

## BURBERRY BELIEVES THAT TO BE A GREAT BRAND, IT MUST ALSO BE A GREAT COMPANY

Commitment to, and investment in, its extended global community is at the heart of the Burberry core values to Protect, Explore and Inspire, and the global team is constantly working to evolve business practices in line with these principles.

Burberry is leveraging the energy of its creative thinking culture to influence positive outcomes at all levels from its own organisation, to its business partnerships, wider community engagement and global societal and environmental impact.

**1%**

1% of Group profit before tax donated to charitable causes, the majority to the Burberry Foundation

**750**

Over 750 audits, visits and trainings conducted in the global supply chain

**32%**

32% points increase in primary transport shipped by sea

**70%**

Over 70% increase in uptake of global Sharesave Scheme

**148**

148 tonnes of sample and raw material waste recycled for use in the automotive and construction industries

**3,000**

3,000 Burberry coats donated to disadvantaged young people worldwide

**1,500**

1,500 Burberry employees volunteered over 5,500 hours

**70%**

Over 70% of Burberry Foundation employability programme graduates obtained employment or re-entered education

## People

Burberry recognises that its people are its greatest asset and constantly strives to attract the best talent worldwide, to provide meaningful development opportunities at all levels and to reward and recognise high performance.

### Recruit

- Mid-year, Burberry established a new Resourcing Centre of Expertise, with a clear set of immediate and long-term targets. By evolving recruitment through a world-class resourcing team and leveraging digital across its recruitment activities, Burberry now has the potential to fill positions faster and to reduce agency fees significantly.
- Burberry maintained its commitment to diversity and equal opportunities in recruitment. Nationals of over 100 countries are now employed across all continents, with an age span from 16 to 76. The diversity within the Burberry community underpins its energy, vibrancy and connectedness.
- Burberry continued to help talented young people from all backgrounds onto the career ladder, with a new policy for work experience and internships supporting the professional development of young people in and after education.

### Retain

- Initiatives launched to enhance the development of the company's highest potential associates through international networking opportunities, global strategy offsites, access to senior executives and leadership training workshops, all with the ultimate objective of creating next generation leaders for the business. A new Retail Exchange Programme enabled high achieving sales associates from different countries to temporarily swap roles and work locations, enhancing cultural understanding and service standards in Burberry stores, whilst providing unparalleled career development opportunities.

- The company's innovative wellbeing programme was extended, with associates receiving benefits ranging from additional annual leave, to free lunch, daily fruit bowls and health and sporting activities. Additional initiatives were designed and implemented by local teams, ensuring the programme offering was sensitively tailored to fit the various cultural needs and expectations of nearly 9,500 associates in 31 countries.
- As part of its commitment to promoting health, safety and wellbeing, Burberry continued using a third party to undertake audits at its locations throughout the world. This was supplemented by the global deployment of an incident reporting system during the year that incorporated accident and near miss reporting, and a series of control processes.

### Reward

- Burberry continued to strengthen the link between reward and performance across the organisation. All associates are now in a bonus or incentive plan and share ownership was expanded through the global Free Share Plan, through which all associates are eligible to become shareholders in the company. Global take up of the Sharesave Scheme increased by 70%.
- The Icon Awards programme, which recognises exceptional performance at all levels of the company, reached its fifth anniversary, with over 7,500 nominations received and 81 awards made globally, across categories inspired by the Burberry brand, heritage and core values.
- The Long Service Awards programme recognised 481 associates celebrating milestone five-year service anniversaries with Burberry. Eleven associates celebrated anniversaries of 30 years' service or more.

### Reinvent

- The company launched a full transformation of the global Human Resources organisational structure, centralising the operations team and creating global Centres of Expertise to move the value proposition from the purely functional to the strategic and transformational. This more integrated structure is enabling the company to develop consistent, scalable ways of working across functions and regions.

## Ethical trading

Burberry expects all its suppliers to comply with local labour and environmental laws and the Burberry Ethical Trading Code of Conduct; to provide their workers with safe working conditions and fair pay; and to allow them to exercise their right to freedom of association and collective bargaining. Burberry is working with its suppliers to make meaningful improvements to workers' employment and workplace conditions globally. Further information about Burberry's commitment to good labour practices can be found at [burberryplc.com](http://burberryplc.com).

### Engage

- Burberry continued to engage with suppliers through its ethical trading programme, including announced and unannounced audits; continuous improvement programmes; and training and confidential worker hotline services. Burberry once again recognised suppliers demonstrating leadership in ethical trading through awards at its annual Vendor Conference.
- Over 750 audits, supplier visits and training sessions were conducted globally.

### Develop

- Burberry continued to provide suppliers with practical and classroom-based training on the Burberry Ethical Trading Code of Conduct and related activities, supported by human resource and management system improvement programmes. A new approach of 'Supplier Ownership' further supported suppliers in building their own capacity to take greater responsibility for ethical standards in their supply chains.

- Ethical trading was further integrated into Burberry teams' daily decision making, with the Ethical Trading Initiative delivering training across the global sourcing and product development functions on ethical trading awareness and purchasing practices.

### Connect

- Burberry extended its rollout of NGO-run confidential worker hotlines to select suppliers, complementing its ongoing support of functioning and mature industrial relations as a sustainable way to protect rights in the workplace. Currently, around 18,000 workers globally have access to confidential hotlines.
- In partnership with International Resources for Fairer Trade and the Centre for Child Rights and Corporate Social Responsibility, Burberry introduced new programmes to improve working conditions for migrant workers, including training in living and communication skills and local labour law.
- Burberry continued to connect and collaborate with peers and stakeholders, including through its membership of the tri-partite Ethical Trading Initiative, Business for Social Responsibility and the UN Global Compact.

Number of audits, supplier visits, training sessions, improvement programme and hotline training visits

**756** +5%



## Community

Investing and engaging in the communities where Burberry employees live and work, while leveraging core business competences and values, remains a key objective.

### Invest

- Burberry donated 1% of Group profits before tax to charitable causes, the majority to the Burberry Foundation (UK registered charity number 1123102). The Foundation helps young people develop their skills, confidence and connections, and since its establishment in 2008 has supported 21 charity partners in 12 cities globally. In addition to financial support, the Foundation made in-kind donations ranging from one-off gifts of non-trademark fabric and materials to assist young people enrolled in art and design courses, to the annual Christmas Coat Donation programme, benefiting 3,000 disadvantaged young people around the world.
- To support the next generation of creative talent, two multi-year scholarship funds were launched with the Royal College of Art in the UK and Ball State University in the United States.
- Following the severe drought affecting East Africa in 2011, Burberry and its employees contributed to the Disasters Emergency Committee to support the provision of life-saving aid. Burberry also continued to support Japan in the wake of the March 2011 earthquake and tsunami through a donation to the Burberry Foundation to be used specifically to assist young people in the most impacted areas.

### Engage

- Burberry continued to encourage its associates to dedicate up to four hours of paid leave per month in support of Burberry Foundation charity partners. Approximately 40% of employees based in locations with active volunteering programmes lent their personal talents, business skills and experience to inspire young people through more than 5,500 hours of volunteering support.
- Employability programmes were established in Hong Kong, New York and London, as well as in Yorkshire in the UK, where Burberry manufactures its heritage rainwear and weaves its traditional gabardine fabric. Delivered and supported by Burberry associates, the programmes heighten the creative confidence, skills and aspirations of unemployed young people through an intensive training curriculum followed by up to 6 weeks of practical work experience. Already 70% of programme graduates have achieved positive outcomes, finding employment, enrolling in training or re-entering education.
- Burberry associates in 27 locations participated in the company's first Global Volunteer Day, dedicating over 2,000 hours to improving the lives of disadvantaged young people in their communities. Projects ranged from career workshops to community revitalisation activities.

### Inspire

- The company continued to leverage its associates' talents, passions, skills and experience to help young people achieve their full potential. More than 200 young students globally were mentored by a Burberry associate over the last year, in programmes ranging from three months to three years. Through these mainly one-on-one mentoring relationships, young people broadened their horizons, raised their aspirations and were inspired to realise their dreams.

### Community donations £

Direct contributions made by Burberry

**£3.7M +24%**



### Volunteering hours

Time volunteered by Burberry associates

**5,500 +49%**



## Sustainability

Burberry is committed to driving more sustainable outcomes throughout its global operations and engages with the FTSE4Good Index, Carbon Disclosure Project, United Nations Conference on Trade and Development, Forest Footprint Disclosure and Forum for the Future.

### Product

- Burberry extended its efforts to safeguard high welfare standards by taking an active role in wider industry efforts to improve visibility in the exotics supply chain; site visits to better understand traceability in the fur industry; and communication of its Animal Sourcing Principles to all tanneries.
- A tannery assessment project was launched in Italy using the Leather Working Group protocol, reflecting the company's increased focus on monitoring and improving the environmental management and traceability in its leather supply chain.
- Burberry continues to follow a policy of not knowingly using sandblasting for any of its denim products.
- 148 tonnes of European sample and raw material waste was shredded and reused in the automotive and construction industries.

### Process

- A dedicated Sea Shipping Task Force worked with the Burberry supply chain to divert stock from air to sea, resulting in a 32% points increase in stock shipped by sea.
- Burberry reduced further the environmental impact of its supply chain activities. At the Castleford facility in Yorkshire, the energy used to produce each trench coat was reduced by 30%, while the newly-created European distribution hub will save an estimated 400 tonnes of carbon per year on key outbound lanes.

### Property

- Burberry continues to increase its purchase of renewable electricity. All of its UK sites and 20% of those in the Americas are now powered in this way.
- Elevating the sustainability expertise of the Burberry Construction Team is crucial to the continued pursuit of more sustainable construction practices and more energy efficient buildings. More than 40% of this team now holds a sustainable building certification.

## Governance

A global governance system enables connection and integration across Burberry's global community on people, ethical trading, community investment and sustainability policies and initiatives.

The Chief Corporate Affairs Officer is responsible for all ethical trading, community and sustainability matters and reports on these to the Group Risk Committee and the Board. He also chairs the Global Sustainability Committee and sits on the Supply Chain Risk Committee.

The Chief People Officer supports the continued evolution of Burberry's unique corporate culture in line with its core values.

Occupational health and safety compliance is reviewed tri-annually in stores and annually in offices and supply chain sites. All improvement plans are monitored by the Global Health and Safety Committee, which is chaired by the Executive Vice President, Chief Financial Officer.

### Global buildings energy CO<sub>2</sub>

CO<sub>2</sub> kgs per £1,000 of turnover

**18 -14%**



DEFRA 2011 conversion factors used throughout

### Primary transport shipped by sea %

Based on sea vs. air freight comparison; road data has been excluded

**44% +32% POINTS**

