Supply Chain Disclosure

Disclosure under the California Transparency in Supply Chains Act and UK Modern Slavery Act

This Statement relates to our fiscal year ended March 30, 2019 (“fiscal 2019”) except as otherwise updated herein. This Statement describes the activities of Capri Holdings Limited and its consolidated subsidiaries (collectively, “Capri Holdings,” the “Company,” “we” or “our”) to address modern slavery risks in our business and supply chains. We have prepared a single consolidated statement for all of our brands because we generally employ the same modern slavery policies and compliance program across our entire business.

As used in this statement, “modern slavery” encompasses the risks posed by forced labor, prison labor, indentured labor, bonded labor, debt servitude, state imposed forced labor and human trafficking, where coercion, threats or deception are used to intimidate, penalize or deceive workers, thereby creating situations of involuntary work and exploitation. Modern slavery may also be associated with the worst forms of child labor.

We conduct business in over 100 countries and most of our consolidated subsidiaries are not subject to the California Transparency in Supply Chains Act or the UK Modern Slavery Act.

Business Overview

Our Company

Capri Holdings is a global fashion luxury group, consisting of iconic brands that are industry leaders in design, style and craftsmanship. Our brands cover the full spectrum of fashion luxury categories including women’s and men’s accessories, footwear and ready-to-wear, as well as wearable technology, watches, jewelry, eyewear and a full line of fragrance products. Our goal is to continue to extend the global reach of our brands while ensuring that they maintain their independence and exclusive DNA.

At the end of fiscal 2019, we had approximately 17,797 employees, consisting of approximately 11,096 full-time employees and approximately 6,701 part-time employees, with approximately 14,319 of our employees engaged in retail selling and administrative positions, and the remaining employees engaged in other aspects of the business. As of the end of fiscal 2019, most of our employees were located in the Americas (primarily in the United States), with the remainder located in Europe and Asia.

Our Brands

Versace

Versace has long been recognized as one of the world’s leading international fashion design houses and is synonymous with Italian glamour and style. Founded over 40 years ago in Milan, Italy, Versace is known for its iconic and unmistakable style and unparalleled craftsmanship. Over the past several decades, the House of Versace has grown globally from its roots in haute couture, expanding into the design, manufacturing, distribution and retailing of ready-to-wear, accessories, footwear, eyewear, watches, jewelry, fragrance and home furnishings businesses. Versace distributes its products through a worldwide distribution network which includes around 190 company-operated boutiques in some of the world’s most glamorous cities.

We completed our acquisition of Versace on December 31, 2018. It is generally our group’s policy that recently acquired brands have one year from the date of acquisition to adopt and implement our factory social compliance program as further discussed below.
Jimmy Choo

The Jimmy Choo brand, founded over 20 years ago, today enjoys a leading position in the expanding luxury footwear market and an expanding presence in the luxury accessories space. Since its inception in 1996, Jimmy Choo has offered a distinctive, glamorous and fashion-forward product range, enabling it to develop into a leading global luxury accessories brand, whose core product offering of women's luxury shoes is complemented by accessories, including handbags, small leather goods, scarves and belts, as well as a growing men's luxury shoes and accessories business, as well as fragrances, sunglasses and eyewear. Jimmy Choo has a global store network encompassing more than 200 company-operated stores and is present in the most prestigious department and specialty stores worldwide.

Michael Kors

The Michael Kors brand was launched over 35 years ago by Mr. Michael Kors, whose vision has taken it from its beginnings as an American luxury sportswear house to a global accessories, footwear and apparel company with a presence in over 100 countries through approximately 850 company-operated retail stores, e-commerce sites, leading department stores, specialty stores and select licensing partners. Michael Kors offers three primary collections: the Michael Kors Collection luxury line, the MICHAEL Michael Kors accessible luxury line and the Michael Kors Mens line. The Michael Kors Collection line establishes the aesthetic authority of the entire brand and is carried in many of our Michael Kors retail stores, on our Michael Kors e-commerce sites, and in the finest luxury department stores in the world. Our accessible luxury goods line MICHAEL Kors has a strong focus on accessories, in addition to offering footwear and apparel and is carried in all of our Michael Kors lifestyle stores, as well as leading department stores throughout the world. We also continue to develop our Michael Kors Mens business in recognition of the significant opportunity afforded by our Michael Kors brand’s established fashion authority and the expanding men’s market, and have recently entered into men's footwear.

Supply Chain Structure

We have a multi-supplier strategy that provides specialist skills, scalability, flexibility and speed to market, as well as diversifies risk. All of our products are produced according to our specifications. We generally contract for the purchase of finished goods principally with independent third-party manufacturing contractors. The manufacturing contractor is generally responsible for the entire manufacturing process, including the purchase of piece goods and trim for our Jimmy Choo and Michael Kors brands. For the Versace brand, some of the piece goods and trim are separately purchased by Versace and provided to its third-party manufacturing contractors, and some are sourced directly by the third-party manufacturing contractors, as further described below. The third-party manufacturing contractors and agents for our brands operate under the close supervision of our global manufacturing divisions and buying agents located in North America, Europe and Asia. We also license to third-parties the right to use our brands’ trademarks and other intellectual property on certain products such as watches, jewelry, eyewear and fragrance, as an example. These third-party product licensees are responsible for the entire manufacturing process.

Versace has a centrally managed production model for the majority of its products, and buys raw materials and components for these products. All the raw materials arrive in a central warehouse owned by Versace, and operated by a third-party, in Novara, Italy, and are distributed to independent third-party manufacturing contractors after the quality control process is completed. The vast majority of Versace’s production is located in Italy. The remaining production occurs in Bulgaria, Romania, Turkey, Tunisia, elsewhere in Europe and a small portion is produced in Asia.

Jimmy Choo products are also manufactured by independent third-party manufacturing contractors. Most of Jimmy Choo’s products are produced by specialists in the Florence and Veneto regions of Italy with a small portion produced in Spain and China. Jimmy Choo has a product development facility in Florence. Jimmy Choo also has a 33% ownership interest in one factory located in Italy, which is dedicated to Jimmy Choo production. Jimmy Choo typically only purchases finished goods and does not purchase raw materials, except for development purposes.

Michael Kors contracts for the purchase of finished goods principally with independent third-party manufacturing contractors that are generally responsible for the entire manufacturing process, including the purchase of piece goods and trim. Product manufacturing for the Michael Kors brand is allocated among third-party manufacturing contractors based on their capabilities, the availability of production capacity, pricing and delivery. Michael Kors
also has relationships with various buying agents who source finished goods with numerous manufacturing contractors on its behalf. By dollar volume, nearly all of Michael Kors products were produced in Asia in fiscal 2019.

Risks of Slavery and Human Trafficking in Supply Chain

Due to the nature of our workforce and the locations of most of our employees, we believe that the risks of modern slavery in our own business are remote. While there are risks inherent with third-party manufacturing, we have established the compliance and other procedures discussed herein to mitigate the risks of modern slavery in our product supply chains. Our approach is to focus on our direct (tier 1) suppliers, since this is the level of the supply chain where we believe that we have the most influence and can therefore be the most effective.

Commitment to Ethics; Codes of Conduct

We are committed to principles of ethical business practice and recognition of the dignity of others, including responsible labor practices.

Employee Code

We have a Code of Business Conduct and Ethics (the “Employee Code”) that applies to our employees, officers and directors. In addition to indicating that employees, officers and directors must respect and obey the laws where the Company operates, the Employee Code indicates that we are committed to a work environment in which all individuals are treated with respect, that we prohibit discriminatory practices and that we are committed to providing a safe, healthy and comfortable workplace for all employees. New employees are provided with a copy of the Employee Code upon hire, and we provide regular, bi-annual training to employees on our Code of Conduct. A copy of the Employee Code is also available on our website at www.capriholdings.com. Failure to comply with the Employee Code may result in corrective action up to and including termination of employment with the Company. For a copy of the Employee Code, please see here.

Supplier Code

We also have a Code of Conduct that is applicable to all of the Company’s suppliers (including our third-party manufacturing contractors and product licensees) (the “Supplier Code”). The Supplier Code expressly prohibits the use of any form of slave, forced, bonded, indentured, or prison labor in any stage of the manufacture of our products. All work must be voluntary and workers must be free to terminate their employment at any time, without penalty. Involuntary labor includes the transportation, harboring, recruitment, transfer, receipt, or employment of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for the purpose of exploitation.

The Supplier Code provides that suppliers must ensure that no fees or costs have been charged, directly or indirectly, in whole or in part, to job-seekers and workers for their services directly related to recruitment for temporary or permanent job placement, including when using the services of private recruiters, labor brokers or employment agents or performing recruitment activities directly. Workers must not be required to pay employers’ or their agents’ recruitment fees or other similar fees to obtain their employment (such as host country fees like levies, fees for work permits, or fees for renewing work documents, or home country fees like visa fees, medical checks, or any other costs that are not the legal responsibility of the worker). We require that our suppliers must repay these fees to the worker if found to have been paid by workers. Our suppliers must also ensure that the third-party recruitment agencies (including labor brokers) they use are compliant with the provisions of the Supplier Code and applicable law, and must provide us with a list of the recruitment agencies they are using and the amount of fees being paid to such agencies.

Workers must receive a written contract in a language understood by the workers stating in a truthful, clear manner their rights and responsibilities in connection with their employment. Our suppliers may not retain any documents or demand monetary deposits or other collateral as a condition of employment. Workers must not be subject to the withholding of wages, original identification cards, original passports or other original travel documents or personal belongings. In addition, the Supplier Code provides that our suppliers must comply with all laws regulating local wages, work hours and benefits.
Our factory social compliance program requires that we communicate the Supplier Code initially as part of our supplier onboarding process and thereafter periodically from time to time, including when there are updates. The Supplier Code is also available on our website at www.capriholdings.com.

Pursuant to our factory social compliance program, all of the Company’s suppliers are required to certify compliance with the Supplier Code in writing. We also generally require that the terms of any contracts with our suppliers also include an undertaking to comply with our Supplier Code. In the event of a violation of the Supplier Code, we reserve the right to either terminate our relationship with the supplier or to work with the supplier to implement corrective action to remedy the non-conformance.

We expect our suppliers for recently acquired brands to be in compliance with our factory social compliance program within one year from the date of acquisition. In cases where full compliance by this date is challenging for one or more business partners of a recently acquired company, we will nonetheless continue to work with business partners that are honest, transparent and committed to making continuous improvements towards compliance.

For a copy of the Supplier Code, please see here.

Verifications of Product Supply Chains to Address and Evaluate Risks of Modern Slavery

As part of our risk assessment, we conduct preliminary inspections of each new manufacturing facility and require detailed questionnaires from potential manufacturers. When assessing the risks of modern slavery at a manufacturing facility, we also consider that facility’s geographic location and the nature of the manufacturing activities for us, including the anticipated production volume. As previously stated, we expect our recently acquired brands to be in compliance with our factory social compliance program, including the risk assessment and audit process (discussed below), within one year from the date of acquisition.

Audits

We have an audit program under which audits of manufacturing contractors are conducted by an independent third-party auditor. Third-party manufacturing contractors are selected for audits each year based on the risk assessment described above and the results of prior audits. Manufacturing contractors are subject to announced audits at least every three years and unannounced audits as the circumstances warrant.

As part of the audit, the independent third-party auditor evaluates, among other things, a manufacturing contractor's compliance with wage, hour and labor laws and health, safety and environmental regulations, as well as the working and other conditions within the facility. During the audit, the independent third-party auditor will visit and inspect the site, conduct interviews with supervisors, managers and workers at the facility (without supervisors and managers present), and review relevant books and records of the third-party manufacturer. The audit also covers a review of records of all migrant workers at the facility, including, date of arrival, contract terms (including copies of employment agreements), employment history, anticipated and actual date of return, and recruitment fees paid for the last three years or such longer time period as may be required by law (together with copies of all recruitment agency or labor broker agreements). If fees are required to be reimbursed by the supplier pursuant to the Supplier Code, we will disclose in future disclosures our efforts to ensure that workers were reimbursed for the fees in accordance with the Supplier Code.

In most instances, where an audit deficiency is identified, corrective action is required on a specified timeline, followed by validation by the Company or its auditor that the deficiency has been remedied, including, if necessary through a re-audit of the manufacturing facility. In the case of a serious violation of the Supplier Code, termination of the Company’s relationship with the manufacturer may occur, particularly where corrective action is either not possible or determined to be an insufficient remedy.

Internal Accountability and Training

All employees are required to undergo compliance and ethics training, including with respect to the Employee Code, upon hire, and on a bi-annual basis thereafter. In addition, the Company’s directors and officers are required to complete an annual certification attesting that they know and understand the requirements of the Employee Code.
Employees are encouraged to raise any concerns and have multiple channels to do so, including through an ethics hotline staffed by independent third-party operators. The Company’s ethics hotline is also made available for external stakeholders. Contact information for the ethics hotline is available here.

The Company also requires all employees and management who have direct responsibility for supply chain management to take a course directed at raising awareness regarding the risks of human trafficking and slavery in supply chains, identifying potential risks and addressing those risks when human trafficking and slavery may be suspected.

We have internal accountability standards and procedures for employees and suppliers that fail to comply with our policies relating to modern slavery. Violations of the Employee Code can result in dismissal of the employee and, as earlier noted, violations of the Supplier Code can result in termination of our relationship with the supplier.

The following Capri Holdings entities are required to publish a statement under the UK Modern Slavery Act: Michael Kors (UK) Limited, Jimmy Choo Group Limited (for and on behalf of all relevant affiliates) and Versace U.K. PLC. This statement was approved by the board of directors of each of the subject entities on June 14, 2019 and signed by a director of each such entity on June 14, 2019. For a signed copy of this statement that indicates the names and job titles of the signatories, please see here.

Michael Kors (UK) Limited

By: Cedric Wilmotte, Director

Jimmy Choo Group Limited (for and on behalf of all relevant affiliates)

By: Pierre Denis, Director

Versace U.K. PLC

By: Barbara Nardi, Director