

BURBERRY ETHICAL TRADING POLICY

1. POLICY OBJECTIVE

Burberry is determined to achieve the highest standards of ethical trading throughout its extended supply chain. Consequently, its 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). Burberry requires agreement to its Ethical Trading Policy (“Policy”) from all those involved in the Burberry supply chain including all Factories as defined in paragraph three.

Burberry recognises that, within its supply chain, there are many different national cultures, with their own laws, norms and traditions, which Burberry must acknowledge and respect. Some Factories will therefore face more complex issues than others in implementing the Policy. In these areas, Burberry is committed to working with all relevant bodies to deliver effective action plans for change. Burberry believes that, by working together with all Factories, Burberry can strengthen our business and improve the quality of life of the people whom Burberry 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 and their Factories on a global basis.

3. DEFINITIONS

All references to factories apply to finished goods vendors, raw materials suppliers, production sites, licensees and any subcontractors used by finished goods vendors, suppliers, production sites or licensees in the manufacture or the process of manufacturing Burberry goods (“Factories”).

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 Policy, and reports to the board.

The Head of CR has operational responsibility for the implementation of the Policy.

5.1.2 Communication and Implementation of the Policy

- Burberry will communicate and promote the Policy internally and externally to all relevant stakeholders.
- Factories are expected to establish and maintain a system to deliver compliance with the Policy including promoting the Policy to all workers and throughout their supply chain where reasonably practicable.
- Factories shall appoint a senior member of management to be responsible for compliance with the Policy. The appointed members of management should be provided with appropriate training and guidelines to support the communication and implementation of the Policy.

5.1.3 Application

- Factories shall enter into undertakings 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 assist in the implementation of the Policy in the Factories, which may include audits and site visits to assess performance against the Policy. The cost of any audit or site visit will be met by the Factory.
- For the purpose of assessing compliance with the Policy, Burberry and/or its authorised representatives, agents or professional advisors must be given unaccompanied access without notice to the Factories at which Burberry goods and/or raw materials (whether in finished form or otherwise) are or have been manufactured, processed, cleaned, stored or otherwise dealt with. Burberry, its authorised representatives, agents or professional advisors must also be given unaccompanied access without notice to Factory premises where any Factory workers may reside. Burberry is committed to working collaboratively with industry partners, Government organisations, Non-Governmental Organisations (NGOs) and trade unions to effectively implement the Policy and use the most relevant techniques to assess policy adherence.

5.1.4 Reporting

- Burberry will report progress in the Burberry annual report.
- Burberry and its Factories will use reasonable endeavours to offer workers and other stakeholders 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 the Policy will be assessed by measurable steps such as onsite inspections of Factories' facilities and practices used in the production of Burberry goods.
- Factories are expected to identify and correct any activities that conflict with the standard of the Policy via verifiable continual improvement programmes agreed by the CR Manager.
- Factories shall immediately report to Burberry, through the local CR Manager or local Managing Director, any serious breaches of the Policy, together with a schedule for corrective action agreed by the CR Manager.
- Where serious breaches of the Policy persist, Burberry will consider termination of the business relationship with the Factory 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 choice and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Worker 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 practical, 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 (safe drinking) water, and, if appropriate, clean sanitary facilities for food storage shall be provided.
- Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- The Factory observing the Policy 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 between 16 and 18 shall not be employed at night or in hazardous conditions (these conditions are subject to 5.2.3).
- Burberry and its Factories 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 clear, written information about their employment conditions in respect to wages before they commence their 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 express 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 or 11 hours on any day and shall be provided with at least 24 consecutive hours off for every 7 day period. 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 a recognised employment relationship established through national law and practice.
- Obligations to workers 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.
- Factories 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

- Factories 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.

5.2.11 Entitlement to Work

- Factories should only employ or use workers with a legal right to work in the country.
 - The Factory must validate, by reviewing original documents and then returning them to the workers, all workers' and employment agency workers' legal right to work.
 - Employment agencies can only supply workers registered with them.
- The Factory is expected to establish a process that effectively monitors the provisions of this paragraph.

5.2.12 Sub Contracting and Home Working

- Factories are not authorised to sub-contract any part of the manufacture of Burberry goods or raw materials without the prior written consent and approval of Burberry.
- Similarly, sub contractors are not authorised to sub-contract any part of the manufacture of Burberry goods or raw materials without the prior written consent and approval of Burberry.
- Homeworking is not authorised without the prior written consent and approval of Burberry.

APPENDICES

Burberry's 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)