

FINANCE FOR THE FUTURE

10 YEAR ANNIVERSARY

Sustainability | Leadership | Innovation



Deloitte.

BURBERRY

Burberry: Strengthening sustainability commitments and communication

Highly Commended: Communicating integrated thinking award

What?

Burberry, a British luxury brand, strengthened its sustainability commitments in 2022, pledging to become climate positive by 2040 and announcing new commitments on biodiversity. To achieve its ambitious goals, the company has taken steps to integrate sustainability into its strategy, culture and decision making.

Sustainability-related metrics and targets are externally assured and embedded throughout the business. Investors receive updates on these metrics and on Burberry's strategy, commitments and approach to sustainability through regular reporting, investor meetings and the company's website. Burberry also created a responsibility factsheet to summarise clearly and succinctly its sustainability commitments and

what these mean for the business.

Burberry's annual report provides detail about the sustainability strategy and includes the company's TCFD disclosures. A new sustainability finance team led the work to produce a detailed TCFD scenario analysis and quantified the company's climate-related physical and transition risks. The finance function also champions sustainability-linked financing and prepares use of proceeds reports on the company's sustainability bond. A new revolving credit facility is tied to Burberry's climate positive ambition.

Leaders at the company have spoken at wider events, including COP26, about Burberry's approach to integrated thinking and its experience of building a more sustainable business.

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It was clear that as custodians of an established brand, every part of the business was involved in practising authentic integrated thinking. Their communications were considered, thought provoking and transparent.

Finance for the Future Awards judges

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BURBERRY

Why?

Burberry believes that operating sustainably is necessary for the company’s continued growth and resilience. This involves not just considering environmental and social issues in major financial decisions – important though these are – but bringing sustainability into day-to-day decision making across the business.

Having noted increasing interest from stakeholders in companies’ environmental and social performance, Burberry saw commercial value in keeping its investors, consumers and employees informed about the company’s sustainability strategy and targets. Burberry thinks the benefits of this approach have included a lower cost of capital, enhanced reputation and stronger employee engagement. The company also draws on feedback from stakeholders to make sure its content and reporting address stakeholders’ needs and areas of interest.

Burberry recognised that its work on sustainability would benefit from skills that finance could contribute, including the ability to understand and interrogate data, challenge performance, and apply rigour to reporting. This was a driver for setting up the sustainability finance team. For Burberry, these finance skills are vital to the company’s ability to articulate its sustainability performance both internally and externally. Having a dedicated sustainability finance team also gives Burberry the resource to stay informed about regulatory developments so that the company can respond quickly to changes.



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The input we have from investors has been really helpful for us in shaping our agenda and meeting expectations. It’s also been helpful for us to educate those investors on what we’re about: where we see our risks and how we’re mitigating them; where we see our opportunities and how we’re taking advantage of them. The interaction has been really important.

Ian Brimicombe, SVP Group Finance, Burberry

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BURBERRY

How?

Burberry has embedded sustainability throughout the business and communicates its work to both internal and external stakeholders:

- › Executive directors' bonuses and long-term incentives are tied to performance on sustainability. Leaders of each business area also have sustainability performance metrics. A sustainability committee, co-chaired by the CEO and CO&FO, reviews progress against sustainability KPIs quarterly.
- › Cross-business collaboration is vital to Burberry's sustainability work. The sustainability team provides subject-matter expertise, finance brings reporting rigour, and business areas own their KPIs and strive to meet them. A newly-formed sustainability finance team will play a major role in supporting and strengthening this internal collaboration.
- › Finance representatives attend investor meetings, using direct investor feedback to shape future reporting.
- › Burberry works closely with its supply chain. In supplier agreements, the company makes clear its expectations on social and environmental issues such as carbon emissions and human rights. It also created a guide on renewable energy that it shared with key suppliers.
- › Educating employees on their role is crucial to bringing sustainability into day-to-day business decision making. Finance led an internal educational initiative, 'Sustainability in Action', that has been delivered to over 600 colleagues. Sessions build employees' knowledge about social and environmental issues and how employees can contribute to Burberry's sustainability goals.
- › The annual report provides information about Burberry's governance over its sustainability strategy and narrative on the company's progress. It documents Burberry's social and environmental KPIs, many of which have been externally assured. The TCFD report is detailed with narrative about the company's most significant physical and transitional risks, scenario modelling and key assumptions as well as quantification of financial impacts over time.
- › Burberry is developing a roadmap for achieving its climate positive ambition, which will show the targets that the company is working to and how it plans to get there from a set baseline. Baseline carbon emissions have been published in the annual report alongside the assumptions underpinning the calculation.
- › Burberry's responsibility factsheet provides key information to investors in a concise and easily digestible format. The factsheet summarises details of Burberry's work and targets in areas such as environmental sustainability, raw materials sourcing and community investment.
- › Senior leaders at Burberry participate in many business groups in the luxury industry, engage directly with the British Fashion Council and discussed sustainability with peers at the 2022 Global Fashion Summit. Their goal is to inspire others in the luxury fashion industry to operate more sustainably.

BURBERRY

Commitments



Product: Responsible Craftsmanship

- › Ensure 100% of key raw materials in our products are certified by 2025
- › Continue to evolve aftercare offer and trial new circular business models
- › Eliminate plastic from our consumer packaging by 2025



Climate: Become Climate Positive

- › Reduce our Scope 1, 2 and 3 emissions to become climate positive by 2040
- › Embed sustainable manufacturing processes across our supply chain
- › Protect nature, supporting zero deforestation



People: Champion Inclusion and Wellbeing

- › Increase representation and become the best place to work for women in the industry
- › Continue to ensure ethical trading standards are upheld by supply chain partners
- › Extend engagement programmes to advance wellbeing, livelihoods, inclusivity and workers' voices



Community: Positively Impact Young People

- › Empower young people to create better futures through work with The Burberry Foundation
- › Increase volunteering opportunities for employees around the world
- › Provide support to colleagues and communities through cost of living challenges

www.burberry.com