



BURBERRY

LONDON ENGLAND

Tom Tugendhat MP
Foreign Affairs Committee
House of Commons
London
SW1A 0AA

09th November 2020

Dear Mr Tugendhat, Ms Ghani and Mr Jones,

Thank you for your letter dated 19th October 2020, inviting Burberry to contribute to the Foreign Affairs and Business, Energy and Industrial Strategy Committees' inquiries into the Xinjiang region.

Please find below our responses to your questions.

Yours sincerely

Andrew Roberts
VP Corporate Relations, Burberry

Foreign Affairs and Business, Energy and Industrial Strategy Committees' Inquiries

1. What is the nature and extent of your company's operations in Xinjiang?

We do not have any operations in Xinjiang, nor work with any suppliers based there.

2. What specific raw materials arriving in UK markets are sourced from Xinjiang?

We do not source any raw materials from Xinjiang. This includes cotton, which we source from the USA, Australia, India, Egypt and Turkey.

3. Are any of your products assembled in factories deemed to be at risk of using forced labour?

We make clear to all of our suppliers that any form of modern slavery, including forced, bonded or involuntary prison labour are not permitted whatsoever, that workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Over the last 16 years, we have implemented programmes to closely monitor labour conditions and safeguard workers in our supply chain. To ensure human rights are upheld across our direct and indirect operations, we require our network of supply chain partners to comply with our Responsible Business Principles.

Since 2016, these Principles have directly addressed modern slavery risks. We incorporate the Principles into our contracts with supply chain partners to ensure the provisions regarding modern slavery are complied with. The Principles are overseen by Burberry's Ethics Committee, which is chaired by our General Counsel.

The Ethics Committee is responsible for developing, implementing, embedding and monitoring the group's business ethics and responsibility policies, practices and performance and for advising the Risk Committee and Audit Committee on such matters. The Committee is made up of senior leaders including from Risk and Internal Audit, Group Finance, Supply Chain, Corporate Relations, Corporate Responsibility and Human Resources, among others.

We published our fifth Modern Slavery Statement in June 2020 which demonstrated our continued commitment to increase the depth and breadth of our Ethical Trading Programme. We have done this by reviewing our policies, developing our due diligence efforts and increasing transparency in our supply chain.

We carry out monitoring and verification activities of our suppliers to support compliance with the Responsible Business Principles and its component policies, including the Ethical Trading Code of Conduct and Human Rights Policy, among others.

Before we approve any new supplier, we assess them for social compliance and any indication of forced, bonded or trafficked labour. For finished goods and key raw material suppliers, we complete a full audit and the results and the remediation plans (if any) are evaluated before a decision on whether or not to approve is taken.

Audits of our suppliers, announced or unannounced, consist of worker interviews, document reviews and site tours, and are repeated periodically to confirm ongoing compliance and continuous improvement.

Between audits, we work closely with suppliers to review the effectiveness of their systems to prevent modern slavery and improve the management of human rights and safety. We share the results of audits with our internal Sourcing teams to drive continuous improvements and facilitate sourcing decisions.

4. Which Chinese companies are involved in your supply chains?

We don't publicly disclose our supply chain partners for commercial reasons.

The majority of our supply chain partners are based in Europe, although our global supply chain also includes companies in China. We have longstanding relationships with most of them and we require all of them to meet international labour standards and local laws, as well as agreeing to our Responsible Business Principles and policies. As mentioned in question 3, these facilities are audited on a regular basis by our local Responsibility teams.

5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?

Our Human Rights Policy was developed with reference to the International Bill of Human Rights and follows the UN Guiding Principles on Business and Human Rights, sets out our procedures to uphold human rights across our workforce, supply chain, communities and customers and includes the mechanisms we use to identify and address instances of potential infringement. Our Human Rights Policy is a component of our Responsible Business Principles which is included within our contractual agreements with our supply chain partners. The CEO is responsible for the Human Rights Policy and the Chair of the Ethics Committee has operational responsibility for human and labour rights and reports into the CEO and the Board.

We have a robust human rights due diligence process and we conduct monitoring and verification activities at every stage of our supply chain to ensure suppliers meet their contractual obligations regarding anti-slavery and anti-human trafficking. Our approach – which includes our Human Rights Impact Assessments, the policies within our contractual agreements (Burberry Responsible Business Principles), our Ethical Trading Audit Programme, our approach to worker voice and wellbeing, training our employees and suppliers on anti-slavery and anti-human trafficking and the group's global governance mechanisms – is outlined below.

We have a dedicated team made up of 35 experts in social and environmental responsibility who are based in the regions where we source our products. We also work with a range of expert, independent organisations and consultants who advise us on ethical trading and human rights in supply chains, such as Ergon Associates and Oxfam, who we have worked with on our Human Rights Impact Assessments and with Impactt on specific supply chain projects. Representatives from Oxfam and Impactt also sit on our external Responsibility Advisory Committee.

Our approach to human rights has been independently recognised by the respected Dow Jones Sustainability Index. Burberry achieved the highest score within the Textile, Apparel and Luxury Goods sector for its processes and procedures surrounding Human Rights in the 2019 Index.

In addition, in 2018, Burberry was awarded “leader status” by The Ethical Trading Initiative, a leading tripartite initiative focused on workers’ rights in global supply chains.

Human Rights Impact Assessments

To ensure ongoing global human rights risk identification we conduct a Human Rights Impact Assessment every two years to confirm potential areas of risk, capture emerging risks in relation to new operations and projects and review or develop mitigation plans as required. New operations and projects are also assessed for human rights risks and impacts when they are initiated as part of our Ethical Trading Programme.

The process involves mapping our own operations and those of our extended supply chain and assessing them in terms of their potential impact on human rights as set out in the Universal Declaration of Human Rights.

For both our FY 2016/17 and FY 2018/19 assessments, we reviewed key findings and mitigation plans with Ergon Associates, a specialist human rights consultancy. In FY 2018/19 and FY 2019/20, we embedded insights from our Human Rights Impact Assessment into our broader Responsibility strategy by developing specific workstreams to further strengthen our programme.

Our Ethical Trading Programme is a key component of our approach to human rights due diligence, which includes conducting ethical trade audits at supplier sites. We develop mitigation plans based on audit findings, as well as the broader risk profile of the supplier and sourcing location and these are evaluated as part of our Human Rights Impact Assessment.

Burberry Responsible Business Principles

Compliance with the Burberry Responsible Business Principles is a requirement of doing business with Burberry. Adherence to the Responsible Business Principles is included in our contracts with supply chain partners. Finished goods manufacturers, subcontractors and raw material suppliers sign a letter of undertaking confirming, amongst other matters, their commitment to the Principles and responsibility to cascade the Principles to their suppliers. We work with our supply chain partners to support their compliance and will act against those that do not demonstrate sufficient commitment to the Principles or are in breach of them.

In the event of a supply chain partner being found to be involved in modern slavery, we would act first to help safeguard the affected worker’s wellbeing and then to support the partner with its remediation process, including any actions to identify and address root cause issues. Should the response of the partner not be sufficient or appropriate, we would then consider terminating the relationship with them.

Ethical Trading Audit Programme

We carry out monitoring and verification activities throughout our finished goods and raw material supply chains 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 supply chain partners and commercial teams each season.

We audit all finished goods manufacturers before we make a decision on whether or not to approve them. In addition, before a manufacturer is approved to produce Burberry finished goods, we assess its compliance with the Principles and applicable local laws and commitment to uphold them. Our Responsibility team must be satisfied that the factory will uphold these standards before giving approval for production to begin.

New raw material suppliers are required to confirm they will adhere to the Principles and comply with applicable local laws. They also agree that we may visit and assess their compliance and that of their suppliers. Before any new raw material supplier is approved to participate in the Burberry supply chain, they are assessed for social compliance and any indication of forced, bonded or trafficked labour.

We conduct announced and unannounced audits. These consist of worker interviews, document reviews and site tours, and are repeated periodically to confirm ongoing compliance and continuous improvement. Worker interviews are always conducted confidentially, and workers are selected at random with fair representation of the workforce, including, for example, union and worker representatives, first aiders and migrant workers. We interview at least 10% of the workers in a factory. Between audits, our Responsibility team works closely with supply chain partners to support them to implement further measures to prevent modern slavery and improve the management of human rights and safety. During the period FY 2019/20, we conducted 631 audits and 71 engagement visits

We collaborate with cross-industry groups, such as the Ethical Trading Initiative's Modern Slavery Working Group and the Business Against Slavery Forum to deepen our insights and ensure continuous improvement. Partnering with such organisations and multi-stakeholder initiatives informs our approach to working with suppliers at each stage of the supply chain.

Worker voice and wellbeing

In addition to our audit programme, we have established free and confidential NGO-run hotlines in our supply chains for workers to raise grievances anonymously. These reports enable us to have a deeper understanding of the risks in our supply chain. Currently, more than 13,000 workers across 31 factories are provided with improved access to remedy and confidential support, including advice and information on workers' rights and wellbeing.

The effectiveness of these hotlines is regularly reviewed. During FY 2019/20, Burberry-sponsored hotlines received 598 enquiries (the majority of which are asking for general advice or personal support) and their resolutions have been monitored closely by our Responsibility team. In locations where hotlines are available, they are provided in the local language and in all appropriate languages where multiple languages are spoken by the workforce.

Our worker wellbeing programme also helps us ensure that our products and materials are sourced ethically. The worker wellbeing programme enables us to capture comments and grievances from workers in our supply chain globally and address issues raised.

We have used a tool we developed with Oxfam to measure worker wellbeing in our supply chain. We have captured comments and feedback from approximately 2,750 workers across 15 facilities globally. The results have been used to develop specific plans for each factory. To date, these plans have focused on the development of human resources management systems, worker and supervisor training programmes and policy implementation.

Training suppliers

In addition, we ensure contractual obligations are understood by training our suppliers on key topics. We provide day-long tailored training to suppliers on identifying and combatting modern slavery. Participants are 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 plans continue to be monitored on an ongoing basis by our Responsibility team. In FY 2018/19, our UK Responsibility team completed an "Investigative Interviewing Skills" course developed and delivered by the Gangmasters Labour Abuse Authority and Stronger Together. The skills learned have been used to improve our ethical trading audit methodology and have provided insight when working with our regional teams.

Training our teams

We also train our internal commercial teams to identify modern slavery risks so that they have a greater level of awareness and are able to engage with our supply chain partners on this topic.

We developed a bespoke modern slavery and labour rights training programme in collaboration with the ethical trade, human rights and labour standards consultancy, Impactt. The training was delivered to key employee groups who interact with Burberry's supply chain networks.

The targeted training helps those travelling to supply chain facilities to be familiar with the risk areas, likely indications of any human rights abuses (including instances of modern slavery) and possible actions to take if an incident of modern slavery is identified. In addition, we have trained members of our Human Resources, Health and Safety, Construction and Fulfilment teams on modern slavery, how to identify it and the appropriate actions to take.

This training has helped raise awareness at Burberry of this topic. So far in FY 2020/21, 120 Burberry employees, who are responsible for supply chain partner relationships and sourcing decisions in our key sourcing regions, have received refresher training on modern slavery indicators and identifying labour rights issues.

Governance

The implementation of our programmes is supported by global policies, cross-functional delivery groups, and guided by our Burberry Responsibility Advisory Committee, comprising external expert stakeholders from non-governmental organisations, social enterprise and an ethical trade, human rights and labour standards consultancy, to ensure we stay focused on the most salient issues and drive real positive impact for the long term.

Our governance structure enables reporting and escalation within the business. Supply chain risks are reported to the Ethics Committee which in turn reports to the Risk Committee which is chaired by our Chief Operating and Financial Officer. The Risk Committee provides regular reports on key risks to the Audit Committee, a Board level committee.

In addition, we established a Sustainability Steering Group in FY 2019/20 to review and oversee our strategy on environmental and social issues. The Sustainability Steering Group convenes at least three times a year and is chaired by the Chief Executive Officer.

For further information in relation to the governance of these committees, please see page 94 of our [Annual Report](#).

6. What is Burberry's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?

Our approach to assessing and scrutinising our supply chains to ensure that materials are ethically sourced is described in response to question 5 above.

Specifically, our approach to assessing and scrutinising our supply chains to ensure that materials are ethically sourced includes our Human Rights Impact Assessments, the policies within our contractual agreements (Burberry Responsible Business Principles), our Ethical Trading Audit Programme, training our employees and suppliers on anti-slavery and anti-human trafficking and the group's global governance mechanisms.

To ensure ongoing global human rights risk identification throughout our raw material supply chains we conduct a Human Rights Impact Assessment every two years to confirm potential areas of risk, capture emerging risks in relation to new operations and projects, and review or develop mitigation plans as required. Further details on this approach can be found in the response to question 5 above.

Further, compliance with the Burberry Responsible Business Principles is a requirement of doing business with Burberry. Adherence to the Responsible Business Principles is included in our contracts with all suppliers, including those providing raw materials.

We carry out monitoring and verification activities throughout our finished goods and raw material supply chains to support compliance with the Principles.

New raw material suppliers are required to confirm they will adhere to the Principles and comply with applicable local laws. They also agree that we may visit and assess their compliance and that of their suppliers.

Before any new raw material supplier is approved to participate in the Burberry supply chain, they are assessed for social compliance and any indication of forced, bonded or trafficked labour.

We conduct announced and unannounced audits. These consist of worker interviews, document reviews and site tours, and are repeated periodically to confirm ongoing compliance and continuous improvement. Worker interviews are always conducted confidentially, and workers are selected at random with fair representation of the workforce, including, for example, union and worker representatives, first aiders and migrant workers. We interview at least 10% of the workers in a factory. Between audits, our Responsibility team works closely with facilities to implement systems to prevent modern slavery and improve the management of human rights and safety. During the period FY 2019/20, we conducted 631 audits and 71 engagement visits.

We collaborate with cross-industry groups, such as the Ethical Trading Initiative's Modern Slavery Working Group and the Business Against Slavery Forum helps us to deepen our insights and target modern slavery and ensure continuous improvement. Partnering with such organisations and multi-stakeholder initiatives informs our approach to working with suppliers at every stage of the supply chain.

As mentioned above, we provide tailored training to our suppliers on identifying and combatting modern slavery. We also train our internal commercial teams to identify modern slavery risks so that they have a greater level of awareness and are able to engage with our supply chain partners, including those providing raw materials.

Our governance structure enables reporting and escalation within the business. Supply chain risks are reported to the Ethics Committee which in turn reports to the Risk Committee within our Board.

The implementation of our programmes is supported by global policies, cross-functional delivery groups, and guided by our Burberry Responsibility Advisory Committee, comprising external expert stakeholders from non-governmental organisations, social enterprise, and an ethical trade, human rights and labour standards consultancy. This ensures we stay focused on the most salient issues and drive real positive impact for the long term.

In addition, we established a Sustainability Steering Group in FY 2019/20 to review and oversee our strategy on environmental and social issues. The group convenes at least three times a year and is chaired by the Chief Executive Officer.

7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?

Where non-compliance with our standards and policies is identified, we seek to work with the supplier and with independent organisations such as local NGOs to find solutions. Where improvements are not made within a given time or there is an unwillingness to address the issue, we may consider terminating a particular business relationship.

The Burberry Partner Non-Compliance Policy is designed to allow partners a reasonable amount of time to rectify any non-compliance with the Principles, to minimise any potential detrimental impact on workers' livelihoods, while always reserving the right to terminate contracts and take any other legal action possible, depending on the nature of the non-compliance. Further details of the Partner Non-Compliance Policy are available here: [Burberry Partner Non-Compliance Policy](#).

To prevent future occurrences, we develop mitigation plans with our suppliers. We also proactively develop human rights risk mitigation plans as part of our Human Rights Impact Assessment process. For our FY 2016/17 and FY 2018/19 assessments, we reviewed key findings and mitigation plans with Ergon Associates, a specialist human rights consultancy.

8. What is your information-gathering process for your Modern Slavery statements, and how do you verify this information?

We gather information from various internal and external stakeholders globally to prepare our annual publicly available Modern Slavery Statement. This includes information from our regional teams on the number of audits and engagement visits conducted over the course of the year. We also collect data from external sources including the trusted partners we work with on our supply chain programmes. This information is then verified internally by members of the Responsibility team in London.

As mentioned previously, key findings and mitigation plans arising from our Human Rights Impact Assessments were reviewed by Ergon Associates, a specialist human rights consultancy. We continue to consult with an international NGO on the findings and mitigation plans.

Supply chain workforce risks are escalated within the business via the Ethics Committee which reports to the Risk Committee, which is chaired by the Chief Operating and Financial Officer. The Risk Committee provides regular reports on key risks to the Audit Committee, a Board level committee. In addition, a Sustainability Steering Group was established in FY 2019/20 to review and oversee our strategy on environmental and social issues. The Sustainability Steering Group convenes at least three times a year and is chaired by the Chief Executive Officer.

Our progress is reported to our external Burberry Responsibility Advisory Committee, comprising expert stakeholders from non-governmental organisations, social enterprise and an ethical trade, human rights and labour standards consultancy, to ensure we stay focused on the most salient issues and drive real positive impact for the long term.

In addition to publishing our Modern Slavery Statement annually in line with the requirements of the Modern Slavery Act (2015) we voluntarily report to a number of NGO and investor indices and benchmarks including the Corporate Human Rights Benchmark, the Workforce Disclosure Initiative, the Ethical Trading Initiative, KnowtheChain, the Business and Human Rights Resource Centre, Fashion Revolution's Transparency Index, FTSE4Good, Sustainalytics and the Dow Jones Sustainability Index.



Foreign Affairs Committee

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From the Chair
Tom Tugendhat MP

Andrew Roberts
Head of Public Affairs
Burberry UK
Letter by email: Andrew.roberts@burberry.com

19 October 2020

Dear Mr Roberts,

We are writing to you following recent reports that parts of Burberry's supply chains include materials and/or labour sourced from the Xinjiang Uyghur Autonomous Region of China. As part of the Foreign Affairs and Business, Energy and Industrial Strategy Committees' inquiries into the Xinjiang detention camps, we are reaching out to a number of businesses to establish a clearer understanding of commercial activity in the region, and what private companies perceive their ethical responsibilities to be in this area.

We would be grateful if you could address the following questions:

1. What is the nature and extent of your company's operations in Xinjiang?
2. What specific raw materials arriving in UK markets are sourced from Xinjiang?
3. Are any of your products assembled in factories deemed to be at risk of using forced labour?
4. Which Chinese companies are involved in your supply chains?
5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?
6. What is Burberry's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?
7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?
8. What is your information-gathering process for your Modern Slavery statements, and how do you verify this information? What is your process for acting on the findings of your Modern Slavery statements?

It would be helpful to have a response to this letter by 9 November. We intend to place your response in the public domain.

Best wishes,

TOM TUGENDHAT MP
CHAIR, FOREIGN AFFAIRS COMMITTEE

Handwritten signature of Nusrat Ghani in blue ink, with a horizontal line underneath.

NUSRAT GHANI MP
BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE

Handwritten signature of Darren Jones in black ink.

DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE