

## KnowTheChain Apparel & Footwear Benchmark Methodology Version 2 (January 2018)

### SCORED DISCLOSURE

#### THEME 1 COMMITMENT AND GOVERNANCE

##### 1.1 Commitment

The company:

(1) has publicly demonstrated its commitment to addressing human trafficking and forced labor.

Burberry recognises its responsibility to respect and uphold human rights wherever it operates. The prevention of forced, bonded and trafficked labour are key elements of Burberry's Ethical Trading Code of Conduct and Migrant Worker Policy. Burberry's 2018 Modern Slavery Statement sets out the steps we have taken to prevent slavery and human trafficking from happening in our supply chain or in any part of our business and further speaks of our commitment and policies designed to prevent forced, bonded and trafficked labour. Additionally, our CEO, Marco Gobbetti, is a founding member of the Business against Slavery Forum in the UK.

##### 1.2 Supply Chain Standards

The company's supply chain standard:

(1) requires suppliers to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor;

This information is included in our Ethical Trading Code of Conduct, which forms part of Burberry's Responsible Business Principles and can be found on our website:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/Ethical-Trading-Code-of-Conduct-120517.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/Ethical-Trading-Code-of-Conduct-120517.pdf)

(2) has been approved by a senior executive;

Burberry's Responsible Business Principles are approved by the CEO and implementation is overseen by the Ethics Committee, which is chaired by the Chief People, Corporate Affairs and Strategy Officer.

(3) is easily accessible from the company's website;

From the Burberry Group PLC website ([www.burberryplc.com](http://www.burberryplc.com)), using the menu, hover over "Responsibility" and click "Policies and Commitments", then select Ethical Trading Code of Conduct.

(4) is updated regularly, following internal review and input from external stakeholders; and

The Ethical Trading Code of Conduct is updated regularly in line with changes made by the Ethical Trading Initiative (ETI) and other relevant changes in legislation, such as the UK Modern Slavery Act. We work with ETI members, including NGOs and Trade Unions, on any updates to the Code.

(5) is communicated to the company's suppliers.

Burberry's Responsible Business Principles are communicated to our suppliers before commencing work with them. The Burberry Responsibility Team must be satisfied of a supplier's commitment to the Principles before commencing production.

### **1.3 Management and Accountability**

The company:

(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies and standards that addresses human trafficking and forced labor; and

Information available on [burberryplc.com](http://burberryplc.com)

(2) has tasked a board member or board committee with oversight of its supply chain policies and standards that address human trafficking and forced labor.

Burberry's Chief People, Strategy and Corporate Affairs Officer oversees Burberry's Responsibility Programme, including its ethical trading activities in the supply chain and mitigation of forced labour risks, and regularly reports on these topics to the Group Risk Committee and the Burberry Group PLC Board. The Group Risk Committee is chaired by the Chief Operating and Financial Officer, who sits on the Burberry Group PLC Board. The Group Risk Committee reports into the Group Audit Committee. The Audit Committee is chaired by an independent non-executive member of the Board.

### **1.4 Training**

The company undertakes programs which include:

(1) the training of all relevant decision-makers within the company on risks, policies, and standards related to human trafficking and forced labor; and

Information available on [burberryplc.com](http://burberryplc.com)

(2) the training and capacity-building of suppliers on risks, policies, and standards related to human trafficking and forced labor, covering key supply chain contexts.

Information available on [burberryplc.com](http://burberryplc.com)

### **1.5 Stakeholder Engagement**

In the last three years, the company has engaged relevant stakeholders by:

(1) providing at least two examples of engagements on forced labor and human trafficking with policy makers, worker rights organisations, local NGOs, or other relevant stakeholders in countries in which its suppliers operate, covering different supply chain contexts; and

Burberry's CEO, Marco Gobbetti, is one of the founding members of the Business Against Slavery Forum, one of eight business leaders in the UK to have joined together to spearhead pioneering industry action to drive out slavery from supply chains. Please see:

<https://www.gov.uk/government/news/leading-businesses-unite-to-tackle-slavery>

In addition, Burberry participated in the UK government's consultation on the Modern Slavery Act in 2015.

Burberry conducts Human Rights Impact Assessments on a biennial basis, covering its own operations and the operations of its extended supply chain. Risks and mitigation plans arising from the Human Rights Impact Assessments have been reviewed by Ergon, a specialist consultancy in this field, and discussed with Oxfam, a globally renowned aid and development charity. Please see:

<https://www.burberryplc.com/content/burberry/corporate/en/responsibility/policies-and-commitments/people/human-rights-policy.html>

(2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

Burberry is a member of the Better Cotton Initiative and has set the target to source 100% of its cotton via the Better Cotton Initiative by 2022. The Better Cotton Initiative (BCI) works with over one million cotton farmers worldwide, helping them to minimise the use of harmful pesticides, reduce water consumption and care for soil and natural habitats, while at the same time promoting decent work for farmers. The welfare of workers in our cotton supply chain is of paramount importance and forced labour on cotton farms is unacceptable to Burberry and BCI. If either is discovered where Better Cotton is produced, it is considered an incidence of non-compliance with BCI's standard and is dealt with immediately. BCI support farmers by helping them to understand and respect national legal requirements, as well as the fundamental, interrelated International Labour Organisation conventions.

## **THEME 2 TRACEABILITY AND RISK ASSESSMENT**

### **2.1 Traceability**

The company discloses:

(1) the names and addresses of its first-tier suppliers;

Burberry does not disclose this information.

(2) the countries of below first-tier suppliers (this does not include raw material suppliers);

Finished products are manufactured at both company-owned facilities in the UK and through an external supplier network. A large proportion of our finished goods production takes place in Europe, particularly in Italy, where Burberry has many long-standing relationships, many lasting over 15 years. We believe that these strong supplier relationships are the key to ensuring continuous improvement in supply chain working conditions and avoiding supplier turnover where possible.

(3) the sourcing countries of raw materials at high risk of forced labor and human trafficking; and

Cotton is Burberry's most significant raw material. It is also the fibre used to make gabardine, the iconic fabric invented by our founder Thomas Burberry in 1879. Tightly woven in Burberry's Yorkshire Mill, this breathable and lightweight fabric has been used in its trench coats for over 100 years.

To reduce environmental impacts, help secure a sustainable supply of this essential raw material long into the future and improve the livelihoods that depend on it, Burberry has set a target to source 100% of its cotton via the Better Cotton Initiative by 2022. The Better Cotton Initiative (BCI) works with over one million cotton farmers worldwide, helping them to minimise the use of harmful pesticides, reduce water consumption and care for soil and natural habitats, while at the same time promoting decent work for farmers. The welfare of workers in our cotton supply chain is of paramount importance, and forced labour on cotton farms is unacceptable to Burberry and BCI. If either is discovered where Better Cotton is produced, it is considered an incidence of non-compliance with BCI's standard and is dealt with immediately. BCI support farmers by helping them to understand and respect national legal requirements, as well as the fundamental, interrelated International Labour Organisation conventions. Due to the serious concerns surrounding the social and environmental impact of cotton production in Uzbekistan, in particular regarding forced labour, Burberry does not permit its suppliers to source cotton from this country.

(4) some information on its suppliers' workforce.

Burberry does not disclose this information.

## **2.2 Risk Assessment**

The company discloses:

(1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and

Burberry conducts its Human Rights Impact Assessment and develops mitigation plans on a biennial basis. The process involves mapping our own operations and those of our extended supply chain and assessing them in terms of their potential impact on key stakeholders, as set out in the Universal Declaration of Human Rights, including risks of forced labour. This enables us to identify key stakeholder groups and the most salient potential human rights impacts in relation to them. Each human right is scored for each relevant operational or supply chain activity. Scoring factors include: whether the possible impact is positive or negative; whether the impact is direct or indirect; the duration of impact; the scale of impact in the supply chain; and the likelihood of the impact occurring. This process enables us to derive a score for each potential human rights impact and to prioritise areas of risk.

Mitigation plans have been developed in relation to risks identified and are being implemented and continually monitored. Risks and mitigation plans have been reviewed by Ergon, a specialist consultancy in this field, and discussed with Oxfam, a globally renowned aid and development charity. Please see:

<https://www.burberryplc.com/content/burberry/corporate/en/responsibility/policies-and-commitments/people/human-rights-policy.html>

(2) details on forced labor risks identified in different tiers of its supply chain.

Italy is a major sourcing country for Burberry. Tuscany is a hub for manufacturing expertise and its communities help to sustain the global fashion industry. The region has experienced economic migration over recent years. Migrant workers may be more vulnerable to the risk of forced labour. Members of Burberry's Responsibility team are based in Florence, whose responsibility it is to conduct supply chain monitoring and auditing activities as well as work with suppliers on the Ethical Trading Programme, engagement and capacity building activities.

Burberry is supporting a five-year Burberry Foundation partnership with Oxfam in Italy, to foster community cohesion between local and migrant communities in the Florentine area. The programme supports communities through multi-cultural spaces and events, innovative youth employability programmes and a network of facilitators dedicated to improving access to community support services. The goal is to benefit at least 200,000 community members by 2022.

Burberry has a global store network. It is well known that there is potential risk of forced labour arising in global store construction and renovation projects, particularly in high-risk locations. To mitigate this risk, we have mapped our construction supply chain and reinforced our policies with construction contractors, including the Burberry Ethical Trading Code and Migrant Worker Policy. In addition, we have conducted our first ethical audit at a store construction project in a high-risk location to ensure we are monitoring exposure to forced labour risks in our extended supply chain. We have been working with internal teams to promote transparency and are now developing a strategy based on the risks identified, to ensure all future construction projects have appropriate management systems in place to mitigate any potential forced labour risks. Training has been delivered to key employee groups, including construction and architecture teams, who interact with Burberry's supply chain networks. The targeted training is intended to support those travelling to supply chain facilities and construction or renovation sites, to ensure they are familiar with the risk areas and possible actions to take if an incident of modern slavery is identified. The training has helped to embed Burberry's policy of zero tolerance for modern slavery and respect for human rights throughout the business.

Risks in relation to forced labour in construction are highlighted in our Modern Slavery Statement, please see:

<https://www.burberryplc.com/en/site-services/transparency-in-the-supply-chain-and-modern-slavery-statement.html>

### **THEME 3: PURCHASING PRACTICES**

#### **3.1 Purchasing Practices**

Purchasing practices and pricing may both positively impact labor standards in the company's supply chain, and increase risks of forced labor and human trafficking. The company:

(1) is taking steps towards responsible raw materials sourcing;

As part of our responsibility strategy called 'Creating Tomorrow's Heritage', we are committed to ensuring that all our products have more than one positive attribute by 2022.

Positive attributes relate to social and/or environmental improvements achieved at either the raw materials sourcing or manufacturing stage. A product may, for example, carry a positive attribute if it is made from cotton sourced through the Better Cotton Initiative, or if it was manufactured in a facility paying all workers a wage which meets a recognised local living wage benchmark. During 2017/18, the first year of our strategy, we have reached 28% of product with one, and 14% of product with more than one, positive attribute.

Raw materials:

### Cotton

To reduce environmental impacts, help secure a sustainable supply of this essential raw material long into the future and improve the livelihoods that depend on it, we have set ourselves the target to source 100% of our cotton via the Better Cotton Initiative by 2022. The Better Cotton Initiative (BCI) works with over one million cotton farmers worldwide, helping them to minimise the use of harmful pesticides, reduce water consumption and care for soil and natural habitats, while at the same time promoting decent work for farmers.

During 2017, we sourced 21% of our cotton through the BCI and partnered with them to run supply chain training and engagement days in both Italy and Portugal, helping our partners to learn more about this initiative, the future challenges facing cotton production and how they can be part of the solution.

### Leather

We fully support tannery certification as one of several vehicles that help drive more responsible leather production. We recognise certifications by the Leather Working Group (LWG), the Italian Istituto di Certificazione della Qualità per l'Industria Conciaria (ICEC) and the International Organization for Standardization (ISO). We are now elevating our requirements even further and have set ourselves a target for 2022 to source 100% of our leather from tanneries that hold environmental, traceability and social compliance certifications. Currently, 64% of our leather products are made of leather sourced from tanneries with at least one of these certifications.

(2) is adopting responsible purchasing practices in the first tier of its supply chain; and

To promote Human Rights across our direct and indirect business operations, we require our network of business associates and extended supply chain to comply with our Responsible Business Principles ("Principles"). The Principles have been developed and informed by our long-standing membership of the United Nations Global Compact and the Ethical Trading Initiative (ETI), and are underpinned by the International Bill of Human Rights and the Fundamental Conventions of the International Labour Organization. The Principles apply to all our business associates, which include, but are not limited to: finished goods suppliers, raw material suppliers, non-stock suppliers, construction contractors, licensees and franchisees. The Principles were reviewed in 2016 to better address modern slavery risks and ensure that modern slavery provisions are contractually covered in all our business partnerships. The Principles are overseen by Burberry's Ethics Committee, chaired by our Chief People, Strategy

and Corporate Affairs Officer. The policies are monitored by our Responsibility and Supply Chain teams and enforced according to the Burberry Non-Compliance Policy, which can be found on [www.burberryplc.com](http://www.burberryplc.com). Embedding ethical objectives in Supply Chain teams' and individuals' objectives has been a key driver in achieving positive results in ethical compliance and working conditions in our first-tier supply chain.

In addition, Burberry develops long-lasting relationships with its first-tier supply chain partners, many relationships lasting over 15 years. Johnstons of Elgin, our iconic cashmere scarf supplier, is one of our most strategic and long-standing partners and has been making Burberry cashmere products for over 100 years. Long-lasting supplier relationships have enhanced our ability to partner with suppliers on ethical trading challenges, to drive positive change and address human rights risks. Long-lasting partnerships have also enabled us to develop programmes with our suppliers such as the Vendor Ownership Programme, a capacity building programme with our strategic vendors, to increase their ability to manage the working conditions at their sub-contractors and introduce their own ethical trading monitoring programmes. This helps us to reach more workers in line with our commitment to create a responsible supply chain. During 2017/18, the number of vendors involved in the programme more than doubled, from 6 to 15.

(3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts).

Burberry does not disclose this information.

### **3.2 Supplier Selection**

The company:

(1) assesses risks of forced labor at potential suppliers prior to entering into any contracts with them.

For almost 15 years, we have had a programme aimed at safeguarding the labour conditions in our product supply chains.

Monitoring and verification activities are carried out throughout our finished goods and key raw material supply chain to support compliance with the Principles. To ensure our supply chain mapping stays up to date, we operate a strict approval process and conduct a transparency analysis with our vendors and commercial teams each season. New raw material suppliers are required to confirm they will adhere to the Principles and comply with applicable local laws. They agree that we may visit and assess their own compliance as well as that of their suppliers. Before any new supplier is approved to participate in the Burberry supply chain, they are risk assessed for social compliance and any indication of forced, bonded or trafficked labour.

In addition, before a factory is approved to produce Burberry finished goods, its compliance with the Principles and applicable local laws is assessed and the Burberry Responsibility Team must be satisfied of the factory's commitment to the Principles. Audits, announced or unannounced, consist of worker interviews, document reviews and site tours, and are repeated periodically to confirm ongoing compliance and continuous improvement. The frequency of these audits depends on the level of performance in the last audit – better performing factories

are audited less frequently. Worker interviews are always conducted confidentially and workers are selected at random, whilst at the same time ensuring a fair representation of the workforce, including, for example, union and worker representatives, first aiders and migrant workers. Between audits, our Responsibility Team works closely with facilities to implement preventative systems and improve the management of human rights and safety risks, amongst others. During the period 2017/18, 446 audits and 263 engagement visits were conducted.

This information is available in our Modern Slavery Statement, please see:

<https://www.burberryplc.com/en/site-services/transparency-in-the-supply-chain-and-modern-slavery-statement.html>

(2) addresses risks of forced labor related to sub-contracting.

Burberry's Ethical Trading Code of Conduct prohibits unauthorised subcontracting by its suppliers, as well as by its sub-contractors. It requires prior written consent and approval by Burberry. This is enforced by following the steps outlined in Burberry's Partner Non-Compliance Policy, which can be found here:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf)

### **3.3 Integration into Supplier Contracts**

The company:

(1) integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.

Burberry's Ethical Trading Code of Conduct addresses forced labour and human trafficking and is a component policy of the company's Responsible Business Principles. Adherence to Burberry's Responsible Principles is included in contracts with suppliers. Suppliers must sign a Letter of Undertaking confirming their commitment to the Responsible Business Principles.

### **3.4 Cascading Standards through the Supply Chain**

The company:

(1) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain standards addressing forced labor and human trafficking.

Information available on [burberryplc.com](http://burberryplc.com)

## **THEME 4: RECRUITMENT**

### **4.1 Recruitment Approach**

(1) has a policy that requires direct employment in its supply chain;



Burberry's Migrant Worker Policy states that: "Where possible, the Business Associate should avoid using recruitment agencies, and instead recruit workers directly. If using a third party, the Business Associate should work with a government registered recruitment agency where possible."

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf)

(2) requires employment and recruitment agencies in its supply chain to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor; and

Burberry's Ethical Trading Code of Conduct and Responsible Business Principles apply to all Business Associates including recruitment agencies contracted by suppliers. Supplier audits as part of our Ethical Trading Programme include the assessment of recruitment agencies employed by suppliers. We also publish our Migrant Worker Policy, which can be found here:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf)

This policy includes the following provisions in relation to recruitment agencies:

Where possible, the Business Associate should avoid using recruitment agencies, and instead recruit workers directly. If using a third party, the Business Associate should work with a government registered recruitment agency where possible.

The Business Associate should have clear contracts with and ensure that any agency they use adheres to the Burberry Ethical Trading Code of Conduct. The Business Associate will pay the agency any and all legally allowed fees. The Business Associate should also keep copies of contracts between each party (e.g. agent and sub-agent) to show to auditors on behalf of Burberry if needed.

The recruitment agency should provide full details of the use of any sub-contractors or subagents used to hire workers.

(3) discloses information on the recruitment agencies used by its suppliers.

Burberry collects, but does not disclose this information.

#### **4.1 Recruitment Fees**

The company:

(1) requires that no worker in its supply chain pay for a job—the costs of recruitment should be borne not by the worker but by the employer ("Employer Pays Principle"); and

This requirement is included in Burberry's Migrant Worker Policy, available here:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf)

(2) takes steps to ensure that such fees are reimbursed to the workers, in the event that it discovers that fees have been paid by workers in its supply chain.

If it is discovered that a worker has paid a fee for recruitment during an ethical audit or by other means, it is Burberry's policy that any recruitment fee charged to a worker must be reimbursed within 3 months and a process put in place to avoid future costs to workers. If the reimbursement is not made within 3 months by the supplier, Burberry will proceed with the process outlined in the Partner Non-Compliance Policy. For full details of this policy, please see:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf)

#### **4.3 Monitoring and Ethical Recruitment**

The company:

(1) takes steps to ensure employment and/or recruitment agencies used in its supply chain are monitored to assess and address risks of forced labor and human trafficking; and

All ethical audits conducted in Burberry's supply chain cover employment and, where relevant, recruitment agencies. The supplier and recruitment agent are assessed against Burberry's Ethical Trading Code of Conduct and Migrant Worker Policy.

(2) provides details of how it supports ethical recruitment in its supply chain.

In 2016/17, we provided tailored training on identification and combatting of modern slavery to suppliers. In-person training sessions were held with finished goods vendors who together manufacture 72% of our product. Initially, this training was provided to key finished goods and raw material suppliers, third-party labour contractors and certain suppliers operating in sectors with a greater risk of modern slavery issues arising. Participants were required to develop and implement plans around the recruitment and ongoing management of workers, to reduce the risk of modern slavery in their operations and supply chain. These action plans continue to be monitored on an ongoing basis by our Responsibility team.

This information can be found in our Modern Slavery Statement, please see:

<https://www.burberryplc.com/en/site-services/transparency-in-the-supply-chain-and-modern-slavery-statement.html>

#### **4.4 Migrant Worker Rights**

The company:

(1) takes steps to ensure migrant workers understand the terms and conditions of their recruitment and employment, and also understand their rights;

This included in Burberry's Migrant Worker Policy, which can be found here:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf)

(2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will;

This is covered in Burberry's Ethical Trading Code of Conduct and Migrant Worker Policy. In addition, as part of the ethical audit process, Burberry checks to ensure that employers are not retaining workers' documents.

(3) takes steps to ensure migrant workers are not discriminated against, and not retaliated against, when they raise grievances; and

Burberry's Migrant Worker Policy outlines the following in relation to discrimination:

All workers should be treated equally and without discrimination. Each worker should have the same rights and terms and conditions of employment as national or local workers employed by the Business Associate, including (but not limited to) being eligible for the payment of a national living wage (unless otherwise stipulated by law, such as in relation to social security benefits).

Health checks carried out on any worker should only indicate a worker's ability to carry out the duties for which the worker has been employed or in order to comply with any laws. Health checks should not be used for pregnancy testing or any other forms of discriminatory practice unless required by applicable law.

Workers should not be discriminated against on the grounds of ethnicity, gender, religion, age, sexual orientation, caste, political views or health in accordance with the Laws. The workers' employment conditions should be no less favourable than those that apply to locals to the area or nationals of the Receiving Country including but not limited to remuneration, accommodation, social security payments and membership of trade unions. Allocation of employment, roles, tasks, overtime, shifts, availability for work and training opportunities should also match local workers.

Please see:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/BURBERRY%20MIGRANT%20WORKER%20POLICY.pdf)

(4) provides evidence of how it works with suppliers to ensure migrant workers' rights are respected.

Assessing suppliers against the provisions outlined in Burberry's Migrant Worker Policy is an integral part of our monitoring process.

## **THEME 5: WORKER VOICE**

### **5.1 Communication of Policies**

The company takes steps to ensure:

(1) its policies and standards, which include human trafficking and forced labor, are available in the languages of its suppliers' workers; and

Burberry's policies are communicated to its suppliers. We are in the process of communicating Burberry's Ethical Trading Code of Conduct to workers in their local languages.

(2) its human trafficking and forced labor policies and standards are communicated to workers in its supply chain.

As above.

### **Worker Voice**

The company:

(1) works with relevant stakeholders to engage with and educate workers in its supply chain on their labor rights;

In China, labour rights issues can include inadequate access to remedy. We have worked with three local Non-Governmental Organisations to establish a hotline providing over 10,000 workers with improved access to remedy.

In 2017/18, the hotline was rolled out to all factories in China with regular production of Burberry products. The effectiveness of the hotline is continuously reviewed and, during 2017/18, 588 calls (42 complaints, 469 consulting and 77 psychological support) and their resolutions were monitored closely by our local Responsibility team.

We continue to identify initiatives to strengthen workers' abilities to access information, raise grievances and measure worker wellbeing. This year, Burberry's worker hotline received 588 calls, categorised as 42 complaints, 469 consulting calls and 77 psychological support calls. This information can be found in our Modern Slavery Statement, please see:

<https://www.burberryplc.com/en/site-services/transparency-in-the-supply-chain-and-modern-slavery-statement.html>

(2) takes steps to ensure that there are worker-to-worker education initiatives on labor rights in its supply chain;

We have partnered with Business for Social Responsibility (BSR) and implemented the HERhealth programme in a number of factories. The programme applies a peer-to-peer methodology to educate workers on health-related issues in the workplace. Collaborating on health programmes with our suppliers has enabled a deeper level engagement and transparency on broader issues, for example, on labour rights.

(3) provides evidence of the positive impact of worker engagement in its supply chain; and

We have seen positive benefits of implementing BSR's HERhealth programme, workers have improved health knowledge and report improved health-related behaviours.

Worker wellbeing is at the heart of our Manufacturing Excellence programme. Having partners with a happy, healthy and valued workforce will create value for everyone along the supply chain. During 2017/18 we have worked with Oxfam to develop an innovative Worker Wellbeing

Survey, designed to capture first-hand comments from workers and evaluate their wellbeing based on a series of metrics, including respect, income, progression, physical and mental health. We have piloted the survey with key supply chain partners in Europe and will continue to roll it out as part of our Manufacturing Excellence programme. We are committed to monitoring and evaluating the results of the surveys to help drive improvements in key areas, including worker engagement.

Please see:

<https://www.burberryplc.com/en/responsibility/responsibility-strategy/product.html>

(4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

We are working with a unique, artisanal, supply chain to upskill and empower workers, with the workers' development and engagement at the heart of the programme. The programme includes soft and technical skills training to build workers' knowledge and enable them to gain government recognition of their skills and access to benefits such as disability and life insurance. Workers are consistently consulted to ensure that their needs are included within the training scope. The trainers are locally based, to ensure the training is culturally appropriate and to enable an effective feedback mechanism.

We have partnered with Business for Social Responsibility and implemented the HERhealth programme in a number of factories. The HERhealth programme improves engagement levels in a factory as it strengthens the bond between workers through its peer-to-peer methodology and enables workers to communicate more confidently and effectively in the work environment.

The Burberry Foundation is supporting Oxfam and PUR Projet to deliver a programme to improve the livelihoods of cashmere herding communities in Afghanistan. To increase the production of cashmere along with meat and dairy, a Producer Knowledge Programme will be delivered to engage and train herders and the wider community on a variety of topics enabling them to improve their livestock management practices. In Afghanistan, the village is the centre of social interaction. The partnership with Oxfam and PUR Projet aims to establish a collective action structure at the village level to provide local herders with a space for training events, meetings, cashmere storage and trading activities. These collective organisations will also link to district and provincial level organisations and will aim to increase herders' ability to obtain a higher value for their cashmere and pro-actively include women in decision-making at senior management level.

Please see:

<https://www.burberryplc.com/en/news-and-media/press-releases/responsibility/2018/burberry-foundation-partners-with-oxfam-and-pur-projet-to-support-social-and-economic-empowerment-of-rural-communities-in-afghanistan.html>

### **5.3 Freedom of Association**

The company:

(1) describes how it works with suppliers to improve their practices in relation to freedom of association and collective bargaining;

During an ethical audit, it is part of our process to check whether workers are members of a union or if there is union representation. If there is a union representative we include them in worker interviews to understand the relations between the union and the employer and if there are any challenges workers are facing. Around three quarters of the workers in our finished goods manufacturers are covered by Collective Bargaining Agreements.

(2) works with local or global trade unions to support freedom of association in its supply chain;

Through our membership to the Ethical Trading Initiative we engage with both local and global trade unions.

(3) takes steps to ensure workplace environments in which workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and

Burberry encourages its suppliers to introduce worker forums or committees, where this is not already in place, to enable workers to engage in a collective dialogue with management. This is a recommendation outlined in our ethical audit process.

(4) provides at least two examples covering different supply chain contexts of how it improved freedom of association for supply chain workers.

We are not able to share examples at this time.

#### **5.4 Grievance Mechanism**

The company:

(1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chain is available to its suppliers' workers and relevant stakeholders;

Information available on [burberryplc.com](http://burberryplc.com)

(2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;

Information available on [burberryplc.com](http://burberryplc.com)

(3) takes steps to ensure that workers or an independent third-party are involved in the design or performance of the mechanism, to ensure that its suppliers' workers trust the mechanism;

Information available on [burberryplc.com](http://burberryplc.com)

(4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and

Information available on [burberryplc.com](http://burberryplc.com)

(5) provides evidence that the mechanism is available and used by workers below tier one in its supply chain, or by relevant stakeholders in key supply chain contexts.

We are not able to provide such evidence at this time.

## **THEME 6: MONITORING**

### **6.1 Auditing Process**

The company has a supplier audit process that includes:

(1) non-scheduled visits;

It is part of our Ethical Trading Programme to conduct both announced and unannounced audits.

(2) a review of relevant documents;

Our ethical audits include a review of relevant employment documentation, including but not limited to, personnel files, contracts of employment, right to work documentation, disciplinary and grievance policies and procedures, wages and working hour documentation and health and safety records.

(3) interviews with workers;

A representative sample of workers are selected for interview, including, where relevant, union representatives, first aiders and migrant workers. Our audit methodology prescribes that we interview at least 10% of the workers in a factory.

(4) visits to associated production facilities and related worker housing; and

Where relevant, audits will include visiting any supporting facilities and accommodation.

(5) supplier audits below the first tier.

Monitoring and verification activities are carried out throughout our finished goods and key raw material supply chain to support compliance with the Responsible Business Principles. To ensure our supply chain mapping stays up to date, we operate a strict approval process and conduct a transparency analysis with our vendors and commercial teams each season.

Please see:

<https://www.burberryplc.com/content/burberry/corporate/en/responsibility/policies-and-commitments/people/ethical-trading-code-of-conduct.html>

### **6.2 Audit Disclosure**

The company discloses:

(1) the percentage of suppliers audited annually;

In accordance with our Ethical Trading Programme audit methodology, we frequently audit our suppliers. Although we do not set a specific target annually, the frequency that suppliers are audited is dependent on the level of monitoring and engagement required to meet our standards. In addition to our finished goods supply chain, we also audit our key raw material supplier sites on a regular basis.

(2) the percentage of unannounced audits;

We conduct both announced and unannounced audits. Whether an audit is announced or unannounced is decided on a case by case basis. We do not set a target % of unannounced audits on an annual basis.

(3) the number or percentage of workers interviewed during audits;

Our audit methodology prescribes that we interview at least 10% of the workers in a factory.

(4) information on the qualification of the auditors used; and

Burberry's ethical trading activities are implemented by the Responsibility team. There are 30 people in the Responsibility team, based across London, Yorkshire, Florence, Hong Kong and Tokyo. These locations are strategically aligned with Burberry's supply chain network.

The Responsibility team ensures continuous direct engagement with internal and external partners. The number of internal team members also aids communication and builds trust with vendors, sub-contractors and suppliers.

The Responsibility team supports the wider business in achieving its collective Responsibility objectives. Although ethical trading activities are owned by the Responsibility team, targets are set on supply chain performance and these are owned by the Supply Chain team and integrated into both team and individuals' objectives.

Members of the ethical trading team have undergone training to qualify as a social auditor. When commencing work in the ethical trading team there is a training period where the new auditor will shadow the activities of the audit team to learn our ethical trading audit methodology, which is based on best practice including SA8000 and WRAP standards.

All members of the ethical trading team have been trained on the Modern Slavery Act and how to look for instances of modern slavery during the audit process.

In addition, we have trained 112 employees from teams working with our business and product supply chains on the Modern Slavery Act. Teams completing the training include Sourcing, Product Development, HR, Legal, Construction, Procurement and Workplace Service.

Please see our Modern Slavery Statement, here:

<https://www.burberryplc.com/en/site-services/transparency-in-the-supply-chain-and-modern-slavery-statement.html>

(5) a summary of findings, including details regarding any violations revealed.

We do not disclose audit findings.

## **THEME 7: REMEDY**

### **7.1 Corrective Action Plans**

The company's corrective action plans include:

(1) potential actions taken in case of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;



Our process is outlined in our Partner Non-Compliance Policy, which can be found here:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf)

(2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, spot-checks, or other means;

Our audit methodology prescribes that evidence must be available to verify that a corrective action has been completed. Verification activities take place during a follow-up audit, depending on the non-compliance. Verification activities are likely to include relevant documentation review, worker interviews and site inspections.

(3) potential consequences if corrective actions are not taken; and

Our process is outlined in our Partner Non-Compliance Policy, which can be found here:

[https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility\\_docs/Policies\\_statements/Policies/Updated\\_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf](https://www.burberryplc.com/content/dam/burberry/corporate/Responsibility/Responsibility_docs/Policies_statements/Policies/Updated_Policies/RESPONSIBLE%20BUSINESS%20PRINCIPLES%20-%204.%20Burberry%20Partner%20Non-Compliance%20Policy.pdf)

(4) a summary or an example of its corrective action process in practice.

We do not disclose this information.

## **7.2 Remedy Programs / Response to Allegations**

A. If no allegation regarding forced labor in the company's supply chain has been identified in the last three years, the company discloses:

(1) a process for responding to the complaints and/or reported violations of policies and standards; and

Burberry takes any complaints and reported violations very seriously and investigates issues as a matter of urgency.

One of the mechanisms Burberry has in place for workers is to report complaints is confidential, locally-run NGO hotlines providing over 10,000 workers with improved access to remedy. When a complaint is made it is anonymised by the NGO and reported to the Burberry Responsibility team. The Responsibility team then engages with the supplier in relation to the complaint to resolve the issue and work collaboratively with the supplier to find a solution.

(2) at least two examples of outcomes for workers of its remedy process in practice, covering different supply chain contexts.

We do not disclose this information.

B.1. If one or more allegations regarding forced labor in the company's supply chain have been identified in the last three years, the company discloses:

(1) a process for responding to the complaints and/or reported violations of policies and standards;

(2) a public response to the allegation, which covers each aspect of each allegation;

- (3) outcomes of the remedy process in the case of the allegation(s); and
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the company's supply chain have been identified in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to the complaints and/or reported violations of policies and standards;
- (2) a public response to the allegation, which covers each aspect of each allegation;
- (3) a description of what actions it would take to prevent and remediate the alleged impacts; and
- (4) that it engages in a dialogue with the stakeholders reportedly affected in the allegation, or requires its supplier(s) to do so.

## **NON-SCORED DISCLOSURE**

*THE FOLLOWING WILL BE DISPLAYED ON A COMPANY'S SCORECARDS.*

### **Commitment(s) to address forced labor in the supply chain**

The company has developed measurable and time-bound commitment(s) to address forced labor in the supply chain.

### **Compliance with Regulatory Transparency Requirements**

#### **UK Modern Slavery Act**

Where applicable, the company discloses annual statements under the Modern Slavery Act which fulfils the three minimum requirements (director signature, board approval, link on homepage).

#### **California Transparency in Supply Chains Act**

Where applicable, the company discloses a statement under the California Transparency in Supply Chains Act which fulfils the minimum requirements (conspicuous link on homepage, reporting against five areas).

*THE FOLLOWING WILL BE DISPLAYED ON THE COMPANY'S SCORECARD ONLY IF A COMPANY PROVIDES SUCH INFORMATION.*

### **Business model**

To put the KnowTheChain analysis into context, companies are invited to disclose relevant information on their business model, such as sourcing countries, owned versus outsourced production, etc. [Note KnowTheChain reserves the right to edit the information provided]

### **Addressing forced labour risks related to third-party products**

Where a company--in addition to own branded products--sells third party products, the company discloses how it assesses and addresses forced labor risks related to third party products (relevant for retail companies).