

## Partnerships

Being open and caring is firmly rooted in Burberry's values. We believe in being responsible, being guided by our conscience and working together to achieve common goals. To that end, we frequently collaborate with key stakeholder groups, industry peers and business partners to effect wider industry change.

Key partners include:



## About our responsibility data and reporting

We aim to align our data and reporting with best practice standards. We publish a separate Responsibility Data Appendix on [Burberryplc.com](https://www.burberryplc.com) with more detailed environmental and social performance data. Our Responsibility Data Appendix also summarises how we align with external frameworks, including the UN SDGs.

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance on selected planet and product metrics. The data marked by the following symbol <sup>^</sup> is in scope for PwC assurance procedures over selected Responsibility KPIs on pages 50 to 94. The assurance statement for selected Responsibility KPIs is available at [Burberryplc.com](https://www.burberryplc.com). The data marked by the following symbol <sup>^</sup> is in scope for PwC assurance procedures over the Use of proceeds. The assurance statement for the Use of proceeds is available at [Burberryplc.com](https://www.burberryplc.com). Additionally, our Basis of Reporting contains details of our data collection methodology for our assured metrics (available on [Burberryplc.com](https://www.burberryplc.com)). Details of our methodology for our non-assured metrics can be found in our Responsibility Data Appendix on [Burberryplc.com](https://www.burberryplc.com).

We comply with reporting regulations on climate change. We publish a Climate-related Financial Disclosure consistent with TCFD Recommendations (see page 94) to comply with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and FCA Listing Rules. We publish UK energy and carbon data (page 58) to comply with the UK's Streamlined Energy and Carbon Reporting requirements.

We are also working to prepare for new reporting requirements under the EU Corporate Sustainability Reporting Directive (CSRD) that will apply in future years.

## Our contribution to the UN SDGs

We take action on the goals that are most relevant to our Company and where we can have the biggest positive impact. Our strategic priorities and associated initiatives contribute to many of the UN SDGs as outlined in the Progress Against Targets tables under each pillar on pages 51, 56, 68 and 82. We have outlined the main ways we contribute to the SDGs in more detail in our Responsibility Data Appendix on [Burberryplc.com](https://www.burberryplc.com).

## Sustainability Bond – use of proceeds report

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

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

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

### Eligibility Criteria and oversight

The categories of our Eligibility Criteria are as follows:

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

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

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

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

The Sustainability Committee has considered the Eligibility Criteria in the Framework and reviewed

the spend on projects eligible for financing under the Sustainability Bond and allocated the proceeds accordingly.

#### Allocation of proceeds

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

The allocation across categories is summarised below.

#### Unallocated proceeds

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

#### Project examples

##### Green buildings:

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

Certifications include:

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

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

Burberry continues to promote more sustainable farming practices among its suppliers and also

remains committed to driving demand for organic cotton. As part of this, 31%<sup>^</sup> of total cotton was certified organic in FY 2022/23, however, organic cotton does not meet the Eligibility Criteria under the Framework document and therefore no proceeds have been allocated this year.

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

#### Pollution prevention and control




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

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

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

#### External assurance of the use of proceeds

Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over the allocation of use of proceeds. Information subject to assurance is denoted with a <sup>^</sup>. PwC's assurance report and Burberry's Sustainability Bond Framework are available on [Burberryplc.com](https://www.burberryplc.com).

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

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

<sup>^</sup> Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide limited assurance over the allocation of use of proceeds. Information subject to assurance is denoted with a <sup>^</sup> symbol. PwC's assurance report and Burberry's Sustainability Bond Framework are available on [Burberryplc.com](https://www.burberryplc.com).

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

# Task Force on Climate-related Financial Disclosures

FCA 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 2022/23



## Governance

Disclose the organisation's governance around climate-related risks and opportunities.

a. Describe the board's oversight of climate-related risks and opportunities.

Task Force on Climate-related Financial Disclosures, pages 94 to 111

b. Describe management's role in assessing and managing climate-related risks and opportunities.

## Strategy

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.

Task Force on Climate-related Financial Disclosures, pages 94 to 111

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Publication on Burberrypplc.com: Burberry Beyond Climate Positive 2040 report

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

## Risk management

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 118 to 148.

## Metrics and targets

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.

Task Force on Climate-related Financial Disclosures, pages 94 to 111

b. Disclose scope 1, scope 2 and, if appropriate, scope 3 GHG emissions and the related risks.

Planet pages 56 to 67  
Task Force on Climate-related Financial Disclosures, pages 94 to 111

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 94 to 111

Burberry has a longstanding commitment to addressing the impacts of climate change and is a luxury industry leader in taking steps to advance our decarbonisation agenda. Since 2016, we have reduced our market-based scope 1 and 2 emissions by 93%, becoming carbon neutral across our own operations by compensating for residual emissions through the use of verified carbon credits and maintaining our commitment to use 100% of our electricity from renewable sources.

Building on these accomplishments, in FY 2022/23 we published our latest Responsibility strategy, Burberry Beyond, to focus on four strategic priorities: Product, Planet, People and Communities. Our pledge to become Climate Positive by 2040 is ahead of the UK Government's net-zero by 2050 target and aligns with the Planet pillar of our strategy. To achieve this, we are committed to continued emissions reduction across our extended supply chain and investing in nature-based projects with carbon benefits that restore and protect natural ecosystems, enhancing the livelihoods of global communities. See Planet on pages 56 to 67 for further details.

We have adopted the recommendations of the 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 reports 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 present opportunities for efficiency, innovation and growth, all of which are built into our Climate Positive by 2040 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 evolve 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 EY as independent auditors to provide a limited assurance statement in accordance with ISAE 3000 on our FY 2022/23 TCFD disclosures. The TCFD Basis of Reporting and assurance statement is available on [Burberryplc.com](https://www.burberryplc.com).

## 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 153 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 those related to climate change. Further information on the risk management process is included in the Risk and Viability Report on page 118.

The Group's strategy on environmental and climate-related issues is governed by the Sustainability Committee, which convened four times in FY 2022/23 and is chaired by the CEO. The Committee plays an important decision-making role to support Burberry's Responsibility strategy, with membership including senior leaders from across the organisation who are responsible for the execution of the responsibility strategy within their respective business areas. Topics discussed in the Sustainability Committee in FY 2022/23 include plastic packaging, circular business models and a scope 3 GHG emissions update. The Company Secretary or their designate is secretary to the Committee.

During FY 2022/23, the Board received two updates from the Sustainability Committee, which included progress against the Group's sustainability-related goals and targets. The Board also received an update on Burberry's climate ambition including progress towards our industry-leading goal to become Climate Positive by 2040.

The cross-functional TCFD working group, which includes members from the Finance, Corporate Responsibility and Risk teams, defines the approach for identifying and assessing climate-related risks. In FY 2022/23, the TCFD working group provided an update on the outputs of the scenario analysis and proposed draft disclosure to the Risk Committee, which was chaired by the Chief Operating and Financial Officer (CO&FO).

The Audit Committee reviews the work performed by the TCFD working group, including progress against the four TCFD pillars, outcomes of the scenario analysis and proposed disclosure. The Board reviews our climate-related reporting as part of its overall assessment of the fair, balanced and understandable nature of the Annual Report.

### **Knowledge and skills**

Burberry seeks to ensure that our Board and senior leadership have the relevant knowledge and skills to help us build a business that is both successful and responsible. We currently have five members of our Board who have extensive leadership experience on sustainability issues. Details on the sustainability skills and experience of these Board members is included in Board Leadership and Company Purpose on page 157.

We also worked with the Cambridge Institute for Sustainability Leadership (CISL) to build sustainability awareness and knowledge among our Board and senior leaders. In May 2022, CISL delivered a training session to our Board on global sustainability challenges, including climate change, biodiversity and the potential implications of these on our business. This followed a similar session presented to the Executive Committee in March 2022.

Similarly, we are committed to having 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 and educational events, including the Accounting for Sustainability Academy, to keep abreast of relevant climate and nature-related topics. We also educate employees on various sustainability-related topics through frequent engagement, focused events, strategic communications and volunteering opportunities. See our Responsibility Approach on pages 87 for further details.

### **Remuneration**

The remuneration of the Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards the Group's longer term climate goals, via the annual bonus plan and a sustainability underpin in the Burberry Share Plan (BSP).

For FY 2023/24, 25% of the Executive Director's bonus is once again linked to strategic measures including environmental and social measures and there will also be a sustainability underpin in the 2023 BSP award.

Building on this, in FY 2023/24 we are introducing specific sustainability metrics linked to our ambition to become Climate Positive by 2040 to the annual corporate bonus plan for the wider workforce. We believe that cascading sustainability targets represents an invaluable opportunity to drive the cultural evolution necessary to achieve our long-term goals.

## Strategy

This section describes our key climate-related risks and opportunities, their potential impact on our business and its resilience to such impacts, which has been assessed using scenario analysis as described below. Our strategy to address climate-related risks is integrated into our business strategy and decision-making in areas such as capital allocation, investment appraisal, supply chain planning and raw material sourcing.

Our Burberry Beyond Climate Positive 2040 report details our strategic direction and plan to reduce GHG emissions across our operations and supply chain. With the majority of our GHG emissions arising from our extended supply chain, we are focusing on five key impact areas with each having defined actions to drive progress: Raw Materials, Circularity and Product-related Waste, Supply Chain Decarbonisation, and Sustainable Transportation. Further details on initiatives under each of these areas are provided in the Decarbonising our Value Chain section of the Burberry Beyond Climate Positive 2040 report.

### 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 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 ensure relevant mitigating strategies are in place.

### 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 is modelled based on our updated strategy, with the Group's value chain being 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.

Our scenario analysis considers the impacts of both physical and transitional risks.

#### Physical Risks



#### Definition

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.

#### Timing of impacts

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.

#### Transition Risks



Risks which may occur while transitioning to a lower-carbon economy. These could include policy, market, reputation and liability risks. The level of risk depends on the nature and speed of the transition.

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 risk that a market shock caused by transition to a low-carbon economy would impact the Group's cost of debt, and how low-carbon innovations would 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 impact of physical and transition risks has been considered over a range of emission trajectories and global average temperatures. This is in line with the recommendations of the TCFD to select a set of scenarios that cover a reasonable variety of future outcomes, both favourable and unfavourable. We have also included a low-emissions scenario aligned to the Paris Agreement aspiration to limit global warming to 1.5°C, as per the TCFD recommendation that organisations use a 2°C or lower scenario. These are defined below, alongside a summary of the potential global impact of physical and transition risks under these scenarios.

## Average global temperature rise compared to pre-industrial levels by 2100






1.5°C



2°C – 3°C



&gt; 4°C

Scenario description	Global impact of climate-related risks over time
 <p>The world takes immediate and substantial action in line with the Paris Agreement to lower emissions.</p>	<p>To limit global warming to 1.5°C compared to pre-industrial levels, collective global action will be needed. 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 such collective action, the impact of physical risks occurring in the long term may be reduced.</p>
 <p>The world partially implements policies to lower emissions with no further actions taken.</p>	<p>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.</p>
 <p>The world takes limited or no actions to limit emissions.</p>	<p>Without any global action at all, transition risks would be limited and the impact of physical risks would become even greater in the long term.</p>



We have defined our time horizons as short term (five years), medium term (five to 20 years) and long term (more than 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. Our viability assessment is also aligned to this time period, with ongoing concern typically considered over 18 months. 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 less certainty 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.

Building on our detailed analysis, which covers a five-year time horizon, we have also considered the impact of climate-related risks in the short to medium time period of 10 years, which we will use to support our strategy over this period.

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 ambition to be Climate Positive by 2040, have not been taken into consideration in the scenario analysis.

### Scenario analysis results

In FY 2022/23, we further developed our scenario analysis to best reflect our current understanding of how climate change could impact the Group. This includes incorporating the latest scientific data on the global impact of climate change, increased sophistication when modelling transition risks and updating the digital twin representation of our business.

The tables below show the results of 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 potential opportunities. As such, we have adopted strategies and actions to mitigate these risks and ensure our strategy adapts to the potential opportunities. Where such actions have quantifiable investments associated with them, these are embedded within our Board-approved financial plans, which are translated in to annual budgets, and detailed in Our Strategic Response on pages 100 to 104. We have also considered the impact of climate change in the preparation of our Financial Statements, which can be found on page 270.

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

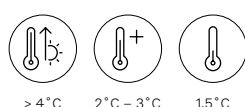
Low	(<£1m – £25m)
Medium	(£25m – £125m)
High	(£125m – £250m)



## Physical risk

### Global emissions environment

Average global temperature rise compared to pre-industrial levels by 2100



**Impact**    Medium    Medium    Medium

**Timeframe for most significant impact:** long term

### How we modelled the risk

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.

### 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 as well as increased risk of droughts and heatwaves in Asia, Europe and the Americas.

The impact of physical risks will become more significant in the medium and longer term, particularly in the >4°C and 2°C to 3°C scenarios. The impact of chronic physical risks, such as increasing global temperatures, will be particularly impactful over this time period.

### 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
- Update in methodology in FY 2022/23 to include range of Representative Concentration Pathways (RCPs), Coupled Model Intercomparison Project Phase (CMIP6) data, updated hazard definitions and improved granularity when considering likelihood of hazards

### Our strategic response

- 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 quantifiable financial investments associated with these actions are included in our financial plans
- We are committed to sourcing 100% certified organic cotton, which holds environmental benefits and is traced via a chain of custody by FY 2029/30
- We continue to develop our business continuity and resilience plans to allow us to respond to the impacts of physical risks at key locations such as our distribution centres. Our Incident Management teams were convened to respond to a number of weather-related events in FY 2022/23
- 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 continue to monitor and adapt our supply chain to ensure we are able to both mitigate climate-related risks to the Group and achieve our Climate Positive by 2040 ambition
- All Burberry retail bags and boxes are reusable, recyclable and certified by the FSC™

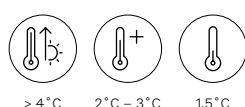
See also: Planet, pages 56 to 67.



## Policy risk

### Global emissions environment

Average global temperature rise compared to pre-industrial levels by 2100



**Impact**    Low\*    Low    Low

**Timeframe for most significant impact:** short to medium term

### How we modelled the risk

We quantified how the implementation of carbon pricing may result in increased costs associated with production, distribution and raw materials.

Carbon prices and projected changes in these have been considered at a country level.

### 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.

\* Under a >4°C scenario there is potential for a minimal positive impact due to reversal of current carbon pricing policies.

### 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 our assured FY 2021/22 emissions footprint
- 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 used in the modelling are shadow prices, which are a measure of overall policy intensity and expected to increase on a straight-line basis over the 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 75 per tonne
  - 2°C – 3°C = USD 5 to USD 45 per tonne
  - > 4°C = USD 0 per tonne

### Our strategic response

- In FY 2022/23, we published our Burberry Beyond: Climate Positive by 2040 report, which details our current GHG emissions footprint and our commitment to reducing this
- We have reduced our absolute scope 1 and 2 GHG emissions by 93% from our FY 2016/17 base year and will continue to identify the energy efficiency opportunities required to reach and maintain our 95% reduction target in FY 2023/24. We also aim to reduce our absolute scope 3 GHG emissions by 46% by FY 2029/30. Our emissions targets are recognised by SBTi, and we will continue to report our progress against these
- The remuneration of our Executive Directors is partly linked to our progress in building a more sustainable future, including progress towards our Group climate goals
- Our £300 million Revolving Credit Facility (RCF) is linked to our scope 3 GHG emissions reduction target
- To support our strategic response, we have also quantified the potential impact of our Climate Positive by 2040 ambition on the Group's exposure to this risk

The quantifiable financial investments associated with these actions are included in our financial plans. We will continue to embed our Climate Positive by 2040 roadmap and monitor this through KPIs applied across the business. We continue to monitor regulatory and market developments in carbon pricing to inform our strategy and financial plans.

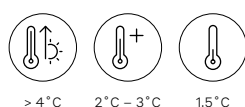
See also: Planet, pages 56 to 67.



## Market risk

### Global emissions environment

Average global temperature rise compared to pre-industrial levels by 2100



**Impact**    Low    Medium    High

### Timeframe for most significant

**impact:** short to medium term

### How we modelled the risk

We quantified how shifts in consumer preferences towards more sustainable and less carbon intensive products may impact demand for our products.

Consumer preference shifts have been considered at a country level.

### 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.

### Key assumptions

- Consumer perception of 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 future product strategy, aligned with its updated strategic vision and projected raw material usage
- 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

### Our strategic response

- We are committed to shifting to more sustainable, low-impact materials. We have a series of ambitious targets to achieve this aim with Product being a key pillar of our Burberry Beyond 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
- In FY 2022/23 we joined Fashion For Good, a global platform established to drive sustainable solutions within the textile industry. We have hired a Materials Innovation Manager to pilot innovation in the raw materials space
- We are aiming to ensure all key materials are 100% traceable by FY 2029/30, supported by our use of certified materials where the country of origin is verified and disclosed. To support this, we are investing in a traceability solution. The quantifiable financial investments associated with these actions are included in our financial plans
- We continue to evolve our aftercare offer and trial new circular business models. See Opportunities and Product on pages 51 to 55
- To support our strategic response, we have also quantified the potential impact of achieving some of our key raw material targets on our exposure to this risk

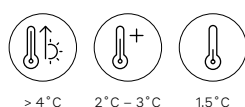
See also: Product, pages 51 to 55.



## Reputation risk

### Global emissions environment

Average global temperature rise compared to pre-industrial levels by 2100



**Impact**    Low    Low    Low

### Timeframe for most significant

**impact:** short to medium term

### How we modelled the risk

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.

Society's opinion with respect to the threat of climate change has been considered at a country level.

### 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.

### Key assumptions

- Scenario analysis is based on Burberry's future Product strategy, aligned with its updated strategic vision
- 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
- Scenario analysis uses a performance percentile to benchmark Burberry against its wider industry in terms of GHG emissions

### Our strategic response

- 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 protecting nature
- 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 Highly Commended in Communicating Integrated Thinking at the 2022 Finance for the Future awards
  - In 2022, Burberry was ranked by CDP in the Leadership band, receiving an A for its climate change submission
- We continue to play a role in shaping policy and regulation within our industry and are working collaboratively with partners, suppliers and other organisations to achieve our ambition. This includes 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

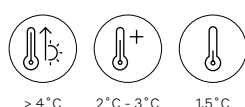
See also: Planet, pages 56 to 67 and Product, pages 51 to 55.



## Liability risk

### Global emissions environment

Average global temperature rise compared to pre-industrial levels by 2100



**Impact**    Low    Low    Low

**Timeframe for most significant impact:** short to medium term

### How we modelled the risk

We quantified how perceived involvement in activities, which drive climate change, such as the emission of GHGs, may result in additional operating expenses due to litigation.

### Potential areas of impact

Potential operating expenses may arise from fines, settlement and legal costs in the short to medium term.

### Key assumptions

- We quantified how perceived involvement in activities, which drive climate change, such as the emission of GHGs, may result in additional operating expenses due to litigation

### Our strategic response

- 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 associates' activities

See also: Risk and Viability Report, pages 118 to 144.

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 our five-year scenario analysis have 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 repercussions 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 focused on innovation 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°C scenario would have most impact on Burberry in the short to medium term before considering any mitigating actions. We will continue to consider and identify how the results of our scenario analysis may be utilised to inform future strategic planning where appropriate.

## Opportunities

In addition to these climate-related risks, there are also opportunities for risk mitigation and growth, which may arise for the Group as it transitions toward a lower-carbon economy.

The Group's approach to identifying climate-related opportunities is integrated within its wider strategy to deliver positive change with sustainability at its core. Supported by the Group's overarching Climate Positive by 2040 ambition, the Sustainability Committee is key to the identification, prioritisation and realisation of climate-related opportunities.

Examples of such climate-related opportunities are summarised below.

TCFD Opportunity Area	Opportunity Description	Actions Taken To Realise Opportunities	Time Horizon of Impact
Resource efficiency	Use of more efficient production and distribution processes	Moved to electrically operated steam boilers in our key internal manufacturing site	Short/medium term
	Move to more efficient buildings	Improved building efficiency through obtaining LEED and BREEAM certification for stores	Short/medium term
Energy Source	Use of lower-emission sources of energy	100% of the electricity used in our own operations is from renewable sources and we will continue to maintain this	Short term
Products and Services	Development and/or expansion of low-emission goods and services	Our collections increasingly feature products made with certified key raw materials, supported by our targets in this area	Short/medium term
		We offer Trench, Cashmere and Leather Refresh services globally and continue to expand these initiatives	Short/medium term
	Development of new products or services through research and development, and innovation	We are currently funding a two-year research project with HKRITA to design a post-consumer leather goods recycling system. Read more about this project in the Environmental and Social Responsibility section on page 67	Short term
Markets	Access to new markets	In FY 2022/23 we began a handbag rental trial with Cocoon and are planning to launch a product rental service with the UK's leading fashion rental platform, My Wardrobe HQ	Short term
		See more on our circularity initiatives in Product, page 54	Short/medium term
Resilience	Participation in renewable energy programmes and adoption of energy efficiency measures	We are currently working with the Apparel Impact Institute (AII) to implement the Clean by Design programme and improve energy, water and chemical use at eight mills known for producing high-quality textiles for luxury garments	Short/medium term
	Resource substitutes/diversification	We continue to invest in a traceability solution, which will enable us to better manage risks and opportunities associated with our key raw materials supply chains	Short/medium term

We recognise the potential impact of climate change, which remains a principal risk for the Group. While there are challenges ahead, the Group is well positioned to both address these and capitalise on the identified opportunities, which will arise in the transition towards a lower-carbon economy. Our Climate Positive ambition will be key in ensuring the Group's resilience to the potential impacts of climate change, supported by our wider Burberry Beyond strategy see Responsibility (pages 50 to 94) and underpinned by ambitious targets, which are detailed in Metrics and Targets (see pages 30 to 35).

## Risk Management

Climate change has been identified as a principal risk to Burberry see page 95 and has the potential to impact our business in the short, medium and long term as detailed on page 99.

The overarching approach to identifying climate-related risks is the same as for all principal risks and is described on page 97. Additionally for climate-related risks, we have undertaken qualitative scenario analysis since FY 2018/19 and a quantitative scenario analysis since FY 2019/20 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 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 defined the risk management methodology and approach for identifying and assessing climate-related risks and mitigating controls. Using scenario analysis, the working group quantified climate-related risks to Burberry and evaluated their size and scope. This supported the working group in prioritising 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. The Group has also developed a risk platform, which enables us to track our business objectives, including those that create or protect financial, social, environmental and reputational value.


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

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 tables on pages 105 to 109 and are linked to the risks modelled as part of the scenario analysis and the opportunities identified by the Group.



Theme	Metrics	Targets
	<b>Physical risks</b>	
<b>Water</b>	<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, which incorporates the WWF Water Risk Filter, considers physical risk, regulatory risks and reputational risks.</p> <p>Water scarcity, quality and flooding risk details are collected by supply chain partners and reviewed by Burberry against our water conservation framework. The framework rates sites as red, amber or green and identifies hotspots, which are defined as sites in areas of high water stress. If these risks are deemed to be high, Burberry conducts specific risk assessments for the site covering emergency and mitigation plans, and water stewardship activities.</p>	<ul style="list-style-type: none"> <li>• Maintain regular assessment coverage of at least 80% of our vendors and raw material suppliers</li> <li>• We are aiming for zero water conservation hotspots by 2030 and monitor the percentage of products delivered by supply chain partners rated as hotspots</li> </ul>

Theme	Metrics	Targets
	<b>Policy</b>	
<b>GHG emissions</b>	GHG emissions across scopes 1, 2 and 3.	<p>GHG emissions reductions:</p> <ul style="list-style-type: none"> <li>Burberry committed to reduce absolute scope 1 and 2 GHG emissions by 95% by FY 2022/23 from a FY 2016/17 base year and to maintain the reduced level of emissions thereafter. Scope 1 and 2 progress for this year is 93%</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 56 and our GHG emissions table on page 60</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. This target has been achieved and maintained</li> </ul> <p>See our results on page 60</p> <p>These metrics and targets also support the Resource Efficiency and Energy Source opportunity areas.</p>
<b>Sustainability Bond</b>	<p>Our Sustainability Bond proceeds are allocated across three categories outlined in the Framework as Eligibility Criteria:</p> <ul style="list-style-type: none"> <li>Green buildings</li> <li>Environmentally sustainable management of living natural resources and land use</li> <li>Pollution prevention and control (including waste prevention, waste reduction and waste recycling)</li> </ul> <p>This metric also supports the Resource Efficiency opportunity area.</p>	<ul style="list-style-type: none"> <li>We aim to allocate the full use of proceeds from the Sustainability Bond to these three categories and are on track to do this by 2025 when the bond matures</li> </ul>
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>The remuneration of our 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 200 to 245</li> <li>We have included environmental and social KPIs into personal objectives for our senior leaders, which also form part of the corporate bonus.</li> <li>Building on this, in FY 2023/24 we are introducing specific sustainability metrics linked to our ambition to become Climate Positive by 2040 to the annual corporate bonus plan for the wider workforce. We believe that cascading sustainability targets represents an invaluable opportunity to drive the cultural evolution necessary to achieve our long-term goals.</li> </ul>	<ul style="list-style-type: none"> <li>In FY 2022/23, 10% of the annual bonus for Executive Directors was linked to KPIs on our scope 3 GHG emissions and Diversity, Equity and Inclusion goals</li> </ul>

Theme	Metrics	Targets
 <b>Product and sustainable raw materials</b>	<b>Market</b>	
	<ul style="list-style-type: none"> <li>Percentage of traceable and certified materials</li> <li>Total number of products refreshed using our aftercare offer. See Product on page 54 for further details on our ambitions around circular business models</li> <li>% share of low-carbon materials procured for use in Burberry products</li> <li>% of low-carbon products produced. This is based on products manufactured at vendors where we achieved GHG emissions reductions. Details are available in our CDP Climate disclosure</li> </ul>	<p>100% of key raw materials in our products to be certified. This includes:</p> <ul style="list-style-type: none"> <li>Source 100% certified recycled nylon* and recycled polyester* by FY 2029/30, where nylon or polyester is the product's main material</li> <li>Source 100% certified wool* by FY 2029/30, supporting certifications that uphold the highest animal welfare standard</li> <li>Source 100% certified organic cotton* by FY 2029/30 which holds environmental and social benefits and is traced through our supply chain via a chain of custody. This builds on our target to source 100% of our cotton more sustainably by end of FY 2021/22. For details of our FY 2022/23 results, see page 51</li> <li>Source 100% of our leather* from certified tanneries by FY 2029/30, with environmental, traceability and social compliance certificates. For details of our FY 2022/23 results, see page 51</li> </ul> <p>* Where the material referred to is the product's main material.</p> <p>These metrics and targets also support the Product and Services opportunity area.</p>
 <b>Consumer sentiment</b>	<b>Reputation</b>	
	<p>Burberry monitors consumer perception metrics on the extent to which Burberry is considered a socially responsible brand.</p> <p>We are committed to continued participation in CDP, FTSE4Good Index, MSCI and Sustainalytics indices</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
 <b>Liability</b>	<b>Due diligence</b>	
	<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 (available on Burberryplc.com)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

Setting and monitoring targets is key to driving progress towards our Burberry Beyond strategy and we have an extensive range of KPIs focusing on our four pillars of Product, Planet, People and Communities. These KPIs are integral in ensuring we both build a better world for the next generation and safeguard the long-term success of our business. See our Responsibility Data Appendix on [Burberryplc.com](https://www.burberryplc.com), which includes further details on how we monitor performance in this space and the latest KPI data. We have also considered the cross-industry climate-related metrics and targets recommended by the TCFD and will continue to develop metrics and targets in relation to transition risks, physical risks and opportunities, where they are deemed to facilitate comparability.

Our climate-related metrics and targets cover renewable energy procurement and GHG emissions reductions across scopes 1, 2 and 3. Burberry has appointed PricewaterhouseCoopers LLP (PwC) to provide independent limited assurance over selected KPIs as part of our Responsibility strategy, as well as key metrics reported in our GHG table. KPIs subject to assurance by PwC are denoted with a ^ throughout this Annual Report.

#### **Our GHG emissions reduction targets are approved as science based by the SBTi:**

- **To reduce absolute scope 1 and 2 GHG emissions by 95% by FY 2022/23 from a FY 2016/17 base year and maintain 95% emissions reduction**
  - We reduced absolute scope 1 and 2 GHG emissions by 93% from our FY 2016/17 base year. We have therefore not met our target this year, however, we will continue to identify the energy efficiency opportunities required to reach and maintain our 95% reduction target in FY 2023/24. We also continued to ensure 100% of our electricity was sourced from renewable sources
- **To reduce absolute scope 3 GHG emissions by 46% by FY 2029/30 and by 90% by FY 2039/40 from a FY 2018/19 base year**
  - In FY 2022/23, we reduced our absolute scope 3 emissions by 11% from the previous year (FY 2021/22), and by 40% since our FY 2018/19 base year
  - Independent limited assurance has been obtained by the Group over our FY 2022/23 reduction in scope 3 emissions from a FY 2018/19 base year, as we progress towards our Science-Based Target. The assurance report is available 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 relevant Executive Committee members. Looking ahead, we are committed to reviewing and refining these internal targets as required.

#### **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 TCFD.

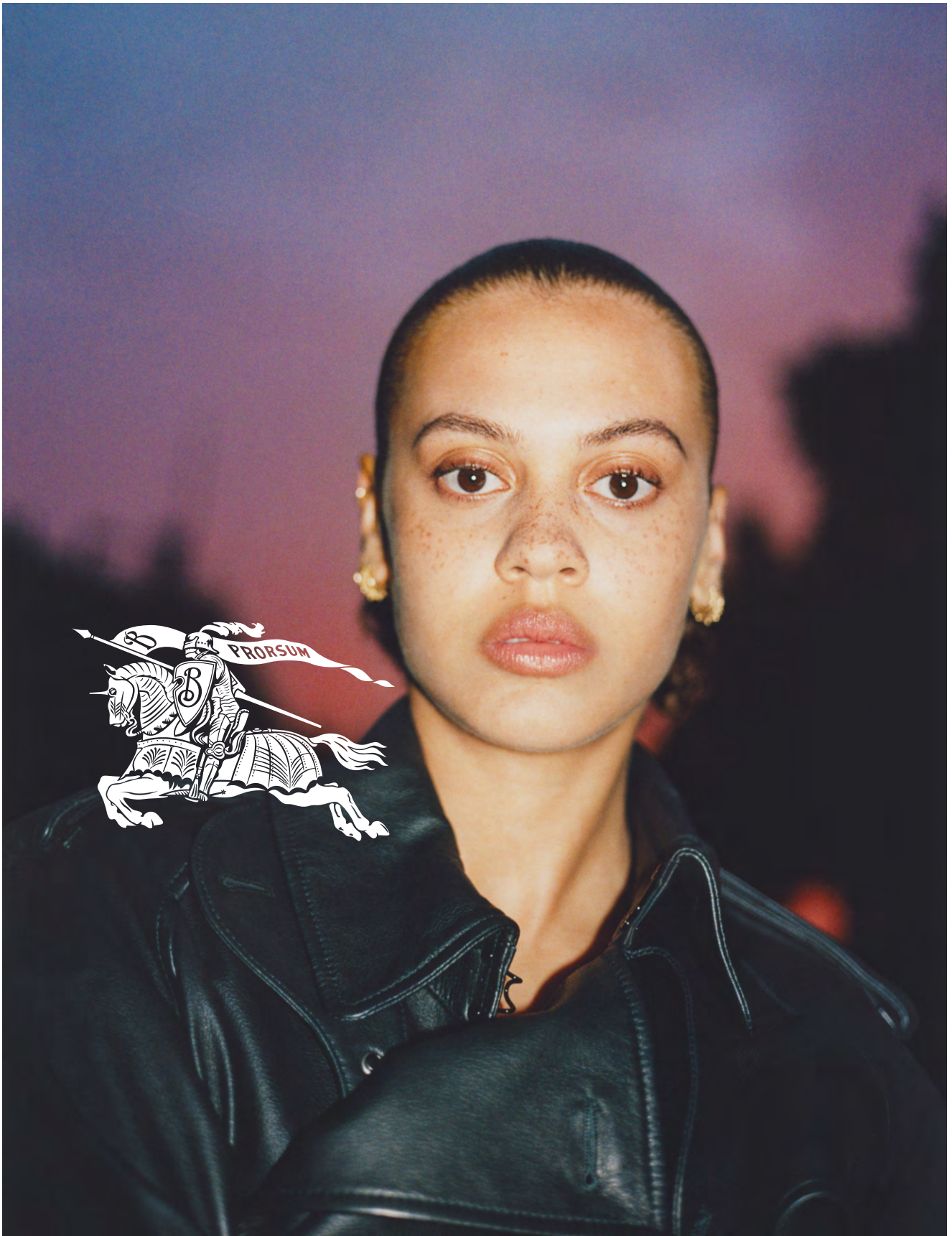
In line with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, our GHG emissions are set out on page 60.

In recognition of the importance of the TCFD and Sustainability Accounting Standards Board (SASB) being key Environmental, Social and Governance reporting frameworks for our stakeholders, we continue to produce a SASB-aligned disclosures report, which is available within our Responsibility Data Appendix on [Burberryplc.com](https://www.burberryplc.com).

As part of the development of our transition plan, we have baselined the Group's current position and set our Climate Positive by 2040 ambition (which can be found within Planet on page 58). We will continue to monitor the developments of the Transition Plan Taskforce to ensure we align with its requirements.

Reflecting 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 2022, Burberry was ranked by CDP in the Leadership band, receiving an A 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 UN Fashion Charter, RE100, Race to Zero and the Prince's Trust Accounting for Sustainability initiative.



# 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 helps us to understand their perspectives, values and insights. This knowledge informs our decision-making and planning, and allows us to deliver our strategy, conscious 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 2022/23 Annual Report. The table on pages 116 and 117 identifies where further information can be found on how the Board has engaged with our stakeholders.

## People

We are committed to attracting and retaining the best talent in an inclusive environment where everyone thrives.

<b>Why they matter to us</b>	Our people are Burberry's greatest asset. We believe that an engaged and motivated workforce is essential to the growth of our business. We are committed to the professional and personal development of our people.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Wellbeing and flexible working</li> <li>• Fostering a diverse, equitable and inclusive culture</li> </ul>
<b>Board engagement</b>	Meaningful two-way communication between the Board and our workforce is crucial. How the Board has engaged: <ul style="list-style-type: none"> <li>• The Global Workforce Advisory Forum</li> <li>• Colleague surveys</li> <li>• Holding and participating in global town halls</li> <li>• For FY 2022/23 this included town halls in the USA, Japan and Korea in which the Chair participated in person</li> </ul>	

## Customers

We serve our customer base through Burberry.com, directly operated stores, concessions and wholesale partners.

<b>Why they matter to us</b>	Providing exceptional customer service and assistance is vital for any luxury brand. We aim to create a cohesive experience, where our customers can engage with our brand, our product, our campaigns and our people, in person and online.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Product innovation and newness</li> <li>• Customer service and brand experience</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing evolving customer habits and changes in buying patterns</li> <li>• Environmental and social impact</li> </ul>
<b>Board engagement</b>	Understanding our customers and what they are looking for is key to the success of our brand. How the Board has engaged: <ul style="list-style-type: none"> <li>• Customer insights provided through presentations from our CEO and senior management team</li> <li>• Regular store visits, including visits which formed part of strategy meetings in October 2022</li> <li>• Personal customer experience across all of our channels</li> </ul>	



## Shareholders

We are creating long-term sustainable value for our shareholders through the delivery of the Group's refreshed strategy.

<b>Why they matter to us</b>	It is important to develop an open and transparent relationship with our shareholders so they can make informed decisions based on knowledge of our business and its strategy.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Capital gain through share price appreciation and capital return via dividend</li> <li>• Operation of the Capital Allocation Framework, which included the quantum of the share buyback programme</li> <li>• Quality of governance</li> <li>• Environmental, Social and Governance and, in particular, climate-related strategies</li> <li>• Profitability and business growth potential</li> </ul>	
<b>Board engagement</b>	<p>The Board benefits from the views of the investment community in its decision-making. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>• Review of all shareholder communications, including trading updates, results, the Annual Report and Notice of Annual General Meeting (AGM)</li> <li>• AGM enables shareholders to directly engage</li> </ul>	

## Communities

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

<b>Why they matter to us</b>	Caring for our communities is intrinsic to our Company values. 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.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>• Positively impacting the communities living and working around us</li> <li>• Employment within our communities</li> <li>• Increased focus on Environmental and Social Responsibility initiatives</li> </ul>	
<b>Board engagement</b>	<p>As a global business, the Board recognises the importance of supporting our communities. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>• Approval of donation to The Burberry Foundation, which in FY 2022/23 was 1% of Group adjusted profit before tax, for social and community causes worldwide</li> <li>• Receiving updates on how Burberry is supporting communities through sustainability initiatives and projects</li> </ul>	



## Partners

Our partners include our suppliers, companies, non-governmental organisations (NGOs), civil society groups and retail third parties.

<b>Why they matter to us</b>	We build collaborative relationships with our partners and take pride in sharing knowledge and expertise to find solutions and opportunities for innovation. We nurture close relationships with members of our supply chain to drive social and environmental improvements.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>Increased focus on Environmental and Social Responsibility initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Driving collaboration and contributing to the UN Sustainable Development Goals (SDGs)</li> </ul>
<b>Board engagement</b>	<p>The Board recognises the importance of engaging with our partners to support our strategic goals. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>Supplier visits, which formed part of strategy meetings in October 2022</li> <li>The Board receives regular updates on sustainability-related matters in our supply chain, including those related to climate change</li> <li>The Board reviewed and approved the Transparency in Supply Chain and Modern Slavery Statement</li> </ul>	
	<ul style="list-style-type: none"> <li>The Audit Committee receives updates on ethical audits across our supply chain</li> <li>Receiving updates on collaborations and knowledge sharing with partners including industry experts and peers. See page 91 for details of the organisations we are working with</li> </ul>	

## Governments

Governments influence long-term retail environments, environmental priorities, employment laws, trade and other business matters, which impact Burberry.

<b>Why they matter to us</b>	We regularly engage with governments in the countries and territories where we operate to understand their concerns so we can seek solutions to shared environmental, social, economic and governance issues.	
<b>What matters to them</b>	<ul style="list-style-type: none"> <li>Industry/product policies such as taxes, restrictions, trade and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Employment</li> <li>Increased focus on Environmental and Social Responsibility initiatives</li> </ul>
<b>Board engagement</b>	<p>As a global organisation, the Board is mindful of the impact local governments can have on our business. How the Board has engaged:</p> <ul style="list-style-type: none"> <li>The Board is briefed on engagements with governments. In FY 2022/23 this included topics such as trade compliance matters, corporate tax including tax compliance, cross-border tax agreements and developments in domestic and international regulations</li> </ul>	
	<ul style="list-style-type: none"> <li>The Group Tax Strategy which includes the Group's approach to engaging with tax authorities in the territories in which we operate, is reviewed and approved by the Audit Committee</li> </ul>	

# 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

Strategic Report	Corporate Governance Report	Burberryplc.com
<b>a. Long-term results – the likely consequences of any decision in the long term</b>		
Business Model page 12	Report of the	
Chair's Letter page 3	Audit Committee page 190	
Chief Executive Officer's Letter page 7		
Capital Allocation Framework page 47		
Investment Case page 14		
Key Performance Indicators page 30		
Risk and Viability Report page 118		
<b>b. Our workforce – the interests of the Group's employees</b>		
Business Model page 12	Chair's Introduction page 155	Gender and Ethnicity Pay Gap Report
Purpose page 5	Division of Responsibilities page 173	Environment and Social Responsibility
Operational Risks page 131	Directors' Remuneration Report page 200	
Environmental and Social Responsibility page 50	Directors' Remuneration Policy page 212	
	Report of the Audit Committee page 190	
<b>c. Our business relationships – the importance of developing the Group's business relationships with suppliers, customers and others</b>		
Business Model page 12		
Environmental and Social Responsibility page 50		
Stakeholder Engagement page 112		

Strategic Report	Corporate Governance Report	Burberryplc.com
<b>d. Communities and the environment – the impact of the Group's operations on our communities and the environment</b>		
Environmental and Social Responsibility page 50		Responsibility
Climate Change Risks page 128		
Task Force on Climate-related Financial Disclosures page 94		
Communities page 82		
<b>e. Our reputation/our desire to maintain our reputation for high standards of business conduct</b>		
Environmental and Social Responsibility page 50	Board Roles page 174	Transparency in Supply Chain and Modern Slavery Statement
Planet page 56	Other Governance Disclosures and Tax	
Human Rights Statement page 78	Governance Framework page 172	
Compliance Risks page 143		
Non-Financial Information and Sustainability Statement page 48		
<b>f. Fairness between our shareholders – our aim is to act fairly as between members of the Company</b>		
Stakeholder Engagement page 112	Engagement with Shareholders page 114	
	Directors' Remuneration Report page 200	
	Board Roles page 174	

# Risk and Viability Report

Risk management at Burberry supports value creation and protects existing value. Our approach is to understand external and internal risks to Burberry, quantify the value at risk, implement and monitor controls, and maintain governance processes. This approach allows us to make informed decisions about which risks to prioritise and the controls necessary to mitigate and manage them.

## **Our approach to risk**

Comprehensive risk management is essential to effective decision making in executing our strategy and delivering sustainable financial, environmental, social and reputational value. We identify risks to our strategic objectives and support the implementation of mitigations to manage those risks within our appetite. 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 that impact our ability to achieve our strategic objectives (the Group risk appetite), and challenging management's development and 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 the Risk and Ethics Committees and supporting 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 supports the Group's incident response to urgent emerging challenges. The Group Incident Management team is a senior multi-disciplinary team established to manage global incidents with significant impact on our business and is chaired by our CEO.

Risk management activities are reviewed by Internal Audit and other control functions, which provide assurance to the Risk Committee, Audit Committee, and Board, as described on page 145. In FY 2022/23, we further developed our in-house predictive modelling capabilities, which helped inform Board discussions in October 2022 and March 2023.





# Corporate Governance Statement

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Gerry Murphy  
Chair

# Chair's Introduction

“Burberry's long-term success depends on our values and strong culture, underpinned by robust governance.”

## Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 1 April 2023. This report describes Burberry's corporate governance framework and procedures and summarises the work of the Board and its Committees to illustrate how we have discharged our responsibilities this year.

Burberry's long-term success depends on our values and strong culture, underpinned by robust governance. This report sets out how our governance processes support Burberry's long-term success and the Board's role in overseeing the implementation of strategy and monitoring of the Group's culture. We explain the various ways in which we engage with our key stakeholders to assess whether Burberry's culture is embedded across the business and is reflected in the way we do business and in our dealings with stakeholders.

During the year, the Board has overseen the development of the sustainability strategy under the banner Burberry Beyond. The Board has taken time, with a dedicated session in May 2022 led by the Cambridge Institute for Sustainability Leadership, to discuss Burberry's sustainability performance, strategic evolution and key focus areas. Other areas of Board focus are detailed on pages 168 to 171.

It is just over a year since Jonathan Akeroyd joined Burberry as CEO. I have welcomed the wealth of experience and insight he brings to the Board and his energy and commitment to drive important changes within Burberry.

## Board changes during FY 2022/23

Julie Brown stepped down from the Board as CO&FO on 1 April 2023 after more than six years at Burberry. During her tenure, Julie played a key role in Burberry's transformation and built a strong financial base for the next chapter of growth. On behalf of the Board, I would like to thank Julie and wish her the best in her future endeavours.

Following a recruitment process led by the Nomination Committee, we appointed Kate Ferry as Chief Financial Officer (CFO). Kate will join Burberry on 17 July 2023 and, in the interim, Ian Brimicombe has been appointed as Interim Chief Financial Officer from 2 April 2023. Ian is exceptionally qualified to lead our financial strategy during this transition period, having played a central role in steering our financial strategy over the past six years.



We also welcomed Alan Stewart who was appointed to the Board on 1 September 2022. More information on the recruitment process for Kate and on Alan's induction programme can be found in the Nomination Committee Report on pages 186 and 187.

There were further changes to the Committees during the year. Orna NiChionna was appointed as Senior Independent Director on 2 April 2022. Danuta Gray succeeded Orna as Chair of the Remuneration Committee on 1 September 2022. As announced on 5 August 2022, Matthew Key will retire as a Non-Executive Director following the Annual General Meeting (AGM) in July 2023 having served on the Board for just over nine years. Following Matthew's retirement, Alan Stewart will be appointed as Chair of the Audit Committee.

### **Board effectiveness**

This year the Board undertook an internal performance review. An explanation of the process undertaken and the findings of the review can be found on pages 179 to 181, together with an update on our progress in addressing the actions identified following the FY 2021/22 review. My role as Chair includes ensuring that the Board operates effectively within an environment of openness and inclusivity and that all Board members contribute to the fullest extent, so that we make the most of their diverse skills and experience. We ensure that new Board members receive everything they need to contribute fully as soon as possible and I review the performance of individual Board members with a view to ensuring the optimum functioning of the Board.

Following the 2022 AGM we contacted shareholders who had voted against the re-election of Antoine de Saint-Affrique to understand their concerns. We explain on page 184 why we believe that Antoine continues to be an effective and valuable member of the Board and the actions taken to understand shareholder concerns since the 2022 AGM.

### **Directors' Remuneration Policy**

The Burberry Directors' Remuneration Policy was last approved by shareholders in 2020 and shareholders will be asked to renew that approval at the 2023 AGM in line with the Companies Act 2006 which requires shareholder approval at least every three years. As set out in the letter from the Chair of the Remuneration Committee, which introduces the Directors' Remuneration Report commencing on page 200 of this Annual Report, the Committee is not recommending any material changes to the Policy. When considering changes to Executive Director remuneration arrangements, the Committee takes into account the experience of the wider workforce and has been particularly mindful of the impact of the cost-of-living crisis on colleagues, particularly those in lower-paid roles.

### **Compliance with the UK Corporate Governance Code**

Burberry complied with the requirements of the UK Corporate Governance Code during FY 2022/23 with the exception of Provision 38, which refers to Executive Directors' pensions compared to the wider workforce. Full compliance with Provision 38 was confirmed with effect from 1 January 2023 when the pension contribution levels for our CO&FO were aligned with the maximum rate available to the majority of our UK workforce.

**Gerry Murphy**  
Chair

# Board of Directors

As a Board we have collective responsibility for the long-term success of Burberry and are accountable to Burberry's stakeholders.



**Dr Gerry Murphy (67)**  
Chair

Appointed as Chair:  
12 July 2018

Appointed to the Board:  
17 May 2018

Nationality: Irish

Committees: (N)

Board skills: Operational excellence, Digital and media, Retail, sales and marketing, Environment / Sustainability, Financial expertise

## Key skills and experience

Gerry brings to the Board experience of managing business transformations and has substantial international and senior management experience. With his in-depth understanding of UK corporate governance requirements and his extensive experience in the retail sector, Gerry provides the Board with highly relevant and valuable leadership as Burberry continues to focus on delivering long-term sustainable value for all our stakeholders.

## Current Appointments

- Chair, Tate & Lyle plc
- Trustee, The Burberry Foundation

## Previous Appointments

- Non-Executive Director: British American Tobacco plc, Merlin Entertainments plc, Reckitt Benckiser plc, Abbey National plc and Novar plc
- CEO: Kingfisher plc, Carlton Communications plc (now ITV), Exel plc and Greencore Group plc
- Chair: The Blackstone Group International and partner in the firm's private equity investment unit



**Jonathan Akeroyd (56)**  
Chief Executive Officer

Appointed: 15 March 2022

Nationality: British

Board skills: Operational excellence, Digital and media, Retail, sales and marketing, Environment / Sustainability, Financial expertise

## Key skills and experience

Jonathan is an experienced leader with a strong track record of building luxury brands and driving profitable growth. He has extensive experience across the fashion and luxury goods sector, with a focus on brand and product elevation, strategic development, digital and global expansion. He shares our values and our ambition to build on Burberry's unique British creative heritage, and his deep expertise and strong leadership will be pivotal in advancing the next phase of Burberry's evolution.

## Previous Appointments

- CEO of Gianni Versace SpA
- President and CEO of Alexander McQueen
- Harrods: various senior retail roles including Executive Merchandise Director and Director, Menswear, Sports and Childrenswear

## Committee key

(O) Chair    (R) Remuneration Committee    (N) Nomination Committee    (A) Audit Committee

## Skills key

Operational excellence    Digital and media    Retail, sales and marketing  
Luxury brands    Environment / Sustainability    Financial expertise



**Orna NíChionna (67)**  
Senior Independent  
Director

Appointed: 3 January 2018  
Nationality: Irish  
Committees: (R) (N)  
Board skills:

#### Key skills and experience

Orna has strong UK plc and international business experience especially in the consumer and retail markets. She also brings to the Board significant strategic, financial and governance experience. Orna is a committed environmentalist and was Chair of the Soil Association (which campaigns for more environmentally-friendly food and farming) for six years. Her passion for the environment is an asset to Burberry as we continue to drive positive change and build a more sustainable future through our ongoing Environmental and Social Responsibility agenda.

#### Current Appointments

- Trustee, Institute for Fiscal Studies
- Trustee and Chair designate, The Eden Trust

#### Previous Appointments

- Senior Independent Director: Saga plc and Royal Mail
- Non-Executive Director: Bupa, HMV, Northern Foods and Bank of Ireland UK
- Interim Chair, The National Trust
- Chair, Founders Intelligence
- Partner, McKinsey & Company and co-lead of its European Retail Practice



**Fabiola Arredondo (56)**  
Independent Non-Executive  
Director

Appointed: 10 March 2015  
Nationality: American  
Committees: (R) (N)  
Board skills:

#### Key skills and experience

Fabiola built and led a major division of Yahoo! Inc. and brings relevant international, strategic and operational experience in the internet and media sectors. Through her deep engagement at the World Wildlife Fund, Fabiola also has considerable experience overseeing sustainability initiatives. Her digital and consumer background, coupled with her extensive international Non-Executive Directorship experience, make Fabiola an important member of the Board.

#### Current Appointments

- Non-Executive Director: Campbell Soup Company and Fair Isaac Corporation
- National Council Member, World Wildlife Fund for Nature
- Member, Council on Foreign Relations
- Board Member, FINRA Board of Governors
- Managing Partner, Siempre Holdings

#### Previous Appointments

- Non-Executive Director: Experian plc, BOC Group plc (now Linde Group), Saks Incorporated (now Hudson's Bay Company), Bankinter S.A., National Public Radio, Rodale Inc., Intelsat Inc., Sesame Workshop and the World Wildlife Fund UK and USA
- Senior executive roles at Yahoo! Inc., the BBC and Bertelsmann AG

#### Committee key

Chair    Remuneration Committee    Nomination Committee    Audit Committee

#### Skills key

Operational excellence    Digital and media    Retail, sales and marketing  
 Luxury brands    Environment / Sustainability    Financial expertise



**Sam Fischer (55)**  
Independent Non-Executive  
Director

Appointed: 1 November 2019  
Nationality: Australian  
Committees: (R) (N)  
Board skills:

#### Key skills and experience

Sam has a wealth of global leadership experience, including leading iconic heritage premium brands from across the lifestyle and consumer sectors. He has a strong track record in driving business growth and a deep understanding of key Asian markets, which is a tremendous asset to Burberry as we continue to engage our communities in the region with innovative products and culturally relevant experiences.

#### Current Appointments

- CEO, Lion Group

#### Previous Appointments

- Senior executive roles at Diageo plc, including President, Asia Pacific and Global Travel, Executive Committee member, Managing Director for Greater China and Managing Director for South East Asia
- Various commercial and general management roles at Colgate-Palmolive, including Managing Director for Central Europe



**Ron Frasc (74)**  
Independent Non-Executive  
Director

Appointed: 1 September 2017  
Nationality: American  
Committees: (A) (R) (N)  
Board skills:

#### Key skills and experience

Ron has spent over 30 years working in the retail industry. He has clear strategic acumen, strong leadership skills and wide-ranging experience of working with luxury fashion brands. While working at Saks, he was the instrumental driving force behind developing the company's private-label collections. Ron's wealth of fashion experience and his well-established merchandising skills will continue to play a pivotal role as Burberry continues to grow and we strengthen our performance in the luxury fashion market.

#### Current Appointments

- CEO, Ron Frasc Associates LLC
- Non-Executive Director, Crocs Inc.

#### Previous Appointments

- Non-Executive Director, MacKenzie Childs and Aztech Mountain
- President and Vice Chairman, Saks Fifth Avenue Inc.
- President and CEO, Bergdorf Goodman
- President of the Americas for an Italian licensing company of luxury fashion brands

#### Committee key




Chair    Remuneration Committee    Nomination Committee    Audit Committee

#### Skills key

Operational excellence    Digital and media    Retail, sales and marketing  
 Luxury brands    Environment / Sustainability    Financial expertise



**Danuta Gray (64)**  
Independent Non-Executive  
Director

Appointed: 1 December 2021  
Nationality: British  
Committees: (R) (N)  
Board skills:   

#### Key skills and experience

Danuta is a highly experienced Non-Executive Director and Chair with a strong understanding of consumers, technology, sales and marketing within the UK and international business markets gained through her executive career. Her extensive UK plc board experience and deep understanding of UK governance requirements make her a strong asset to our Board.

#### Current Appointments





- Chair, Direct Line Insurance Group PLC
- Board member, Employ Autism Development
- Chair, North SP Limited

#### Previous Appointments

- Chair, St Modwen Property plc
- Senior Independent Director, Aldermore Bank plc
- Non-Executive Director and Remuneration Committee Chair, Old Mutual plc and Page Group plc
- Non-Executive Director, Paddy Power plc, Aer Lingus plc and UK Ministry of Defence
- CEO, Telefónica O2 and Executive Director, Telefónica Europe plc



**Matthew Key (60)**  
Independent Non-Executive  
Director

Appointed: 1 September 2013  
Nationality: British  
Committees: (A) (R) (N)  
Board skills:    

#### Key skills and experience

Matthew has significant strategic, regulatory and operational experience in the e-commerce and technology sectors. He brings a wealth of experience of managing dynamic and fast-moving international companies and has an extensive understanding of the consumer market. Matthew is a qualified chartered accountant and his deep financial knowledge and expertise are important to the Board, as reflected in his appointment as Chair of the Audit Committee. Matthew qualified as a chartered accountant with Arthur Young (now EY).





#### Current Appointments

- Non-Executive Director and Chair of Audit and Risk Committee, BT Group plc







#### Previous Appointments

- Chair and CEO, Telefónica Europe plc and Telefónica Digital
- Member, Advisory Board of Samsung Europe
- Executive positions included various financial roles at Grand Metropolitan plc (now part of Diageo plc), Kingfisher plc, Coca-Cola and Schweppes

#### Committee key

 Chair     Remuneration Committee     Nomination Committee     Audit Committee

#### Skills key

 Operational excellence     Digital and media     Retail, sales and marketing  
 Luxury brands     Environment / Sustainability     Financial expertise



**Debra Lee (68)**  
Independent Non-Executive  
Director

Appointed: 1 October 2019  
Nationality: American  
Committees: (A) (N)  
Board skills:

#### Key skills and experience

Debra is one of the most influential female voices in the entertainment industry and has a deep understanding of the American consumer and culture. She is the former Chairman and CEO of Black Entertainment Television, which under her leadership became the largest global provider of entertainment for the African-American audience and consumers of black culture. Debra is a passionate advocate of women and people from ethnically-diverse backgrounds.

#### Current Appointments

- CEO and founder, Leading Women Defined, Inc.
- Non-Executive Director, Warner Bros. Discovery, Inc., Marriott International, Inc. and The Proctor & Gamble Company

#### Previous Appointments

- Chairman and Chief Executive Officer, Black Entertainment Television LLC
- Non-Executive Director, Twitter, Inc. and AT&T Inc.
- Attorney, Steptoe & Johnson



**Antoine de Saint-Affrique (58)**  
Independent Non-Executive  
Director

Appointed: 1 January 2021  
Nationality: French  
Committees: (A) (N)  
Board skills:

#### Key skills and experience

Antoine has a wealth of experience in the consumer sector, having led a number of global brands throughout his career. As CEO of Barry Callebaut, Antoine put sustainability at the heart of the company's strategy, setting ambitious targets that addressed the most pertinent challenges in the chocolate supply chain. His strong understanding of sustainability and of the consumer market makes him a valued asset to our Board as we continue to focus on positively impacting the environment and our communities.

#### Current Appointments

- CEO and Director, Danone
- Non-Executive Director, Barry Callebaut

#### Previous Appointments

- CEO, Barry Callebaut
- President, Unilever Foods and member of the Group Executive Committee at Unilever plc
- Non-Executive Director, Essilor International

#### Committee key

Chair    Remuneration Committee    Nomination Committee    Audit Committee

#### Skills key

Operational excellence    Digital and media    Retail, sales and marketing  
 Luxury brands    Environment / Sustainability    Financial expertise



**Alan Stewart (63)**  
Independent Non-Executive Director

Appointed: 1 September 2022

Nationality: British

Committees: (A) (N)

Board skills:

### Key skills and experience

Alan has a wealth of corporate finance and accounting experience gained from a variety of industries, including retail and leisure. He has considerable executive leadership experience, including various Chief Financial Officer positions within top FTSE organisations. Alan is currently a member of Chapter Zero, a community of non-executive directors committed to achieving net-zero targets, and was a founding member of the Accounting 4 Sustainability CFO network. His keen interest in sustainability is important to the Board in driving forward Burberry's climate change strategy. Alan qualified as a chartered accountant with Deloitte.

### Current Appointments

- Non-Executive Director and Chair of Audit Committee, Diageo plc
- Non-Executive Director and Chair of Remuneration Committee, Reckitt Benckiser Group plc

### Previous Appointments

- Non-Executive Director and Audit Committee Chair, Games Workshop Group
- Chief Financial Officer, Tesco PLC
- Chief Financial Officer, Marks & Spencer PLC



**Gemma Parsons**  
Company Secretary

Appointed: 1 October 2018  
Nationality: British

### Experience

#### Current Appointment

- Fellow of the Chartered Governance Institute and has more than 25 years' company secretarial experience
- Member of the Chartered Governance Institute's Company Secretaries' Forum and of the Association of General Counsel and Company Secretaries of FTSE 100 companies

#### Previous Appointments

- Company Secretary of The Berkeley Group Holdings plc
- Deputy Company Secretary of Smith & Nephew plc
- Deputy Company Secretary of TSB Banking Group plc

#### Directors whose tenure ceased during FY 2022/23

- Julie Brown stepped down as CO&FO on 1 April 2023

### Committee key

Chair    Remuneration Committee    Nomination Committee    Audit Committee

### Skills key

Operational excellence    Digital and media    Retail, sales and marketing  
 Luxury brands    Environment / Sustainability    Financial expertise

# Executive Committee



**Jonathan Akeroyd**  
Chief Executive Officer



**Ian Brimicombe**  
Interim Chief Financial Officer



**Giorgio Belloli**  
Chief Digital, Customer  
and Innovation Officer



**Klaus Bierbrauer**  
Chief Supply Chain and  
Industrial Officer



**Leonie Brantberg**  
Chief of Staff, Strategy  
and Growth Projects



**Gianluca Flore**  
Chief Commercial Officer



**Rod Manley**  
Chief Marketing Officer



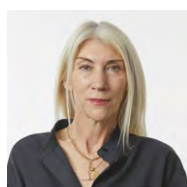
**Mark McClennon**  
Chief Information Officer



**Edward Rash**  
General Counsel



**Delphine Sonder**  
Chief Merchandising Officer



**Melissa Johnston**  
Chief Visual Officer

## Changes to the Executive Committee since FY 2021/22

- Delphine Sonder joined the committee on 9 January 2023
- Giorgio Belloli joined the committee on 10 January 2023
- Adrian Ward-Rees was a member of the committee until 16 January 2023
- Erica Bourne was a member of the committee until 24 January 2023
- CP Duggal was a member of the committee until 31 January 2023
- Julie Brown was a member of the committee until 1 April 2023
- Ian Brimicombe joined the committee on 2 April 2023
- Klaus Bierbrauer joined the committee on 3 April 2023
- Jérôme Le Bleis was a member of the committee until 14 April 2023
- Melissa Johnston joined the committee on 11 May 2023



# Corporate Governance Report

## UK Corporate Governance Code compliance

The 2018 UK Corporate Governance Code (the Code) sets out the framework of governance for premium listed companies within the UK. The Code is published by the Financial Reporting Council (FRC) and can be found on its website [frc.org.uk](https://www.frc.org.uk). As a premium listed company, we describe Burberry's corporate governance from two points of view: the first dealing generally with the application of the Code's main principles, and the second dealing specifically with non-compliance with any of the Code's provisions.

Together with the Directors' Remuneration Report on pages 200 to 245, this report sets out the Board's approach to governance and the work undertaken during FY 2022/23. We have complied with the provisions of the Code during FY 2022/23 with the exception of Provision 38, which refers to the Executive

Directors' pensions compared to the wider workforce.

The pension contribution level for our former CO&FO was aligned with the maximum employer pension contribution rate available to the majority of our UK workforce with effect from 1 January 2023 and we have complied with Provision 38 since that date. Under the Remuneration Policy approved by shareholders at the 2020 AGM, pension contribution levels for new Executive Directors align with the maximum employer pension contribution rate available to the majority of the UK workforce and this applies to our CEO and our new CFO, who will join Burberry on 17 July 2023.

Further information on how the Company has applied the principles of the Code is set out in this Corporate Governance Statement. Key highlights of the Company's compliance with the Code along with cross references to other sections of the Annual Report are detailed below.

## How we apply the principles of the Code

	Pages
<b>Board leadership and company purpose</b>	
Chair's Introduction	155 to 156
Strategic Report	3 to 151
The role of the Board	174 to 178
Purpose and culture	166 to 172
Stakeholder and workforce engagement	112 to 117
<b>Division of responsibilities</b>	
Board composition	176 and 188
Role of the Chair, Senior Independent Director, Non-Executive Directors and Company Secretary	176 to 177
Time commitment, external appointments, independence and tenure	178 and 188
<b>Composition, succession and evaluation</b>	
Appointment to the Board and succession planning	182 to 189
Skills, experience and knowledge of the Board	182
Board diversity	187 to 189
Board evaluation	179 to 181

	Pages
<b>Audit, risk and internal control</b>	
Auditor independence and effectiveness of the audit	196 to 197
Principal and emerging risks	118 to 144
Risk management activities	145 to 148
Fair, balanced and understandable assessment	199
Viability Statement	149 to 151
<b>Remuneration</b>	
Directors' Remuneration Report	200 to 245
Directors' Remuneration Policy	212 to 225
Engagement with stakeholders on remuneration	206 and 225

### Governance structure and division of responsibilities

The Board (supported by its Committees) is collectively responsible for how Burberry is directed and controlled. Its responsibilities include:

- Promoting Burberry's long-term success
- Setting its strategic aims and values
- Supporting leadership in delivering strategy
- Supervising and constructively challenging leadership on the operational running of the business
- Ensuring a framework of prudent and effective controls
- Reporting to shareholders on the Board's stewardship

More information on the Company's governance structure can be found on page 173.

### Environmental, Social and Governance

Sustainability is an essential element of Burberry's strategy for which the Board is responsible. Accordingly, the Board is also responsible for ensuring its approach to sustainability is integrated into and implemented across the business, reflecting the increasing importance of these topics to the Group and society as a whole. The governance framework of committees and advisory forums (as shown in the diagram on page 173) provides regular updates and key information to the Board, to ensure that it is able to make informed decisions. Sustainability is embedded into the remit of the committees where appropriate.

For more information on the Group's Environmental, Social and Governance priorities see pages 50 to 93.

### Stakeholder engagement

As highlighted by the Code, the Board recognises the importance of identifying its key stakeholders and understanding their perspectives and values. Through regular dialogue and communication, the Board is mindful of all of Burberry's stakeholders when planning or making decisions of strategic significance.

The Board has chosen to engage with the workforce through the formally-constituted Global Workforce Advisory Forum which is one of the methods set out in Code Provision 5. The Board uses additional ways to understand employee views including the employee engagement survey and site visits. During the year, the Board visited Italy and had the opportunity to tour our manufacturing facility and speak to colleagues.

Our Investor Relations team met with over 280 investors during the financial year. Our Chair, the Chair of the Remuneration Committee, Executive Directors and other members of senior management met with over 60 investors. This engagement included presentations to institutional shareholders and analysts following the release of the Group's half- and full-year results (available on the Group's website [Burberryplc.com](https://www.burberryplc.com)), as well as meetings with the Group's 20 largest investors. Topics discussed in investor meetings included Jonathan Akeroyd's strategy, Daniel Lee's appointment and first show, regional performance and management changes. The team also arranged specific ESG engagements with analysts.

At the 2022 AGM, all resolutions were passed although the Company received more than 20% of votes against the re-appointment of Antoine de Saint-Affrique as a Non-Executive Director of the Company. The Board acknowledges the outcome of the vote and has actively engaged with significant shareholders to understand their concerns. Further details can be found on page 184.

At the 2023 AGM, the Company will be seeking approval of its Directors' Remuneration Policy. In developing the policy the Chair of the Remuneration Committee has engaged with our major shareholders and key proxy bodies.

Our Investor Relations and Company Secretariat departments act as the centre for ongoing communication with shareholders, investors and analysts. The Board receives regular updates about the views of the Group's major shareholders and stakeholders from these departments as well as via direct contact.

Further information on how the Board has engaged with its key stakeholder groups can be found on pages 112 to 117.

# Monitoring our Corporate Culture

In FY 2022/23, we continued to build on Burberry's Leadership Standards, using our organisation's purpose and values as a common framework for how we operate and the expectations we have of our colleagues. As a Board, we recognise the vital role of ensuring that Burberry's workplace culture is aligned with our purpose, values and strategy. We are equally cognisant of the opportunities created when our colleagues bring this purpose to life.

## How we measure culture

The Board has continued its programme of day-to-day interactions with Burberry colleagues, through site and store visits. Our Global Workforce Advisory Forum (the Forum) has also created opportunities for meaningful discussions with colleague representatives. The Forum brings together colleague representatives to meet with members of the Board to discuss key topics.

In FY 2022/23, the Forum met three times and discussed reward and benefits, sustainability, colleagues' views and sentiment on our purpose statement 'Creativity Opens Spaces' and colleagues' expectations and hopes for Burberry's new Chief Creative Officer. The Forum is chaired by our Chief People Officer with each meeting attended by our Chair and one other Non-Executive Director. The Forum has proportionate representation from all areas of our business and the countries and territories in which we operate.

To provide additional insight into Burberry's workplace culture, we ran a Company-wide culture survey in March 2023. It focused on our colleagues' experience, views on our progress, and how we can continue to create a working environment where our colleagues can do their best work. We measure our progress on culture by tracking against six key cultural measures using insights gathered through listening sessions, colleague surveys and our people data on attrition, learning and wellbeing.

With the aim of supporting a culture where our colleagues can thrive, we embedded our Leadership Standards into our culture by directly linking our assessment of performance and reward to them. For the first time, all colleagues have been formally assessed in two parts: equally weighting "what" they have achieved and "how" they have achieved this, demonstrating the importance of being guided by our purpose and values in all we do.

**Our cultural indicators**

Measure	Description
<b>Purpose</b>	Creativity Opens Spaces and guides our interactions with each other, our customers and communities.
<b>Collaboration</b>	We listen, work well together and support each other to get things done.
<b>Learning</b>	We incorporate learning on critical topics into our work to remain safe and secure.
<b>Humanity</b>	We create safe environments for colleagues at work and care about their health and wellbeing.
<b>Execution</b>	We move quickly and reliably and create great experiences for our customers.
<b>Integrity</b>	We are fair and objective when dealing with colleague behaviour and create psychological safety for colleagues to speak up.

Our culture survey tells us what our colleagues feel it is like to work at Burberry. The overall results from our FY 2022/23 survey provided another positive response from our colleagues, with strong engagement, an increasing belief that we have the right culture to be successful in the future and faith that we demonstrate our values at work.

**Culture survey scores**

# 75 points

**People at Burberry make decisions with the customer in mind**

February 2022: 76 points

# 76 points

**I would recommend Burberry as a great place to work**

February 2022: 75 points

# 74 points

**Burberry has the right culture to be successful in the future**

February 2022: 72 points

# 76 points

**Burberry is innovative**

February 2022: 74 points

## Principal Areas of Focus for the Board During FY 2022/23

The table below gives details of Directors' attendance at Board and Committee meetings during the year ended 1 April 2023. This is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

	Board	Audit	Nomination	Remuneration
Gerry Murphy	8/8	–	3/3	–
Jonathan Akeroyd	8/8	–	–	–
Julie Brown <sup>1</sup>	8/8	–	–	–
Orna NíChionna	8/8	–	3/3	5/5
Fabiola Arredondo	8/8	–	3/3	5/5
Sam Fischer <sup>2</sup>	8/8	–	3/3	4/5
Ron Fransch	8/8	4/4	3/3	5/5
Danuta Gray <sup>3</sup>	7/8	–	3/3	5/5
Matthew Key	8/8	4/4	3/3	5/5
Debra Lee <sup>4</sup>	8/8	3/4	3/3	–
Antoine de Saint-Affrique	8/8	4/4	3/3	–
Alan Stewart <sup>5</sup>	4/4	3/3	2/2	–

1. Julie Brown stepped down from the Board on 1 April 2023.

2. Sam Fischer was unable to attend one Remuneration Committee meeting which was convened at short notice.

3. Danuta Gray was unable to attend one Board meeting which was convened at short notice.

4. Debra Lee was unable to attend one Audit Committee meeting due to an unavoidable diary clash.

5. Alan Stewart joined the Board on 1 September 2022.

The Board held six scheduled meetings during the financial year, including an in-depth strategy session in Italy where Directors visited suppliers, as well as manufacturing and retail operations. Two additional meetings were called at short notice. If any Directors are unable to attend a meeting they are given the opportunity to provide feedback in advance of the meeting.

At each Board meeting, the Chair and Non-Executive Directors held a closed session without management present. In addition, the Board met informally on a number of occasions to receive business updates and in connection with the resignation of Julie Brown as the CO&FO and appointment of the new Chief Creative Officer and new CFO. Throughout the year, Directors also devoted time to meeting with investors and interviewing candidates for both executive and non-executive roles. In addition, Directors undertook store and site visits and attended our fashion shows, town halls, brand events and meetings of the Global Workforce Advisory Forum.

The Board and Committee agendas were shaped to ensure that discussion was focused on our key strategies and responsibilities, as well as reviews of significant issues arising during the year, such as changing macro economic and geo-political conditions. The Group's ongoing performance against strategic priorities is reviewed at each scheduled meeting.

### Decision for the proposed acquisition of Pattern SpA

On 28 March 2023, the Company announced it had entered into an agreement to acquire a business from long-term supplier Pattern SpA which is expected to complete later in the year. In considering the transaction, the Board identified and assessed the impact on stakeholders as part of its decision-making process. Some of those considerations were as follows:

- Sustainability: opportunity to further embed sustainability in the value chain
- Customer and shareholders: opportunity to grow outerwear category
- Shareholders: rigorous commercial and financial evaluation to analyse return on investment
- People: additional skills brought in house as a result of staff transfers to Burberry
- Partners: determined that there would be minimal impact on our supply chain partners at this point in time

### Principal areas of focus for the Board during FY 2022/23

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
<b>Strategy</b>			
<b>Strategic review</b>	<ul style="list-style-type: none"> <li>• Reviewing strategy to take stock of progress and prioritise areas of focus within the long-term strategic plan</li> <li>• Considering market trends and assessing their implications on areas of strategic focus</li> </ul>	<ul style="list-style-type: none"> <li>• Providing feedback, questions and challenge throughout the process</li> <li>• Supporting the programmes undertaken</li> </ul>	<p><b>Relevant stakeholders:</b> Customers; shareholders; people; partners; communities</p> <p><b>s.172 duties:</b> Long-term results; workforce; environment; reputation; and business relationships</p>
<b>Performance</b>	<ul style="list-style-type: none"> <li>• Reviewing regional updates</li> </ul>	<ul style="list-style-type: none"> <li>• Providing feedback and asking questions</li> </ul>	<p><b>Relevant stakeholders:</b> Customers, shareholders, people, partners, communities</p> <p><b>s.172 duties:</b> long-term results; workforce; reputation; and business relationships</p>

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
<b>Shareholder engagement</b>			
<b>Shareholder feedback, including activist themes</b>	<ul style="list-style-type: none"> <li>Reviewing updates from the Investor Relations team on share price performance, register activity and analyst sentiment</li> <li>Discussing specific issues raised by shareholders, including the re-election of Antoine de Saint-Affrique</li> <li>Engaging with major shareholders and key proxy bodies on the proposed Directors' Remuneration Policy</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion of shareholder themes within the Board's strategic and/or other considerations</li> </ul>	<p><b>Relevant stakeholders:</b> Shareholders</p> <p><b>s.172 duties:</b> Long-term results; workforce; environment; reputation; and business relationships</p>
<b>Finance</b>			
<b>Budget and capital allocation</b>	<ul style="list-style-type: none"> <li>Approving the FY 2022/23 budget</li> <li>Scrutinising financial performance</li> <li>Considering capital structure, distributions and liquidity</li> <li>Reviewing the quarterly financial results</li> <li>Reviewing FY 2023/24 budget scenarios and three-year forward plan</li> <li>Reviewing and approving capital expenditure projects</li> </ul>	<ul style="list-style-type: none"> <li>'In principle' support for the FY 2023/24 budget</li> <li>Prior year (March and May 2022) budget delivered</li> <li>Approval of a £400 million share buyback to be implemented in FY 2022/23</li> <li>Approval of the payment of a final dividend for FY 2021/22 and an interim dividend for FY 2022/23</li> </ul>	<p><b>Relevant stakeholders:</b> Customers; shareholders; people</p> <p><b>s.172 duties:</b> Long-term results; workforce; and fairness between our shareholders</p>
<b>Governance</b>			
<b>Monitoring culture</b>	<ul style="list-style-type: none"> <li>Reviewing the delivery of key areas of focus to embed our purpose and values</li> <li>Discussing the results of the Colleague Engagement Surveys, including trends, and receiving feedback following Global Workforce Advisory Forum meetings</li> </ul>	<ul style="list-style-type: none"> <li>Support for management's approach</li> <li>Greater understanding of the views of the workforce to strengthen the colleague voice in the Boardroom</li> <li>Refer to pages 166 to 167 covering monitoring culture for further detail</li> </ul>	<p><b>Relevant stakeholders:</b> Customers; shareholders; people; communities</p> <p><b>s.172 duties:</b> Long-term results; workforce; reputation; and business relationships</p>
<b>Board evaluation</b>	<ul style="list-style-type: none"> <li>Progress update against FY 2022/23 areas of focus</li> <li>Discussing the results of the FY 2022/23 Board evaluation and reflecting on the effectiveness of the Board and its Committees</li> </ul>	<ul style="list-style-type: none"> <li>Refer to pages 179 to 181 covering Board evaluation for further detail</li> </ul>	<p><b>Relevant stakeholders:</b> Customers; shareholders; people</p> <p><b>s.172 duties:</b> Long-term results; workforce; and reputation</p>

Topic	Activity	Outcome	Relevant stakeholders and s.172 duties considered
<b>Risk</b>			
<b>Risk appetite</b>	<ul style="list-style-type: none"> <li>Considering the Board's appetite for risk</li> <li>Considering emerging and principal risks, including changes to the risk profile</li> <li>Reviewing and approving directors' and officers liability provisions</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the Group's risk appetite</li> <li>Refer to the Risk and Viability Report on pages 118 to 151 for further detail</li> </ul>	<p><b>Relevant stakeholders:</b> Customers; shareholders; people; communities</p> <p><b>s.172 duties:</b> Long-term results; and reputation</p>
<b>Risk deep dives</b>	<ul style="list-style-type: none"> <li>Reviewing geopolitical market context</li> <li>Reviewing business continuity, cybersecurity, fraud and GDPR risks</li> </ul>	<ul style="list-style-type: none"> <li>Support for the programme to be undertaken</li> </ul>	<p><b>Relevant stakeholders:</b> People; shareholders</p> <p><b>s.172 duties:</b> Long-term results; and reputation</p>
<b>People, culture and values</b>			
<b>Diversity, Equity and Inclusion</b>	<ul style="list-style-type: none"> <li>Discussing the Diversity, Equity and Inclusion strategy for FY 2023/24</li> <li>Holding meetings with the Internal Diversity and Inclusion Council and the Cultural Advisory Council</li> </ul>	<ul style="list-style-type: none"> <li>Support for the Diversity, Equity and Inclusion strategy for FY 2023/24</li> </ul>	<p><b>Relevant stakeholders:</b> People; shareholders; communities; customers; governments</p> <p><b>s.172 duties:</b> Long-term results; workforce; environment; reputation; and business relationships</p>
<b>Environmental and Social Responsibility</b>	<ul style="list-style-type: none"> <li>Discussing the Community Investment strategy for FY 2023/24</li> <li>Reviewing and approving the Company's Modern Slavery Statement</li> <li>Considering the proposed Environmental, Social and Governance priorities</li> <li>Reviewing and discussing updates on progress towards our climate ambition</li> <li>Audit Committee review of progress against four TCFD pillars and the proposed disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Approval in May 2022 to donate 1% of FY 2022/23 adjusted profit before tax to social and community causes worldwide</li> <li>Approval of the response to the humanitarian crisis in Ukraine</li> <li>Approval of the response to the Turkey-Syria earthquake</li> </ul>	<p><b>Relevant stakeholders:</b> People; shareholders; communities; customers; partners; governments</p> <p><b>s.172 duties:</b> Long-term results; workforce; environment; reputation; and business relationships</p>



### **Managing conflicts of interest**

All Directors have a duty under the Companies Act 2006 to avoid a situation in which they have, or could have, a direct or indirect conflict of interest or possible conflict of interest with the Company and/or the Group.

Under the Company's Articles of Association, the Board has the authority to approve situational conflicts of interest. It has adopted procedures to manage and, where appropriate, approve such conflicts.

Authorisations granted by the Board are recorded by the Company Secretary in a register and are noted by the Board at its next meeting. A review of situational conflicts that have been authorised is undertaken by the Board annually.

Following the last review, the Board concluded that the potential conflicts had been appropriately authorised, that no circumstances existed which would necessitate that any prior authorisation be revoked or amended and that the authorisation process continued to operate effectively.

### **Productivity**

The Company continues to demonstrate and develop improving levels of productivity, owing to strong human capital, training and development programmes, and focus on elevating the customer experience throughout our distribution and retail networks. Further information about these aspects of the business is provided on pages 20 to 29 and 68 to 81.

### **Other governance disclosures**

The Group is committed to acting with integrity and transparency on all tax matters and complying fully with applicable tax laws, having regard to international standards and guidance on tax practice and tax reporting. The Group will only engage in responsible tax planning aligned with genuine commercial economic activities. We will not use tax structures or undertake artificial transactions, the sole purpose of which is to create a contrived tax result. For example, we do not participate in transactions with parties based in tax haven jurisdictions when the transactions are not in the ordinary course of Group trading business or which could be perceived as artificially transferring value to low tax jurisdictions. We are also committed to engaging in open and constructive relationships with tax authorities in the territories in which we operate. The Group Tax strategy directs our tax planning, reporting and compliance activities and is aligned with the Group's strategic objectives. Further information regarding the Group Tax strategy is provided on [Burberryplc.com](https://www.burberryplc.com).

### **Tax governance framework**

The CFO is responsible for the Group Tax strategy, the effectiveness of tax risk management, tax processes and transparency of disclosures. The strategy is implemented by the global tax and trade compliance teams with the assistance of the finance leadership team. Compliance with the Group Tax strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Audit Committee is responsible for reviewing the Group Tax strategy at least once a year and significant tax matters as they arise.

### **Share capital**

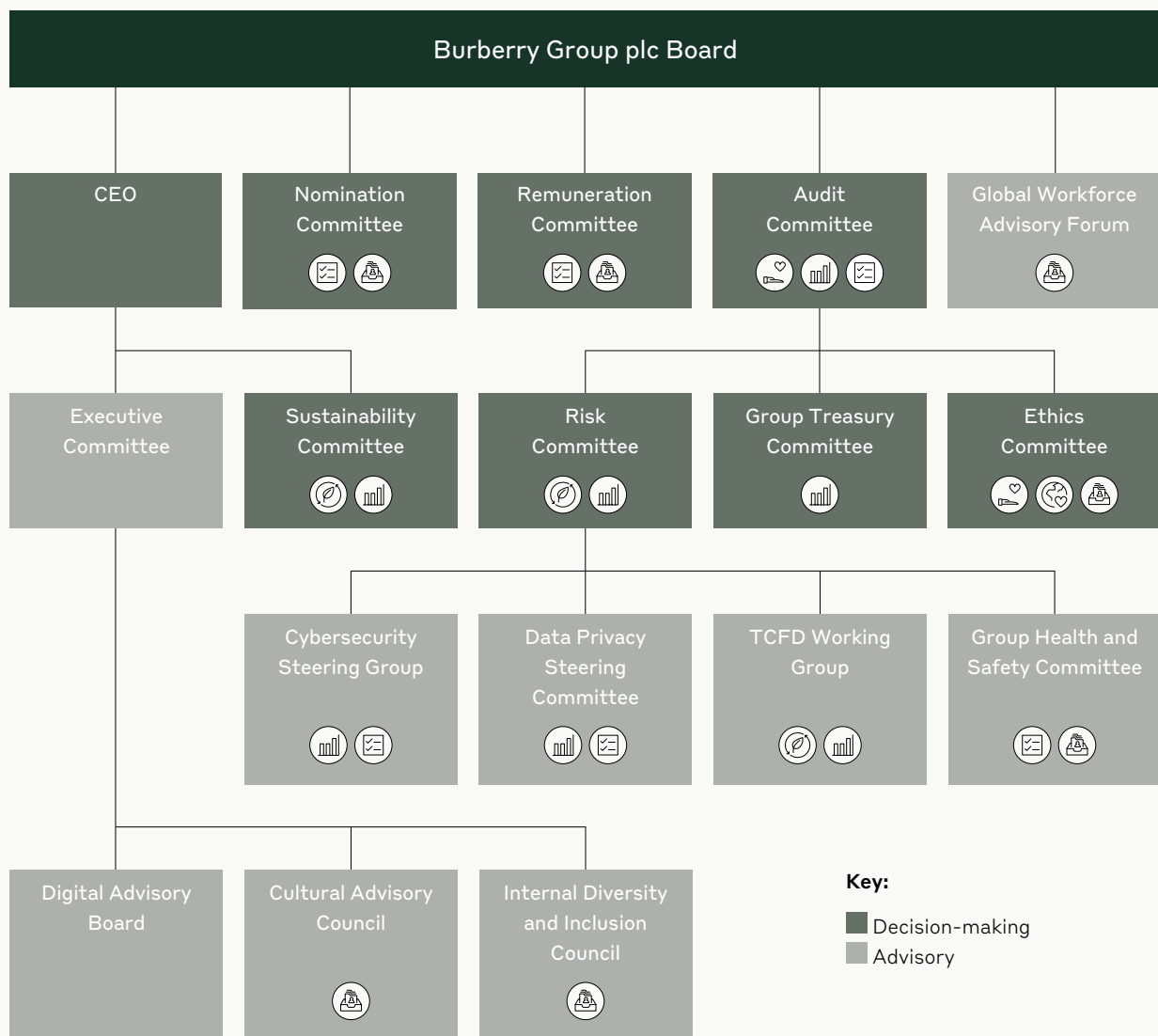
Further information about the Company's share capital, including substantial shareholdings, can be found in the Directors' Report on page 246.

# Governance Structure and Division of Responsibilities

## Governance structure for Burberry

The diagram below illustrates our governance structure of Committees and advisory forums and the key environmental, social and governance topics within their scope.

This structure establishes an information flow to the Board, enabling it to make informed decisions.



Environmental, Social and Governance topics covered:



Environment



People



Legal/Compliance



Finance and Risk



Ethics



Communities

## Roles and responsibilities

### Governance

The Board is responsible for promoting Burberry's long-term success. This is achieved through effective governance and keeping the interests of stakeholders at the fore in decision-making. The Board establishes the Group's purpose and values and sets the Group's strategy, including sustainability and climate goals, ensuring alignment with our culture, and overseeing its implementation by management.

The Board is also responsible for oversight of the Group's governance, internal control and risk management, including the Group's risk appetite. A full schedule of matters reserved for the Board's decision is available in the Corporate Governance section of [Burberryplc.com](https://www.burberryplc.com).

The Board has established Committees to assist with exercising its authority.

#### Audit Committee

Chaired by Matthew Key

Monitors the integrity of Financial Statements, including disclosures associated with the TCFD recommendations and reviewing the Group's internal financial controls and risk management systems, the Internal Audit function, and the Group's relationship with the external auditor. The Audit Committee is supported by the Ethics Committee, the Risk Committee and the Group Treasury Committee.

The Audit Committee Report can be read on pages 190 to 199.

#### Remuneration Committee

Chaired by Danuta Gray

Determines the policy for Executive Director remuneration and sets the remuneration for the Chair, Executive Directors and senior management.

Oversight of wider employee reward policies.

The Directors' Remuneration Report can be read on pages 200 to 245.

#### Nomination Committee

Chaired by Gerry Murphy

Reviews the composition of the Board, ensuring plans are in place for orderly succession for both Board and senior leadership positions, keeping in mind the importance of diversity in all its forms and balancing skills and experience when making appointments.

The Nomination Committee Report can be read on pages 182 to 189.

## **CEO and Executive Committee**

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The Board delegates the day-to-day responsibility for running the Group to the CEO, who is responsible for all commercial, operational, risk and financial elements of the business. The CEO is also responsible for management and development of the strategic direction of the Group for consideration and approval by the Board. The Executive Committee assists the CEO in implementing the strategy as approved by the Board.

The Board is responsible for supporting management in its strategic aims, which enable the Company to continue to perform successfully and sustainably for our shareholders and wider stakeholders. The Audit Committee, the Nomination Committee and the Remuneration Committee support the Board in its activities. The terms of reference for each of these Committees can be viewed in the Corporate Governance section of [Burberryplc.com](https://www.burberryplc.com). Pages 173 to 177 outline our governance structure as well as the roles and responsibilities within that framework.

The Committees may engage third-party consultants and independent professional advisors. They may also call upon other Group resources to assist them in discharging their respective responsibilities. In addition to the Committee members and the Company Secretary, external advisors and, on occasion, other Directors and members of our senior management team attend Committee meetings at the invitation of the Chair of the relevant Committee.

## Board roles

Our Board currently comprises 11 members: the Chair, the CEO, and nine independent Non-Executive Directors who are experienced and influential individuals, drawn from a wide range of industries and backgrounds with the skills to promote the long-term sustainable success of the Group. The Board has determined that all Non-Executive Directors are independent and the Chair was also considered to be independent on appointment. Further to the resignation of the CO&FO, the Board has appointed Kate Ferry as CFO. Kate will join the Company as an Executive Director on 17 July 2023. Ian Brimicombe has been appointed as Interim CFO but he is not an Executive Director.

Directors' biographies, tenures, key skills and experience and external appointments are set out on pages 157 to 162.

All Directors are appointed to the Board for an initial fixed three-year term, subject to annual re-election by shareholders at the Company's AGM. In accordance with the Code, with the exception of Matthew Key, all Directors will retire and offer themselves for re-election at the 2023 AGM. Alan Stewart, who joined the Board on 1 September 2022, will offer himself for election having joined the Board since the last AGM. Matthew Key will cease to be a Non-Executive Director following the 2023 AGM.

**To ensure the Board performs effectively, there is a clear division of responsibilities between the leadership of the Board and the executive leadership:**

### Our Chair

- Chairing Board meetings, Nomination Committee meetings and the AGM, and setting the Board agenda
- Ensuring there is effective communication between the Board, management, shareholders and the Group's wider stakeholders, while promoting a culture of openness and constructive debate
- Ensuring Directors receive accurate, timely and clear information
- Overseeing the annual Board performance review and addressing any subsequent actions
- Promoting the highest standards of corporate governance
- Ensuring the views of stakeholders are taken into account when making decisions
- A full description of the Chair's role and responsibilities can be found in the Corporate Governance section of the Group's website [Burberryplc.com](https://www.burberryplc.com)

### Our Senior Independent Director

- Acting as a sounding board for the Chair
- Acting as an intermediary for the other Directors, where necessary
- Chairing meetings in the absence of the Chair
- Being available to shareholders and stakeholders if they have any concerns, which they have been unable to resolve through normal channels
- Together with the Non-Executive Directors, assessing the performance of the Chair on an annual basis
- Leading the search and appointment process and recommendation to the Board of a new Chair, if necessary
- A full description of the Senior Independent Director's role and responsibilities can be found in the Corporate Governance section of the Group's website [Burberryplc.com](https://www.burberryplc.com)

**Our Non-Executive Directors**

- Providing effective and constructive challenge to the Board and scrutinising the performance of management
- Assisting in the development and approval of the Group's strategy
- Reviewing Group financial information and ensuring there are effective systems of governance, risk management and internal controls in place
- Ensuring there is regular, open and constructive dialogue with shareholders

**Our CEO**

- Day-to-day management of the Group
- Responsible for all commercial, operational, risk and financial elements of the Group
- Developing the Group's strategic direction and implementing the agreed strategy
- Ensuring effective communication and information flows to the Board and the Chair
- Representing the Group to external stakeholders
- Responsible for the oversight of the following key functions: Design, Marketing, Digital, Merchandising, Supply Chain, Corporate Affairs, Human Resources, Strategy, Global Commercial, Corporate Responsibility and IT
- Responsible for oversight of the sustainability agenda and climate goals
- A full description of the CEO's role and responsibilities can be found in the Corporate Governance section of the Group's website [Burberryplc.com](https://www.burberryplc.com)

**Our CFO**

- Supporting the CEO in developing the Group's strategy and its implementation
- Overseeing the global Finance and Business Services functions and developing the Group's Capital Allocation Framework
- Responsible for establishing financial planning and maintaining adequate internal controls over financial reporting
- Representing the Group to external stakeholders
- Responsible for the oversight of the following key functions: Investor Relations, Internal Audit and Risk Management, Business Continuity, Burberry Business Services, Finance, Insurance, Tax, Treasury and Trade Compliance

**Our Company Secretary**

- Providing advice and support to the Chair and all Directors
- Ensuring the Board receives high-quality information and resources in a timely manner so that the Board can operate effectively at meetings
- Assisting in setting the agenda for Board and Committee meetings
- Advising and keeping the Board up to date with all matters of Corporate Governance
- Facilitating the induction programme for new Directors and, together with the Chair, assessing ongoing training needs for all Directors

### External directorships

Our Board's Executive Directors are permitted to hold one external non-executive directorship. Jonathan Akeroyd is the only Executive Director at present and does not hold any other external directorships. Kate Ferry, who will join the Board on 17 July 2023 as an Executive Director and CFO is currently an independent non-executive director of Greggs plc.

### Time allocation and independence

Each of our Non-Executive Directors has a letter of appointment, which sets out the terms and conditions of his or her directorship. The Non-Executive Directors are expected to devote the time necessary to perform their duties properly. This is expected to be approximately 20 days each year for basic duties. The Chair and Senior Independent Director are expected to spend additional time over and above this to carry out their extra responsibilities. The Chair, Senior Independent Director and CEO also have clearly defined responsibilities, which delineate the scope of their roles. A full description of these roles can be found in the Corporate Governance section of the Group's website [Burberryplc.com](https://www.burberryplc.com). The Board has noted changes to Non-Executive Directors' external appointments during the year and confirms that they were not perceived to impact their independence or responsibilities to the Company. The Board considers that the Chair and all Non-Executive Directors have fulfilled their required time commitment during FY 2022/23. In making this assessment the Board considered the views of certain shareholders regarding Antoine de Saint-Affrique's time commitments, further details of which can be found in the Nomination Committee Report on page 184.

Each year, in accordance with its terms of reference, the Nomination Committee reviews the independence of the Non-Executive Directors (excluding the Chair), taking into account a range of factors, including those set out in Provision 10 of the UK Corporate Governance Code. The Nomination Committee concluded this year that all the Non-Executive Directors continued to be independent.

Notwithstanding that Matthew Key was appointed to the Board in September 2013 and has therefore served on the Board for over nine years, the Nomination Committee concluded that Matthew Key's independence was not compromised.

### Information flow and professional development

Our Chair works closely with the Company Secretary in the planning of agendas and scheduling of Board and Committee meetings. Together, they ensure that information is made available to Board members on a timely basis and is of a quality appropriate to enable the Board to effectively carry out its duties. The Board is kept up to date on legal, regulatory, compliance and governance matters through advice and regular papers from the General Counsel, the Company Secretary and other advisors. In addition, Executive Committee members and other senior managers are invited, as appropriate, to Board and strategy meetings to inform and update the Board on their areas of responsibility. The CEO, the Chief People Officer and the Company Secretary regularly attend Board and Committee meetings.

### Induction, training and business engagement

The Company Secretary assists the Chair in designing and facilitating a formal induction programme for new Directors and their ongoing training. Each newly appointed Director receives a formal and tailored induction programme to enable them to function effectively as quickly as possible, while building a deep understanding of the business. Each induction typically consists of meetings with both Executive and Non-Executive Directors and briefings from senior managers across our key business areas and operations. In addition, Non-Executive Directors are provided with opportunities to visit key stores, markets and facilities. This includes visits to our various operating facilities in the UK. Following the initial induction for Non-Executive Directors, an understanding of the business is developed through ongoing meetings and engagements as appropriate.

The Chair considers the training needs of individual Directors on an ongoing basis. During FY 2022/23, a number of Directors participated in a sustainability workshop in May 2022. The Board also held informal meetings with our Internal Diversity and Inclusion Council and our Cultural Advisory Council. Details of the induction programmes implemented for Jonathan Akeroyd and Alan Stewart are set out in the Nomination Committee Report on page 187.

The Board has direct access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole. To carry out their duties, Directors may also obtain independent professional advice, if necessary, at the Group's expense.

# Composition, Succession and Evaluation

## Board evaluation

### Evaluating our performance

The Board undertakes a formal annual review of its effectiveness, which is designed to help identify opportunities to improve and enhance its own performance and that of the Group. The evaluation process is led by the Chair and includes a review of the effectiveness of the Board as a whole, the Board's Committees and each individual Director. Every three years, the evaluation is facilitated externally with the last external evaluation taking place in FY 2020/21.

### Internal evaluation in FY 2022/23

In November 2022, the Board decided to conduct an internal questionnaire-based review for FY 2022/23 with the support of Independent Audit's Thinking Board tool. Independent Audit Limited has no other connection with the Company. The Chair of the Board and the Chairs of each of the Board Committees worked with the Company Secretary to devise the questionnaires, which were circulated in February 2023. The results were evaluated and discussed at the March Board meeting, following which the Board confirmed its view that the Board continues to operate effectively within an inclusive and transparent environment and displays a number of strengths, including:

- operating with a high level of trust and openness between Board members
- strong leadership of the Board and Board Committees
- providing challenge and support to the executive team
- assessing and monitoring performance of the business

The questionnaires were supplemented by meetings between the Chair and each Director to discuss individual performance, seek additional feedback and raise any issues or concerns regarding the management of the Company or the Board's performance. On resignation, Non-Executive Directors are also encouraged to provide a written statement of any concerns to the Chair. No such concerns were raised in FY 2022/23.

These discussions, together with the Nomination Committee's considerations of independence, time commitment and tenure, are used as the basis for recommending the re-election of Directors by shareholders. The Board is satisfied that all Non-Executive Directors bring robust, independent oversight and continue to remain independent.

The evaluation process also concluded that the Audit, Nomination and Remuneration Committees continue to operate well and provide effective support to the Board in carrying out its duties.

Separate to the formal Board evaluation process, the Senior Independent Director led a review of the Chair's performance. The review included circulation of a short questionnaire, one-to-one meetings with each of the Non-Executive Directors and a final meeting of the Non-Executive Directors, without the Chair being present, to conclude on the review. The unanimous view was that the Chair continued to perform very effectively and to provide strong leadership throughout FY 2022/23.



**Areas of focus for FY 2023/24**

Based on the feedback received during the assessment process, the Board agreed on the following areas of focus, which will be monitored during the year.

Area of development	Action
Strategy, purpose and values	<ul style="list-style-type: none"> <li>• Ongoing development of Board agendas to ensure sufficient focus on big trends including sustainability, e-commerce and globalisation</li> <li>• Consider ways to develop the Board's understanding of the opportunities and risks presented by emerging technology in the luxury industry</li> </ul>
People and culture	<ul style="list-style-type: none"> <li>• Continued focus on developing the long-term approach to executive succession planning including increased opportunities for Board members to engage with colleagues informally</li> <li>• Enhance the Board's oversight of culture and values, including how well they are embedded across the business</li> </ul>
Board composition	<ul style="list-style-type: none"> <li>• Review the size and composition of the Board including the potential use of advisory support to supplement core skills of Board members where necessary</li> </ul>

**Progress update on focus areas identified following FY 2021/22 Board effectiveness review**

Action	
<b>Strategy, purpose and values</b>	
<ul style="list-style-type: none"> <li>• Reviewing Board agendas to enable more time to be spent considering emerging technology, megatrends and key markets</li> <li>• Considering ways to embed environmental, social and governance further into strategy, as well as into the purpose and values of the Company</li> </ul>	<p>More time spent on regional updates throughout the year to provide the Board with deeper insights for key markets. In addition, the Board received updates in July and October 2022 from external advisers on the macroeconomic and the geopolitical environment and as part of the annual strategy meetings in October 2022 updates on the luxury industry and key consumer trends.</p> <p>The Board and Executive Committee attended a sustainability workshop in May 2022 led by the Cambridge Institute of Sustainability Leadership and members of the Corporate Responsibility team. Topics discussed included the evolution of Burberry's Sustainability strategy, such as focusing Burberry's Communities strategy on youth and creativity; and the actions being taken to embed sustainability across the Leadership Standards, Code of Conduct and values.</p> <p>With effect from FY 2023/24 Sustainability metrics will also be incorporated into the corporate annual bonus plan.</p>
<b>Talent and succession planning</b>	
<ul style="list-style-type: none"> <li>• Continued development and strengthening of the executive succession planning programme</li> </ul>	<p>Work is ongoing to enhance our Executive Development Programme which is a bespoke eight-month experience designed to elevate leadership capabilities and embed Leadership Standards through immersive learning experiences, targeted coaching and impactful networking opportunities.</p>
<b>Board ways of working</b>	
<ul style="list-style-type: none"> <li>• Reviewing the Board's composition and advisory support to ensure appropriate and contemporary expertise across all relevant areas, including luxury</li> </ul>	<p>The Board's succession work during FY 2022/23 has focused on the search for a new CFO and enhancing the financial expertise on the Board, in advance of Matthew Key's stepping down. Further details on the recruitment and appointment process for these roles can be found in the Nomination Committee Report on pages 186 to 187.</p> <p>In terms of advisory support, the Board met with members of the Internal Diversity and Inclusion Council in July 2022 and with the external Cultural Advisory Council in November 2022.</p>