

# CAPRI

HOLDINGS LIMITED

## CORPORATE GOVERNANCE GUIDELINES

(Amended and Restated as of January 1, 2019)

The following guidelines have been approved by the Board of Directors (the “Board”) of Capri Holdings Limited, a company incorporated under the laws of the British Virgin Islands (the “Company”), and, together with the charters of the Board’s committees, provide the framework for the governance of the Company. The Board will review these guidelines and other aspects of the Company’s governance periodically as it deems necessary.

### **I. The Board of Directors.**

#### **A. Membership.**

1. Size of Board. The Board’s optimum size is between 5 and 12 members.
2. Majority of Independent Directors. The Board shall be comprised of a majority of directors that meet the independence requirements of the New York Stock Exchange listing standards (the “Listing Standards”). The Board must determine, based on all the relevant facts and circumstances, whether each director satisfies the criteria for independence and, if required, must disclose each of these determinations. To the extent required, any determination of independence for a director who does not meet these standards must be specifically explained. The Board has established the guidelines set forth in Exhibit A hereto to assist it in determining director independence under the Listing Standards.

Each “independent” director of the Board shall promptly notify the Chairman of the Board if any actual or potential conflict of interest arises between such director and the Company that may impair such director’s independence. If a conflict exists and cannot be resolved, such director should submit to the Board written notification of such conflict of interest and an offer of resignation from the Board and each of the committees on which such director serves. The Board need not accept such offer of resignation; however, the submission of such offer of resignation provides the opportunity for the Board to review the appropriateness of the continuation of such individual’s membership on the Board. In some cases, it may be appropriate for such director to be replaced as a member of one or more of the committees on which he or she serves but be retained as a director.

3. Board Membership Criteria.

(a) Background. The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. This assessment will include an individual's independence, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board.

(b) Simultaneous Service. Each person serving as a director must be able to devote the time and attention necessary to fulfill the obligations of a director. A director who also serves as the CEO of the Company should not serve on more than two boards of other public companies in addition to the Company's Board. A director who is considering joining another for-profit board (whether public or private) or committees thereof must notify the Chairman of the Board and the Chair of the Governance and Nominating Committee regarding such proposed board service or assignment to any other company's audit or compensation committee prior to joining such board or serving on such committee. Directors, other than the CEO, should not serve on more than four other boards of public companies in addition to the Company's Board, and no Audit Committee member may serve on the audit committee of more than three other public companies, without the prior approval of the Board.

(c) Financial Literacy. Directors should know how to read and understand fundamental financial statements and understand the use of financial ratios and information in evaluating the financial performance of the Company.

(d) Experience. The Board seeks members that have demonstrated experience in and knowledge of corporate governance issues and the duties of directors to the Company and its shareholders.

(e) Character. The Board seeks members of good character that possess the following personal characteristics:

- *Integrity*: Directors should demonstrate high ethical standards and integrity in their personal and professional dealings;
- *Accountability*: Directors should be willing to be accountable for their decisions as directors;
- *Judgment*: Directors should possess the ability to provide wise and thoughtful counsel on a broad range of issues;
- *Responsibility*: Directors should interact with each other in a manner which encourages responsible, open, challenging and inspired discussion;

- *High Performance Standards:* Directors should have a history of achievements which reflects high standards for themselves and others;
- *Commitment and Enthusiasm:* Directors should be committed to, and enthusiastic about, their performance for the Company as directors, both in absolute terms and relative to their peers; and
- *Courage:* Directors should possess the courage to express views openly, even in the face of opposition.

(f) Expectations. Each Director will be expected to:

- dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties;
- comply with the duties and responsibilities set forth herein and in the organizational and governing documents of the Company;
- comply with all duties of care, loyalty and confidentiality applicable to directors of publicly-traded companies organized in the British Virgin Islands; and
- adhere to the Company's Code of Business Conduct and Ethics, including, but not limited to, the policies on conflicts of interest expressed therein.

Exceptional candidates who do not meet all of these criteria may still be considered.

4. New Directors. Nominees for directorship will be selected by the full Board (including the Chairman), based upon the recommendation of the Governance and Nominating Committee in accordance with these guidelines and the policies and procedures in the Company's organizational and governing documents.
5. Director Elections. In accordance with the Company's memorandum and articles of association, directors must be elected by a majority vote of the shareholders. In the event an incumbent director fails to receive a majority vote in an uncontested election, such incumbent director shall tender a resignation letter. The Governance and Nominating Committee shall make a recommendation to the Board as to whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board shall act on the resignation, taking into account the Governance and Nominating Committee's recommendation, and publicly disclose its decision regarding the resignation within ninety (90) days

following certification of the election results. The Governance and Nominating Committee, in making its recommendation, and the Board, in making its decision, may consider any factors and other information that they consider appropriate and relevant, including, without limitation, the stated reasons why shareholders voted “against” such director, the director’s length of service and qualifications, the director’s contributions to the Company, compliance with applicable New York Stock Exchange rules and listing standards, and these Corporate Governance Guidelines.

An incumbent director who fails to receive a majority of vote in an election that is an uncontested election and who tenders his or her resignation pursuant to these Corporate Governance Guidelines shall remain active and engaged in Board activities while the Governance and Nominating Committee and the Board decide whether to accept or reject such resignation, or whether other action should be taken; provided, however, it is expected that such incumbent director shall not participate in any deliberations by the Governance and Nominating Committee or the Board regarding whether to accept or reject such director’s resignation, or whether to take other action with respect to such director.

6. Retirement.

(a) Term Limits. The Board does not favor term limits for directors, as it believes such limits deprive the Board of important knowledge and experience. The Board does believe that it is important to monitor overall Board performance, and therefore the full Board (including the Chairman) shall review each director’s continuation on the Board in connection with such director’s potential re-nomination for an additional three year term, taking into account the results of the Board’s most recent self-evaluation, the results of voting by shareholders in director elections, the director’s participation in and contributions to the activities of the Board and any other factors deemed appropriate by the Governance and Nominating Committee. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

(b) Retirement Policy. The Board does not favor a mandatory retirement age for directors, but the continued tenure for each director shall be re-considered at the end of his or her term, taking into account the results of the Board’s most recent self-evaluation, the results of voting by shareholders in director elections, the director’s participation in and contributions to the activities of the Board and any other factors deemed appropriate by the Governance and Nominating Committee.

(c) Resignation Policy – Management Directors. As a general rule, a management director should not serve beyond the date he or she retires or resigns as a full-time officer of the Company. Consequently, a management

director shall offer to resign from the Board upon his or her resignation, removal or retirement as an officer of the Company.

(d) Directors Changing Their Present Job Responsibilities. The Board expects directors to notify the Chairman and offer to resign from the Board upon a change in their business position, including, without limitation, retirement from the position held at the time of their original nomination. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of such directors' Board membership under the circumstances.

## **B. Board Conduct.**

1. Directors' Duties. The Board is elected by shareholders to provide oversight and strategic guidance to senior management. The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's officers, employees, outside advisors and independent registered public accounting firm. The Board selects and oversees the members of senior management, to whom the Board delegates the authority and responsibility for the conduct of the day-to-day operations of the business.

Directors are expected to attend Board meetings and meetings of the committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are expected to review meeting materials prior to Board and committee meetings and, when possible, should communicate in advance of meetings any questions or concerns that they wish to discuss so that management will be prepared to address the same. Each director's attendance at, and preparation for, Board meetings and meetings of committees on which they serve, shall be considered by the full Board (including the Chairman) when recommending director nominees.

2. Board Meetings.

(a) Selection of Agenda Items and Executive Sessions. The Chairman and Chief Executive Officer should establish the agenda for Board meetings, which shall be approved by the Lead Director (as defined below). Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will meet at least quarterly in executive session without management directors and any members of the Company's management, whether or not they are directors,

who may otherwise be present. The Lead Director shall serve as the presiding director for the executive session, and his or her name shall be disclosed in the annual proxy statement required to be filed by the Company with the U.S. Securities and Exchange Commission (the “SEC”). The annual proxy statement required to be filed with the SEC shall also disclose how interested persons may communicate with the Lead Director or the non-management directors as a group. If requested by major shareholders, the Lead Director will ensure availability for consultation and direct communication. In addition, at least annually, only the independent directors shall meet in executive session.

(b) Distribution of Materials. The Company shall distribute written materials for use at Board meetings, which shall in all events include recent financial information, sufficiently in advance of such meetings to permit meaningful review.

(c) Attendance of Non-Directors. The Board believes that attendance of key executive officers at Board meetings augments the meeting process. Key executive officers may regularly attend meetings of the Board depending on the meeting agenda, except where such attendance is prohibited by regulatory requirements.

(d) Number of Meetings. The Board shall hold a minimum of 4 meetings per year.

3. Conflicts of Interest. Directors shall avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Company annually solicits information from directors in order to monitor potential conflicts of interest and directors are expected to be mindful of their fiduciary obligations to the Company.
4. Share Ownership by Directors. The Compensation and Talent Committee has established share ownership guidelines for the Company’s non-employee directors. The guidelines provide that each non-employee director must attain ownership of a specific number of shares in an amount equal to at least five times their annual cash retainer within five years from the later of implementation of the share ownership guidelines or the date such non-employee director joins the Board.
5. Director Compensation. The form and amount of director compensation will be determined by the Board (upon recommendation of the Compensation and Talent Committee in accordance with the policies and principles set forth in its charter). The Board is aware that questions as to directors’ independence may be raised when directors’ fees and emoluments exceed what is customary. Similar concerns may be raised when the Company makes substantial charitable contributions to organizations with which a director is affiliated or enters into consulting

contracts with (or provides other indirect forms of compensation to) a director. The Board will evaluate each of these matters when determining the form and amount of director compensation and will ensure that such payments do not violate the applicable independence requirements of the New York Stock Exchange.

6. Orientation and Continuing Director Education. At such time as a director joins the Board, the Chairman will provide appropriate orientation for the new director, including by arranging meetings with management and by providing such new director with materials or briefing sessions on subjects that would assist such director in discharging his or her duties as a director. The Board also considers it desirable that directors participate in continuing education opportunities and considers such participation an appropriate expense to be reimbursed by the Company.
7. Assessing Board Performance. The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Chairman will receive comments from all directors as to the Board's performance and report annually to the Board with an assessment of the Board's performance following the end of each fiscal year.
8. Access to Officers and Employees. Board members have complete and open access to the Company's Chief Executive Officer, Chief Financial Officer and General Counsel. Board members who wish to have access to other members of management may coordinate such access through one of the foregoing or may contact such members of management directly.
9. Interaction with Third Parties. The Board believes that management should speak for the Company and that the Chairman should speak for the Board. In order to ensure compliance with applicable securities laws and to avoid the potential detriment to the interests of the Company and its shareholders and other constituencies that could result from inconsistent communications, the members of the Board will not respond to media inquiries or make statements to the media regarding the Company and its business without consultation with, and approval by, the Chairman of the Board or the other Board members as a group.
10. Board Authority. The Board and each committee have the power to hire independent legal, financial or other advisors, consultants or professionals as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. The Company shall be responsible for payment of the fees and expenses of such legal, financial or other advisors, consultants or professionals.

11. Combination of Chairman and Chief Executive Officer. The positions of Chairman of the Board and Chief Executive Officer may be held by the same individual.
12. Lead Independent Director. The Board believes that it would be beneficial to the Company to designate one of the independent directors as a lead director (the “Lead Director”). The designated Lead Director shall be reviewed by the Board from time-to-time. The duties of the Lead Director shall be to: (i) preside at meetings of the Board in the absence of, or upon the request of, the Chairman, including executive sessions of the non-management directors; (ii) serve as principal liaison to facilitate communications between the other directors and the Chairman, without inhibiting direct communications between the Chairman and the other directors; (iii) consult with the Chairman in the preparation of the annual Board meeting schedule and in determining the need for special meetings of the Board; (iv) suggest to the Chairman agenda items for meetings of the Board and approve the agenda as well as the substance and timeliness of information sent to the Board; (v) call meetings of the non-management directors when necessary and appropriate; (vi) lead the evaluation process and provide feedback to the Chief Executive officer in consultation with the Chair of the Compensation and Talent Committee; (vii) serve as the liaison to shareholders who request direct communications with the Board; (viii) perform such other duties as the Board may from time to time delegate; and (ix) assist in optimizing the effectiveness of the Board and ensure that it operates independently of management.
13. Confidentiality. The Board believes maintaining confidentiality of information and deliberations is imperative. Information learned during the course of service on the Board is to be held confidential and used solely in furtherance of the Company’s business.

### **III. Board Committees.**

1. Number of Committees and Composition. The Board maintains three committees: (i) an Audit Committee, (ii) a Compensation and Talent Committee and (iii) a Governance and Nominating Committee. All members of the Company’s Board committees must meet the independence requirements of the Listing Standards. Audit Committee members must also satisfy the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and the additional independence requirements set forth in the Listing Standards that are applicable to Audit Committee members. Committee members will be appointed by the Board with consideration of the desires, qualifications and independence of the individual directors. The Board may, from time to time, establish and maintain additional committees as necessary or appropriate.



2. Rotation of Committee Assignments and Chairs. The Board does not favor mandatory rotation of committee assignments or chairs. The Board believes experience and continuity are more important than rotation. Committee assignments and the designation of committee chairs should be based on the director's knowledge, interests, areas of expertise and availability, the committee's needs and evolving legal and regulatory considerations.
3. Committee Charters. Each committee shall have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance.
4. Frequency and Length of Committee Meetings; Reporting. The chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. Each committee will generally report to the Board at the next regularly scheduled Board meeting following a committee meeting.
5. Committee Agendas. Committee agendas are prepared based on the committee's charter, expressions by committee members and recommendations of management. Committee chairs give substantive input to, and approve final agendas prior to, committee meetings.

#### **IV. Chief Executive Officer Evaluation and Management Succession.**

1. CEO Compensation. The Compensation and Talent Committee will conduct an annual review and approve corporate goals and objectives relevant to Chief Executive Officer compensation and set the Chief Executive Officer's compensation level based on this evaluation in accordance with the policies set forth in the charter of the Compensation and Talent Committee.
2. Succession. At least annually, the Board, based upon recommendations from the Governance and Nominating Committee, shall work with the Chairman of the Board and the Chief Executive Officer to plan for Chief Executive Officer succession, as well as to develop plans for interim succession for the Chief Executive Officer in the event of an emergency or retirement. Similar succession planning shall also occur with respect to other key management positions.

## Exhibit A

### Categorical Independence Standards

(A) The following commercial or charitable relationships will not be considered material relationships that would impair a director's independence:

- a director or an immediate family member\* is an executive officer of another company that does business with Company and the annual sales to, or purchases from, the Company are less than one percent of the annual revenues of the company he or she serves as an executive officer.
- a director or an immediate family member is an executive officer of another company which is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than one percent of the total consolidated assets of the company he or she serves as an executive officer and such indebtedness is not past due.
- a director or an immediate family member serves as an officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization are less than one percent of that organization's total annual charitable receipts (the Company's automatic matching of employee charitable contributions will not be included in the amount of the Company's contributions for this purpose).

(B) A director will not be independent if, within the preceding three years:

- the director was employed by the Company or an immediate family member of the director was an executive officer of the Company; provided, that employment as an interim Chairman or CEO or other executive officer shall not disqualify a director from being considered independent following that employment;
- the director, or an immediate family member of the director, received more than \$120,000 during any 12-month period in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) excluding (1) compensation received by a director for former service as an interim Chairman or CEO or other executive officer and (2) compensation received by an immediate family member for service as an employee of the Company (other than an executive officer);

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\*An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person's home.

- (1) The director is a current partner or employee of a firm that is the Company's internal or external auditor, (2) the director has an immediate family member who is a current partner of such a firm, (3) the director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit or (4) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time;
- the director, or an immediate family member of the director, is employed as an executive officer of another company where any of the Company's present executives serve on such company's compensation committee; or
- the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

(C) Business relationships, other than those enumerated in (A) and (B) above, between the Company and an entity for which the director or an immediate family member serves as an officer or general partner or of which the director or an immediate family member is the owner of more than five percent of the outstanding equity interests will be evaluated by reference to the following criteria:

- is the business arrangement usually and customarily offered to customers or suppliers by the Company?
- is the arrangement offered on substantially similar terms as those prevailing at the time for comparable transactions with other customers or suppliers under similar circumstances?
- in the event that (i) a proposed arrangement were not made or (ii) an existing arrangement were terminated in the normal course of business, would that action reasonably be expected to have a material and adverse effect on the financial condition, results of operations, or business of the recipient?

For relationships not covered by the guidelines above, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the Board.

The Company must explain in the next annual proxy statement required to be filed with the SEC the basis for any Board determination that a relationship was immaterial despite the fact that it did not meet the categorical standards of immateriality set forth in (A) above or violated any of the standards set forth in (B) or (C) above.