risk movement and outlook

The risk has not changed significantly since the prior year. In light of the macroeconomic environment, geopolitical risks remain heightened and foreign exchange rates remain volatile.

### Link to strategy

Volatility in foreign exchange rates could impact our overall financial performance.

### Risk tolerance

Burberry does not seek to manage structural foreign exchange risk relating to its overseas retail operations.

### Examples of risks

- Burberry operates on a global basis and earns revenues, incurs costs and makes investments in a number of currencies. Burberry's financial results are reported in sterling. Most reported revenues are earned in non-sterling currencies, with a significant proportion of costs in sterling. Therefore, changes in exchange rates, which are driven by multiple factors, such as global economic trends, could impact Burberry's revenues, margins, profits and cash flows
- Changes in exchange rates driven by global economic trends could reduce the attractiveness of international shopping for travelling tourists

### Actions taken by management

- Burberry hedges some external purchases of goods and some inter-company balances using financial instruments. Burberry does not hedge anticipated intra-group foreign currency transactions
- Burberry monitors the desirability of hedging the net assets of non-sterling subsidiaries when translated into sterling for reporting purposes. We have only entered into modest transactions for this purpose
- Burberry monitors the overall impact of unhedged exchange movements and provides guidance to shareholders if exchange rates move on a quarterly basis

## OPERATIONAL RISKS

### Loss of data or cyberattack

A cyberattack results in a system outage, impacting core operations and/or results in a major data loss leading to reputational damage and financial loss. A cyber risk-aware workforce and the Group's technology environment are critical to success. A robust control environment helps decrease risks to core business operations and/or major data loss.

### Risk movement and outlook

This risk is assessed to have slightly increased in comparison to the prior year as a result of an increase in global cyber threat during the year.

### Link to strategy

Having a cyber risk-aware workforce and resilient technology landscape is integral to delivering our strategy.

### Risk tolerance

We have a low risk tolerance in this area.

### Examples of risks

- Malware results in a loss of system control causing business disruption and/or major data loss
- Credential compromise of customer or employee accounts leading to business disruption and/or major data loss
- Accidental personal data loss or disclosure leading to regulatory fines
- Attack on Burberry.com causing business disruption and/or major data loss
- Compromise or misconfiguration of externally facing assets causing business disruption and/or major data loss
- Fines due to failure to comply with EU General Data Protection Regulation (GDPR) and/or equivalent applicable data protection legislation globally



## Loss of data or cyberattack continued

### Actions taken by management

- Governance provided through a cross-functional Cyber Security Steering Group with Executive membership and sponsorship
- Continued investment in information security capabilities
- Second line assurance checks reporting on control effectiveness to Executive and IT management through monthly scorecards
- 24/7/365 security monitoring and analytics capability supported by security incident response processes
- Information Security Advisory function to embed security in new projects and initiatives
- Security training and awareness and phishing tests rolled out to employees globally with completion monitoring
- Implementation of solutions to help detect personal and sensitive data loss with improved control over user access management
- Test responses to cybersecurity incidents through simulations
- Data Privacy Steering Committee, a cross-functional group to review data controls around existing systems and assess potential data risks (from both a legal and reputational perspective) associated with new IT, Marketing, Retail and Digital initiatives across Burberry
- Ongoing collaboration between the Data Protection office, Legal, IT and Information Security functions to ensure policies are adhered to in respect of the appropriate collection, security, storage, retention and deletion of personal data
- In line with other organisations, Burberry encounters information security incidents from time to time and has policies, processes and technologies in place to detect and respond to these as appropriate
- Both Cloud Governance and Ransomware Audits were completed in January 2022 by the Internal Audit team in line with the NIST framework

## IT operations

There is a risk that IT operations fail to support critical processes across the Group, including Retail and Digital, as well as Group functions, such as Supply Chain and Finance.

### Risk movement and outlook

The impact of this risk has remained the same, with the likelihood remaining high due to ongoing data centre migration work increasing risk to system recovery and elongated system outages. Our focus remains on key system upgrades, which increase our resilience and security, as well as addressing key underpinning risks and essential investment.

### Link to strategy

All strategic pillars.

### Risk tolerance

We adopt a strategy to reduce key risks to the disruption of IT operations wherever possible.

### Examples of risks

- Failure to provide technology platforms that meet customer demands and support innovation could result in failure to deliver the strategy and loss of revenue
- Failure to provide stable and resilient technology platforms that meet business demands across retail and corporate sites could result in failure to deliver the strategy and negatively impact operations due to poor system performance and/or system outages

### Actions taken by management

- IT Portfolio Forum in place with Executive representation to support IT investment decisions and oversee delivery of prioritised IT programmes and initiatives
- IT function has clear alignment between the IT teams, the strategic pillars, business functions and operations
- Implementation of controls to help maintain continuity of the Group's IT systems, including evolution of IT recovery plans, which would be implemented in the event of a major failure
- A tested Group incident management framework is in place to report, escalate and respond to high-impact events
- Further evolution of the IT operating model with a Business Systems Platform function to elevate the performance and security of core systems, supported by a business-wide steering committee
- Elevated focus on key risks to support decision making on operating budgets and investment
- External technology partner network and focused delivery in line with current risk appetite and strategic priorities
- Our Internal Audit team completed a review of our IT vendors in February 2022

## People

Inability to attract, motivate, develop and retain our people to perform to the best of their ability in order to meet our strategic objectives.

### Risk movement and outlook

This risk remains a priority. It is subject to complex macro factors, which have led to an increase in the level of risk over the last 12 months. While we experienced reduced levels of voluntary attrition through the pandemic, these returned to pre-pandemic levels in the second half of FY 2021/22. In addition, in some geographies, global trading disruption continues to impact our people's ability to meet planned business goals.

### Link to strategy

Delivery of our strategy relies on our ability to engage and inspire our people to deliver outstanding results for the Group.

### Risk tolerance

We recognise the value and importance of successfully delivering our Inspired People strategy and therefore have a low tolerance for risk in this area.

### Examples of risks

- Loss of critical talent/knowledge/unmanageable levels of attrition heightened by challenging business conditions and continued economic uncertainty
- Failure to build and retain the right capabilities throughout the organisation

### Actions taken by management

#### Leadership and culture

- All leaders have a leadership objective and Diversity and Inclusion objectives included in their goals. Executive Committee members are accountable for attracting and retaining diverse talent and fostering an inclusive culture
- During FY 2021/22, we created Leadership Standards, which were embedded across the organisation. These standards bring to life our purpose and values with tangible examples for both people leaders and colleagues
- Throughout the year, we sourced in-the-moment feedback from our colleagues, with two surveys completed with our provider, Glint. Results demonstrated that employees remained very engaged, had a strong connection with the brand and felt supported by their leaders
- We foster an inclusive culture where all employees feel connected to their work
- We empower and equip leaders to lead through change
- We engage employees through our ongoing commitment to corporate responsibility and embedding our ESG ambitions across the business

## People continued

### Talent and careers:

- Strengthening capabilities and enhancing our approach to talent management throughout the organisation
- Scaled learning opportunities for all our people through enhanced self-directed digital content
- Maintained rigorous processes to identify and engage high-potential talent and support succession planning
- Enhanced performance management through refined processes and systems, elevate support material, and increased communications and leader touchpoints
- Further interview training cascaded to ensure an equitable recruitment experience

### Reward and recognition

- Simplification of our retail commission and incentive schemes to drive performance and business results
- Deployed an in-the-moment feedback tool to recognise and share gratitude between colleagues
- Delivered a global online celebration at year-end to reinforce our values, celebrate our collective achievements and recognise top performers
- Maintaining a pay-for-performance culture

### Diversity and Inclusion

- Employee Resource Groups continued to build in strength and momentum, connecting colleagues across key themes of diversity to support an inclusive culture across all parts of our organisation
- Regional and functional Diversity and Inclusion working groups deployed action plans to attract and retain diverse top talent, foster an open and inclusive culture, and educate and raise awareness
- Cultural Advisory Council engaged directly with colleagues through “In Conversation” sessions

### Colleague experience, including wellbeing and employee relations

- Refreshed both the Summer and Festive Programmes to focus on Burberry's wellbeing offering. Launched Wellbeing Days to provide all colleagues with paid time off to focus on wellbeing
- Launched new inclusive policies and support, including a global portal to help colleagues who experience domestic abuse, in addition to a Bereavement policy and Menopause support site
- Launched a partnership with Headspace, providing free access for all colleagues to its award-winning mental health app. The partnership's goal is to support all colleagues in forging habits that benefit their mental health

## Business interruption

A major incident impacts countries where the Group operates, has its main locations or where its suppliers are located, and significantly interrupts the business. This may be caused by a wide range of events at a country level, including changes in the geopolitical landscape, natural catastrophe, pandemic or changes in regulations, or at a local level, such as fire, terrorism or quality control failures.

### Risk movement and outlook

The risk level of business interruption has increased since last year, although we continue to demonstrate resilience. We expect a heightened level of risk of business interruption to continue for the foreseeable future due to continuing instability in the geopolitical landscape. Disruption from COVID-19 continues to be felt around the world, with the breadth and depth of the disruption varying across regions and time and with the potential for suppliers, manufacturers and markets to be disrupted. Port congestion continues to significantly slow the circulatory movement of ships and containers, removing capacity, lengthening transit times, and increasing shipping costs.

### Link to strategy

Our Product and Distribution strategic pillars set out the framework for us to operate effectively and efficiently. We harness Operational Excellence to ensure continuity of supply of compliant products and services of the highest quality to our customers. Our ability to continually execute and operate key sites and factories to develop, manufacture, distribute and sell our products is a key strategic priority.

### Risk tolerance

We have a low tolerance for risk in this area, particularly in respect of product safety and quality.

### Examples of risks

- Burberry operates three owned factories and a global network of storage and distribution hubs. These face typical property risks, such as fire, flood and terrorism
- Burberry works with several suppliers of highly specific, high-quality raw materials, which could be difficult to replace quickly. Their loss could interrupt the delivery of core products or a seasonal range
- A serious product quality issue may result in a product recall
- Socio-political tension, sanctions, counter-sanctions and trade compliance challenges may impact the effectiveness and efficiency of our supply chain
- A global health emergency impacts a key market, which significantly affects the supply chain
- Instability in the geopolitical landscape leads to trade disruption between key countries resulting in an inability to move product between countries or significant delays

## Business interruption continued

### Actions taken by management

- We have policies and procedures in place designed to ensure the health and safety of our employees and to deal with major incidents, including business continuity and disaster recovery
- The Group continues to evolve its supply chain organisational design to develop its manufacturing base and to reduce dependence on key sites and vendors
- A Group incident management framework is in place to ensure that incidents are reported and managed effectively at the appropriate level
- Prioritising our people, customers and communities, we managed multiple incidents, including fire, flood and weather-related issues or interruptions in the regular running of stores, offices and systems
- Our Global Incident Management Team (GIMT) and Regional Incident Management Teams take part in training and incident management exercises involving large parts of the Group, our customers, and Corporate Communications function
- Business continuity plans are in place for our eight main sites, including our three major distribution centres, our two UK factories, and Burberry Manifattura in Italy
- Our product suppliers and vendors are subject to a quality control programme, which includes regular site inspections and independent product testing
- Robust security arrangements are in place across our store network to protect people and products
- The Group maintains significant protection of key IT systems designed to prevent and minimise any potential interruption. This includes resilient design and the provision of disaster recovery services to continue operating within pre-agreed time scales in case of a major incident. Our plans as tested during the year were found to be effective
- Management regularly reviews business continuity and disaster recovery risks, recognising that these plans cannot always ensure the uninterrupted operation of the business, particularly in the short term
- A comprehensive insurance programme supported by natural catastrophe modelling and insurance optimisation studies is in place to offset the financial consequences of insured events, including fires, flood, natural catastrophes and product liabilities



## COMPLIANCE RISKS

### Regulatory risk and ethical/environmental standards

The Group is subject to a broad spectrum of laws and regulations, in the various jurisdictions in which it operates. These include product safety, trade marks, anti-bribery and corruption, competition, data, corporate governance, employment, environment, tax, trade compliance and employee and customer health and safety. Changes to laws and regulations, including potential non-compliance with sanctions and counter-sanctions, or a major compliance breach, could have a material impact on the business.

### Risk movement and outlook

The relative significance of this risk has increased because of the changing regulatory environment despite the proactive and mitigating steps we have taken to ensure compliance.

### Link to strategy

Compliance with applicable laws and regulations, and behaving in accordance with our values as a business, underpin all our strategic pillars.

### Risk tolerance

In complying with laws and regulations, including customer and employee safety, environmental and ethical legislation relevant to our operations and supply chain, as well as anti-bribery and corruption, we have a low tolerance for risk.

### Examples of risks

- Regulatory non-compliance (including, for example, failure to comply with applicable data protection legislation, anti-money laundering regulations or applicable sanctions legislation) by the Group or associated third parties working on its behalf may result in financial penalties and reputational damage to our business
- Failure by the Group or associated third parties to act in an ethical manner consistent with our Code of Conduct, Responsible Business Principles or our Responsibility agenda could result in reputational damage to the Group
- Non-compliance with labour, human rights and environmental standards across our own operations and extended supply chain could result in financial penalties, disruption in production and reputational damage to our business
- Tax is a complex area where laws and their interpretations change regularly. Non-compliance by Burberry and its associated third parties could result in unexpected tax and financial loss

## Regulatory risk and ethical/environmental standards continued

### Actions taken by management

- The Group seeks to continuously improve processes to gain assurance that its licensees, suppliers, franchisees, distributors and agents comply with the Group's contractual terms and conditions, its ethical and business policies, and relevant legislation
- Specialist teams at corporate and regional levels, supported by third-party specialists where required, are responsible for ensuring the Group's compliance with applicable laws, ethical and business policies and regulations, and that employees are aware of the policies, laws and regulations relevant to their roles
- Ethical trading and community investment matters are reported to the Ethics Committee, Risk Committee and the Board
- Environmental sustainability matters are reported to the Sustainability Committee and the Board to ensure compliance with applicable laws and regulations as well as to mitigate associated legal and reputational risk
- Annual independent and internal assurance processes are in place to monitor compliance in a number of key risks, with results reported to our Ethics Committee, Risk Committee and Audit Committee
- We have an established framework of policies that aim to drive best practice across our direct and indirect operations, including our Responsible Business Principles and Global Environmental Policy. Policies (available on [Burberryplc.com](https://www.burberryplc.com)) are owned by senior leadership. They are issued to supply chain partners and form part of our contractual agreements with supply chain partners. Implementation of these policies is monitored on a regular basis
- We have updated and consolidated our Code of Conduct for our people and third parties into one comprehensive document, which sets out policies and guidance to ensure that our employees and third parties act lawfully and in accordance with Burberry's values. Training on the Code to employees is in the process of being rolled out globally
- Our Data Privacy Committee oversees compliance with applicable data legislation
- International tax reform is a key focus of attention with significant developments reported to the Audit Committee

### Intellectual property and brand protection

Sustained breaches of Burberry's IP rights or allegations of infringement by Burberry pose a risk to our brand. Counterfeiting, copyright, trademark and design infringement in the marketplace could reduce demand for genuine Burberry merchandise and impact the luxury positioning of the brand. Failure to implement appropriate brand protection controls in connection with our commitment to stop the destruction of unsaleable finished products could negatively impact the integrity and the sustained luxury positioning of the brand.

#### Risk movement and outlook

Management of this risk remains a key area of activity as our creative innovation generates new designs and motifs and the potential increase of counterfeit sales. The likelihood of this risk has been assessed to be the same level as last year.

#### Link to strategy

Protecting the integrity of the brand, safeguarding and elevating its luxury position and complying with applicable laws and regulations underpin all our strategic pillars.

#### Risk tolerance

We have a low tolerance for risk in protecting the integrity of the brand, asserting our IP rights and ensuring due respect is given to the IP rights of others.

#### Examples of risks

- Counterfeiting, copyright, trademark and design infringement in the marketplace can reduce the demand for genuine Burberry merchandise and impact revenues
- Unauthorised use of trademarks and other IP, as well as the unauthorised sale of Burberry products and distribution of counterfeit products, damages Burberry's brand image and profits
- Sophistication in counterfeiters' ability to manufacture at pace has increased infringements and counterfeiting of our brand
- New branding may not immediately be protected, and we rely on national laws to secure IP rights, which afford varying degrees of protection and enforcement opportunities depending on the country
- Increased cancellation actions by third parties in response to claims of infringement as well as an increase in bad faith filings
- Allegations from third parties of IP infringement by Burberry could negatively impact Burberry's reputation, result in claims and financial loss through withdrawing infringing products
- Distribution outside of our authorised network and parallel trade could negatively impact demand for Burberry products and negatively impact our luxury reputation

#### Actions taken by management

- The Group's Brand Protection team is responsible for brand protection efforts globally, online and offline. Where infringements are identified, these are addressed through a mixture of criminal, civil and administrative legal action and negotiated settlements
- Trademarks, copyrights and designs are registered globally across all appropriate categories
- The Brand Protection team partners with the design teams to ensure that our products do not infringe the rights of third parties and to ensure that we have adequate protections in place prior to market entry
- The team explores new and emerging threats and ways to combat threats
- The team partners regionally with enforcement agencies and digital platforms to minimise the visibility of counterfeit and infringing products both online and offline
- We aim to disrupt the flow of counterfeit products by enforcing at source level
- Brand protection controls have been implemented to safeguard the brand in connection with our commitment to stop destroying unsaleable finished products

## Climate change

The success of our business over the long term will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage any potential climate change impacts on our business model and performance. As the global climate crisis becomes more critical, we recognise the importance of addressing long-term sustainability challenges and potential impacts of climate change on our business in reputational, operational and financial terms. Failure to implement appropriate cross-functional action plans and strategies, such as incorporating the recommendations of TCFD and our Climate Positive by 2040 ambition, could hinder mitigation of long-term climate risks and our ability to future-proof our business.

### Risk movement and outlook

The risk of climate change continues to be an increasing area of scrutiny globally. Without significant science-based global mitigation efforts from government and business and their value chains alongside collaboration from wider industry and civil society, the effects will continue to increase year on year and cause irreversible impacts. The risk has increased since last year.

### Link to strategy

Our commitment to being an industry leader in responsible and sustainable luxury underpins our vision to establish ourselves firmly in luxury fashion and deliver sustainable, long-term value. In FY 2021/22 we became the first luxury brand to pledge to being Climate Positive by 2040. To achieve this, we have committed to accelerate emissions reductions across our extended supply chain; become net zero by 2040, 10 years ahead of the 1.5°C pathway set out in the Paris Agreement, and invest in nature-based projects with carbon benefits that restore and protect natural ecosystems and enhance the livelihoods of global communities.

### Risk tolerance

We have a low tolerance for risk when it comes to protecting the human and environmental resources on which we all depend. However, given the long-term nature of some sustainability risks and the level of uncertainty associated with their occurrence and impact, we accept that some level of risk is inevitable. We therefore focus on helping to minimise global risks while building resilience in our operations and supply chain.

## Examples of risks

### Physical risks:

#### Acute

- Increased severity of extreme weather events, from floods to droughts, could cause disruption to our operations and supply chain, impact our business model and affect the sourcing of raw materials, as well as the distribution of our products

#### Chronic

- Our industry is sustained by many agricultural and manufacturing communities around the world. Longer-term shifts in climate patterns and loss of biodiversity caused by changes in precipitation patterns, rising mean temperatures and rising sea levels could cause social, economic and operational challenges

- Failure to address and mitigate these risks could result in resource availability limitations (for example, cotton, leather and cashmere) and disruptions to key business and supply chain operations

### Transitional risks

#### Policy

- Increased regulation and more stringent environmental standards, such as national or international carbon pricing mechanisms, could impact our business by affecting operational and production costs and the flexibility of our operations

## Climate change continued

### Examples of risks continued

#### Market

- Consumer perception of the sustainability of luxury fashion products, their materials and associated GHG emissions may have an impact on consumer behaviours and their purchasing decisions. Failure to meet consumer demand for more sustainable products and services could threaten our relationship with consumers and may result in a loss of Group revenues

#### Reputation

- Failure of the luxury fashion industry to meet expectations around sustainability could lead to climate activism and threaten relationships with employees, investors, regulators and interest groups, which may result in a loss of Group revenues

#### Liability

- Litigation against activities which drive climate change, resulting in potential operating expenses arising from fines, settlement and legal costs

### Actions taken by management

#### Physical risks

- Building on the assessment of climate-related risks which was disclosed in FY 2020/21, the cross-functional TCFD working group, in partnership with the University of Cambridge's Centre for Risk Studies, developed and expanded its scenario analysis in FY 2021/22 to include a wider range of potential physical and transitional risk impacts. The scope of our scenario analysis was also expanded to include three emissions pathways, including a 1.5°C Paris Agreement aspiration scenario. Further details of this can be seen on pages 130 to 143
- This included specific analysis around the impact of physical climate-related risks on our key facilities, operations and supply chain
- Our Internal Audit and Risk teams were involved in our climate scenario modelling and oversight of TCFD disclosures
- In our own operations and supply chain, we continue to use the WWF water risk assessment tool and the Aqueduct Water Risk Atlas to identify current risks, anticipate potential future strains on water resources and understand emerging long-term risks, as well as point out water efficiency and management opportunities
- Burberry is committed to reducing its GHG emissions as set out in our Climate Positive by 2040 commitment. Our GHG emissions targets across all scopes are recognised as science-based aligned to the 1.5°C pathway and we will disclose our progress towards these on an annual basis to ensure full transparency to stakeholders, including our customers

- In FY 2021/22 we announced our biodiversity strategy through which we will take action to protect, restore and regenerate nature in our own value chain and in areas of greatest need beyond our operations
- Supporting our biodiversity strategy, we are a member of the global multi-disciplinary Taskforce on Nature-related Financial Disclosures (TNFD) Forum and contribute to the development of the TNFD framework
- We support a number of industry initiatives that address climate change impacts, including the British Retail Consortium's Net Zero commitment, RE100, Race to Zero, the UN Fashion Industry Charter for Climate Change, The Fashion Pact, Lowering Emissions by Accelerating Forest finance (LEAF), and Accounting for Sustainability
- The Burberry Regeneration Fund was established in 2020 to support a portfolio of verified carbon projects, which enable Burberry to compensate and store carbon, promote biodiversity, facilitate the restoration of ecosystems and support the livelihoods of local communities
- We invest in programmes that help to sustain our industry and supplier communities, specifically initiatives that support social economic development in remote communities and promote more sustainable herding practices in the cashmere industry
- We continuously engage and educate employees on the topic of climate change through focused events, strategic communications, volunteering opportunities and through our network of Responsibility Champions

## Climate change continued

### Transitional risks

- As part of the quantitative scenario-based analysis of climate-related risks conducted in FY 2021/22, we modelled the impact of transitional risks including policy, market, reputation, technology and liability risks
- Our Climate Positive ambition not only sets our strategic direction but also mitigates the impact of transitional risks on the business. For example, our sustainable raw material and traceability targets feed into our Climate Positive ambition and will significantly contribute to lowering our scope 3 emissions. This will enhance the sustainability of our products and will be communicated to our customers and stakeholders
- Through our memberships with various industry bodies, associations and external assurance partners, we contribute to consultations and stay informed of upcoming environmental legislative changes
- Environmental sustainability matters are reported to the Sustainability Committee, the Ethics Committee, the Risk Committee and the Board
- Our longstanding Responsibility programmes, coupled with our Responsibility goals, are driving continuous improvements in moving beyond social and environmental compliance
- We are committed to shifting to more sustainable, low-impact materials, and using our brand to influence consumers and our industry peers to reduce their impacts. We have a series of ambitious targets to achieve this aim, full details of which can be found on pages 92 to 95
- We are mitigating transitional risks by focusing on initiating circular concepts and business models and continuing our commitment to a zero-waste mindset across the business. We have a clearly defined waste hierarchy and set targets and KPIs that cover operational, manufacturing and finished goods waste as well as packaging. These targets and KPIs are a key component of our Climate Positive ambition and roadmap

For more details on how we are monitoring climate risks and opportunities and our strategic response, please see our TCFD report on pages 130 to 143.



# TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Burberry has a longstanding commitment to addressing the impacts of climate change and has taken luxury industry-leading steps to advance our decarbonisation agenda. Since 2016, we have cut our market-based scope 1 and 2 emissions by 93%. In FY 2021/22 we have achieved our goals to be carbon neutral across our own operational use globally and to use 100% renewable electricity.



## Take urgent action to combat climate change and its impacts

Building on these achievements, in June 2021 we became the first luxury brand to pledge to being Climate Positive by 2040. To achieve this, we have committed to accelerate emissions reductions across our extended supply chain on our journey to net zero by 2040, 10 years ahead of the 1.5°C pathway set out in the Paris Agreement. We are also committed to investing in nature-based projects with carbon benefits that restore and protect natural ecosystems and enhance the livelihoods of global communities. See page 93 for further details.

In November 2021, we announced our biodiversity strategy to support global conservation efforts. We will take action to protect, restore and regenerate nature by applying a nature-based approach to our own value chain and in areas of greatest need beyond our operations. We are committed to restoring ecosystems within Burberry's own value chain, working with key partners such as the Savory Institute on their Land to Market programme, as well as continuing to evolve our understanding of our nature impacts in partnership with The Biodiversity Consultancy. We are also working with organisations like the Science Based Targets Network to support the development of a robust framework to monitor and drive progress.

We have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and reported on its four thematic areas: Governance, Strategy, Risk management, and Metrics and Targets, since FY 2019/20. This section builds on our previous reporting, and describes our approach to scenario analysis, the results of the scenario analysis, and the actions taken in response to these results. Climate change and the transition to a low carbon economy also presents opportunities for efficiency, innovation and growth, all of which are built into our Climate Positive ambition.

As scientific understanding of climate change and the global transition towards a lower-carbon economy evolves, we will continue to develop our assessment of climate-related risks and mitigation strategies and our TCFD disclosures to reflect such changes, ensuring they follow latest guidance and leading practice.

The Burberry TCFD Basis of Reporting outlines how we have prepared the Financial Statements and disclosures, considering relevant TCFD guidance publications and the principles for effective disclosure. We have engaged Ernst & Young LLP, our independent auditor to provide a limited assurance statement in accordance with ISAE 3000 on our FY 2021/22 TCFD disclosures. The TCFD Basis of Reporting and assurance statement is available on [Burberryplc.com](https://www.burberryplc.com).

**Listing Rule 9.8.6R(8)**

The Company has included in its Annual Report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures.

TCFD recommendations and recommended disclosures		Disclosure location within Annual Report 2021/22
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.	Task Force on Climate-related Financial Disclosures, page 132
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Task Force on Climate-related Financial Disclosures, page 133
<b>Risk Management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks. b. Describe the organisation's processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Risk and Viability Report, pages 107 to 146
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks. c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Task Force on Climate-related Financial Disclosures, pages 141 to 143 'The Environment', page 52 Taskforce for Climate-related Financial Disclosures', pages 141 to 143 Taskforce for Climate-related Financial Disclosures, pages 141 to 143

## Governance

The Board is responsible for ensuring its approach to sustainability is integrated into and implemented across the business. The governance framework of committees and advisory forums provide updates and key information to the Board to ensure that it is able to make informed decisions. Our governance framework is outlined in the corporate governance statement on page 167 and more detail on the roles of the Board and its Committees is set out in the matters reserved for the Board and its Committees' terms of reference, which are available in the corporate governance section of [Burberryplc.com](https://www.burberryplc.com). The Board is also responsible for overseeing and monitoring the management of risks and opportunities, including with respect to climate-related risks and opportunities. Further information on the risk management process is included in the Risk and Viability report on page 107.

The Group's strategy on environmental and social issues is governed by the Sustainability Committee, which convenes four times per year and is co-chaired by the CEO and CO&FO. The Chief Supply Chain Officer, the Chief People Officer, the Head of Ready-to-Wear, General Counsel, Senior Vice President Strategy, Vice President Corporate Responsibility and Senior Vice President Corporate Relations and Engagement are also members of the Sustainability Committee. The Company Secretary or their designate is secretary to the committee. Each committee member is responsible for the execution of sustainability strategy within their business area.

The Board received regular updates on progress across our Responsibility agenda during FY 2021/22, including in relation to our ambition to become Climate Positive by 2040. We also evolved the governance of sustainability and climate-related matters during the year reflecting the increasing importance of these topics to the Group and society. Following this review and to enhance the Board's monitoring of progress against goals and targets for addressing climate-related issues, the Sustainability Committee will report to the Board at least twice a year.

The cross-functional TCFD working group, which includes members from the Risk Management, Finance and Responsibility teams, defined the approach for

identifying and assessing climate-related risks. The TCFD working group reports to the Risk Committee, which is chaired by the CO&FO. In addition, our Enterprise Risk Management process enables us to identify, assess and manage all risks, both existing and emerging, that may impact our strategic objectives. The University of Cambridge's Centre for Risk Studies supports our scenario analysis. 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. Progress against these mitigating activities and controls was subject to independent and objective review by Group Internal Audit in FY 2020/21 and will also be reviewed in FY 2022/23. The Audit Committee review the work performed by the TCFD working group, including progress against the four TCFD pillars, outcomes of the scenario analysis and proposed disclosure. The Board reviews our climate-related reporting as part of their overall assessment that the Annual Report is fair, balanced and understandable.

Burberry ensures it has a suitable pool of internal sustainability experts, with relevant knowledge and skills to support decision making. Members of the TCFD working group participate in external training courses, including the Accounting for Sustainability Academy, to ensure they keep up to date with relevant climate-related topics. The chart on page 167 illustrates the sustainability expertise on the Board and relevant skills and experience are also included within Directors' biographies on pages 154 to 159. We educate employees on the topic of climate change through frequent engagement, focused events, strategic communications and volunteering opportunities. In addition, the Executive Committee received an update on the impact of climate change from the Cambridge Institute for Sustainability Leadership in March 2022 and a similar session was held for the Board in May 2022.

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's climate goals. More details of this are set out in the Directors' Remuneration Report on pages 186 to 213.

## Strategy

This section describes our key climate-related risks and opportunities, their potential impact on our business and the resilience of our strategy to such impacts, which has been assessed using scenario analysis as further described below. Our strategy to address climate-related risks is integrated into our business strategy and decision making across the business in areas such as capital allocation, investment appraisal, supply chain planning and raw material sourcing. Our Climate Positive by 2040 ambition is underpinned by a roadmap which sets out Burberry's strategic direction and plan to reduce GHG emissions across our operations and supply chain. Building on this, our biodiversity strategy will support us in building a nature-based approach in our value chain and beyond.

### Background to scenario analysis

Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states, under conditions of uncertainty. Scenarios are hypothetical constructs and not designed to deliver precise outcomes or forecasts. Instead, scenarios provide a way for the Group to consider how the future might look if certain trends continue, or certain conditions are met, and to assess the Group's strategic resilience.

As the scientific understanding of climate change and availability of data evolves, we expect greater rigour and sophistication in the approaches to scenario analysis. We will continue to develop and update our scenario analysis to support our assessment of the resilience of our business strategy to climate-related risks and ensuring relevant mitigating strategies are in place.

Building on the assessment of climate-related risks disclosed in FY 2020/21, the cross-functional TCFD working group, in partnership with the University of Cambridge's Centre for Risk Studies, developed and expanded its scenario analysis in FY 2021/22 to include a wider range of potential physical and transition risk impacts. The scope of our scenario analysis was also expanded to include three emissions pathways, including a low emissions scenario aligned to the Paris Agreement aspiration to limit global warming to 1.5°C.

### Our approach to scenario analysis

Our scenario analysis incorporates the Group's financial forecasts, operational footprint, supply chain information and environmental data, to create a digital twin representation of the business. The product portfolio and value chain were modelled using historical data. This information is combined with industry reference scenarios on climate emission pathways, including assessments by the Intergovernmental Panel on Climate Change and International Energy Agency, to consider the potential impact of physical and transition risks on the Group.

**“WE WILL CONTINUE TO DEVELOP AND UPDATE OUR SCENARIO ANALYSIS TO SUPPORT OUR ASSESSMENT OF THE RESILIENCE OF OUR BUSINESS STRATEGY TO CLIMATE-RELATED RISK.”**






Our scenario analysis considers the implications of a range of emissions trajectories and global average temperature increases, as detailed below:

Average temperature rise  
compared to pre-industrial  
levels by 2100

Scenario description

1.5°C	The world takes immediate and substantial action in line with the Paris Agreement to lower emissions
2°C – 3°C	The world partially implements policies to lower emissions with no further actions taken
> 4°C	The world takes limited or no actions to limit emissions

Our scenario analysis considers both physical and transition risks:

Physical Risks	Transition Risks
	   
These are risks related to the physical impacts of climate change. They include both acute weather events, such as heatwaves, and chronic long-term climate shifts, such as rising sea levels.	These are the risks that may occur while transitioning to a lower carbon economy such as policy, market, reputation and liability risks. The level of risk depends on the nature and speed of the transition.
Acute physical risks are already occurring, and these are expected to happen more often and with greater severity. Chronic physical risks are more likely in the long term.	The timing of transitional risks is uncertain, but they are more likely to occur in the short to medium term.

In addition, we have considered the risks that a market shock caused by transition to a low carbon economy will impact the Group's cost of debt, and that low carbon innovations will devalue the Group's technology. We have concluded that these risks are not significant at this time due to the Group's strong net cash position, focus on renewable energy consumption and absence of carbon intensive machinery. We will continue to monitor and report on these risks.

The table below describes the global impact of physical and transition climate-related risks over time under the three emissions trajectories considered as part of our scenario analysis:

### Global impact of climate risks over time

#### 1.5°C

To achieve the Paris Agreement aspiration to limit global warming to 1.5°C compared to pre-industrial levels, collective global action will need to be taken to tackle climate change and reduce GHG emissions. The nature and speed of the transition to a low-carbon economy is uncertain, but transition risks are more likely to occur in the short to medium term. By taking collective action, the impact of physical risks occurring in the long term may be reduced.

#### 2°C – 3°C

If limited global action is taken to tackle climate change and reduce GHG emissions, transition risks would reduce in the short term; however, inaction would increase the severity and frequency of physical risks in the long term.

#### 4°C

Without any global policy at all, the impact of physical risks in the long term would become even greater.

We have defined our time horizons as short term (five years), medium term (five-20 years) and long term (> 20 years). The time horizon used for our detailed scenario analysis is a short-term outlook of five years, during which we can influence decisions through strategy, capital allocation, costs and revenues. Typically, three years is used for our financial and operational planning, as this is sufficient to cover almost all approved capital expenditure projects, and most current business development projects will be completed in the three-year period. We have extended the period to five years using a growth assumption, which more closely aligns with our expected asset lifetimes, and strategic plans. Beyond five years, there is significant uncertainty around the impact of climate-related risks as this is dependent on the pace and effectiveness of the global transition to a lower carbon economy. Whilst our detailed analysis covers a five-year time horizon, we have performed a high-level review of how Burberry may be impacted by climate change in the medium and long term.

Each physical and transition risk was modelled independently due to the complexity and uncertainty associated with measuring the interconnectivity of risks and how they influence each other. Planned future mitigating actions, including those to deliver our Climate Positive by 2040 ambition, have not been taken into consideration in the scenario analysis.

### Scenario analysis results

The table on page 136 shows the results from our scenario analysis, and our strategic response. The financial impact represents the estimated loss of value to the Group's discounted cash flows over the next five years assuming no mitigating actions are taken. This impact has been rated as "High", "Medium" or "Low", reflecting materiality to the Group's financial statements. At Burberry, we believe our long-term success depends on actively addressing the potential impact of climate-related risks and adapting to the potential opportunities. As such, we have adopted strategies and actions to mitigate against these risks and ensure our strategy adapts to the potential opportunities. The financial investments associated with these actions are embedded within our financial plans, and we have considered the impact of climate change in the preparation of our Financial Statements which can be seen on page 222.



**Impact**

Potential impact on Burberry's cumulative discounted cash flows over five years, assuming no mitigating actions are taken:

**LOW****MEDIUM****HIGH**

(<£1m-£25m) (£25m – £125m) (£125m-£250m)

**Climate-related issue****Impact****Global emissions environment:**

Average temperature rise compared to pre-industrial levels by 2100

● > 4°C ● 2°C – 3°C ● 1.5°C

**Physical risks**

**How we have modelled physical risks:** We quantified how extreme weather events and chronic changes in the climate might impact sourcing of raw materials, disrupt manufacturing and distribution of goods, damage assets and impact retail activities leading to changes in consumption patterns.

**Key assumptions:** Scenario analysis is based on our current asset base and value chain. Planned changes to our asset base and sourcing locations have not been taken into consideration in quantifying the five-year earnings at risk.

We have considered the extent to which financial impacts may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash.

**Timeframe for most significant impact:** Long term.

**LOW****LOW****LOW****Potential areas of impact:**

An increase in the frequency and severity of acute weather events may impact raw material sourcing, disrupt operations and damage facilities. Facility disruption may result from an increased risk of tropical windstorms and floods in Asia.

Chronic physical risks, such as increasing global temperatures, will be more impactful in the long term.

**Policy**

**How we have modelled policy risks:** We quantified how the implementation of carbon pricing may result in increased costs associated with production, distribution, and raw materials.

**How we have considered opportunities:** Our scenario modelling assumes that no mitigating actions are taken, however, we recognise that actions to reduce our carbon emissions may drive efficiencies with respect to energy costs and other operational areas.

**Key assumptions:** Scenario analysis and quantification of the five-year earnings at risk does not take into consideration our actions to be Climate Positive by 2040 and therefore assumes a growth in GHG emissions aligned to an average growth rate used in our financial forecast. GHG emissions are based on an FY2018/19 base year.

We have considered the extent to which financial impacts incurred may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash.

Global carbon prices are expected to increase on a straight-line basis over the modelling period. The annual carbon price has been interpolated based on the final carbon price reached at the end of the scenario modelling period.

The global average carbon prices reached by the end of our scenario modelling period are;

- 1.5°C = USD 80 per tonne
- 2°C – 3°C = USD 60 – USD 20 per tonne
- > 4°C = USD 2 per tonne

**Timeframe for most significant impact:** Short to medium term.

**LOW<sup>†</sup>****LOW****LOW****Potential areas of impact:**

An increase in costs of production, distribution and raw materials in the short to medium term, with a higher carbon price required to achieve a lower temperature scenario.

<sup>†</sup> Under a >4°C scenario there is potential for a minimal positive impact due to reversal of current carbon pricing policies.

## Our strategic response

**Our actions:** We are committed to reducing our impact on the environment, promoting more sustainable practices in our supply chain, and ensuring that we build resilience in our operations. The financial investments associated with these actions are included in our financial plans.

Our biodiversity strategy will protect, restore and regenerate nature in our own value chain and in areas of greatest need beyond our operations.

We require regular effluent testing and work with over 40 wet processing facilities to monitor and improve effluent management practices. We also work with suppliers to identify water-saving opportunities, such as water recycling and leak repairs.

We are working in partnership with the Apparel Impact Institute and industry partners to establish a platform for Italian manufacturers to coordinate, fund and scale environmental programmes.

All Burberry retail bags and boxes are reusable, recyclable and certified by the Forest Stewardship Council.

We continue to develop the resilience of our natural raw materials supply by developing regenerative supply chains and applying regenerative and holistic land-management practices to grazing or farming systems.

**Looking ahead:** We will develop our understanding of climate-related physical risks aligned with the evolving science. Where facilities are identified as being at heightened risk of an extreme climate event, we will address through business continuity and resilience plans.

See also: 'Risk and Viability Report', pages 107 to 145 and 'The Environment', pages 52 to 83.

**Our actions:** We are committed to reducing our carbon emissions and to being Climate Positive by 2040. Our emissions targets are recognised by SBTi, and our progress towards these are published annually. The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group climate goals.

In 2021 we refinanced our Revolving Credit Facility (RCF) as a £300m Sustainability Linked RCF, linked to our ambition to reduce emissions across our extended supply chain (scope 3) by 46% by 2030 and becoming net zero by 2040.

We issued a Sustainably Bond in 2020, proceeds of which are allocated to eligible sustainability projects including expenditures relating to properties certified to LEED 'Platinum' or 'Gold' or BREEAM 'Outstanding' or 'Excellent' level. The certification is embedded in our capital appraisal process, improving building energy efficiency and reducing emissions.

**Looking ahead:** The Regeneration Fund will support nature-based compensation and in-setting projects in the supply chain that will reduce the carbon impact of sourcing key raw materials and improve biodiversity and local producer livelihoods.

The financial investments associated with these actions are included in our financial plans. We will develop our Climate Positive roadmap with more detailed Key Performance Indicators applied across the business.

We continue to monitor regulatory and market developments in carbon pricing to inform our strategy and financial plans.

See also: 'The Environment', pages 52 to 83.

**Impact**

Potential impact on Burberry's cumulative discounted cash flows over five years, assuming no mitigating actions are taken:

**LOW****MEDIUM****HIGH**

(<£1m-£25m) (£25m – £125m) (£125m-£250m)

**Climate-related issue****Impact****Global emissions environment:**

Average temperature rise compared to pre-industrial levels by 2100

● > 4°C ● 2°C – 3°C ● 1.5°C

**Market**

**How we have modelled market risks:** We quantified how shifts in consumer preferences towards more sustainable and less carbon intensive products may impact demand for our products.

**How we have considered opportunities:** Our scenario modelling assumes that no mitigating actions are taken, however, we are committed to shifting toward more sustainable low impact materials. Sustainability is at the centre of our product strategy, and we are well placed to meet increasing demand for organic, regenerative or recycled fabrics.

**Key assumptions:** Consumer sentiment towards Burberry products is assumed to be linked to the carbon footprint of sourcing raw materials, production and distribution.

Scenario analysis is based on Burberry's historical product portfolio.

We have considered how shifts in consumer preferences may impact operating margin and net cash. This has been assessed in line with our current cost structure.

**Timeframe for most significant impact:** Short to medium term.

**LOW****MEDIUM****HIGH****Potential areas of impact:**

A shift away from products constructed using less sustainable raw materials, including animal-based products, towards organic, regenerative or recycled fabrics.

This shift is expected to happen in the short to medium term, and more quickly in geographical regions where public attention on sustainable materials used to produce clothing is greater. The shift will be more apparent in a lower temperature scenario, which assumes that a higher proportion of consumers will adopt more sustainable choices.

**Reputation**

**How we have modelled reputation risks:** We quantified how climate activism due to negative perception of our climate impact and strategy may result in reputational damage, disruption to spending patterns and loss of revenue.

**How we have considered opportunities:** Our scenario modelling assumes that no mitigating actions are taken, however, we remain committed to reducing our environmental footprint, as demonstrated by our ambition to become Climate Positive by 2040.

**Key assumptions:** Scenario analysis is based on Burberry's historical product portfolio.

We have considered the extent to which financial impacts incurred may be passed on to consumers. This has been assessed in line with expectations of market capacity for price increases and impact on net cash.

**Timeframe for most significant impact:** Short to medium term.

**LOW****LOW****LOW**

**Potential areas of impact:** Society may engage in climate activism in the short to medium term, with companies perceived as less sustainable being targeted, decreasing revenue and reducing market share.

Despite minimal shifts in consumer preferences in the short-term under a >4°C scenario, a section of society may engage in general activism against organisations due to their inaction in relation to climate change, resulting in disruption and lost revenue.

**Liability**

**How we have modelled liability risks:** We quantified how perceived involvement in activities which drive climate change may result in additional operating expenses due to litigation.

**Key assumptions:** Historical event data from litigation events has been used as precedents for the evolution of climate change litigation.

**Timeframe for most significant impact:** Short to medium term.

**LOW****LOW****LOW**

**Potential areas of impact:** Potential operating expenses may arise from fines, settlement and legal costs in the short to medium term.

## Our strategic response

**Our actions:** We are committed to shifting to more sustainable, low-impact materials. We have a series of ambitious targets to achieve this aim with sustainability at the centre of our product strategy. We are a member of the Textile Exchange, which is a not-for-profit organisation working to increase the global market for sustainable fibres and to create certifiable sustainability standards for key raw materials.

We aim to use sustainable animal-based products, for example, through our partnership with the Savory Institute's Land to Market programme, we are facilitating regenerative farming practices in the leather supply chain and its impact on livelihoods.

**Looking ahead:** We are aiming to ensure all key materials are 100% traceable by 2025, supported by our use of certified materials where the country of origin is verified and disclosed. To support this, we are investing in traceability and certification system solutions. The financial investments associated with these actions are included in our financial plans. See also: 'The Environment', pages 52 to 83.

**Our actions:** Sustainability is an increasingly important factor in consumers' purchasing decisions. Consumers, particularly the younger generations, expect brands to have a clear and comprehensive agenda with respect to sustainability and social responsibility, including carbon reduction efforts, sustainable raw material sourcing and traceability, fair labour practices, diversity and inclusion and a biodiversity strategy.

We are working to reduce our environmental footprint and meaningfully support our global communities, while seeking to transform our industry. We have made a number of industry-leading climate change commitments, which have been recognised externally:

- Burberry received a Climate Leader Award at the Finance for the Future Sustainability Awards.
- In 2021, Burberry was ranked by CDP in the Leadership band for climate change and was recognised in the CDP Supplier Engagement Leaderboard.

- Burberry was highly commended in the 'Net Zero Transition' category at the Reuters Responsible Business Awards for its Climate Positive roadmap.

**Looking ahead:** We believe we have a role in shaping policy and regulation and are working collaboratively with partners, suppliers and other organisations to achieve our ambition, including the United Nations Global Compact, the Fashion Pact, The UN Fashion Charter, RE100, Race to Zero, Lowering Emissions by Accelerating Forest finance (LEAF) and the Prince's Trust Accounting for Sustainability project. See also: 'The Environment', pages 52 to 83.

**Our actions:** 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 and business policies, and relevant legislation. Specialist teams at corporate and regional level, supported by third-party specialists where required, are responsible for ensuring the Group's compliance with applicable laws, ethical and business policies and regulations, and that employees are aware of the policies, laws and regulations relevant to their roles.

Our Global Environmental Policy stipulates our commitments relating to energy, emissions, chemicals, water and raw materials. This is mandatory and applies to all of our own and Business Associate's activities. See also: 'Risk and Viability Report', pages 107 to 145.

Beyond a five-year time horizon, the level of uncertainty increases. Transition risks are expected to be the most impactful in the short to medium term, continuing the trends which our five-year scenario analysis has identified. Physical risks are expected to become most impactful in the long term, with the size of the impact dependent on the success of global initiatives to limit the impact of climate change. These long-term physical risks may disrupt our supply chain and create operational challenges. Our commitment to more sustainable, low impact materials, and our partnerships focussed on regenerative agriculture are key to limiting this impact. We will remain agile, and continue to monitor this risk, informed by the latest scientific understanding of climate change.

Overall, the results of our scenario analysis indicate that the physical and transition risks associated with climate change could impact the Group in the short, medium and long term. The size of the impact will depend on the nature and speed of the global transition towards a lower carbon economy. The 1.5 degrees scenario would have most impact on Burberry in the short to medium term before considering any mitigating actions.

We recognise the potential impact of climate change, which remains a principal risk for the Group. Our strategy continues to evolve to address the foreseeable impacts of and improve resilience to climate-related risks. We expect that consumer demand will continue to shift towards more sustainable materials, and we have a series of ambitious targets on traceability and raw materials certification, as described within the 'Metrics and Targets' section, to ensure we are well placed to capture this momentum.

## Risk management

Climate change has been identified as a principal risk to Burberry (see page 127), which has the potential to impact our business in the short, medium and long term as detailed above.

The overarching approach to identify climate-related risks is the same for all principal risks and is described on pages 107 to 145. Additionally, for climate-related risks, we have undertaken qualitative scenario analysis since FY2018/19 and a quantitative scenario analysis since FY2019/20 to support our identification and understanding of such risks.

For each principal risk we have a risk management framework detailing the controls in place and those responsible for managing both the overall risk and the relevant mitigating controls. We monitor risks throughout the year to identify changes in principal risk profiles. Management of climate-related risks is distributed throughout the organisation depending on where the risk resides. For example, climate-related risks in relation to raw materials in the supply chain are managed by our sourcing team responsible for buying commodities.

The cross-functional TCFD working group has defined the risk management methodology and approach for identifying and assessing climate-related risks and mitigating controls. Using scenario analysis, we have quantified climate-related risks to Burberry and evaluated their size and scope. This has supported the working group in prioritising such risks and assessing the resilience of our business strategy to potential climate change impacts.



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. 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. During the year, the Audit Committee reviewed the work performed by the TCFD working group, including progress against the four TCFD pillars and proposed disclosure.

Climate-related risks and opportunities are continually monitored as part of our Enterprise Risk Management framework. This allows us to evaluate the relative significance of our risks based on their likelihood and impact and to prioritise accordingly. A 'Value Creation Framework' is being developed, linking risks and controls to ESG targets. We also monitor the environment for new and emerging risks, and to keep abreast of evolving regulatory requirements. We will continue to develop our scenario analysis to improve our understanding of these risks and opportunities and align our strategy and actions accordingly.

## Metrics and targets

### Metrics

We have a number of metrics and targets in place to monitor and manage the most significant risks and opportunities arising from climate change. These are outlined in the table below and are explicitly linked to the risks and opportunities modelled as part of the scenario analysis.

Description	Theme	Metrics	Targets
 <b>Physical risks</b>	Water	<p>Supply chain water management practices, water intensity across supply chain sites in absolute and relative terms and water risks based on the geographical area.</p> <p>Our water risk assessment considers physical risk, regulatory risks and reputational risks.<sup>1</sup></p> <p>Water scarcity, quality and flooding risk details are collected by supply chain partners and reviewed by Burberry. 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.</p>	<ul style="list-style-type: none"> <li>Maintain regular assessment coverage of at least 80% of our vendors and raw material suppliers.</li> </ul>
 <b>Policy</b>	GHG emissions	GHG emissions across scopes 1, 2 and 3.	<p>GHG emissions reductions:</p> <ul style="list-style-type: none"> <li>Burberry commits to reduce absolute scope 1 and 2 GHG emissions by 95% by the end of calendar year 2022 from a FY 2016/17 base year, and maintain 95% emissions reduction</li> <li>To reduce absolute scope 3 GHG emissions by 46% by 2030, from a FY 2018/19 base year</li> </ul> <p>See our Responsibility KPI results on page 61 and our GHG emissions table on page 66.</p> <p>Renewable electricity:</p> <ul style="list-style-type: none"> <li>100% renewable electricity across our operational footprint by end of FY 2021/22</li> </ul> <p>See our results on page 61.</p>
	Sustainability Bond	<p>Our Sustainability Bond proceeds are used for buildings that have achieved one of the following certifications:</p> <ul style="list-style-type: none"> <li>Leadership in Energy and Environmental Design (LEED): Platinum or Gold level</li> <li>Building Research Establishment Environmental Assessment Method (BREEAM): Excellent or Outstanding level</li> </ul> <p>This is assessed as part of the capital appraisal process.</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
	Remuneration	The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group climate goals. More details of this are set out in the Directors' Remuneration Report on pages 186 to 213.	<ul style="list-style-type: none"> <li>See the Remuneration Report on pages 186 to 213</li> </ul>

1. (source: WWF Water Risk Filter).



Description	Theme	Metrics	Targets
 <b>Market</b>	Product	<ul style="list-style-type: none"> <li>• Products with more than one positive attribute, where positive attributes relate to social and/or environmental improvements, achieved at either raw material sourcing or product manufacturing stage</li> <li>• % of low-carbon products, which comprise recycled or bio-based content, as well as those which are manufactured in facilities proactively reducing their energy and water emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Drive positive change through all our products, by achieving 100% of product with more than one positive attribute by end of FY 2021/22. For details of our FY 2021/22 results, see page 61</li> </ul>
	Sustainable raw materials	<ul style="list-style-type: none"> <li>• % of traceable and certified materials</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure all key materials are 100% traceable by 2025, supported by our use of certified materials where the country of origin is verified and disclosed</li> <li>• Source 100% certified recycled nylon* and recycled polyester* by 2025</li> <li>• Source 100% certified wool* by 2025, supporting certifications that uphold the highest animal welfare standards</li> <li>• Source 100% certified organic cotton* by 2025, which holds environmental and social benefits and is traced through our supply chain via a chain of custody</li> <li>• This builds on our target to source 100% of our cotton more sustainably by end of FY 2021/22. For details of our FY 2021/22 results, see page 61</li> <li>• Source 100% of our leather* from certified tanneries by end of FY 2021/22, with environmental, traceability and social compliance certificates. For details of our FY 2021/22 results, see page 61</li> </ul> <p>* Where the material referred to is the product's main material.</p>
 <b>Reputation</b>	Consumer sentiment	Burberry monitors consumer perception metrics on the extent to which Burberry is considered a socially responsible brand. We are committed to continued participation in: CDP, Climate100 Index, FTSE4Good Index, Responsibility100 Index, MSCI, Sustainalytics and S&P Global Yearbook.	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
 <b>Liability</b>	Due diligence	<p>Burberry monitors activity across its supply chain in line with its Responsible Business Principles which includes its Global Environmental Policy. Key metrics include:</p> <ul style="list-style-type: none"> <li>• Number of supply chain audits and engagement visits conducted</li> <li>• Supply chain chemical management assessment results</li> <li>• Effluent testing results</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

Setting targets and monitoring progress are key in driving progress towards our ambition to be Climate Positive by 2040 as well as our ongoing risk mitigation approach.

Our climate targets cover absolute energy use, GHG emissions reductions and renewable energy procurement across scopes 1, 2 and 3. PwC provide independent limited assurance over selected KPIs as part of our Responsibility Strategy, as well as key metrics reported in our GHG table. KPIs assured by PwC are denoted with a ^ throughout this Annual Report.

Two of our GHG emissions reduction targets are recognised as science-based:

- To reduce absolute scope 1 and 2 GHG emissions by 95% by end of calendar year 2022 from a FY 2016/17 base year and maintain 95% emissions reduction

We reduced our scope 1 and 2 emissions by 93% from a FY 2016/17 base year and in addition, we have achieved 100% renewable electricity use across our own operations. The 95% reduction target was not met within the financial year (FY 2021/22). However, we plan to meet this target within the calendar year 2022.

- To reduce absolute scope 3 GHG emissions by 46% by 2030 from a FY2018/19 base year

Independent limited assurance will be sought by Burberry over our FY 2021/22 scope 3 emissions and our percentage movement of scope 3 emissions compared to FY 2018/19 baseline. The assurance report will be made available later in 2022 on [Burberryplc.com](https://www.burberryplc.com).

In addition, we have a number of internal targets to achieve our Climate Positive and Net Zero Roadmap with accountability sitting with key Executive Committee members. Looking ahead, we are committed to reviewing and refining these internal targets as required. We will also further develop our climate-related metrics and monitoring to ensure improved risk management and accountability.

During the year, we strengthened our climate commitments, becoming the first luxury brand to pledge to being Climate Positive by 2040. This means that all our Science Based Targets are aligned to the 1.5°C pathway set out in the Paris Agreement. To complement this, we have set an ambitious biodiversity strategy and traceability and raw material targets to 2025.

Scope 1 and 2 target focuses on GHG emissions from our direct operations, including electricity and gas consumption at our stores, offices, internal manufacturing and distribution sites.

Scope 3 target relates to indirect GHG emissions in our extended supply chain, such as from the sourcing of raw materials and manufacturing of finished goods.

100% renewable electricity target: This covers all electricity reported as part of the Mandatory Greenhouse Gas Reporting Requirements.

## Reporting

We align our reporting on climate-related metrics to recognised standards, including the GHG Protocol, The UK's Streamlined Energy and Carbon Reporting and the Task Force on Climate-related Financial Disclosures.

In line with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, our GHG emissions are set out on page 66.

During the year, in recognition of the importance of the TCFD and Sustainability Accounting Standards Board (SASB) being key ESG reporting frameworks for our stakeholders, we produced a standalone SASB-aligned disclosures report which is available on [Burberryplc.com](https://www.burberryplc.com).

In recognition of the importance of CDP as a gold standard for environmental reporting with the richest and most comprehensive dataset on corporate action on climate, we have been reporting to CDP since 2010. In 2021 Burberry was ranked by CDP in the Leadership band for its climate change submission.

We recognise that meeting our climate-related targets is dependent on collective action. Foremost are countries implementing their Paris Agreement-aligned commitments and increasing them to more ambitious levels. Improving the market conditions for clean energy supply, such as the rate of installation of renewable electricity in many countries, reducing costs and the availability of purchase power agreements will help shift the rate of decarbonisation at scale. We believe we have a role in helping to shape the policy and regulation required and are working collaboratively with partners, suppliers and other organisations to achieve our ambition, including the United Nations Global Compact, the Fashion Pact, the Lowering Emissions by Accelerating Forest finance (LEAF), The UN Fashion Charter, RE100, Race to Zero and the Prince's Trust Accounting for Sustainability initiative.

# RISK MANAGEMENT ACTIVITIES IN FY 2021/22

## Monitoring of risks

We identify and review risk through two processes:

- A “bottom-up” process undertaken across the Group’s business areas and functions to identify and manage risks
- A “top-down” process overseen by the Risk Committee to identify key risks to our strategic priorities

Key risk themes were analysed and our principal risks reviewed and to reflect changes in the business and the external environment. A revised schedule of the Group’s principal risks were discussed at our Risk Committee and presented to the Audit Committee in March 2022.

## Emerging risks

Potential emerging risks remain an area of priority, ensuring our resilience and agility with respect to emerging risk themes; this has been supplemented with additional modelling, which continues to mature.

## Identification of risks

### Investing in risk

Through the global pandemic, and more recently with respect to the conflict in Ukraine, the need for an effective approach to managing risk and uncertainty is clear. We need to understand risks, which prevent us creating and protecting financial, environmental and social value, and actively manage them. We have invested in our risk and risk analytics capabilities in order to help support our leadership teams with identification and high-quality risk insights that support decision making.

Our risk, insurance, business continuity and risk-analytics functions are managed together, promoting an integrated approach to risk that puts ESG and growth at its centre. Together, these functions ensure audit resources are deployed effectively to provide assurance to the most significant areas of our business.

As well as risk and risk analytics, we are undertaking work programmes to ensure our Business Continuity Planning function and our insurance strategy are as effective and efficient as possible, addressing our need for a resilient business, which takes rapid, impactful decisions on key risks.

## Risk process

Our approach aligns the risks reported by our regional businesses with those identified in our principal risk analysis. By aligning our risks, we are better able to support our businesses by investing in appropriate Group and local controls. In addition, we have focused areas of risk capability, specifically:

- **Legal and ethics:** our Legal team manages a wide spectrum of risks through in-house experts and a network of external specialist advisors. Ethics matters are governed through a dedicated Ethics Committee
- **IT:** IT function manages operational risks on significant IT programmes, assuring delivery, efficiency and value for money. IT is responsible for the cybersecurity framework and operation. Our IT risk capability works very closely with our Business Continuity and Incident Response manager, ensuring that we prioritise key systems and processes

### **Strategic risk**

We have reviewed the key risks, which may impede our ability to achieve our strategic goals, and have two mechanisms to manage them:

### **Scenario analysis**

We are adopting a quantitative approach, which is currently under development. It is designed to quantify the risks posed by significant world trends, including climate change, global recession, cyberattack, and others. While still in progress, it has confirmed our view that we are monitoring the right areas of risk to spot emerging problems, which improves our resilience to shocks.

### **Risk appetite**

The Group's risk appetite and tolerance levels were presented to the Board and approved in March 2022. These will be used to set tolerance limits for each of the principal risks and refine mitigation plans. Compliance functions provide independent assurance to management, the Audit Committee and the Board on the effectiveness of management actions. Our Internal Audit function periodically reviews the risk management process. Third-party reviews have been performed on

cybersecurity and health and safety. Our Strategy team and the business owners for each strategic pillar undertake regular reviews of progress towards our strategy with the Executive Committee and the Board. Additionally, we have undertaken a number of "deep dives" at Board and Audit Committee level into the management of the risks being examined:

- Ukraine crisis: the full scale of the macroeconomic impact of the conflict in Ukraine is still being understood by global companies. Our priority is the safety of our people and our customers and all decisions are made accordingly
- COVID-19: we continue to monitor the effects of the global COVID-19 pandemic, and the impact of restrictions in our global markets
- Climate change: we have included ESG targets alongside financial targets in order to prioritise our risks and mitigations, and are developing a Value Creation Framework to help prioritise relevant risks
- Risk appetite: the Board performed its annual review and discussion of the Group Risk Appetite statement in March 2022
- IT/Cyber: we report to the Audit Committee on IT and cybersecurity

**“OUR APPROACH  
TO RISK PUTS ESG  
AND GROWTH AT  
ITS CENTRE”**

# OUR VIABILITY STATEMENT

## Corporate planning process

Burberry's annual corporate planning process consists of preparing a long-term strategic plan, forecasting the current year business performance and preparing a detailed budget for the following year. These plans form the basis for assessing the longer-term prospects of the Group. Our strategic planning process includes detailed reviews of the budget, forecasts and long-term plan by our CEO and CO&FO in conjunction with our regional and functional management teams, followed by a presentation and discussion of the strategic plan at the Board. Delivery against the plan is monitored through our monthly reporting on actual performance, the annual budget process and subsequent forecast updates (see page 36).

The key assumptions considered in our strategic plan are future sales performance by product, channel and geography, expenditure plans, cash generation, and that there is no material long-term impairment to the Burberry brand. We also consider the Group's projected liquidity, balance sheet strength and the potential impact of the plan on shareholder returns. Where appropriate, we have made adjustments to our planning process to include scenarios relating to key assumptions as a result of the ongoing impact of COVID-19 and challenging economic conditions including the immediate and wider effects of the conflict in Ukraine and as detailed below.

## Assessment of prospects

We remain confident in our ability to consolidate our position in luxury fashion and remain committed to the strategic vision for Burberry. Our strategic initiatives have been shaped in response to the ongoing COVID-19 pandemic situation with focused execution to ensure a continuing successful recovery.

The Group's strategy is set out on pages 30 to 40. Key strategic focus areas to respond to the current industry backdrop are:

- **Brand:** a strong luxury positioning is paramount during this period. Burberry will continue to strengthen its luxury positioning, including prioritising investment in inspiration. In this environment, consumers are likely to become increasingly discerning in their purchases, orientating towards strong brands, and market performance is likely to polarise further between luxury and mass and accessible fashion. Diminished demand in certain markets is also likely to increase competition and reinforce the importance of investing in brand and inspiration
- **Localisation:** the COVID-19 outbreak has resulted in reduced travel and disparate economic growth by region. This continues to make a localised approach more important. In line with this, we will continue to adopt tailored and bespoke localised plans to ensure we optimise revenue opportunities in all markets

- **Direct to consumer and digital:** the COVID-19 crisis had a continuous impact on luxury distribution throughout 2020 and 2021 and is likely to continue to impact 2022 and 2023. The crisis has demonstrated the importance of a direct-to-consumer approach, particularly digital. In this respect Burberry maintains strategic focus and is well positioned.
- **Product, inventory and supply chain:** in the short term, we expect a greater consumer shift towards leather goods offering, casualwear and entry price points. Again, Burberry is well positioned in this respect having transformed its product offer, including its leather goods assortment. We have been improving supply chain agility and amending our seasonal calendar to optimise sell through of our current and future collections
- **Balance sheet and liquidity:** managing the COVID-19 crisis required tight control of cost and cash management. We have prepared and delivered cost and cash mitigation plans since 2020 and we continue to drive cost and cash mitigation plans as we navigate away from the pandemic. Our objective is to manage the business efficiently and flexibly, maintaining control and preserving the long-term value of the Burberry brand while ensuring we secure the financial headroom required to fuel growth as market opportunities arise. The business is expected to remain strongly cash generative creating further optionality for investment and increased returns to shareholders

## Viability assessment approach

In light of the continued uncertainty of the impact of COVID-19 and the current macroeconomic environment, we have prepared a number of planning scenarios based on a range of assumptions and potential outcomes. In assessing the viability of the Group, the Board has carried out a robust assessment of the principal risks of the Group, including those arising from the COVID-19 virus, as set out in the Risk Report on page 107, and the principal risks and uncertainties as set out on page 108. The Directors have considered the potential impact of the risks on the viability of the Group.

## Basis of assessment

The assessment of viability has been made with reference to the Group's current position and expected performance over a three-year period to March 2025. This is considered appropriate for use by the Directors because:

- It aligns with the Group's approach to long-range planning
- It is sufficient to almost cover all currently approved capital expenditure projects
- As the Group has little contracted income, and as most current business development projects will be completed in the three-year period, projections beyond this period will contain long-term growth assumptions



## Scenarios

A range of scenarios have been developed. These scenarios were informed by a comprehensive review of macroeconomic scenarios using third-party projections of scientific, epidemiological and macroeconomic data for the luxury fashion industry, and financial outcomes of risks materialising across the industry over the last ten years:

- The Group central planning scenario reflects a balanced projection with a continued focus on maintaining momentum as part of the customer strategy, and a balanced assumption for COVID-19 and economic uncertainty, and reflects growth in FY 2022/23 and FY 2023/24
- As a sensitivity, this central planning scenario has flexed by a 15% downgrade to revenues in FY 2022/23 and a 10% reduction in revenues across the full three year period as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern and viability. This was designed to test an even more challenging trading environment as a result of COVID-19 together with the potential impacts of the Group's other principal risks, as described below
- For the purposes of the reverse stress test, we have considered the plausibility of a scenario that erodes the remaining cash headroom by reference to the lowest cash level in the annual business cycle. This test identified that the amount of revenue decline required on top of the severe but plausible scenario before the Group requires additional fundraising over the three year period to March 2025 was in the Group's opinion implausible.

The severe but plausible downside modelled the following risks occurring simultaneously:

- A longer-term impact of the COVID-19 pandemic on revenue to mid-way through FY 2023/24 compared to the central planning scenario
- A significant reputational incident such as negative sentiment propagated through social media
- A reduction in the GDP growth assumptions in the Eurozone and Americas materialising in the second half of FY 2022/23 and consequent impact into FY 2023/24
- The impact of a one-month interruption in one of our channels arising from a technology vulnerability
- The introduction of carbon taxes in FY 2023/24 and FY 2024/25 in line with a scenario reflecting a 2°C global temperature increase compared to pre-industrial levels
- A short term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

This approach provides the Board reasonable comfort that the Group's going concern and viability positions have been assessed to a severity level, which more than accommodates the current assessment of the shape and scale of the economic impact of the COVID-19 pandemic and the impact of one or more of the Group's principal risks.

### **Funding**

In assessing the viability of the Group, the Directors have also considered the Group's current liquidity and available facilities (set out in note 28 of the Financial Statements), financial risk management objectives and hedging activities (set out in note 28 of the Financial Statements). In our central planning and severe but plausible downside scenarios, the Group maintained the necessary liquidity levels.

On 21 September 2020, the Group issued a five-year £300 million 1.125% unsecured sterling Sustainability Bond. The Group also has access to a £300 million RCF, currently undrawn and not relied upon in the viability assessment.

### **Conclusion**

Based on this assessment, our Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities over the period to March 2025. In making this statement, the Directors have assumed there is no material long-term impairment to the Burberry brand.

The Strategic Report up to and including page 146 was approved for issue by the Board on 17 May 2022 and signed on its behalf by:

#### **Gemma Parsons**

Company Secretary