

# CORPORATE SOCIAL RESPONSIBILITY REPORT STANDARDS SUPPLEMENT

APRIL 2020

**CAPRI**  
HOLDINGS LIMITED

VERSACE

JIMMY CHOO

MICHAEL KORS

# Capri Holdings Limited Standards Supplement

This Capri Holdings Limited Standards Supplement includes a reference to the Sustainability Accounting Standards Board index for the Apparel, Accessories & Footwear industry. The Sustainability Accounting Standards Board is an independent, private sector standards-setting organization dedicated to enhancing the efficiency of capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs.

This Supplement was developed in conjunction with the Capri Holdings Limited (“Capri”, “Capri Holdings”, “company”, “we”, or “our”) April 2020 Corporate Social Responsibility Report (the “Report”).

METRIC DESCRIPTION	CODE	RESPONSE
<b>RAW MATERIALS SOURCING</b>		
Description of environmental and social risks associated with sourcing priority raw materials	CG-AA-440a.1	<p>Our primary risks are social and labor conditions of facilities and factories where we directly source our raw materials, as well as chemical management and water use, particularly in our leather supply chain.</p> <p>To reduce our risks associated with sourcing leather, which is the material most important to our business, we partner with organizations such as the Leather Working Group and are exploring innovative and environmentally responsible alternatives to leather, as discussed on page 9 of the Report.</p>
Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	CG-AA-440a.2	The raw material most important to our business is leather. We estimate that for calendar year 2019, approximately 94% of our leather was sourced from Leather Working Group Bronze Certified (or above) tanneries, or tanneries achieving comparable certification. Note that this figure does not account for all exotic skins and small leather components. For more on our leather sourcing strategy, see page 9 of the Report.
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	CG-AA-000.A	<p>At the end of FY19, we had 464 active finished goods suppliers (Tier 1 suppliers). We strive to have 95% traceability of fabric, trim and hardware suppliers and processing units (Tier 2 suppliers) by 2025.</p> <p>For additional information on transparency across our supply chain, see page 6 of the Report.</p>

## MANAGEMENT OF CHEMICALS IN PRODUCTS

Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	We have a comprehensive chemical management and testing compliance program that requires suppliers’ compliance with applicable regulations and legislation including the European Union’s Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and the State of California’s Proposition 65. Suppliers must abide by the requirements contained in our relevant production manuals and restricted substances lists. We use independent third-party labs that are accredited and certified for all testing.
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2	<p>Our process for assessing and managing risks and/or hazards associated with chemicals in products is described above.</p> <p>For additional information on our Chemical Management Program, see page 16 of the Report.</p>

## ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	CG-AA-430a.1	We engage independent third-party auditors to conduct audits of direct suppliers as part of our Factory Compliance Program to ensure, amongst other things, responsible wastewater discharge in line with permit requirements.
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	CG-AA-430a.2	We became a Member of the Sustainable Apparel Coalition at the end of 2019. In line with our duties as a Member, we will ensure completion of the Higg FEM by at least 1 - 10% of Tier 1 supplier facilities during our first year of membership.

METRIC DESCRIPTION	CODE	RESPONSE						
<b>LABOR CONDITIONS IN THE SUPPLY CHAIN</b>								
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	<p>As a part of our Factory Compliance Program, we conduct preliminary inspections of each new Tier 1 supplier facility and require detailed questionnaires from potential suppliers. We have an audit protocol under which audits of direct supplier facilities are conducted by an independent third-party auditor. Suppliers are selected for audits each year based on a risk assessment and the results of prior audits. Direct suppliers are subject to announced audits at least every three years and unannounced audits as the circumstances warrant.</p> <p>Finished goods suppliers are considered Tier 1 suppliers. Tier 2 suppliers include fabric, trim and hardware suppliers and processing units, and Tier 3 suppliers include raw material suppliers. We strive to have 95% traceability of Tier 2 suppliers by 2025.</p> <table border="0"> <tr> <td>Active Tier 1 supplier facilities audited</td> <td>26.7%</td> </tr> <tr> <td>Active supplier facilities beyond Tier 1 audited</td> <td>27 audits conducted</td> </tr> <tr> <td>Audits conducted by an independent third-party auditor</td> <td>100%</td> </tr> </table> <p>The above values reflect audits conducted during our FY19.</p> <p>Recently acquired brands have a transition period to allow for the adoption of our Factory Compliance Program, including our robust audit protocol. For additional information on our Factory Compliance Program, see pages 7 and 8 of the Report.</p>	Active Tier 1 supplier facilities audited	26.7%	Active supplier facilities beyond Tier 1 audited	27 audits conducted	Audits conducted by an independent third-party auditor	100%
Active Tier 1 supplier facilities audited	26.7%							
Active supplier facilities beyond Tier 1 audited	27 audits conducted							
Audits conducted by an independent third-party auditor	100%							
Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	CG-AA-430b.2	<p>We require all direct suppliers to have a collaborative approach and commitment to resolving instances of non-compliance with our Factory Compliance Program standards prior to producing for our brands. We review all non-compliance issues with suppliers and require they be addressed in a timely manner. Audits in which issues are identified have corrective action plans that are later verified.</p> <p>No zero-tolerance issues were identified in connection with any FY19 audit.</p> <p>Of the corrective action plans issued and associated with FY19 audits, 15.6% dropped out of the remediation program due to sourcing decisions; 31.1% are currently in remediation; and 53.3% were remediated.</p> <p>For additional information on our Factory Compliance Program, see pages 7 and 8 of the Report.</p>						
Description of the greatest (1) labor and (2) environmental, health and safety risks in the supply chain	CG-AA-430b.3	<table border="0"> <tr> <td>Labor:</td> <td>Wages and Working Hours</td> </tr> <tr> <td>Environmental, health and safety:</td> <td>Fire Safety and Chemical Management</td> </tr> </table>	Labor:	Wages and Working Hours	Environmental, health and safety:	Fire Safety and Chemical Management		
Labor:	Wages and Working Hours							
Environmental, health and safety:	Fire Safety and Chemical Management							

# CAPRI

HOLDINGS LIMITED

VERSACE

JIMMY CHOO

MICHAEL KORS