

# Burberry

Burberry has reaffirmed its commitment to find alternatives to incinerating surplus stock in the midst of the coronavirus pandemic and set a science-based carbon reduction target. EOS has been engaging with the company on these topics since 2018.



*ESG is a core part of Burberry's strategy, has been for many years and is integral to the management's new incentive structure. We engage with customers and investors alike to ensure best practice is adopted. Our dialogue with EOS was constructive and helpful as we developed stretched but measurable targets around sustainability and the decisions made around destroying unsaleable finished goods.*

– Pamela Batty, Vice President Corporate Responsibility, Burberry

## Background

During the middle of 2018, the BBC reported that Burberry, a British luxury fashion company, destroyed unsold clothes, accessories and perfume worth £28.6m to protect its brand. The public outcry that followed highlighted the resource intensity and environmental impact of apparel production and had a negative impact on the consumer reputation of the company. We were concerned as to how this would impact the brand value and long-term sustainable operations of the company, so it was key for us to play a part in improving this through our engagement.



## Our engagement

Following the press coverage, we raised our concerns regarding the incineration of surplus stock in a call with the company secretary in August 2018. We highlighted the numerous negative environmental and societal impacts of the textile industry. We shared a research report estimating that without changes, the fashion industry could use up as much as a quarter of the world's carbon budget by 2050. We strongly suggested

## Sustainable Development Goals



Engagement objective

**Environmental:**

Climate change

Circular economy

the company consider the Science Based Targets initiative (SBTi) to set carbon reduction targets in line with the Paris Agreement. Our discussion with the company secretary was followed by multiple meetings and calls with the vice president of corporate responsibility and the vice president of investor relations in 2019. In that year, the company shared that it had made a commitment to set science-based targets within the next two years. We commended the company announcing science-based targets in a face-to-face meeting with the vice president of corporate responsibility at the Burberry offices in London in August 2019. These targets would be aligned with its "Creating Tomorrow's Heritage" sustainability strategy initially launched in 2017 and its goal is to ensure 100% of products have more than one positive attribute by 2022. Furthermore, the company informed us that it was exploring recycling and alternative uses for garments and had joined the Ellen MacArthur Make Fashion Circular Initiative.

After initial disruption from the coronavirus pandemic in spring 2020, we continued our dialogue with the company to discuss its climate ambitions and circular approaches. In a video call with the vice president of corporate responsibility and the vice president of investor relations in June 2020, we focussed on the potential impact the pandemic could have on progressing towards sustainability targets and commitments to stop the practice of surplus stock incineration. We followed up on our previous conversations about alternatives for unsold stock which included reducing inventory, selling stock through outlet channels and employee sales, and donating to a charity.

## Changes at the company

Burberry announced that it has set carbon reduction targets approved by the Science Based Targets initiative in June 2019. Building on its commitment to become carbon neutral in its operational energy use by 2022, the company has set targets to reduce absolute scope 1 and 2 greenhouse gas emissions 95% by 2022 and absolute scope 3 emissions 30% by 2030, from a 2016 baseline. These targets have been approved by the SBTi and the company explained that targets for scopes 1 and 2 are consistent with reductions required to keep warming to 1.5°C in line with the Paris Agreement. We were also encouraged that it is undertaking cross-functional workshops on scenario analysis and that it presented work on alignment with the Task Force on Climate-related Financial Disclosures at a board meeting.

Burberry has also reaffirmed its commitment initially made in September 2019 to finding alternatives to incinerating surplus stock, in our recent conversation with the vice president of corporate responsibility and vice president of investor relations around the coronavirus pandemic increasing the risk of stock surplus in 2020. Through its collaboration with the Ellen MacArthur Foundation, the company has promised that all its plastics packaging will be recycled, recyclable or compostable by 2025 and has relaunched its consumer-facing packaging. Furthermore, the company launched its "Re-Burberry" edit which is made from innovative materials and introduced sustainable labelling in April 2020.



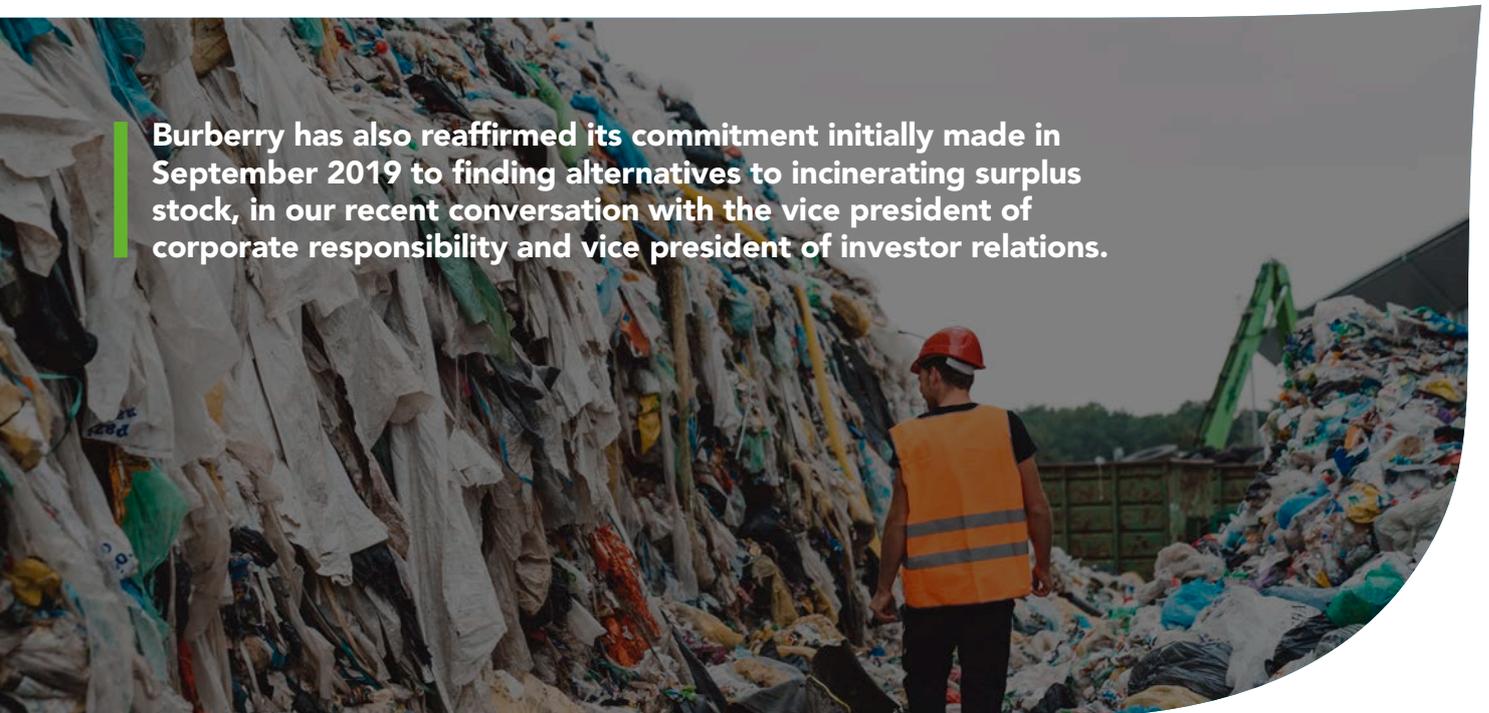
**We strongly suggested the company consider the Science Based Targets initiative (SBTi) to set carbon reduction targets in line with the Paris Agreement.**

### Next steps

We continue our dialogue on the environmental impact of the apparel industry and circular innovation with Burberry, as well as discussing labour rights and protecting staff in the light of the ongoing pandemic.



**Lisa Lange**  
Engagement  
EOS



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