

BURBERRY ETHICAL TRADING POLICY

1. POLICY OBJECTIVE

Burberry is determined to achieve the highest standards of ethical trading throughout its extended supply chain. Consequently, our Ethical Trading Policy is based on the Ethical Trading Initiative Base Code and other key International Standards such as the ILO fundamental conventions (see Appendices). We seek to gain agreement to our Ethical Trading Policy from both our suppliers and our suppliers' sub-contractors.

We recognise that, within our supply chains, there are many different national cultures, with their own laws, norms and traditions, which we must acknowledge and respect. Some suppliers will face more complex issues than others in implementing our Ethical Trading Policy. In these areas, Burberry is committed to working with all relevant bodies to deliver effective action plans for change. We believe that, by working together with all our suppliers, we can strengthen our business and improve the quality of life of the people whom we touch.

The Policy exists for the purposes of promoting safe and fair working conditions and the responsible management of environmental and social issues in the Burberry supply chain

2. SCOPE

This policy is mandatory and applies to all members of the Burberry Group their suppliers and their sub-contractors on a global basis.

3. DEFINITIONS

This policy applies equally to suppliers and licensees. All references to suppliers also apply to licensees.

4. RELATED POLICIES OR DOCUMENTS

- Quality Assurance Manual
- Code of Business Principles

5. DETAILED COMMENT

5.1 Implementation of the Policy

5.1.1 Ownership

The General Counsel is responsible for the Burberry Ethical Trading Policy (the “Policy”), and reports to the board.

The CSR Manager has operational responsibility for the implementation of the Policy.

5.1.2 Communication

- Burberry will communicate and promote its Ethical Trading Policy internally and externally to all relevant stakeholders
- Suppliers are required to promote the Policy to their own staff
- Suppliers are required to promote the Policy to their subcontractors.
- Burberry and its suppliers will take steps to ensure that relevant people are provided with appropriate training and guidelines to support the communication of the Policy.

5.1.3 Application

- Suppliers and their sub-contractors shall enter into undertakings directly with Burberry in the form provided by Burberry from time to time, which contain, amongst other things, terms of engagement on both ethical trading and environmental issues.
- Burberry will work collaboratively, where possible, with its suppliers on the implementation of the Policy, which may include joint audits and site visits to assess performance against the Policy.
- Suppliers will be asked to provide Burberry with reasonable access to all relevant information and premises for the purposes of assessing performance against the Policy, and use reasonable endeavours to ensure that sub-contractors do the same.

- Burberry is committed to work collaboratively with industry partners, Government organisations, Non-Governmental Organisations (NGO's) and trade unions to maximise implementation effectiveness and use the most relevant techniques to assess policy adherence.

5.1.4 Reporting

- We will report progress in the Burberry annual report.
- Burberry and its suppliers will use reasonable endeavours to provide employees and other stakeholders with a confidential means to report any actual or potential breach of the Policy.

5.1.5 Audit and Compliance Points

- The proper implementation of and compliance with the standards set forth in this Policy will be assured by affirmative measures such as on site inspection of suppliers', sub contractors and licensee's facilities and practices.
- Suppliers are expected to identify and correct any activities that conflict with the standard of the Policy via verifiable continual improvement programmes agreed by the CSR Manager.
- Suppliers shall immediately report to Burberry, through the CSR Manager or local Managing Director, any serious breaches of the Policy, together with a schedule for corrective action agreed by the CSR Manager.
- Where serious breaches of the Policy persist, Burberry will consider termination of the business relationship with the supplier concerned.

5.2 STANDARDS OF CONDUCT

5.2.1 Employment is Freely Chosen

- There is no forced, bonded or involuntary prison labour.
- Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

5.2.2 Freedom of association and the right to collective bargaining are respected

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

5.2.3 Working Conditions are Safe and Hygienic

- A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- Access to clean toilet facilities and to potable (drinking) water, and, if appropriate, sanitary facilities for food storage shall be provided.
- Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- The company observing the code shall assign responsibility for health and safety to a senior management representative.

5.2.4 Child labour shall not be used

- There shall be no child labour.
- Young persons under 18 shall not be employed at night or in hazardous conditions (these conditions are subject to 5.2.3).
- We will always conform to the relevant ILO standards

5.2.5 Living wages are paid

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

5.2.6 Working hours are not excessive

- Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

5.2.7 No discrimination is practised

- There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

5.2.8 Regular employment is provided

- To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

5.2.9 No harsh or inhumane treatment is allowed

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
- Suppliers will have a formal disciplinary and grievance appeal procedure with documented records of individual disciplinary hearings. Such a procedure will support fair treatment of workers.

5.2.10 Protection Of The Environment

- Suppliers shall carry out their activities in accordance with national laws, regulations, administrative practices and policies relating to the preservation of the environment of the countries in which they operate as well as in accordance with relevant international agreements, principles, objectives, responsibilities and standards with regard to the environment.

6. APPENDICES

Burberry's Ethical Trading Policy is based on the following international standards:

- The Ethical Trading Initiative (ETI) Base Code
- The United Nations Universal Declaration of Human Rights
- The Fundamental Conventions of the International Labour Organisation (ILO)

With respect to the International Labour Organisation (ILO) fundamental conventions on Labour Standards, the following provisions have been referenced in the development of this Code:

- Freedom of association Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
- Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
- The abolition of forced labour Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Equality Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Equal Remuneration Convention, 1951 (No. 100)
- The elimination of child labour Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)