



COACH

NEW YORK

SUSTAINABILITY REPORT

Fiscal Year 2014

*This document contains forward-looking statements based on management's current expectations. These statements can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "confidence," "trends," "intend," "estimate," "on track," "are positioned to," "on course," "opportunity," "become," "forward," "future," "remain," "continue," "project," "guidance," "target," "forecast," "achieve," "anticipated," or comparable terms. Future results may differ materially from management's current expectations, based upon risks and uncertainties such as expected economic trends, the ability to anticipate consumer preferences, the ability to control costs, etc. Please refer to Coach's latest Annual Report on Form 10-K, its Quarter Reports on Form 10-Q for the quarterly periods ended December 27, 2014 and March 28, 2015, and its other filings with the Securities and Exchange Commission for a complete list of risks and other factors.*

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## WELCOME

Welcome to **Coach's Sustainability Report**. Sustainability is a journey that we at Coach, Inc. have been walking for many years. This year's sustainability report describes our strategy and discusses where we stand in providing thoughtful and creative solutions to key sustainability challenges. We have designed this report to aggregate many programs in hopes that this information will be useful for our customers, suppliers, business partners, employees, community members, and investors, as well as interested parties in the government and non-governmental arenas.

## ABOUT THIS REPORT

We have prepared this report using the G4 guidelines of the Global Reporting Initiative (GRI) In Accordance, Core, a recognized global standard for such reporting. A GRI index – which notes the GRI indicators covered in this report and includes additional substantive information about Coach – is available at the end of this report. Currently, Coach does not externally assure our sustainability report. For additional information on the GRI please visit [www.globalreporting.org](http://www.globalreporting.org).

Additional information about Coach – including our Annual Report on Form 10-K, and governance documents, as well as information on our Global Business Integrity Program and Global Operating Principles – can be found on our website at <http://www.coach.com/governance-document.html>





## COACH AT A GLANCE IN FISCAL 2014

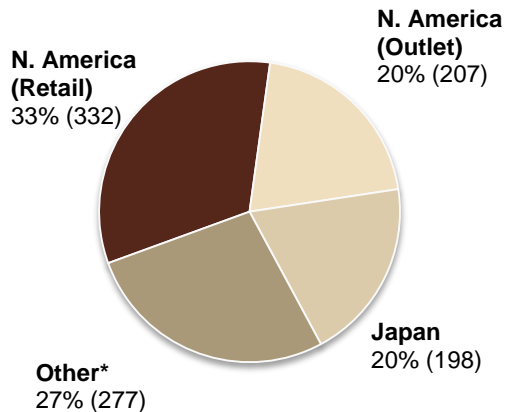
### OUR BUSINESS

Coach, with headquarters in New York, is a leading design house of modern luxury accessories and lifestyle collections with a rich heritage of pairing exceptional leathers and materials with innovative design. Coach is sold worldwide through Coach stores, select department stores and specialty stores, and through Coach's website at [www.coach.com](http://www.coach.com). Coach's common stock is traded on the New York Stock Exchange under the symbol COH and Coach's Hong Kong Depository Receipts are traded on The Stock Exchange of Hong Kong Limited under the symbol 6388.

As of fiscal 2014 year end (June 28th, 2014):

Number of employees worldwide: 18,732  
 Global Corporate Employees: 3,042  
 Global Retail Employees: 15,690  
 Net Sales: \$4.8 billion  
 Operating Income: \$1.12 billion  
 Net income: \$781 million  
 Countries in which Coach products are sold: 35

### COACH OPERATED STORES



\*Other: China, Hong Kong, Korea, Taiwan, Singapore, Malaysia, and Europe

### OUR LOCATIONS

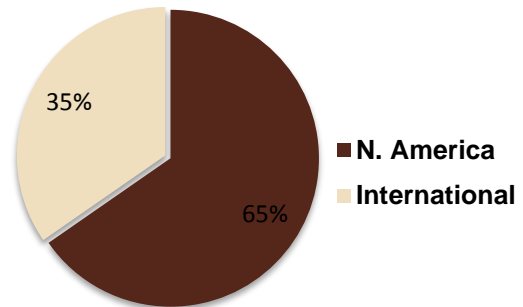
Corporate Operations in 11 countries  
 Coach Offices: 20  
 Distribution Centers: 2  
 Contract Manufacturing in 21 countries

### OUR PRODUCTS

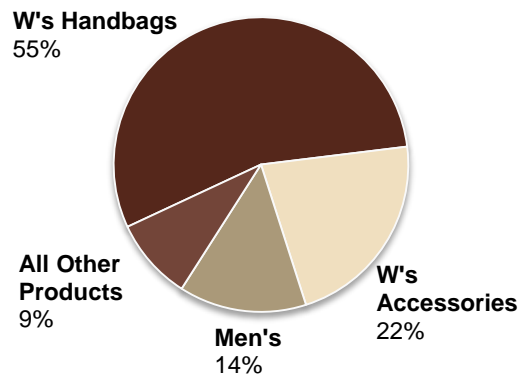
Coach products include women and men's handbags, small leathergoods, footwear\*, outerwear, ready-to-wear, watches\*, weekend and travel accessories, scarves, sunwear\*, fragrance\*, jewelry and related accessories.

\*licensed products

### GLOBAL SALES



### NET SALES BY CATEGORY\*



\*Data from 10-K



## A MESSAGE FROM OUR CEO



Coach has a rich history of integrity, innovation, and collaboration, from its beginnings as a family run business to today's global enterprise. Grounded in a strong brand identity and built on quality, Coach has always been concerned with being a socially and environmentally responsible organization. Coach's Global Business Integrity Program acts as the guide post for our commitment and social practices, and informs our day-to-day operations. This program ensures we work closely with our supply chain to ensure that our products are manufactured in a healthy and safe working environment. We continue to maintain respect for and commitment to the environment in the design, production, and distribution of our products, and we believe that our people are our most valuable asset.

We are proud of our accomplishments, and we continue to challenge ourselves to do more. Our second sustainability report builds on our first by adding more precision and disclosure to our sustainability strategy and business integrity programs. We have continued our commitment to addressing the social, environmental, and economic impacts of our business. As Coach continues its transformation into a global, multi-category, lifestyle brand, anchored in accessories, we will continue to share information regarding our streamlined, comprehensive, and global approach to sustainability with our stakeholders.

Our sustainability strategy is represented by four key pillars:

### **Employee Engagement**

- Coach will attract the best talent and engage our employees by providing opportunities to succeed personally and professionally in a supportive, positive, and diverse working environment.

### **Supply Chain Stewardship**

- Coach will collaborate with our raw material suppliers and manufacturing partners through social audits, unannounced visits, and training to ensure that the locations where our materials and products are produced follow the highest labor standards.

### **Environmental Conservation**

- Coach will continuously improve our data collection and analysis to provide us with the information required to make actionable decisions to conserve and reduce our energy consumption, waste production, and overall environmental impact.

### **Community Empowerment**

- Coach will support the local communities in which we operate through the Coach Foundation's support of women's initiatives, education initiatives, and projects that enhance the environment.

Our teams are motivated and engaged to collaboratively work to set measurable and actionable goals to support each of these pillars to address the sustainability impacts of Coach's business operations.

This sustainability report reflects the considerable work that we have completed in sustainability at Coach. It assesses the current state of Coach's social, environmental, and economic efforts, both qualitatively and quantitatively. It demonstrates progress since our last sustainability report, and ongoing data collection and analysis will allow Coach to measure more of our accomplishments and to guide our sustainability strategy in the coming years. We are proud of our accomplishments to date and are excited to share them with you, our stakeholders. Highlights of this report include:

- Continued success of our social compliance program to improve factory environments;
- Addition of Scope 3, business travel and shipping, emissions to our carbon footprint reporting;
- A corporate recycling strategy, which increased our recycling rate to 83% at our New York and New Jersey corporate offices; and
- The awarding of 37 employee-nominated grants for charitable organizations through the Coach Foundation, totaling \$398,000 in fiscal 2014, with Coach Foundation donations totaling \$23 million since 2009.

Coach began its sustainability reporting journey in fiscal 2013. A year later, we have made considerable strides, but recognize that there are areas of opportunity to address in the coming years. Based on our internal consensus and support for sustainability, I am confident that we are well positioned to meet the sustainability challenges before us.

It is my belief that this report highlights Coach's commitment to sustainability and I encourage our internal and external stakeholders to use this report to gain a deeper understanding and appreciation for Coach's dedication to the people we work with, the product's we design, and the environment we all share.

Thank you for taking the time to review this report. We are pleased to share and welcome your feedback and involvement.



Victor Luis

Chief Executive Officer



## A BRIEF HISTORY

Our objective is to be an enlightened and superior employer and a responsible and socially sensitive corporate citizen in the locations in which the corporation conducts business. Our promise to good environmental practice is outlined in our Global Operating Principles.<sup>1</sup> Coach is committed to full compliance with all environmental rules, regulations, and standards applicable to its operations. Coach will observe environmentally conscious practices in all locations where the corporation operates. Using this as a foundation we continue to evolve our understanding of positive corporate citizenship and will continue to build our sustainability program.

## A RICH HERITAGE

Coach was founded in 1941 as a family-run workshop. In a Manhattan loft, six artisans handcrafted a collection of leather goods using skills handed down from generation to generation. Discerning consumers soon began to seek out the quality and unique nature of Coach craftsmanship.

Now greatly expanded, Coach continues to maintain the highest standards for materials and workmanship. Coach's exceptional work force remains committed to carefully upholding the principles of quality and integrity that define the company. We attribute the prominence of the Coach brand to the unique combination of our original American attitude and design, our heritage of fine leather goods and custom fabrics, our superior product quality and durability and our commitment to customer service.

## DEFINING EFFORTLESS NEW YORK STYLE

Coach is a leading American design house of modern luxury accessories. Our product offerings include fine accessories and gifts for women and men, including handbags, men's bags, women's and men's small leather goods, footwear, outerwear, watches, weekend and travel accessories, scarves, sunwear, fragrance, jewelry and related accessories. Continued development of new categories has further established the signature style and distinctive identity of the Coach brand. Together with our licensing partners, we also offer watches, footwear, eyewear and fragrance bearing the Coach brand name in select department stores and specialty retailer locations.

## BROAD REACH

Coach's distribution strategy is multi-channel. As of June 2014, there were over 500 Coach stores in North America, over 450 directly-operated locations in Asia, and 20 in Europe. Coach also operates e-commerce websites in the United States, Canada, Japan, China, and Australia (operated by distributor) with informational websites in over 20 other countries. Beyond the company's direct retail businesses, Coach has built a strong presence globally through Coach boutiques located within select department stores and specialty retailer locations in North America, and through distributor-operated shops in Asia, Latin America, the Middle East, Australia, and Europe.

## CRAFTING THE FUTURE

Coach is a global leader in premium handbags and accessories. Building upon our strong brand and business equities, we are in the process of transforming from an international accessories business to a global lifestyle brand, anchored in accessories, presenting a clear and compelling expression of the Coach woman and man across all product categories, store environments and brand imagery. In addition, we are leveraging the global opportunity for Coach by raising brand awareness and building market share in markets where Coach is under-penetrated, through our directly operated businesses most notably in Asia and Europe.

Coach's corporate headquarters remain in mid-town Manhattan on 34th Street, in the location of our former factory lofts. Coach is a publicly traded company listed on the New York Stock Exchange, traded under the symbol COH and Coach's Hong Kong Depository Receipts are traded on The Stock Exchange of Hong Kong Limited under the symbol 6388.

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<sup>1</sup> For additional information on Coach's Governance Structure, Global Business Integrity Program, Global Operating Principles, and Supplier Selection Guidelines, please refer to the Corporate Governance section (page 11) or refer to our company website; <http://www.coach.com/corporategovernance>.



## DEVELOPING OUR SUSTAINABILITY STRATEGY

Sustainability is one platform of a comprehensive corporate-wide strategic plan. The development of Coach's strategy in this area has been an iterative process over several years. Since its initial 2008 investigation into sustainability, Coach has developed a strong sustainability strategy, implementing energy saving measures, and identifying internal programs that were already in existence. In 2014, Coach completed another round of best practices surveys and established a long-term strategy for fiscal 2015 to 2020. Coach, Inc. is also a member of several industry groups, which provide a resource to compare best practices, supplement strategy, and allow for collaborative cross-industry learning. We are currently a member of the American Apparel and Footwear Association (AAFA) and an active participant and member of the Social Responsibility Committee, the Environmental Committee, and the Product Safety Council. Our engagement in the AAFA helps us identify major and minor environmental and social risks and opportunities and how other organizations in our industry have addressed those issues.

We have taken a holistic approach in an effort to enhance and formalize our existing sustainability efforts, as well as use creativity and innovation to embrace opportunities and face challenges.

## MATERIALITY ASSESSMENT

In 2013, we conducted a basic materiality analysis to identify the issues of most importance to our company and its stakeholders. As part of this process we assessed external stakeholder perspectives as well as current and emerging sustainability issues. The analysis consisted of a matrix outlining which Global Reporting Initiative v3.1 aspects were most commonly mentioned as important issues by our stakeholders (Figure 1). We evaluated issues for their importance to our stakeholders, potential impact on Coach's business, and our degree of influence on the issue. The materiality analysis uncovered several relevant issues to Coach and the global community, such as product and employee safety, restricted substance compliance, material selection, employee engagement, energy management, and emissions, effluent and waste. In 2014, we utilized our previous materiality analysis to inform updates for the Global Reporting Initiative v4. Coach plans to do an updated materiality analysis for our 2015 report.



Figure 1: Topics of concern for our stakeholders. Size of text denotes frequency of response.



Our materiality analysis solidified our belief that our four pillars, as outlined above by our CEO, and set forth below, were the best way to organize our sustainability strategy. They reflect our core values, and our focus on customer needs and the organizational commitment to corporate social responsibility and sustainability.

#### **Employee Engagement**

- Coach will attract the best talent and engage our employees by providing opportunities to succeed personally and professionally in a supportive, positive, and diverse working environment.

#### **Supply Chain Stewardship**

- Coach will collaborate with our raw material suppliers and manufacturing partners through social audits, unannounced visits, and training to ensure that the locations where our materials and products are produced follow the highest labor standards.

#### **Environmental Conservation**

- Coach will continuously improve our data collection and analysis to provide us with the information required to make actionable decisions to conserve and reduce our energy consumption, waste production, and overall environmental impact.

#### **Community Empowerment**

- Coach will support the local communities in which we operate through the Coach Foundation's support of women's initiatives, education initiatives, and projects that enhance the environment.

Our Manager of Corporate Sustainability Strategy, under the direction of senior management, is responsible for finalizing the strategy elements, including metrics and key performance indicators, and driving progress through partnerships with the appropriate areas and departments at Coach. Currently, we do not have specific sustainability performance goals.

## REPORT PARAMETERS: PROFILE, SCOPE AND BOUNDARY

The boundaries of this report varies from section to section, and is a function of the accessibility of relevant data. Coach is a global organization with offices in Asia, Europe, and North America. We also have a global store network. We have done our best to provide performance data for Coach owned, operated, and leased office and distribution facilities, as well as our leased North America stores. In some instances we are able to share performance data from some of our larger office facilities in Asia. The data shared in this report comes predominantly from our New York and New Jersey facilities, our Jacksonville, Florida Distribution Center (JAX), our Coach Japan, Hong Kong, Vietnam, Donnguan and Phillipines corporate offices and our North America Retail and Outlet Stores. Additionally, we recognize that we have influence on many of our raw material suppliers and our service providers; where possible, we have shared data about those operations, though we do not control, own or lease those facilities. We try our best to define the scope of any quantitative values reported throughout this report as well as the associated time period that the data represents. At a minimum, data will represent the most recent full fiscal year, fiscal 2014.

We have emissions data for ten out of seventeen office and distribution facilities that represent 90% of our worldwide office and distribution square footage. Coach's energy management service collects energy data for North American stores. The calculated emissions for North American Retail and Outlet stores for fiscal 2013 and fiscal 2014 represent 56%, and 50%, respectively, of our North American store square footage. The data for North American stores represents 50% of our global leased retail square footage. From this data we have calculated an estimated carbon footprint for our Global Retail and Outlet stores.

In the first quarter of fiscal 2014, Coach divested it's Reed Krakoff brand retaining an 8% stake in the brand, however we do not report on their sustainability efforts. Four of Coach's product categories are managed by licensees: footwear (Jimlar), eyewear (Luxottica), watches (Movado), and fragrance (Estee Lauder). We do not report any information on their sustainability efforts.

In the first quarter of fiscal 2014, Coach bought back sole ownership of its European business. This has expanded the scope of our 2014 report in comparison to last year's report. In the third quarter of fiscal 2015, Coach, Inc. announced the purchase of Stuart Weitzman, a luxury shoe designer. Stuart Weitzman will be officially aquired by Coach in the fourth quarter of fiscal 2015.

Coach is still evolving its data collection and measurement processes. In 2012, Coach hired an energy management service that collects energy and utility data for our North American Retail and Outlet Stores. Additional energy data is manually collected from utility bills and recorded in spreadsheets for Coach's New York and New Jersey Headquarters, as well as our Jacksonville, FL distribution center and our larger international offices (Vietnam, Hong Kong, China). We used the World Resources Institute (2012), GHG Protocol tool for stationary combustion (version 4.4) to calculate our Scope 1,2, emissions from on-site combustion and purchased electricity. For our Scope 3 emissions, we utilized the World Resource Institute (2012), GHG Protocol tool for Category 9, Downstream transportation and distribution, and Category 7, employee commuting.

Recycling data for our New York and New Jersey offices, as well as JAX, was provided by our waste management service provider. All other performance data was obtained from various department procedures as well as enterprise databases and software. Coach uses data-collecting methodologies based on specific criteria, procedures, and processes outlined by business needs. These include, but are not limited to, computer software applications (e.g., SAP, Energy Management Systems, Building Management Systems), surveys, GAAP (Generally Accepted Accounting Principles) and manual data collection.

In our second year of reporting, we have made no re-statements of information. Changes in scope include the inclusion of new offices and stores, and the inclusion of Scope 1 and Scope 3 emissions data. There have been no significant changes to boundary or measurement methodology. Stuart Weitzman is not included in any of this data.

As Coach continues to collect data, improve existing programs, and focus on new initiatives we plan to publish subsequent reports on an annual basis. Questions, comments, or feedback regarding this report or any of Coach's sustainability programs should be directed to [Sustainability@coach.com](mailto:Sustainability@coach.com).



## CORPORATE GOVERNANCE

Coach's governance, compliance, and strategic position are overseen by our Board of Directors, Executive officers and other senior management. The Board is comprised of capable and experienced directors who are currently or have been leaders of major companies or institutions and are independent thinkers with a wide range of expertise and skills. Coach's Board of Directors provides the highest level of oversight in our organization and has separate, independent Human Resources, Audit, and Governance and Nominations (GN) Committees.

Coach's Board consists of nine directors, eight of which are independent as defined by New York Stock Exchange standards. Coach does not have a policy regarding diversity of the Board, but does recognize its value and are proud that two of the eight independent directors are women. In addition, the GN Committee considers the Board's overall composition when considering Director candidates, including whether the Board has an appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds in light of the Company's current and expected future needs.

The Corporate Governance Principles, as approved by the Board of Directors and posted on our website, set forth qualifications and criteria for our Directors. The GN Committee's charter provides that in evaluating Director candidates, the GN Committee shall take into account all factors it considers appropriate, which may include business skills and experiences, prominence and reputation in their profession, concern for the best interests of the organization, strength of character, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidates would fill a present need on the Board of Directors. The GN Committee's process includes identification of director candidates and evaluation of the candidates based on the Corporate Governance Principles and the following minimum qualifications:

- The highest personal and professional ethics, integrity and values;
- Commitment to representing the long-term interests of the stockholders;
- An inquisitive and objective perspective, practical wisdom and mature judgment;
- Freedom from significant conflicts of interest;
- The willingness and ability to devote the time necessary to perform the duties and responsibilities of a director; and
- A commitment to serve on the Board for an extended period of time.

The GN Committee's selection process also provides for engagement of third party search firms, interviews with various members of the Committee, the Board and management, and an evaluation of each individual in the context of the Board as a whole, applying the criteria that it deems appropriate. The final selection of nominees is made by the Board of Directors. The GN Committee will consider all candidates recommended by stockholders in accordance with the timing and other procedures established in Coach's Bylaws for stockholder nominations. Recommendations should be submitted in writing to the Secretary and General Counsel of Coach at 516 West 34<sup>th</sup> Street, New York, New York 10001 U.S.A.

The Board of Directors and each committee of the Board of Directors conduct an annual self-evaluation, which includes an evaluation by each Director of the performance of Coach's Chief Executive Officer, the other Directors, each committee and the Board as a whole. The results of these evaluations are discussed with the Board and committee members once completed.

On an annual basis, all business units are analyzed for risk related to corruption. Additionally, all corporate employees at the manager level and above as well as all retail store managers are trained in Coach's anti-corruption policies and procedures, which are 48% and 24% of corporate and retail employees respectively. Coach has adopted a policy which permits stockholders and interested parties to contact the Board of Directors. To report complaints or concerns about Coach's accounting, internal accounting controls, auditing or legal matters directly to Coach's Board of Directors and/or Audit Committee, stockholders may go to: [www.coachinc.ethicspoint.com](http://www.coachinc.ethicspoint.com) or by calling 1-800-396-1807. The Coach Ethics and Compliance Reporting System is manned by an independent service taking confidential (and if chosen, anonymous) messages on behalf of Coach. Further information on this policy, as well as information on compensation and performance, is available to security holders on Coach's website, [www.coach.com](http://www.coach.com), through the Corporate Governance page.

## RISK MANAGEMENT

Coach's general approach for identifying significant risks and opportunities relies on our management's evaluation of current events and its expectations regarding future developments. We have a multidisciplinary company-wide enterprise risk management program that annually assesses risks, including fraud risk, corporate governance and social responsibility, on our business and the business of our partners.

In conjunction with the Company-Wide Enterprise Risk Assessment, Coach develops an Internal Audit Plan. The goal of the risk assessment process is to create an audit plan that links to risk and exposures. Risk assessment phases include:

- Identification of major processes and business units which define the audit universe;
- Documentation of significant enterprise risks that could impede Coach from achieving business goals and objectives;
- Interviews with key business leaders to garner expectations and obtain consensus on degree of risk;
- Comprehensive analysis of likelihood and severity of risk factors resulting in a "risk ranked" audit universe; and
- Analysis of business areas and identification of most appropriate audit coverage.

Coach's risk management is overseen by its Board of Directors; however, management is primarily responsible for day-to-day risk management processes and subsequently reports to the Board. Additionally, management periodically updates the Board on its continuous monitoring of the Global Business Standards Hotline, and the risk of fraud.

Coach's senior management and its Board of Directors are continuously evaluating sustainability risks associated with Coach's operations, including, but not limited to, product safety and material compliance requirements, disruptions to the supply chain from adverse weather, and material scarcity, such as reduced herd size or poor cotton yields from drought.

In evaluating risk, the Board and its committees consider whether the Company's risk programs adequately identify material risks facing the Company in a timely fashion, implement appropriate responsive risk management strategies, and adequately transmit necessary information with respect to material risks within the organization. The Board, in its oversight role, periodically reviews the Company's risk management policies and programs to ensure risk management is consistent with the Company's corporate strategy and effective in fostering a culture of risk-aware and risk-adjusted decision-making throughout the organization.





## ENGAGING OUR STAKEHOLDERS

A core Coach value is that customer satisfaction is paramount and our responsibility to internal and external customers requires impeccable service to ensure that the customer's needs are always met. We attempt to take the same approach when engaging with all of our stakeholders. Coach is committed to engaging stakeholders in dialogue and action to improve our sustainability program and ultimately, our organization. We identify our stakeholders as those groups or individuals who are impacted, and influenced by, or who can impact, our company. They are a diverse group, yet each with specific needs. We work hard to engage all of our stakeholders in sincere and honest dialogue, and when requested and if feasible, to provide accurate and actionable information through public channels in a timely fashion. We engage with each of our stakeholders as often as required by the relationship. The following table outlines some of our stakeholder groups, topics of discussion, and examples of how we engage with them.

Stakeholder Group	Examples of Engagement	Engagement Topics
Customers	<ul style="list-style-type: none"> <li>• Face-to-face engagement with sales associates</li> <li>• Company websites (e-commerce in 5 countries; informational sites in over 25 countries)</li> <li>• Social Media/Email (Instagram, Pinterest, Facebook, Twitter, blogs, Sina Weibo, etc.)</li> </ul>	Product information; Quality concerns; Promotions;
Employees	<ul style="list-style-type: none"> <li>• Internal intranet (Coachweb)</li> <li>• Internal communications (email, posters, message boards, etc.)</li> <li>• Biennial employee engagement survey</li> <li>• Meetings (store manager conferences, company town hall, department town hall)</li> </ul>	Administrative; Business updates; Employee feedback; Employee benefits
Communities	<ul style="list-style-type: none"> <li>• Giving time and resources through the Coach Foundation</li> <li>• Team building meetings with a service component</li> <li>• Regional employee volunteering (<i>Adopt-A-Classroom</i>, <i>Half the Sky</i>, <i>Young Women's Leadership Network</i>, etc.)</li> </ul>	Corporate giving; education; Coach Foundation mission
Suppliers	<ul style="list-style-type: none"> <li>• Supplier summits</li> <li>• Adherence to <i>Supplier Selection Guidelines</i> and <i>Code of Conduct</i></li> <li>• Certificate of Compliance</li> </ul>	Manufacturing requirements and timeline; Quality concerns
Nonprofit/ NGOs	<ul style="list-style-type: none"> <li>• Direct engagement on Sustainability objectives</li> <li>• Focused feedback on Sustainability activities</li> </ul>	Sustainability reporting; Climate Change; Human rights
Government Entities	<ul style="list-style-type: none"> <li>• Engagement on regulatory issues</li> <li>• Adherence to laws where we operate</li> <li>• Counterfeit training with customs and border patrol</li> </ul>	Training; Compliance; Regulations
Investors/ Media	<ul style="list-style-type: none"> <li>• Regular financial reporting (e.g., SEC and HKEx filings)</li> <li>• Press releases, meetings and briefings</li> <li>• Quarterly earnings calls</li> <li>• Annual stockholder meeting</li> </ul>	Business and earnings updates; Financial reporting; Sustainability reporting

## PILLAR 1: EMPLOYEE ENGAGEMENT

Coach is proud of its diverse, talented and aspiring workforce. **Employee Engagement** is the first pillar of our sustainability strategy and Coach is committed to attracting the best talent and engaging our employees by providing opportunities to succeed personally and professionally in a supportive, positive, and diverse working environment.

It has always been our belief that the Coach brand is driven by the power of our people—strong, talented and dedicated—who share our vision, believe in our brand, strive for excellence, and bring a sense of pride and ownership to their work.

It's the people of Coach—the ambassadors of our brand—who make our culture truly exceptional and who drive our success, through the strong bonds they build with each other and in the lasting relationships they establish with Coach customers.

We set high standards and recruit employees based on their ability to meet and exceed expectations. We seek out individuals who are not only technically skilled and knowledgeable but who enjoy challenges, who seek to develop themselves and who have excellent interpersonal skills.

We expect a lot from our employees and know that our employees expect a lot from Coach as an organization as well. We work to ensure a healthy work-life balance for our employees and strive to make coming to work every day a positive experience. The following sections will outline how Coach engages with our employees to promote a supportive and accepting work environment.



## OUR GLOBAL WORKFORCE

Coach's workforce is a mix of corporate, including our distribution center, employees and a retail field team comprised of store management and full and part time sales associates. Coach has 56 employees covered by a collective bargaining agreement who work in our repair shop, Manufacturing Research & Development Center (MRDC), and facilities department in our New York and New Jersey offices. As of October 2014, Coach no longer has any employees affiliated with a union.

Corporate Employees by Country or Region by Type (as of 6/28/2014)					
Country	Full Time	Part Time	Interns	Temps	Total
United States	1903	11	84	20	2,018
China (incl. Hong Kong & Macau)	533	0	7	16	556
Japan	221	0	0	24	245
Europe	50	0	5	3	58
Other*	153	0	0	12	165
<b>Total</b>	<b>2,860</b>	<b>11</b>	<b>96</b>	<b>75</b>	<b>3,042</b>
Retail Employees by Country or Region by Type (as of 6/28/2014)					
Retail Employees	Full Time	Part Time	Seasonal	Temp	Total
North America	3,303	5,798	764	0	9,865
Japan	1,194	675	165	0	2,034
China (incl. Hong Kong & Macau)	1,656	0	384	418	2,458
Other†	955	7	29	26	1,017
Europe	185	104	21	6	316
<b>Total</b>	<b>7,293</b>	<b>6,584</b>	<b>1,363</b>	<b>450</b>	<b>15,690</b>
*India, Malaysia, Philippines, Singapore, Taiwan, Thailand, Korea, Vietnam					
†Korea, Malaysia, Singapore, Taiwan					

Although we do not have a specific policy granting preference to local residents when hiring in significant locations of operation, we can report that 4% of Coach's leadership, defined as Divisional Vice President and above, at our international corporate offices are American expatriates.

Coach believes that its relations with its employees are good, and has never encountered a strike or work stoppage since becoming a publicly traded company.

Coach works to ensure the long-term success of our employees, however, like any business, we do have annual turnover. We track and analyze voluntary and involuntary turnover across our operations, by geography and department, to understand how we can better foster engagement and retention.

## DIVERSITY

The foundation of our corporate culture is based on understanding and acceptance. Coach believes in the dignity of all people and respects the laws, values, and customs of the communities in which we operate. We believe a diverse workforce makes a difference, and recognize each employee's knowledge and skills as an important source of organizational capability and competitive advantage. We welcome diversity in all forms and emphasize personal accountability and professionalism in a respectful and fair work environment.

Coach is committed to a policy of equal opportunity and is an affirmative action employer and we pride ourselves on hiring and developing the best people. All employment decisions (including recruitment, hiring, promotion, compensation, mobility, training, discipline and termination) are based on the applicant's or employee's qualifications as they relate to the requirements of the position under consideration. These decisions are made without regard to age, sex, genetic characteristics, race, color, creed, religion, ethnicity, national origin, sexual orientation, gender identity, alienage, citizenship, disability, marital status, military status, pregnancy, or any other legally-recognized protected basis prohibited by applicable law. Additionally, Coach will investigate all complaints of discrimination, to the extent permitted by applicable laws, and where necessary, take action to eradicate all forms of such conduct.

Coach tracks the diversity of its workforce by gender, generation and ethnicity, where legally permissible, as self-disclosed by employees. Coach also tracks its leadership diversity both in the U.S. and Puerto Rico and globally. Minorities represent 28% of Coach's global workforce.

### Global Employee Gender Diversity (Data from year-end fiscal 2014)

#### Global Corporate Employees

Board of Directors	78%	22%
Leadership (1)	49%	51%
Managers (2)	36%	64%
Specialists	31%	69%
Other (3)	42%	58%

#### Global Retail Employees

Store Management	19%	81%
Full Time	20%	80%
Part Time	21%	79%
Seasonal (4)	23%	77%

#### Global Employees Overall

Global Corporate	35%	65%
Global Retail	19%	81%
Combined	21%	79%

(1) Divisional Vice President and above

(2) Manager to Sr. Director

(3) Other (Union, Temp, Intern)

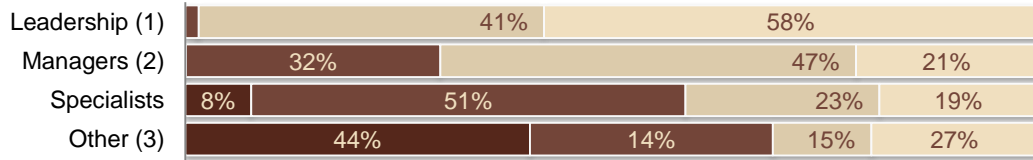
(4) Seasonal (November 15th, 2013 to February 15th, 2014)

■ Male ■ Female

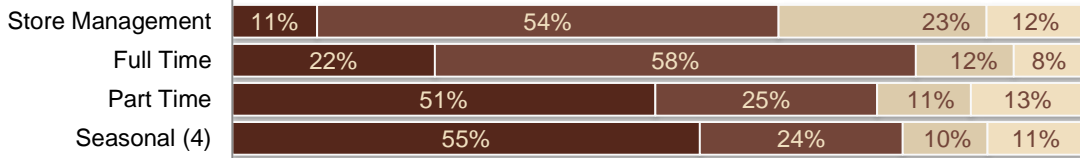


**Global Employee Age Distribution (Data from year end fiscal 2014)**

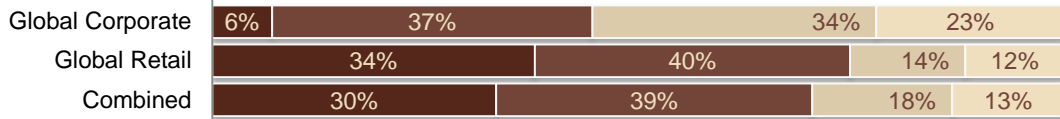
**Global Corporate Employees**



**Global Retail Employees**



**Global Employees Overall**



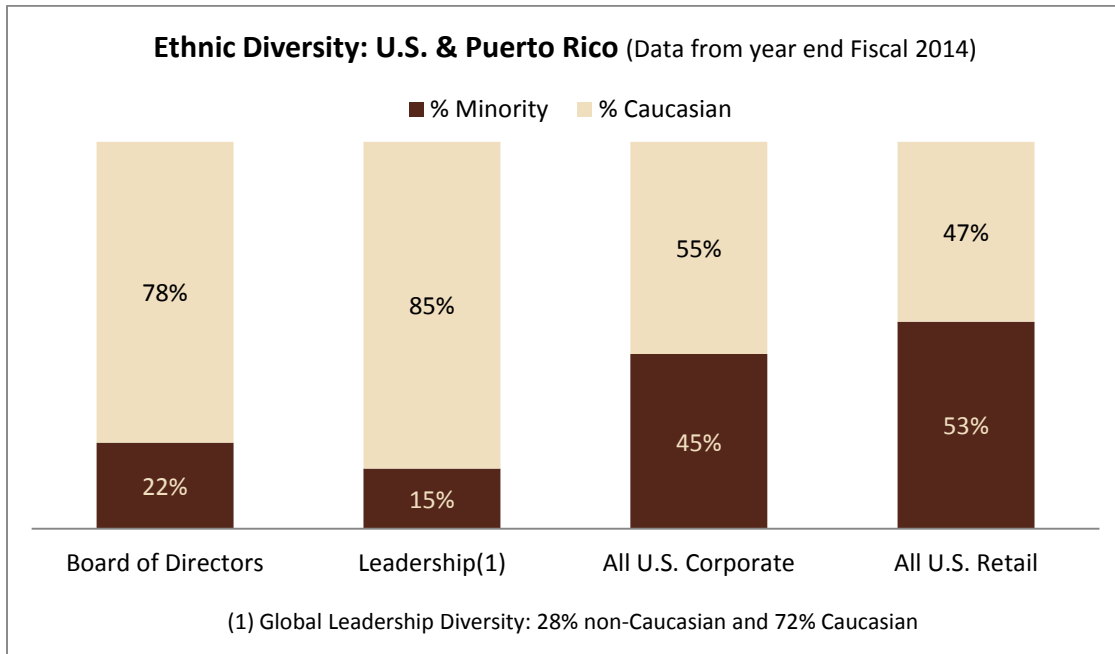
(1) Divisional Vice President and above

(2) Manager to Sr. Director

(3) Other (Union, Temp, Intern)

(4) Seasonal (November 15th, 2013 to February 15th, 2014)

■ < 25 ■ 25-34 ■ 35-44 ■ > 45





## HUMAN RIGHTS CAMPAIGN CORPORATE EQUALITY INDEX

Coach achieved a 100% score on the Human Rights Campaign Corporate Equality Index's (CEI) "Best Places to Work for LGBT Equality" in 2015. This recognition covers fiscal 2014. The CEI is the national benchmarking tool on corporate policies and practices pertinent to lesbian, gay, bisexual and transgender employees.



Coach is committed to equality for its employees and their spouses or partners. Our Equal Employment Opportunity policy is inclusive of sexual orientation and gender expression or identity. Coach has instituted equivalent spouse and partner benefits for medical, dental, and vision dependent coverage. We also provide equal benefits in terms of bereavement leave, employer-provided supplemental life insurance for a partner, relocation/travel assistance, and adoption assistance.

Our health care coverage has also expanded to include coverage for transgender individuals without exclusion for medically necessary care. We also extend benefits for services related to gender transition.

In addition to these benefits, Coach also has a Diversity Council covering a wide range of diversity issues.

We are honored to be one of the CEI's "Best Places to Work for LGBT Equality."

## PERFORMANCE MANAGEMENT

Through an ongoing, collaborative and dynamic Performance Management cycle focused on annual goals and individual development planning, managers and employees work together throughout the year to support each employee's success in their role and continuous professional learning and growth. Annual performance reviews are conducted for 100% of corporate and retail employees. For eligible employees, performance reviews factor into their bonus and total compensation package, in addition to their base salary.

## LEARNING AND DEVELOPMENT – NEW YORK AND NEW JERSEY

Learning starts on the first day at Coach and continues throughout our employees' careers. It is an essential part of the Coach experience. Coach is committed to helping its employees develop the knowledge, skills and abilities needed for continued success, and encourages employee development at all levels and every career stage. As part of our onboarding process, we identify peer mentors for new hires to help in their transition to Coach and their new roles. Select departments in the company have also established mentoring programs to provide employees with professional development support.

At Coach, our people drive the overall success of our business and are valued for the contributions they make every day. So we believe in the power of providing development opportunities for employees—at all levels in the company and at every stage in their careers—and work hard to provide a work environment in which they can strive to reach their full potential.

Coach's dedicated in-house People Development team offers a diverse curriculum focused on professional development for leaders, managers and individual contributors, an array of information sessions to educate employees about different parts of our business, and customized skill-building for teams across Coach.

Coach employees are responsible for driving their own development. In addition to on-the-job experiences and self-learning, formal classes and web-based resources are in place to support development. Learning will typically align with the development plan that managers create with their direct reports.

Learning and development is broken into self-development, management development and leadership development. Human Resources has developed several courses and training to facilitate this learning.

## SELF-DEVELOPMENT

The Self-Development curriculum is designed to support individual development, emphasizing the necessary knowledge, skills, and abilities to be successful at Coach. It is comprised of a communication curriculum that provides



a variety of ways to strengthen verbal, non-verbal, and written communication skills. Productivity tool courses provide employees an opportunity to learn the skills needed to stay productive, better organized, manage stress and attain a higher level of achievement. Additionally, our Discover Coach curriculum encourages employees to explore what makes the Coach brand innovative and distinctive. In Discover Coach, employees are provided a range of sessions that help build knowledge about Coach culture, core processes, and the brand by hearing directly from internal subject matter experts and business leaders.

### MANAGEMENT DEVELOPMENT

The Management Development curriculum is designed to equip people managers with the critical skills that they need to develop and manage others. At Coach, a manager's success is measured not simply by their individual contribution, but also through the joint effort of their direct reports and others. Our Management Development curriculum, known as the Manager's Toolkit, offers the opportunity to develop essential management skills necessary to maximize leadership potential, manage others effectively, and promote the success of a manager's team.

The following outlines the breadth of courses offered in our open enrollment development programs.

Self-Development	
Communication	Courses provide a variety of tools to strengthen verbal, non-verbal, and written communication skills.
Productivity Tools	Courses provide employees the opportunity to learn skills needed to stay productive, better organized, manage stress and attain a higher level of achievement.
Tuition Reimbursement	Reimbursement for tuition and books for completed courses that improve skills in an employee's present job or prepare them to take on greater responsibility at Coach.
Discover Coach – Leader's Perspective	Courses provide employees with the opportunity to connect with, learn, and gain insight directly from Coach Leadership.
Discover Coach – Systems Applications	Courses provide the opportunity to learn about specific internal technical applications that we utilize.
Discover Coach – Inside Coach	Courses enhance job specific knowledge, develop an employee's understanding of Coach's supply chain, and foster collaboration across functions, and help employees understand the complexity of making our products, maintaining brand loyalty, and running the business.
Management Development	
Manager's Toolkit	Courses provide managers, at all levels, the opportunity to develop essential management skills necessary to maximize their leadership potential, manage others effectively, and promote the success of their team.

### LEADERSHIP DEVELOPMENT

Lastly, Coach works to develop strong leadership through leadership development workshops and executive coaching.

The first element is leadership development workshops. Coach nominates and sends leaders to participate in a five-day intensive leadership workshop in partnership with the Center for Creative Leadership (CCL). CCL provides Coach employees at the Senior Director level and above with the critical skills to meet the demands of Coach's business by further evolving core competencies and capabilities. We believe that external coaching and leadership workshops are powerful tools in increasing a leader's awareness and insight on their management approach, while at the same time enhancing their skills and commitment to ongoing learning.

Executive coaching is the second element of our strategic approach to senior leader talent development, which includes a senior leader learning curriculum, new assignments and expanded job responsibilities, as well as being assigned to lead major projects.

## COMMUNICATING WITH EMPLOYEES

Coach operates under an 'open door' policy and employees are encouraged to speak open and freely about their concerns. We strive to create an open environment between associates and managers and promote dialogue, feedback, and work to foster open discussions about questions and new ideas.

Coach maintains ongoing communication with our employees. Information is shared using a variety of print, electronic and in-person communications. In 2012, Coach launched an updated and enhanced intranet called Coachweb to provide employees with up-to-date information on business events, benefits, and as an online portal to answer any and all employee questions. Additionally, in 2013, Human Resources rolled out Coach Connect, a set of enhanced Human Resources services, tools, and resources to help North American employees meet their HR needs and streamline their employment experience at Coach.

Additionally, Coach conducts a biennial employee engagement survey to measure critical aspects of our culture and work environment. The survey obtains feedback on topics such as management, employee engagement, communication, and work processes. Survey results are also used to address opportunities for improvement. In fiscal 2014, the employee survey (for full and part time employees only) was conducted in 11 languages from April to May 2014. This year's survey saw an 85% global participation rate.

As previously outlined in the Governance section, if employees have any workplace concerns they are encouraged to report it, anonymously if desired, using our Global Business Standards (GBS) Hotline (1-800-396-1807) or online using our online Ethics and Compliance Reporting System ([www.coachinc.ethicspoint.com](http://www.coachinc.ethicspoint.com)). These mechanisms are available globally, and all claims are evaluated and investigated.

## BENEFITS AND COMPENSATION

Coach believes in recognizing and rewarding employees with a total rewards package, including competitive pay opportunities, a comprehensive benefits program, ways to save for the future, financial protection, paid time away from work, and important extras available only to Coach colleagues.

The table below outlines some of the many benefits offered at Coach, depending on position and location.

Pay	Savings & Retirement Plans	Financial Protection	
<ul style="list-style-type: none"> <li>• Base Salary</li> <li>• Bonus</li> <li>• Stock</li> <li>• Stock Options</li> </ul>	<ul style="list-style-type: none"> <li>• 401(k) Savings</li> <li>• Employee Stock Purchase Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Life Insurance (including Dependent)</li> <li>• Accidental Death &amp; Dismemberment Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Short-Term Disability</li> <li>• Long-Term Disability</li> <li>• Dependent Care Flexible Spending Account</li> <li>• Business Travel Accident Insurance</li> </ul>
Health Insurance	Paid Time Off	Employee Extras	
<ul style="list-style-type: none"> <li>• Medical</li> <li>• Dental</li> <li>• Vision</li> <li>• Health Care FSA</li> <li>• Employee Assistance Program</li> <li>• Family and Medical Leave of Absence</li> </ul>	<ul style="list-style-type: none"> <li>• Vacation</li> <li>• Holidays</li> <li>• Sick Time</li> </ul>	<ul style="list-style-type: none"> <li>• Coach Product Discounts</li> <li>• Tuition Assistance Program</li> <li>• Matching Gift Program</li> <li>• Employee Referral Bonuses</li> </ul>	<ul style="list-style-type: none"> <li>• Technology Discounts</li> <li>• Transit Program Discounts</li> <li>• Entertainment, Travel &amp; Shopping Discounts</li> </ul>

We aim to offer a competitive benefits program for all corporate and retail employees. The table below outlines retirement and health and welfare benefits by country of operation. In areas where we do not offer retirement or health and welfare benefits, the social programs offered are more competitive than any private offering.



International Employee Benefit Summary	United States	Canada	United Kingdom	France	China	Japan	Hong Kong	Macau	Vietnam	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand	India
Retirement	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓			✓	✓
Health & Welfare (may include Medical, Life, Accidental Death & Dismemberment, Dental)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓

In addition to the previously outlined benefits offerings, Coach does have a small retirement plan obligation, totaling less than \$10 million USD. The obligation is for our employees in Korea (approximately \$850 thousand USD) and Japan (approximately \$9.6 million USD). These plans are valued by an actuary and funded from general Company assets.

In addition to regular paid time off, Coach offers two weeks of parental leave paid at 100% their regular compensation to eligible US full-time employees after an individual or their spouse have a child, or have adopted a child. During fiscal 2014, 151 US employees took advantage of parental leave. Parental leave, at varying durations, is also available at most of our international locations.

We work to pay all of our employees fairly based upon market research, data, and statistics. We are continually reviewing our compensation programs and try to ensure that our employees are being appropriately and competitively compensated for their level, experience, skills, and contribution.

### ENVIRONMENTAL, HEALTH AND SAFETY

Coach places strong emphasis on the overall health and safety of our employees and their work environments. Whether in our repair shop, our sample making facility or one of our retail locations, we strive to provide a workplace and store environment free from health and safety hazards. Coach makes every effort to integrate health and safety programming throughout the organization.

Approximately 56 Coach employees were members of a union during fiscal year 2014. As of the second quarter of fiscal 2015, Coach no longer has any employees affiliated with a union. Some of these employees include skilled workers who operate our repair and sample making facilities. In addition to standard employee training these employees receive supplemental training on a regular basis covering specific safety topics including, but not limited to:

- Hazardous Communication – Right to know;
- Lockout Tagout;
- Personal Protective Equipment;
- General Electrical Safety;
- Back Safety; and
- Fire Safety.

We have developed workplace health and safety policies customized for both retail and operational work environments, conducted assessments of our compliance with these standards and developed action plans to address any gaps. We monitor workplace incidents to identify and systematically work to eliminate root causes and related hazards.

Our environmental, health, and safety team aspires to eliminate all workplace hazards, accidents, and incidents. In calendar year 2013, the total recordable incidence rate – the number of recordable workplace injuries per 200,000

hours worked – in our U.S. Retail and Corporate facilities was 3.17. We are currently looking at expanding the scope of this data for the fiscal 2015 report.

2013*	Retail (North America)	Corporate (North America)	Total
Number of Coach Inc. employees	12,128	1,660	13,788
Worker's Compensation Claims	203	38	241
Time Loss Claims	77	4	81
Hours of exposure	11,860,880	3,325,002	15,185,882
Rate of injury per 200,000 hours worked	3.42	2.29	3.17
Safety/Injury incident report	696	77	773
Occupational injury-related fatalities	0	0	0
Experience modification factor	N/A	N/A	N/A
*Period Control Start Date: Jan 1, 2013; Period Control End Date: Dec 31, 2013			





## PILLAR 2: SUPPLY CHAIN STEWARDSHIP

The second pillar of Coach's sustainability strategy is **Supply Chain Stewardship** and states that Coach will collaborate with our raw material suppliers and manufacturing partners through social audits, unannounced visits, and training to ensure that the locations where our materials and products are produced follow the highest labor standards. As Coach expands its global footprint we rely on our Global Operating Principles, which have outlined our belief in conducting all business activities with honesty, integrity and fair dealing, and in conformance with high ethical standards.

While all of our products are manufactured by independent manufacturers, we nevertheless maintain certain control over the supply chain process from design through manufacture, including raw material selection. We only partner with the best suppliers, exhibiting high quality, technical expertise, competitive costs, on-time delivery, and safe workplace conditions. We are able to do this by qualifying raw material suppliers, establishing longstanding relationships with purveyors of fine leathers and hardware, and by maintaining sourcing and quality control management offices in China, Hong Kong, Philippines, Vietnam, South Korea, and India that work closely with our independent manufacturers.

Through strategic partnerships with manufacturing facilities that support our belief in human rights, labor rights, and workplace safety Coach has operated a social compliance program for many years. We are proud of our continued commitment to international human rights, labor practices, and decent work standards. We have a committed team dedicated to ensuring that our products are only made in safe and responsible facilities.

Before partnering with a vendor, we share Coach's "Social Compliance Guidelines," an enhanced version of our publically-available "Supplier Selection Guidelines" (page 23) and require our independent manufacturing partners to contractually abide by these guidelines. Additionally, we evaluate each manufacturing facility by conducting a quality and business practice standards audit. Throughout the relationship, Coach regularly conducts periodic evaluations through unannounced audits of all the cut and sew factories where we operate. These audits are performed by internal staff as well as through the use of third party auditors. Lastly, we require our factories to sign a certificate of compliance to the California Transparency in Supply Chains Act of 2010. The success of these programs lies in our ability to implement, monitor, and evaluate the progress of our partners across the supply chain. The following pages provide additional detail on that effort.



## SUPPLIER SELECTION GUIDELINES

The global expansion of Coach's business activities into additional countries and diverse cultures requires a commitment to the procurement of products and services in a manner which:

- Is conducive to global good citizenship;
- Will enhance the corporation's reputation and the image of the Coach brand; and
- Will ensure the achievement of Coach's commercial success.

## OBJECTIVE

Coach's objective is to utilize the corporation's purchasing power to influence those from whom the corporation procures products and services to:

- Embrace high standards of ethical behavior;
- Comply with all applicable laws and regulations;
- Treat their employees fairly, and with dignity and respect, so as to promote their welfare and improve their quality of life; and
- Be socially responsible citizens in the countries and communities in which they operate.

The following Supplier Selection Guidelines have been established to ensure a uniform and consistent approach with all suppliers as Coach pursues the above objectives. Operating management is charged with the responsibility to conduct appropriate due diligence with all suppliers before entering into any business relationship.

## SUPPLIER SELECTION GUIDELINES

"Suppliers" include contractors, joint venture partners and suppliers of goods and services, including raw material suppliers and manufacturing partners.

### Ethical Standards

Coach believes in doing business with those suppliers who embrace high standards of ethical business behavior and who demonstrate commitment to those standards through rigorous practices.

### Legal Requirements

Coach is committed to full compliance with all laws and regulations in the locations where the corporation operates and conducts business, and will not knowingly operate in violation of any such laws or regulation. Additionally, Coach will not knowingly use suppliers who operate in violation of applicable laws and regulations.

### Environmental Requirements

Coach believes in doing business with those suppliers who share the corporation's commitment to the environment, and who pursue practices which conform to applicable environmental standards. Coach expects suppliers to promptly develop and implement plans and programs to correct any non-compliant practices.

### Employment Practices

**Working Hours:** Coach will not knowingly use suppliers who fail to comply with the legal maximum working hours as specified by each country's standards and laws.

**Wages:** Coach will not knowingly use suppliers who fail to pay their employees at the local minimum wage.

**Child Labor:** Coach will not knowingly use suppliers who employ workers in violation of the local mandatory school age, or under the legal employment age in each country. In no case will Coach procure goods or services from firms employing non-family workers under age 15. Additionally, Coach will favor those suppliers who are proactive in contributing to the continued education and betterment of its employees.



**Forced Labor:** Coach will not knowingly use suppliers of either raw materials or finished product that have been produced by forced labor, or services provided by such labor.

**Discrimination:** Coach believes that people should be employed on the basis of the ability to do the job, rather than on the basis of personal characteristics or beliefs. Coach will favor doing business with those suppliers who practice this principle (personal characteristics include, but are not limited to, gender, race, religion, age, disability, sexual orientation, nationality, political opinion, caste, or social or ethnic origin).

**Disciplinary Practices:** Coach will not knowingly do business with suppliers who employ any type of corporal punishment, or other forms of mental or physical coercion.

**Health & Safety:** Coach believes in doing business with those suppliers who have demonstrated concern for and commitment to the health and safety of their employees. Additionally, this same guideline applies to those suppliers who provide housing to employees.

## Security Requirements

In order to develop, enhance, and maintain effective security processes throughout the global supply chain, U.S. Customs and Border Protection (CBP) has implemented the Customs-Trade Partnership Against Terrorism (C-TPAT), which will enable CBP and businesses to verify that their supply chain security measures are accurate and are being followed. The goal of C-TPAT validation by CBP is to enhance the protection of our borders against international terrorism, as well as provide expedited release of cargo, and/or a reduced number of examinations. Coach requires all service providers to be, or become, C-TPAT compliant.

## AUDITS AND PARTNERSHIPS

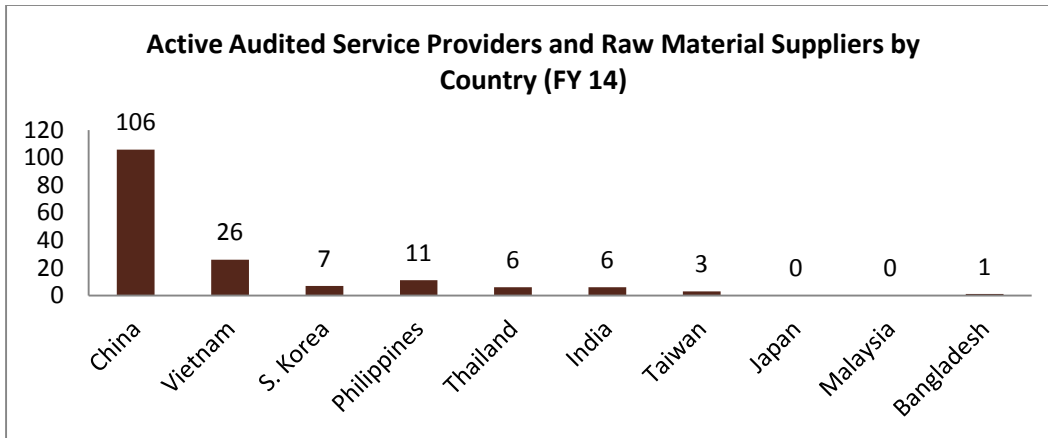
All of Coach's business partners are contractually required to adhere to our Social Compliance Guidelines. To ensure our service providers and raw material suppliers are fulfilling their obligation, we conduct internal as well as external, independent third party audits. The auditors are experts in the local laws of the countries we operate and speak the local languages.

An audit consists of:

- A factory walk-through to evaluate the physical working conditions, as well as health and safety practices;
- Confidential interviews with workers to provide freedom to speak on potential misconduct (forced labor, harassment, etc.); and
- A review of all relevant documentation (e.g. payroll, time records, employee age verification, licensures, certificates, waivers, etc.).

Currently, each factory receives at least one audit per year. However, if a factory visit reveals an issue that requires improvement we conduct a second audit, generally six months after the initial assessment. We maintain a full record of reports on the living and working conditions of people retained to work at factories where our products are manufactured.

In fiscal 2014, our Social Compliance team conducted 166 audits active factories. The charts below outline our performance.



During fiscal 2014, 94% of Coach Service Providers received acceptable audit results. Issues found in the 6% that failed included concerns with record keeping deficiencies and gender preference. Of the raw material suppliers audited, 97% received acceptable results. Issues found in the 3% that failed included minimum wage violations and falsified records.

### **COLLABORATION AND REMEDIATION**

Coach is interested in long-term strategic partnerships with our service providers and raw material suppliers. In an effort to strengthen our programs, Coach engaged with Better Work Vietnam, the largest voluntary Better Work ([www.betterwork.org](http://www.betterwork.org)) program in operation. The Better Work program is an innovative partnership program between the International Labor Organization and the International Finance Corporation (IFC). Operational since 2009, the program aims to improve both compliance with labor standards and competitiveness in global supply chains. Coach is partnering with Better Work Vietnam to educate, improve, and maintain positive working conditions in six factories.

As part of the partnership between Coach and the factories that make our products, at the end of the audit process, if required, our compliance team works diligently with factory managers to outline a corrective action plan which identifies strategies for improvement. During a follow-up audit, these issues are reviewed in detail to ensure that any previously described issues have been resolved.

Our human rights program emphasizes enduring partnerships, mutual respect and trust. Coach will not do business with suppliers who are unwilling to collaborate and work towards a strong observance of international human rights, labor practices and decent work standards. As long as a supplier is willing to partner with us and continuously improve workplace conditions, we strive to nurture, strengthen, and maintain that relationship.

If a factory makes no meaningful attempt to improve their practices and/or disregards our human rights requirements, Coach will not hesitate to terminate the business relationship with that factory. We have had to make this decision many times before. The facilities identified above that were not acceptable have all either corrected their issues or we have terminated the partnership due to a lack of cooperation.



## SUPPLY CHAIN COMPLIANCE PROGRAMS

As stated in Coach's Global Operating Principles, "Coach is committed to full compliance with all laws and regulations in the locations where the corporation operates and conducts business, and will not knowingly operate in violation of any such law or regulation." From time to time Coach is asked to disclose additional information on how the organization is complying with various supply chain related laws. Two such regulations are the California Transparency Act and the Dodd-Frank Act, Section 1502 regarding conflict minerals. The below sections outline our approach to comply with those legal requirements, as well as our approach to our operations in Bangladesh.

### CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT (SB 657)

The law went into effect on January 1<sup>st</sup>, 2012 and requires retailers to disclose their efforts to eradicate slavery and human trafficking from their supply chain.

Coach has adopted the following broad definition of slavery: "*the act of holding the worker against his or her will and controlled physically or psychologically by violence or its threat for the purpose of appropriating their labor*".<sup>2</sup>

Coach has adopted the following broad definition of human trafficking: "*any recruitment, harboring, transportation, provision or obtaining of a person for labor services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage or slavery*" as defined in the Victims of Trafficking and Violence Protections Act of 2000.

Coach assesses our risk of slavery and human trafficking as low for the following reasons:

- **Verification of Product Supply Chain:** Coach verifies its product supply chain by conducting audits at all of our factories to ensure compliance with our code of conduct and guidelines, including Coach's Global Business Integrity Program. Both human trafficking and slavery fall within our code's definition of "forced labor" and, as such, are strictly prohibited, and penalized, at all stages of the product supply chain.
- **Conducts Audits of Suppliers:** In addition to Coach employees, Coach also hires independent third party auditors who routinely undertake unannounced visits to all Coach manufacturing locations and provide Coach with full reports on the living and working conditions of people retained to work at those locations. Each location receives at least one unannounced audit visit in a year.
- **Requirement for suppliers to certify compliance:** Coach requires that all direct suppliers provide an annual certification of their compliance with Coach's standards for employment – including a certification on the part of the supplier that all materials sourced for and incorporated into Coach products comply with anti-slavery and human trafficking laws of the country or countries where the supplier is doing business.
- **Maintains internal accountability standards:** Coach has developed a code of conduct for all parties working with Coach – as embodied in the Global Business Integrity Program. In the case of non-compliance, Coach reserves the right to examine the specific situation and develop a strategy for resolution. If non-compliance is not resolved within a timely manner, Coach may terminate a business relationship.
- **Conducts Training:** Coach conducts internal trainings of Coach employees to ensure that participants in supply chain management are knowledgeable and aware of the issues and concerns surrounding the supply chain, including human trafficking and slavery, with a particular focus on mitigating risks. In addition, in December 2011, Coach conducted a training seminar in China for external partners – including suppliers and key factory personnel – to educate them on the requirements for compliance with and adherence to the California Transparency in Supply Chains Act of 2010 (SB 657). Coach will assess the need to repeat this type of training again at a later date.

In order to monitor adherence to our Global Business Integrity Program, Coach created the Global Business Standards Committee, comprised of senior executives, which meets quarterly. Coach also has an Ethics and Compliance Reporting System ([www.coachinc.ethicspoint.com](http://www.coachinc.ethicspoint.com)) and a Hotline (1-800-396-1807) through which employees and consumers alike can report issues with and deviations from Coach's principles and philosophies.

### DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT §1502 – CONFLICT MINERALS

In 2010, the Dodd-Frank Act became law. Section 1502, of the Act, requires publicly-traded US companies to disclose the use of 'conflict minerals' required for the functionality of their products. Conflict minerals come from the Democratic Republic of Congo and surrounding countries and include Tin, Tungsten, Tantalum and Gold (3TGs). The mining of these minerals has been partially co-opted by militant groups which engage in human rights abuses to mine these materials and use the proceeds to finance armed conflict in the region.

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<sup>2</sup> [www.freetheslaves.net](http://www.freetheslaves.net)



Consistent with our belief in the dignity of, and respect for, individuals, as demonstrated in our policies on labor practices, Coach is concerned with the humanitarian abuses involved in the mining of these materials and subsequent financing of armed conflict. As such, Coach strives to deliver products to its consumers manufactured in an ethical way consistent with our humanitarian beliefs and to be compliant with the laws in the countries in which we operate. To enable this, Coach has adopted the following practices:

- Instituted an assessment of its supply chain to identify areas where there is a high probability of 3TG use;
- Collaborated with suppliers to confirm 3TG usage and potential sources of these minerals;
- Worked with its suppliers through the product development process to understand the risk of conflict minerals being incorporated into the design; and
- Expects its suppliers to adopt policies with respect to conflict minerals consistent with Coach's stance.

In order to achieve these objectives, Coach developed a process consistent with the Organization for Economic Co-Operation and Development (OECD) framework for Conflict Minerals:

- Develop and implement systems and processes to understand the level of conflict mineral risk in the supply chain. This includes the development of clear guidelines on the usage of conflict minerals for Coach and its suppliers which are communicated to all relevant stakeholders; as well as appointment of an internal management team to understand and manage the process with regard to conflict mineral due diligence in its supply chain;
- Assessment of the supply chain to understand where 3TGs may be used in Coach's products;
- Develop an action plan to address those risk areas identified including: due diligence with identified suppliers, development of guidelines for product development processes to prevent the introduction of conflict minerals into Coach's products and tracking and reporting of the results of these efforts;
- Auditing, performed by our Internal Audit team, of our processes as part of our normal internal controls audit process; and
- Reporting of the results via the required Securities and Exchange Commission Form SD (Specialized Disclosure) and publishing those results on our website.

#### BANGLADESH – THE ACCORD AND THE ALLIANCE

The tragic and avoidable accidents in Bangladesh over the last year have underscored a serious need for all stakeholders, including governments, companies, and investors, to take a critical look into the programs and policies in place to help protect the safety and lives of factory workers in Bangladesh, as well as all the countries where their products are manufactured.

Coach applauds the efforts by many brands, non-governmental organizations, and industry groups to unite to form both the Accord on Fire and Building Safety in Bangladesh (the "Accord") and The Alliance for Bangladesh Worker Safety (the "Alliance") to address critical issues in Bangladesh.

As of April 2014, Coach products are no longer manufactured in Bangladesh. Coach does not participate in the Accord or the Alliance in Bangladesh due to our lack of manufacturing in the region. Prior to April 2014, Coach products were manufactured on a single floor in one factory in Bangladesh, representing roughly 200 employees, and representing less than 1% of production. As is the case with all of our other factories, we will continue to monitor the safety and working conditions in our factories throughout the world.

Though we are not, at present, joining either the Alliance or the Accord, we are deeply concerned about the labor, health, and safety conditions in the factories where our products are manufactured throughout the world. If the scope of our activity changes in Bangladesh, we will revisit the option of joining the Accord or the Alliance.

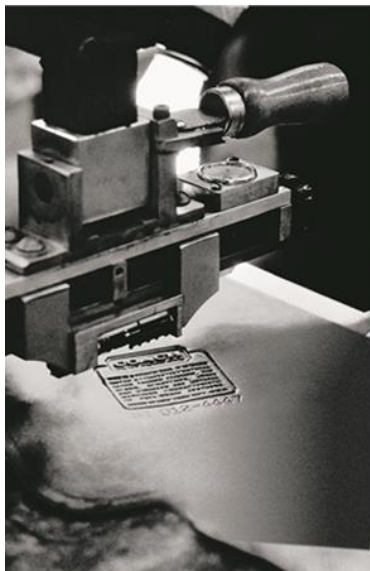


### PILLAR 3: ENVIRONMENTAL CONSERVATION

The third pillar of Coach's sustainability foundation is **Environmental Conservation** and outlines Coach's commitment to continuously improve our data collection and analysis to provide us with the information required to make actionable decisions to conserve and reduce our energy consumption, waste production, and overall environmental impact.

Coach believes in being a good environmental citizen. Our commitment to good environmental practices is outlined in our Global Operating Principles. "Coach is committed to full compliance with all environmental rules, regulations, and standards applicable to its operations. Coach will observe environmentally conscious practices in all locations where the corporation operates." Using this as our starting point, we have continued to evolve our understanding of good corporate citizenship and have continued to build our sustainability programs. Coach partners with factories that are adopting Lean Manufacturing practices. This has improved quality and output efficiency, as well as reduced waste. Additionally, Coach operates in many ISO 14001-certified factories. Like many organizations, we don't always have direct control over every stage in the lifecycle of our products; however, we have made improvements to many stages and we will continue to make improvements.

This is the second year of our sustainability reporting journey, and we are still implementing the initiatives of our environmental strategy. From the processes that have already been implemented, we have seen progress from our initial efforts and will continue to explore additional ways to reduce our environmental footprint. The following sections outline those efforts and are broken into three sections: supply chain initiatives, retail operations initiatives, and corporate headquarter initiatives.



## SUPPLY CHAIN INITIATIVES

Coach products are manufactured by independent manufacturers. Though we don't own the manufacturing process, we are very involved in product development. Coach maintains influence in the areas of material selection, product safety, and packaging. We have worked hard to improve the environmental footprint of our supply chain and will continue to evaluate and evolve these programs.

## MATERIALS

Coach prides itself on quality materials and craftsmanship. We also recognize that, as a company of our size, we impact the environment from our material selection.

Material Consumption by Type (Fiscal 2014)		
Material Type	Fiscal 2014 Usage	Units
Leather	100,007,864	Square feet
Fabric-Shell	5,314,314	Meters
Fabric-Lining	13,504,188	Meters
Hardware	442,736,625	Pieces

As Coach has grown, we have started to regionalize the sourcing of our material production, which has reduced the transportation of materials to our manufacturing service providers. In fiscal 2014, roughly half of our finished leather was tanned in Asia, and half in Europe.

We comply with all laws in the procurement of sourced materials. Regarding the sourcing of leather, tanners used by Coach do not knowingly source hides from the Amazon and we confirm this information annually. The issue of deforestation in the Amazon for cattle ranching was brought to our attention in 2009. At that time we confirmed that none of the raw material used by tanners we source from was sourced from the Amazon rain forest. Again during fiscal 2014, Coach confirmed that none of its raw material was sourced from cattle in the Amazon region.

In addition to strategically sourcing materials closer to our service providers, the use of 3-D technology in our product development and sampling processes has reduced our material consumption by reducing the need for physical samples in the product design, development, and approval process.

From time-to-time product will be returned to our distribution center in Jacksonville, Florida, USA (JAX). In 2012, our Jewelry team recognized an opportunity to recycle jewelry scrap and partnered with our JAX operations team and a third-party metal recycler. When jewelry or key fobs were returned to JAX the product was inspected and either marked for scrap (due to missing stones or non-working closures) or if it was not damaged, placed back in inventory. In fiscal 2014, we did not recycle any jewelry scrap in JAX, however when the opportunity presents itself, Coach is committed to recycling where possible.



## PRODUCT SAFETY & RESTRICTED SUBSTANCES

To manage the impact of materials in our supply chain, we have established a Product Safety Program (Figure 2), anchored by a Restricted Substances List (RSL). The Program helps ensure that no chemicals or substances are being used that may harm the workers who manufacture our products, the consumers who purchase them, or the environment. Through this program, as a policy, since 2009, Coach has eliminated the use of solvent-based adhesives and replaced them with water-based adhesives. This has greatly reduced the amount of chemical off-gassing that is associated with solvents. We've also eliminated Dimethyl Fumarate (DMFu) from our silica packets in response to European regulation.

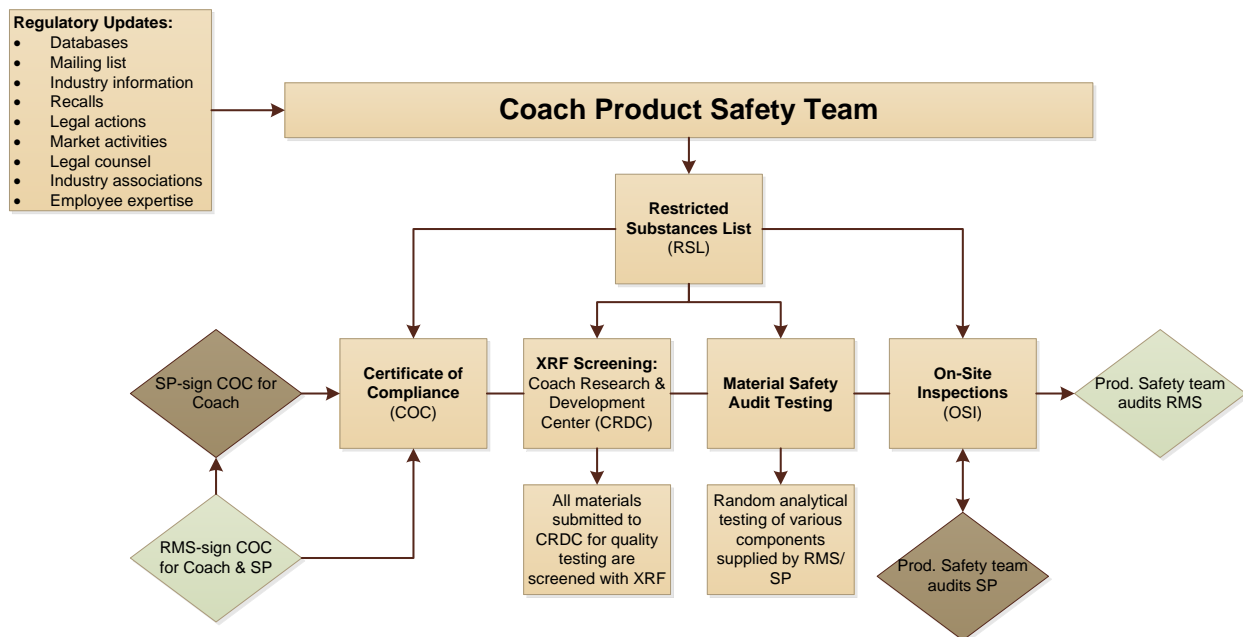


Figure 2 Coach's Product Safety Program process flow chart.

The Product Safety Program and Restricted Substances List are supported by four activities managed by our Product Safety Team (PST); the Certificate of Compliance (COC), X-Ray Fluorescence (XRF) screening of all materials in our Coach Research & Development Center (CRDC), the Material Safety Audit Test, and On-site Inspections (OSI). The following sections outline these activities.

### 1. CERTIFICATE OF COMPLIANCE

All Coach raw material suppliers (RMS) and service providers (SP) are required to complete, sign and submit to Coach a Certificate of Compliance (COC). A signed COC is required in order to be an approved supplier to Coach and constitutes a supplier's understanding and acceptance of its responsibilities regarding compliance for all materials supplied and used in all Coach products, based upon a reasonable testing program. In the event of failure to comply with the Restricted Substances List, Coach reserves the right to terminate all outstanding orders and cease doing future business with the supplier.

### 2. X-RAY FLUORESCENCE SCREENING AT COACH RESEARCH & DEVELOPMENT CENTER

All materials submitted to the Coach Research & Development Center (CRDC) for standard material development testing are screened for restricted substances using an XRF scanner. The results of these screen tests are recorded in Coach's database and the results are shared with the material teams. In the event of a failure, the material teams share the results with the raw material supplier who developed the material and partners with them to either submit the material for third-party testing or rework the material and resubmit to Coach for additional XRF scanning. The XRF scan is used as a screen and spot check to ensure that our suppliers are complying with the terms outlined in the Restricted Substances List and Certificate of Compliance.

### 3. MATERIAL SAFETY AUDIT TESTING

Each quarter Coach identifies a list of production quality materials to be tested at an approved third-party laboratory. If a material fails testing, Coach works with the supplier to develop a Corrective Action Plan. At a minimum, the Plan must contain information on the source of the failure, actions taken to quarantine current inventory and shipped products, if any, action taken to prevent the failure in the future, a primary point of contact, and acknowledgement that these changes will be implemented for all future orders.

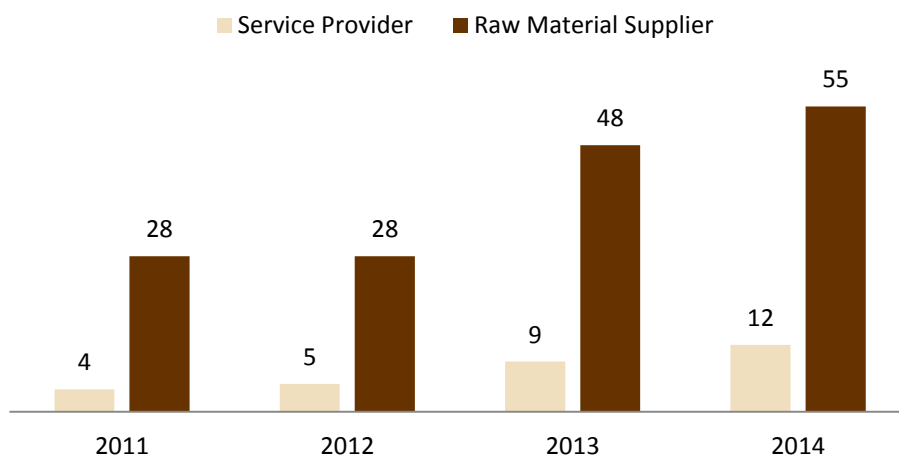
### 4. ON-SITE INSPECTIONS

A member of the Product Safety Team, with or without the assistance of a member of the material team, conducts the On-Site Inspection (OSI) and accompanying report. The scope of the OSI is to:

- Communicate the Restricted Substances List requirements and test methods to the supplier;
- Review inventory records of chemicals (e.g. Material Safety Data Sheet (MSDS), use of banned chemicals, etc.);
- Review processes regarding changing chemicals, chemical management, mixing processes (to prevent contamination with restricted chemicals);
- Review the handling of nonconforming products which contain restricted substances; and
- Random sample inspection/collection for RSL testing.

When required, the material team will partner with the supplier to develop a remedial action plan to correct any issues or concerns discovered during inspection. All raw material suppliers, in the chart below, received acceptable audit results during the on-site inspections.

## RSL On-Site Inspection Audits by Type





## STREAMLINED DISTRIBUTION STRATEGY

Historically, for a Coach handbag to arrive at our flagship store in Hong Kong it would be shipped via boat from the factory in southern China to our primary distribution center in Jacksonville, FL (JAX). The bag would then be placed in another container and shipped via air back to our retail locations in Hong Kong. The total trip was a little over 18,000 miles, roughly three quarters of the way around the globe. As we expanded into additional markets, we recognized that this was neither economic nor environmentally sustainable. To support our growth in China and the region, in fiscal 2010 we established an Asia Distribution Center (ADC) in Shanghai, owned and operated by a third-party, which allows us to streamline the logistics in this region, while reducing costs and our environmental footprint. Now that same handbag manufactured in southern China is transported roughly 1,500 miles to Coach's ADC and then shipped to our flagship store in Hong Kong.

As we continue to improve our distribution strategy, we have started shipping direct from our manufacturing service providers to in-country distribution hubs, eliminating another transportation leg.

Continual efforts have been made to reduce the impact of shipping our products. For example, our third-party logistics partner has consolidation points in Vietnam and China to maximize shipping loads. Additionally, in North America, we pool transport. Instead of trucks taking half truckloads to specific stores, trucking companies line-haul to a specific region, whereupon trucks fan out to various locations.

Currently, Coach utilizes a network of distribution facilities and in-country hubs, all operated through third-parties, in Japan, China, Hong Kong, Singapore, Taiwan, Malaysia, Korea, and the Netherlands. As Coach continues to expand its global footprint, we will continue to refine our distribution strategy to maximize shipping efficiency.

## LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN – JACKSONVILLE, FL

Leadership in Energy and Environmental Design (LEED), implemented by the U.S. Green Building Council (USGBC) is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across the following metrics: energy savings, water efficiency, carbon dioxide (CO<sub>2</sub>) emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.<sup>3</sup> According to the USGBC, in the United States alone, buildings account for 72% of electricity consumption, 39% of energy use, 38% of all CO<sub>2</sub> emissions, 40% of raw materials use, 30% of waste output (136 million tons annually), and 14% of potable water consumption.<sup>4</sup>



LEED is the United States standard for efficient environmental design and has multiple rating systems with several criteria. Specific criteria are given point values and a sliding point scale awards a building a LEED Certification: LEED Silver, LEED Gold, or LEED Platinum.

The anchor of our distribution and logistics is our 850,000 square foot distribution and consumer service facility in Jacksonville, Florida (JAX). JAX has been implementing sustainability initiatives for several years and has been an inspiration to the rest of the organization on how to create positive environmental improvements. In the beginning of fiscal 2010, Coach announced the completion of its, 290,000 square foot Shipping and Storage Buildings, located at JAX. The facility was awarded LEED Silver Certification by the USGBC.

When speaking of the project, S. Richard Fedrizzi, President, CEO and Founding Chairman of the USGBC said, "LEED Certification identifies the Coach Distribution Center Expansion as a pioneering example of sustainable design and demonstrates [their] leadership in transforming the building industry."

Coach's Shipping and Storage Buildings were awarded LEED Silver certification by implementing 38 green design and construction features that positively impact the environment. These features include:

<sup>3</sup> <http://www.usgbcnc.org/?page=whatisleed>

<sup>4</sup> [http://www.usgbcsc.org/site/?page\\_id=140](http://www.usgbcsc.org/site/?page_id=140)



- Solar powered water heaters to take advantage of approximately 230 days of sunshine per year;
- Waterless urinals—saving one gallon of water per use;
- Modular-based office construction to allow reconfiguration without demolition;
- Energy efficient lighting and HVAC systems, saving hundreds of thousands of kilowatt-hours (kWh) per year;
- Use of flooring, adhesives, paint with low volatile emissions; and
- Reduction of construction debris by managing waste and recycling.

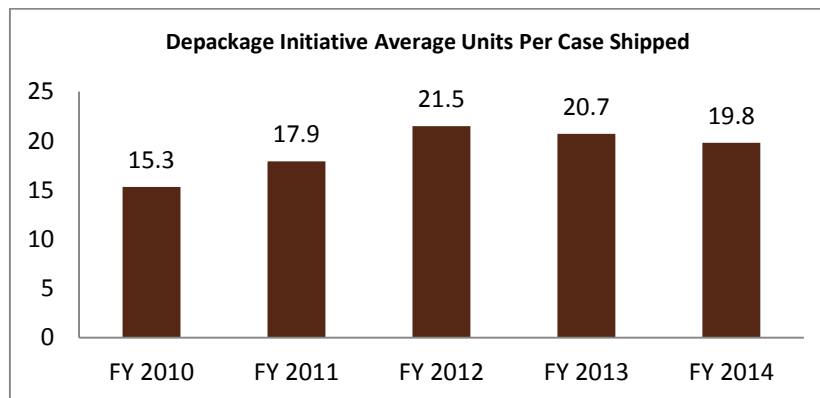
The accomplishment of this facility is representative of Coach’s commitment to the environment and willingness to invest in sustainable business operations.

**PACKAGING REDUCTION**

Located in our Jacksonville, Florida distribution center, we have a full-time packaging engineer who develops methods to reduce our footprint from packaging. We have implemented several initiatives throughout the product lifecycle that have greatly reduced the impact of shipping our product. If we can’t reduce the use of packaging or corrugate, we will reuse it; if reuse is not feasible, we strive to recycle it. We are constantly looking for ways to reduce our environmental footprint from packaging materials.

<b>Total Weight (lbs) by Material Type, Recycled at Coach’s Jacksonville, Florida Distribution Center</b>				
<b>Material Type</b>	<b>Fiscal 2011</b>	<b>Fiscal 2012</b>	<b>Fiscal 2013</b>	<b>Fiscal 2014</b>
Corrugate	4,600,000	4,700,000	5,000,000	5,500,000
Mixed paper/office fiber	790,000	1,200,000	1,200,000	508,234
Aluminum Cans	580	480	1,600	1,030
Plastic/film	69,200	566,000	660,000	433,000
<b>Total</b>	<b>5,459,780</b>	<b>6,466,480</b>	<b>6,861,600</b>	<b>6,444,030</b>

When a Coach handbag is completed at a manufacturing facility, it is filled and wrapped with tissue paper, to help it maintain its shape, and protect it from any scratches or indentations while in transit to one of our distribution centers. Historically, our bags were fully filled and wrapped in all directions. Beginning in fiscal 2010, we partnered with our service providers to reduce the amount of tissue paper used in the packaging of our products. We started with reducing the amount of paper filled inside of our products. Next we began wrapping our products only in one direction. The initial pilot project saved 2,181,555 sheets of tissue paper in 610,457 units. A second pilot saved an estimated 91,081,106 sheets of tissue paper in 12,803,507 units. We have also measure this initiative based on the average number of units shipped in each case.



Understandably, units per case (UPC), will fluctuate depending on product styles, size and material, but overall we’ve seen very positive results since this program started. The drop in UPC from fiscal 2012 to fiscal 2014 is a result of an increased use of sensitive raw materials used in our products (e.g., leathers or polished hardware) that require outer



wrappings to protect from scratches and dents. Coach has also increased the number of shaped bag designs which require more internal filler and result in fewer bags fitting in each shipping case.

In addition to reducing packaging from the service providers, for appropriate products, we remove and recycle additional packaging before shipping products directly to our North American Outlet Stores.

In a continued partnership with our third-party logistics provider in China, we collaborated with our manufacturing service providers to standardize case sizes and printing procedures to coincide with our new case size and printing. By standardizing the size and printing, we have been able to reuse old cartons in good condition instead of using new ones. We have estimated that we reuse approximately 100,000 cartons per year.

Another initiative that has resulted in significant packaging reductions is the introduction of redesigned cartons allowing the cartons to have two depths. Depending on the product being shipped, the more appropriate depth is selected to reduce the use of air pillows (8" x 10" deflated) to prevent the product from moving in the carton during transport. Over a three month period we saved 2,559,614 air pillows and estimate an annual savings of 10,238,456 small air pillows.

Finally, we have added additional carton sizes for direct-to-consumer shipments. By appropriately sizing the carton for each product, it greatly reduces the air pillows required, the use of excess corrugate, and improves our trailer and container efficiency. This process reduces the cubic volume per carton versus previously available cartons by 50%. Over a three month period we saved 129,023 square feet and estimate an annual savings of 516,092 square feet of corrugate. In that same three month period we saved 323,238 large air pillows (10" x 20" deflated) and estimate an annual savings of 1,292,952 air pillows.

### *ENERGY EFFICIENCY UPGRADES*

When the new 290,000 square foot LEED facility opened at Coach's JAX distribution center in fiscal 2009, the facility totaled 850,000 square feet and the electricity load increased by roughly 3.8 million kWh. Since that time, the operations team at JAX has implemented energy efficiency initiatives to help reduce the facility's environmental footprint.

#### Lighting Upgrades

- Replaced warehouse metal halide and high pressure sodium lights with fluorescent fixtures, resulting in an estimated annual electricity savings of 3,000,000 kWh (Fiscal 2009);
- Installed lighting sensors on distribution center lights in North Storage and South Building, resulting in an estimated annual electricity savings of over 100,000 kWh (Fiscal 2012); and
- Replaced fluorescent T-12 lighting fixtures in the main office space with more efficient T-8 lighting fixtures (Fiscal 2013).

#### Heating, Ventilation, and Air Conditioning (HVAC) Upgrades

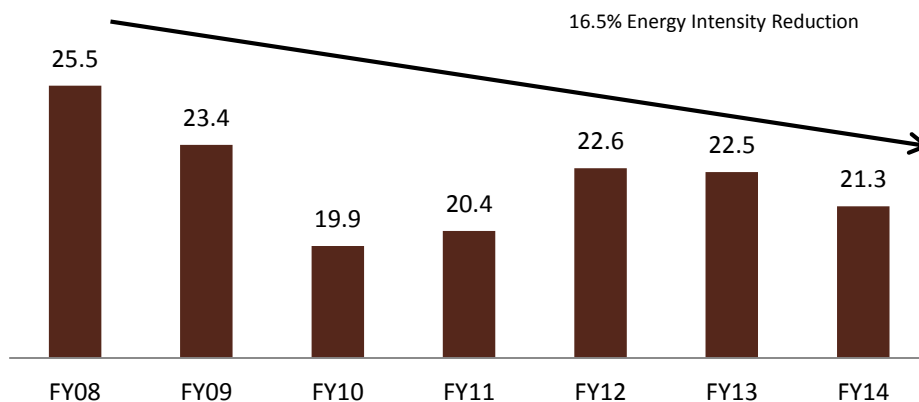
- Replaced 21 HVAC units (installed 1995) with high efficiency HVAC units (Fiscal 2009);
- Replaced four, 40 ton main office HVAC units (installed 1995) with four, 40 ton high efficiency HVAC units (Fiscal 2012); and
- Replaced remaining eight HVAC units (installed 1995) with high efficiency units (Fiscal 2014).
- Implemented a program in our Building Management System to shed HVAC load throughout the facility based on environmental conditions both inside and outside the building (Fiscal 2014).

To improve the overall operation of these efficiency upgrades, in fiscal 2013, we began installation of a building management system (BMS) to update aged HVAC controls equipment in the facility. Incorporated into the new BMS will be an energy management dashboard that will provide our facilities team the ability to control kilowatt peaks and load shed, or the ability to strategically shut down individual pieces of equipment, if required. In fiscal 2014 and continuing into fiscal 2015, we began the addition of a program to our BMS that will aid the facility in shedding load based on internal and external environmental conditions. Fiscal 2014 saw the implementation of the test phase, where we saw a 20% reduction in kWh consumption during the winter months. In fiscal 2015, we plan to implement this system on our North Storage Building and Shipping Building, and then the Finished Goods Storage and Fulfillment areas. We anticipate that the entire JAX facility will be under the BMS program by the end of fiscal 2016.

Coach installed generators to support the entire JAX facility and data center, to help reduce the impacts of utility outages when they occur. The generators are set up in a modular power solution consisting of several smaller engines instead of one large engine. These redundancies were built into the design of the system to ensure the critical load and prioritized loads will have power in the event of an outage.

The previously described energy efficiency improvements have had a positive impact at JAX. The energy intensity at JAX, when normalized for the effects of weather, as measured by British Thermal Units (BTUs) per square foot per cooling degree days<sup>5</sup> (the annual total number of degrees that a day's average temperature is above 65° F) is trending down. The reduction in energy intensity between fiscal 2008 and fiscal 2014 is 16.5%, with an average percent change over the five year period of 2%. In the future, we intend to seek additional opportunities to reduce our energy footprint and consumption through continued data collection and analysis.

### Energy Intensity of Distribution Center, Jacksonville, FL, USA



<sup>5</sup> <http://www.weatherdatadepot.com/>



## RETAIL OPERATION INITIATIVES

### ENERGY

Several years ago Coach switched to metal halide fixtures, improving efficiency by 25%, and last year Coach began pilot testing LED lighting in retail stores, improving efficiency in store lighting once again. The project has been broken into LED retrofits for the complete store and retrofits for just display windows. To date, Coach has finished 20 complete store retrofits, with return on investment assessments completed for 14 additional stores. Additionally, LED retrofits have been completed at 26 sites for display windows only, with 28 additional sites with ROI assessments completed.

### STORE CONSTRUCTION

As Coach opens additional stores domestically and abroad, we have looked for opportunities to improve the efficiency of our stores as well as their construction. Three years ago our Store Construction team switched to flat packing mill work for store builds. This change reduced freight, increased shipping efficiency, and reduced the carbon footprint of shipping. Additionally, we use low volatile organic compound paints in our stores.

### MATERIALS/WASTE

Coach uses shopping bags and gift boxes made with environmentally friendly packaging materials. The shopping bags for our full price stores are made from 30% post-consumer waste and our full price and outlet gift boxes are 100% recyclable.





## CORPORATE HEADQUARTERS INITIATIVES

### HUDSON YARDS, LEED GOLD SOUTH TOWER

Coach, in partnership with Related Companies and Oxford Properties Group, is developing a healthy and high performance headquarters building with the collective goal of achieving LEED Core and Shell (CS) v2009 Gold certification for the base building and LEED Commercial Interior (CI) v2009 Gold or Platinum certification for Coach's space within the building. The LEED Gold South Tower of the Hudson Yards development, designed by acclaimed global architects Kohn Pedersen Fox Associates (KPF), will stand 895 feet tall offering state-of-the-art commercial office and ground floor retail space. The building will feature panoramic views of New York City and the Hudson River, with a total of 15,000 square feet of terrace space on three levels. Construction on the 1.7 million square foot tower – at the corner of 10th Avenue and the north side of 30th Street in Manhattan – began in 2012 and the building is slated for occupancy in 2016. The South Tower is expected to be one of the most unique buildings in the city due to its integration with the celebrated High Line Park and direct connection to the park's public plaza and public transportation. Coach has purchased 740,000 square feet and is looking forward to using the space as our new global corporate headquarters, starting in spring 2016. The joint venture partners intend for the building to be New York City's most energy efficient Class A office building.



Highlights of the Core and Shell construction include:

- Designed to be at least 20% more energy efficient than ASHRAE/IESNA Std. 90.1-2007, including anticipated tenant loads;
- 1.2 Megawatt of gas-fired micro turbine cogeneration equipment to provide power and heat in the event of a grid outage;
- Storm water collection to use for cooling tower (water) make-up and irrigation;
- Storm-proofed and reinforced fuel tanks, watertight points of entry, and elevated switchgears will keep tenants operation through major storms, up to a Category 1 hurricane.
- Highly water-efficient, by using low flow bathroom and pantry water fixtures, reducing domestic water use by 30% relative to the LEED baseline;
- The building's outdoor air delivery system will be designed to exceed the code minimum ventilation requirements for the purpose of enhanced ventilation and cooling as a partial air-side economizer;
- Base building finishes will be low-emitting materials, including all carpeting, paints and coatings, adhesives and sealants, and composite wood products; and
- Green construction practices will divert at least 75% of construction and demolition waste from landfill by recycling.

Highlights of the Commercial Interior construction include:

- Low-emitting materials (adhesives, sealants, paints, coatings);
- Water use reduction of at least 20%;
- High-efficient mechanical motors operating on variable frequency drives to ensure maximum efficiency;
- Advanced recycling storage and collection capabilities;
- Advanced lighting technologies and management (e.g. daylight harvesting, occupancy sensors, etc.); and
- Advanced energy monitoring, measurement, and verification to allow for easy shedding of load power during peak demand.

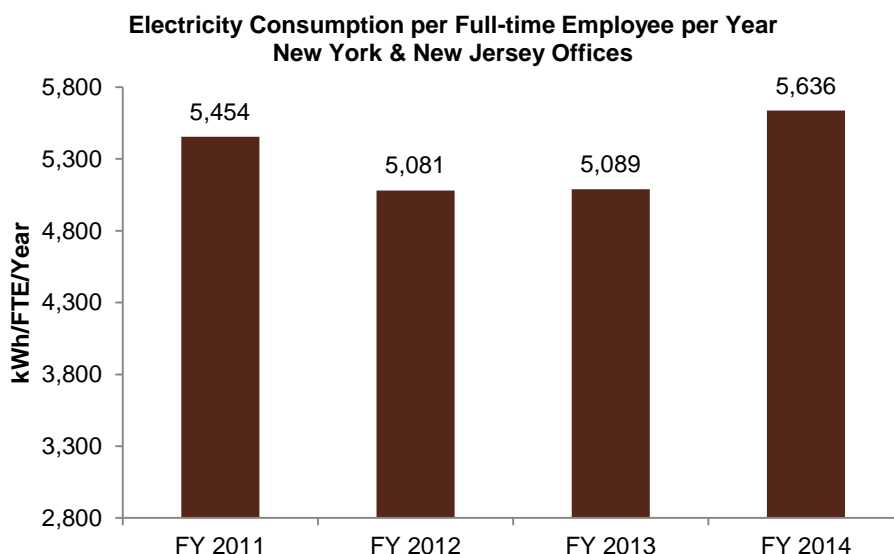
We are enthusiastic about this new facility and the opportunity to have all of Coach's New York employees within one headquarters building.



## ENERGY & EFFICIENCY UPGRADES

While we look forward to our new headquarters building, we recognize that significant opportunities exist in our currently owned and leased office spaces in New York and New Jersey. Coach has been actively monitoring electricity consumption and is constantly looking for opportunities to improve energy efficiency and reduce consumption. Below is a description of the positive improvements that we have made.

In Fiscal 2014, we saw a reduction in the number of full time employees across our New York and New Jersey offices. As a result, we saw an overall increase in Electricity Consumption per Full-Time Employee of 11% in Fiscal 2014, in spite of the fact that our overall energy usage in these locations decreased.



### DATA CENTER VIRTUALIZATION

Coach's primary data center is approximately 4,700 square feet of space on a 12 inch raised floor. The facility uses 208V voltage distribution to its equipment instead of 120V, reducing energy consumption and cooling requirements. Cooling for the data center is provided by seven down-flow direct expansion type computer room air conditioners. The racks in the data center are arranged in a standard hot aisle/cold aisle configuration. Additionally, we have adjusted the air conditioner temperature set-point in the data center from 68° to 72° F and are currently running 70% of our servers in a virtual environment.

### OCCUPANCY SENSORS

- Installed occupancy sensors in private offices and conference rooms to ensure that lights are not left on while rooms are not in use; and
- Installed motion sensors for bathroom sinks, urinals, and hand towel dispensers.

### ENERGY EFFICIENT FIXTURES

- Replaced burnt out lamps with Compact Fluorescent Lights; and
- Evaluate lighting solutions during office and conference room remodels and, when appropriate, install LED track lighting.

### HVAC SCHEDULING

- Upgraded HVAC filters, and established a regular maintenance and cleaning; and
- Implemented a staggered start for HVAC schedule for all 4 facilities, so the HVAC units are no longer running 24/7.



- Uses high efficiency HVAC filters with AGEIS film to kill bacteria and mold on HVAC equipment to create better indoor air quality.
- Upgraded Building Automation System to a newer wireless Honeywell unit.

**INCREASED USE OF VIDEO-CONFERENCING**

- Implemented video conferencing and real-time chat software to facilitate work across multiple buildings, time zones, and geographies;
- Dramatic increase in video conferencing: 349 video conferences/month, with roughly 183 sessions scheduled in advance;
- 50% of video conferences are scheduled off hours;
- Typically used for meetings with large attendee lists; and
- Use of video interviews during recruitment process to reduce travel requirements during interview process.

**ENERGY STAR**

- Replaced all CRT monitors in FY13; All desktop, laptop and computer monitors are EnergyStar compliant, improving energy efficiency of our computing infrastructure.

**POWER MANAGEMENT SYSTEMS**

- Power Management System automatically shuts-down all non-critical computers, roughly 1,600, at 10:00 PM on Friday, not to be turned on again until the user returns to work on Monday morning.
- 

**WASTE & RECYCLING**

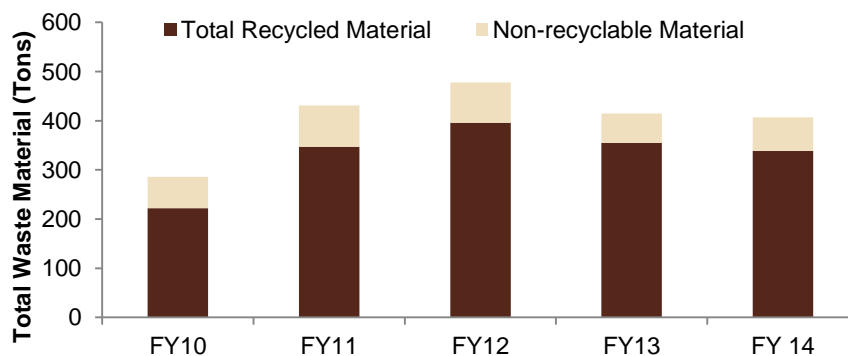
**OFFICE RECYCLING – SINGLE STREAM**

Coach partners with two separate waste management companies that both utilize single stream recycling. Single stream recycling co-mingles all waste and post-sorts all waste to maximize recycling. Additionally, we have recycling bins located next to all communal printers and copy machines. The New York offices have improved their recycling capabilities year over year, starting with a 77% diversion rate (amount of waste recycled) in fiscal 2010 to 83% in fiscal 2014. Fiscal 2014 saw a decrease in our recycling diversion rate due to a late clearing of non-recyclable materials from our design studios.

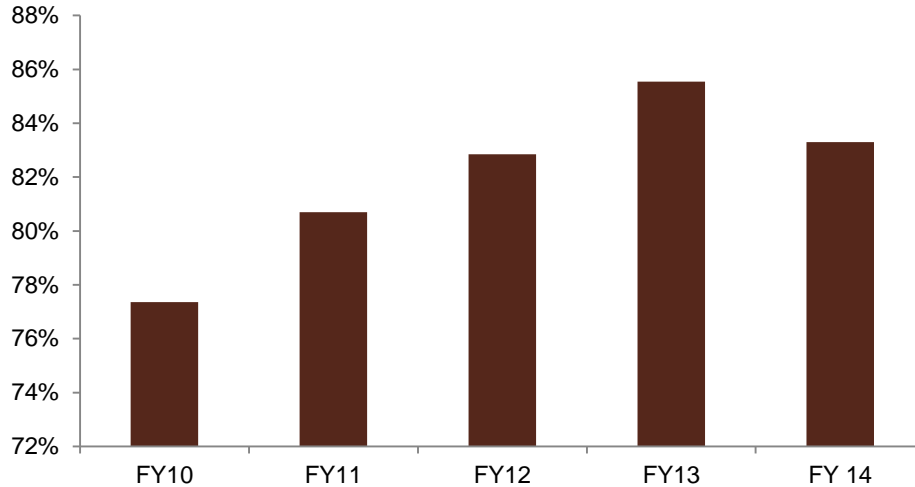
In fiscal 2013, we estimate that the recycling efforts at our 516 West 34<sup>th</sup> St and our 510 West 34<sup>th</sup> St office saved an estimated:

- 5,542 mature trees;
- 25,731 gallons of oil; and
- 2,282,000 gallons of water.

**Total Waste Material Collected for 510 & 516 W. 34th St. Headquarters**



### Recycling Diversion Rate for 510 & 516 W. 34th St. Headquarters



#### *PRINTER AND COPIER MANAGEMENT*

Currently, Coach employees in our New York and New Jersey facilities print 1.2 million sheets of paper per month. The color copy paper that we use is certified by the Forest Stewardship Council and we are continually looking for ways to use less paper. The Technology Services team has been working hard to implement strategies to reduce our impact from copying and printing.

As a company policy, we partner with a third-party service provider to recycle all copy and printer cartridges. To ensure recycling, our mail room monitors the program and employees must exchange a used cartridge in order to receive a new cartridge.

At Coach we have 'networked' combined copy/print devices, located in common areas for general use. Additionally, we have roughly 850 'local' printers which are located at employees' desks. In September 2009, Information Services set all networked black and white printers to default to double-sided printing. At the same time instructions were distributed to explain how to, and encourage adoption of, double-sided printing on color copy/print devices and local printers. When we move to our new headquarters building in 2016, we plan on strategically placing networked printers so that all employees will be no more than 20 steps away, in an effort to eliminate roughly 800 of the 850 local printers currently in use.

Finally, during the second quarter of fiscal 2014, we implemented the use of proximity cards to release print jobs. Employees will be required to swipe their employee identification card to release a print job. The goal of this initiative is to reduce the number of unclaimed and misplaced print jobs, as well as reduce our paper usage. In fiscal 2014, this initiative has saved 650,000 of print and is anticipated to continue to deliver these savings going forward. Additionally, this has reduced our toner and overall printing costs by \$7,000 per month across all deployed locations.

#### *EQUIPMENT CONSOLIDATION*

As a part of Coach's technology strategy, we continuously evaluate our employee's computer and technology requirements. This continual self-evaluation has allowed us to consolidate our equipment and reduce energy requirements in our facilities. Over the last several years we have retired roughly 50 fax machines and replaced them with fewer multi-function printers. We eliminated approximately 80 scanners by implementing a 'scan to file' program which allows users to scan documents directly to their email. This had the benefit of reducing electricity requirements, as well as reducing paper demands. In our computer training room we reduced the total number of computers in half by replacing and recycling old machines with Apple desktops that are able to run operating systems and software for both Windows and Apple. We have also begun purchasing smaller desktops, which are more energy efficient. Lastly, we are in the process of eliminating local personal printers in New York and New Jersey offices. We plan to eliminate all personal printers when we move to Hudson Yards in 2016.

### *ELECTRONIC WASTE RECYCLING*

Significant advancements in technology have facilitated efficient communication and allowed our business to grow and thrive. However, as machines age we are required to upgrade our computers and technical hardware in order to stay competitive and up to speed in a fast paced work environment. As an organization, Coach refreshes roughly 25 to 30% of our equipment on an annual basis. In an effort to responsibly manage and minimize the impact from the disposal of our equipment, Coach's Technology Services group has, for the past several years, partnered with a third-party electronic recycling organization that is certified as ISO 9001, ISO 14001, and the Responsible Recycling (R2) program to recycle our electronic waste.

The table below outlines the hardware recycled in fiscal 2014. Technology Services has organized regular pick-ups throughout the year since fiscal 2011. We plan to share annual recycling rates in greater detail in future years.

	Laptops	Desktops	Monitors (CRT/LCD)	*Peripherals	Printers (Desktop)	Telecomm.
FY 14	45	46	117	53	159	101
*scanners, docking stations, keyboards, mice, projectors, receipt printer, computer accessories						



## CARBON FOOTPRINT

To help us understand our impact to anthropogenic climate change we have begun to estimate the carbon footprint of our business operations. The carbon footprint reported in the following section is an approximation calculated from both measured and projected electricity consumption for Coach leased and owned global corporate offices, Coach operated global retail stores, and our Jacksonville distribution center.

### OUR APPROACH

We have calculated our carbon footprint using the tools provided by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol, which is the internationally recognized standard for corporate carbon reporting. The protocol breaks emissions into three categories – Scope 1, 2 (mandatory) and 3 (optional).

- **Scope 1: Direct GHG emissions** – Direct GHG emissions occur from sources that are owned or controlled by the company, for example emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.<sup>6</sup>
- **Scope 2: Electricity indirect GHG emissions** – Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company.
- **Scope 3: Other indirect GHG emissions** – Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company.

Data collection is a critical component of carbon footprint estimations. Coach has expanded its data collection processes to include Scope 1, Scope 2, and Scope 3 emissions. Electricity data is collected by individuals in either Coach's finance or facilities departments for Coach-owned and leased office spaces and entered into a master excel file. In 2012, we implemented an energy management service to assist in auditing and tracking our energy consumption in North American Retail and Outlet stores. Energy data for Coach's North American offices and retail locations are input into the World Resources Institute (2012), GHG Protocol tool for stationary combustion v. 4.4 to calculate Coach's carbon footprint. In locations where electricity data is unavailable we use the area method to estimate our carbon footprint.

We have successfully collected energy data representing 90% of our usable office space and distribution facilities based on total square footage reported in our annual 10-K filing. Additionally, 60% of Coach's retail square footage has measured electricity data to calculate our footprint, versus 40% in fiscal 2013. Coach continues to improve its data collection processes. Additionally, we estimate all international retail emissions. In the coming years, we are hoping to improve data collection internationally. This year's report includes Scope 1 emissions from propane burned on site at stores, which was unavailable in previous years. We have also included Scope 3 emissions from corporate air travel and ocean freight. In the future, we hope to include more freight emissions in our footprint.

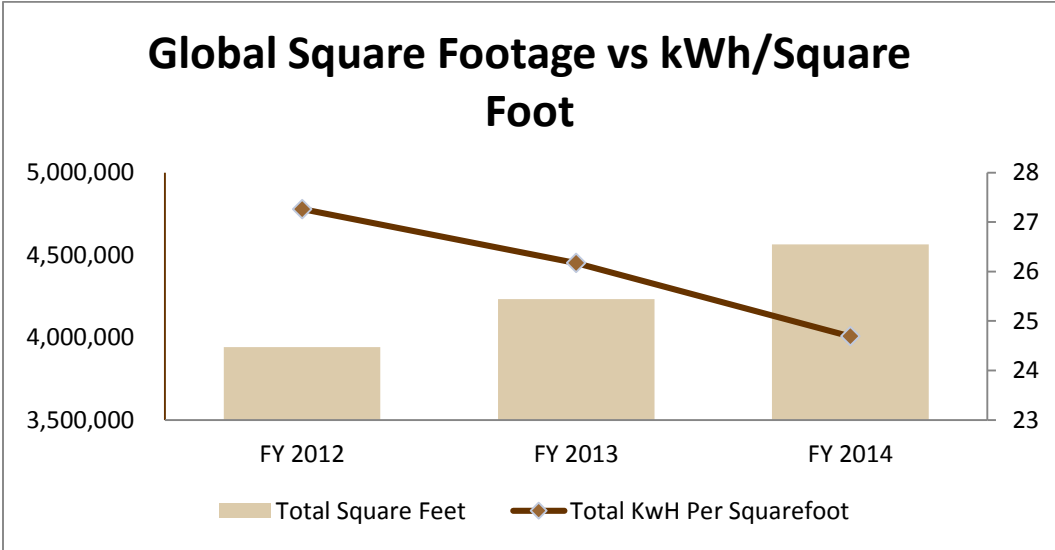
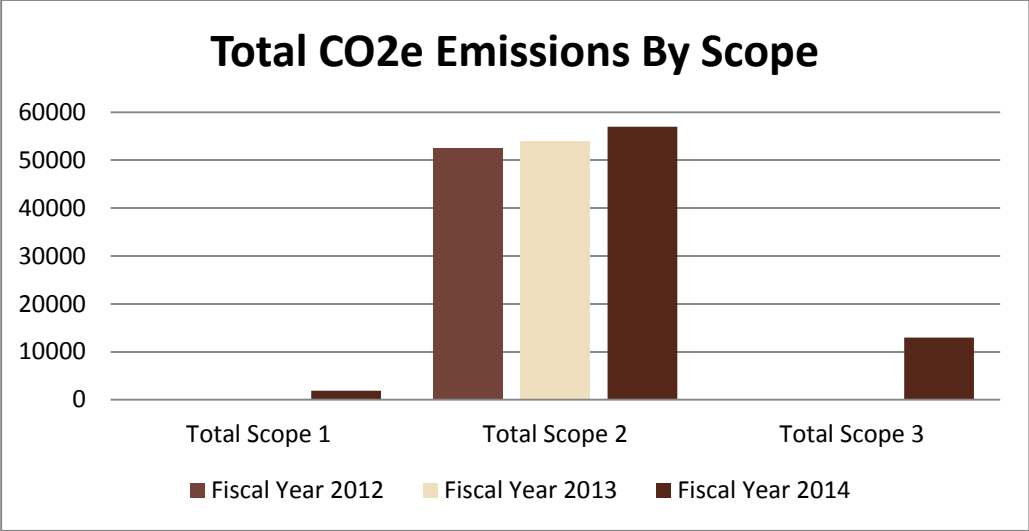
### OUR RESULTS

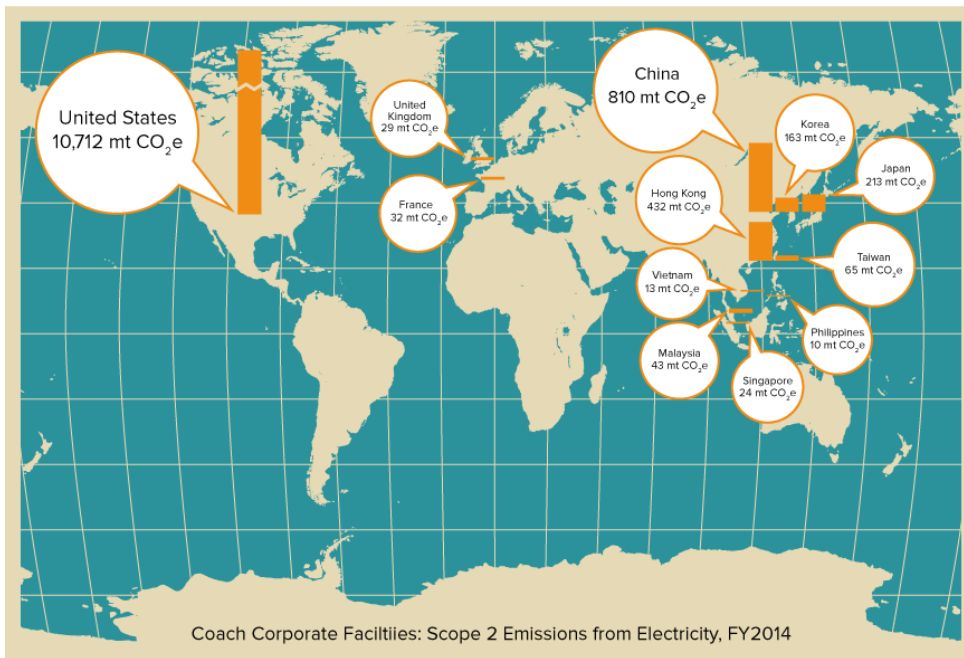
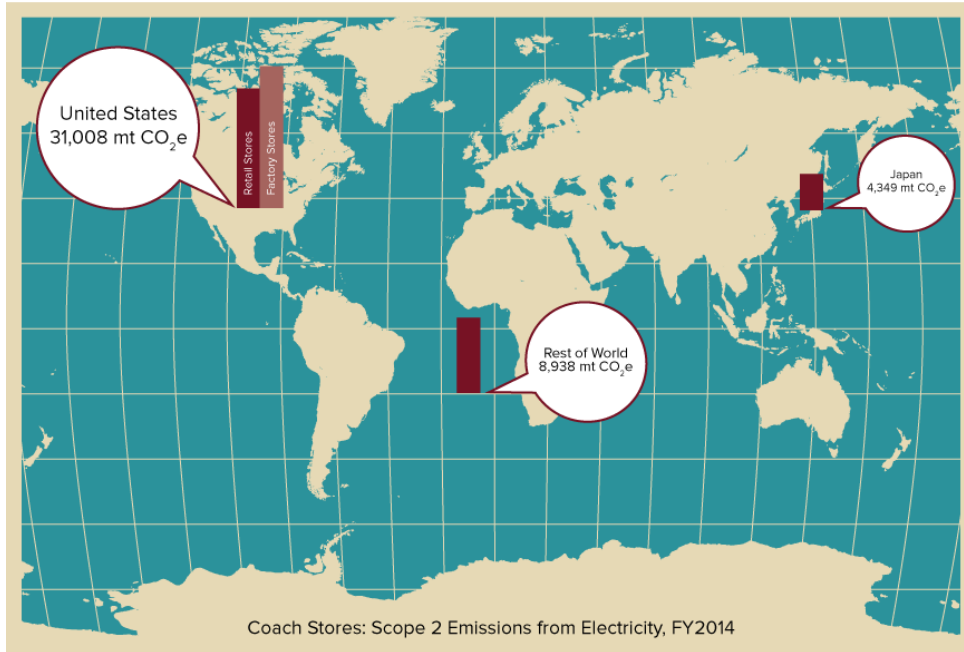
Coach's emissions primarily result from purchased electricity, with a small portion coming from the transport of our people and our products. Coach has added 66 stores internationally, and has expanded some of our outlets resulting in an increase in global square footage.

From our analysis, we have seen an absolute increase in Scope 2 greenhouse gas emissions of 5.44% from fiscal 2013 to fiscal 2014. This is the result of 66 new international stores, and a 15.3% increase in square footage of our outlet stores. On a year-over-year basis, our emissions from corporate operations decreased by 5.7% for scope 2 emissions. Additionally, we have seen our energy efficiency per square foot improve. Coach saw a 6% decrease in kilowatt-hours per square foot globally, while our square footage grew.

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<sup>6</sup> <http://www.ghgprotocol.org/files/ghgp/public/ghg-protocol-revised.pdf> Pg. 25



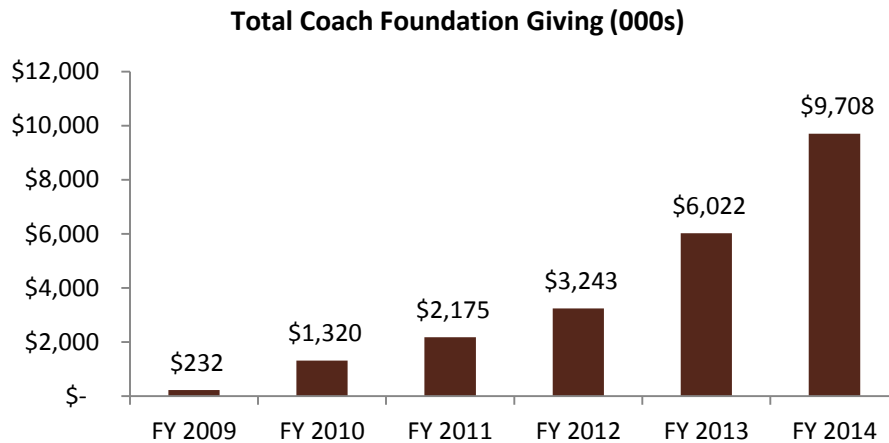




## PILLAR 4: COMMUNITY EMPOWERMENT – THE COACH FOUNDATION

Coach's fourth and final pillar emphasizes **Community Empowerment** and states that Coach will support the local communities in which we operate through the Coach Foundation's support of women's initiatives, education initiatives, and projects that enhance the environment.

At Coach, we recognize that we have a great opportunity and responsibility to do our best to strengthen and support the areas where we operate in times of good fortune as well as adversity. Between fiscal 2009 and fiscal 2014, the Coach Foundation has contributed over \$23 Million to support women's empowerment, education for underserved populations and the environment.



The Coach Foundation primarily focuses on two program areas: Women and Education. The first, Coach's *Women's Initiative*, explores the best opportunities to help women fully realize their potential by supporting programs that encourage personal and economic empowerment. The second, Coach's *Education Initiative*, focuses on improving education opportunities for the underserved, to provide everyone with a chance to learn, grow and meaningfully contribute to our society. Finally, as a good neighbor, the Coach Foundation will fund projects that enhance the environment in the communities where Coach conducts its principal business operations. Representative of a truly global organization composed of employees and customers from around the world; the Coach Foundation has increased its funding of international nonprofits in geographies where Coach has significant business interests. This strategy seeks to identify non-profit partners, both in the United States and internationally, who reflect our mission and are working on long-term solutions, who can demonstrate positive, measurable impacts in the communities they serve and provide volunteer activities for interested Coach employees.

The Coach Foundation has developed several strategic partnerships, programs, and relationships that help Coach and our employees give back to the causes we care about in meaningful ways through both financial support and the gift of time. We'd like to share some of those programs in the sections below.



## UNITED STATES

### FRIENDS OF THE HIGH LINE

The High Line is a public park built on an historic freight line elevated above the streets on Manhattan's West Side. It is owned by the City of New York, and maintained and operated by Friends of the High Line. In line with our mission to enhance the community where we operate, the Coach Foundation over the past three and half years has donated more than \$7 million to Friends of the High Line.

### CULTURE SHED

Culture Shed is a non-profit cultural organization in New York City that will be an international center for artistic and cultural innovation. With a new 200,000 square foot building being built as a part of the Hudson Yards Redevelopment Project, this technically innovative and remarkably agile space is designed to accommodate the evolving forms of artistic and cultural expression of the future. Adjacent to the north leg of the High Line and in the Chelsea gallery district, the building is scheduled to open in the spring of 2018. Culture Shed will host activities in a wide-range of cultural areas including art, performance, film, design, food, fashion, and new combinations of cultural content. Construction will begin in mid-2015. In fiscal year 2014, The Coach Foundation made a grant of \$4 million to this important project, which will be located adjacent to Coach's new worldwide headquarters.

### YOUNG WOMEN'S LEADERSHIP NETWORK (YWLN)

The YWLN mission supports life-changing programs that empower students to break the cycle of poverty through education, including The Young Women's Leadership School (TYWLS), a high-performing network of all-girls public secondary schools. These schools empower young women to achieve their higher education dreams and fulfill their learning and leadership potential.

The Coach Foundation's fiscal 2012 gift of \$123,000 enabled 1,742, 6<sup>th</sup> – 12<sup>th</sup> grade students to discover their educational and professional potential in the Early College and Career Awareness programs at four Young Women's Leadership Schools in Harlem in New York City, NY.

In addition to the Coach Foundation funding, Coach volunteers from New York and New Jersey participated in activities designed to introduce the girls from TYWLS to the benefits of college and the career opportunities available to educated citizens. Coach employees provide personal support by serving as role models within these programs. To date, more than 100 Coach employees have participated in volunteer activities. Events include *College Discovery Day*, *'Cool Women, Hot Jobs'* career days, and *Brag Day*.

Of the TYWLS graduates in fiscal 2014:

- 93% of program participants graduated from high school;
- 99% enrolled in college; and
- 83% of students enrolled in a four-year college versus a two-year college. Many of these students are the first in their families to go to college.

The success of the program in its first year led Coach to support YWLN in fiscal 2013 with a gift of \$175,000, and \$200,000 in fiscal 2014.

## UNITED STATES – (NEAR OTHER EMPLOYEE HUBS)

### NEW JERSEY SEEDS

New Jersey SEEDS (Scholars, Educators, Excellence, Dedication, Success) is a nonprofit organization that prepares motivated, high-achieving, low-income students for admission to preparatory schools and colleges across the country.

Starting in fiscal 2012 and continuing today, the Coach Foundation funds the *Coach Scholar Academy Saturdays* program with an annual \$100,000 grant. The program is designed to prepare students in underperforming schools to apply to quality high schools to position them for college and beyond. At the conclusion of the first year, all 93 students in the *Coach Scholar Academy Saturdays* were admitted to schools and all received the financial aid necessary for them to attend.

### HUBBARD HOUSE (FLORIDA)

Hubbard House is a haven in Jacksonville, Florida for victims of domestic violence and their families. They are committed to working to make “Every Relationship Violence-Free.”

The Coach Foundation, now into its fourth year of partnership, provides funding for the *COACH (Creating Opportunities and Career Help)* Program. The \$50,000 per year grant funded the hiring of a job development specialist, whose responsibilities include providing resume assistance, job search support, career counseling, interviewing and presentation skills, and community outreach to likely employers.

At the end of this year:

- 480 adults received information about the program;
- 103 women had one-on-one counseling sessions; and
- 25% of the adults served obtained employment or promotions.
- Employer partnerships were increased by 31%.

### WOMENT OF TOMORROW (FLORIDA AND MICHIGAN)

The Women of Tomorrow Mentor & Scholarship Program’s mission is to inspire, motivate and empower at-risk young women to live up to their full potential through a unique mentoring program with highly accomplished professional women and scholarship opportunities.

In fiscal 2012, the Coach Foundation made a grant to sponsor 12 high schools: Hialeah, Miami Edison, Booker T. Washington, Miami Central, Miami Jackson, North Miami Beach, Miami Norland, Miami Northwestern, Stranahan, Blanche Ely, Boyd Anderson and Glades Central, serving 246 girls in south Florida. The Coach Foundation’s fiscal 2013 grant of \$140,000 provided support for mentor and scholarship programs in 18 high schools (twelve in south Florida and six in metro Detroit, Michigan). The Coach Foundation grant also provided five \$2,000 scholarships to individual students. In fiscal 2014, the Coach Foundation continued to support some of these same programs with a grant of \$75,000.

### COMMUNITIES IN SCHOOLS (FLORIDA)

Communities in Schools is a nationwide network of passionate professionals working in public schools to surround students with a community of support, empowering them to stay in school and achieve in life.

Fiscal 2013, the Coach Foundation’s first year of involvement with Communities in Schools consisted of a \$50,000 grant to fund an after-school literacy program in Jacksonville, Florida. The success of the first year has led the Coach Foundation to support the program with a slightly larger grant in fiscal 2014. In addition, Ken Sanders, one of Coach’s executives in the Jacksonville Distribution Center was elected to serve on the Communities in Schools Board.

### KIPP CHICAGO (ILLINOIS)

KIPP is a national network of free, open-enrollment, college-preparatory public schools with a track record of preparing students in underserved communities for success in college and in life.

The Coach Foundation has supported the KIPP Chicago Class of 2024 with a gift of \$50,000 per year, starting in fiscal 2012 through fiscal 2013, and a grant of \$25,000 in fiscal 2014.

## UNITED STATES – NATIONAL PROGRAMS

### ADOPT-A-CLASSROOM

Adopt-A-Classroom increases the opportunity for student success by empowering teachers with community partners and funds to purchase resources for the classroom. The Coach Foundation funded two Adopt-A-Classroom pilot projects in fiscal 2012. In the first pilot, the associates from 33 Coach stores “adopted” 33 classrooms in their communities through a \$20,000 Coach Foundation grant. In addition to providing funds for much-needed supplies, store staff visited classrooms and met with teachers and students. In March 2012, the second pilot, with a \$50,000 grant was expanded to an additional 82 stores.



Because of the positive feedback from program participants, in fiscal 2013, the program was rolled out to all Full Price and Outlet stores in the U.S. and Puerto Rico with a \$250,000 grant from the Coach Foundation and the program was again funded in fiscal 2014, with each store in the United States and Puerto Rico participating.

*Dear Coach Foundation,*

*My class was adopted by Coach and I'm so grateful. I ordered a ton of supplies and wouldn't have any paper left in my classroom if it weren't for Coach. I will definitely be supporting them in the future.*

*Hope you are well.*

*-Emily*

## **INTERNATIONAL**

### **ROOM TO READ (VIETNAM)**

Room to Read partners with local communities throughout the developing world to provide quality education opportunities by establishing libraries, providing children's literature in local languages, constructing schools, and providing education to girls.

In fiscal 2013, its first year partnering with Room to Read, the Coach Foundation gave a gift of \$76,000 to support libraries and girls' literacy programs in Vietnam. The Coach Foundation has made an increased gift of more than \$100,000 in fiscal 2014 to offer these programs to more participants, building more libraries and providing girls with academic and life skills education.

### **HALF THE SKY (CHINA)**

Half the Sky's mission is to enrich the lives of orphaned children in China. Starting in fiscal 2012, the Coach Foundation sponsored five *Little Sisters Preschool Programs*, with a \$190,000 grant, directly benefiting 190 children in Chengdu, Chongqing, Harbin, Shenyang, and Xiamen. The *Little Sisters Preschool Programs* trains pre-school teachers in a child-centered curriculum to prepare children (from 2 ½ to seven years old) to enter community schools at a level with their peers. In addition to the financial support provided by the Coach Foundation, Coach China employees visited sponsored schools, volunteered with art projects and helped to organize a sports day. In fiscal 2013, Coach continued its partnership with a \$300,000 grant to support 300 children and 49 teachers at ten *Little Sisters Preschool Programs* in China. Through the partnership, dozens of Coach colleagues have been able to visit the preschools to provide care and support to the students. In addition to the Coach Foundation support, the Coach China and Coach Shared Services Center colleagues hosted a book and stationary donation drive and fundraiser that collected donations of RMB 263,000 (approximately \$43,000) for Half the Sky. In fiscal 2014, the Coach Foundation made a grant of \$365,000 to Half the Sky to continue supporting the ten schools funded in fiscal 2013, positively impacting the lives of the 365 children saved.

### **GLOBAL RELIEF EFFORTS**

When severe natural disasters strike, the Coach Foundation has chosen to support the individuals in the affected region by providing monetary contributions to organizations like The American Red Cross, helping to fund their efforts to provide shelter, food, and emotional support in the impacted region:

- January 2010 – A 7.0 magnitude earthquake caused catastrophic damage in Haiti affecting as many as three million people - \$100,000 donation
- March 2011 – A devastating earthquake and tsunami off the coast of Japan caused catastrophic damage - \$5 million to the American Red Cross and \$150,000 in donations from employees directly to support their team members in Japan.
- May 2011 – Dozens of tornados, including multiple category 5 on the Enhanced Fujita Scale (EF5), ravage the southern United States over two weeks - \$100,000 donation
- October 2012 – Hurricane Sandy bombarded the Northeastern United States. The Coach Foundation donated \$2 million to the American Red Cross for hurricane relief efforts. Coach's Human Resources

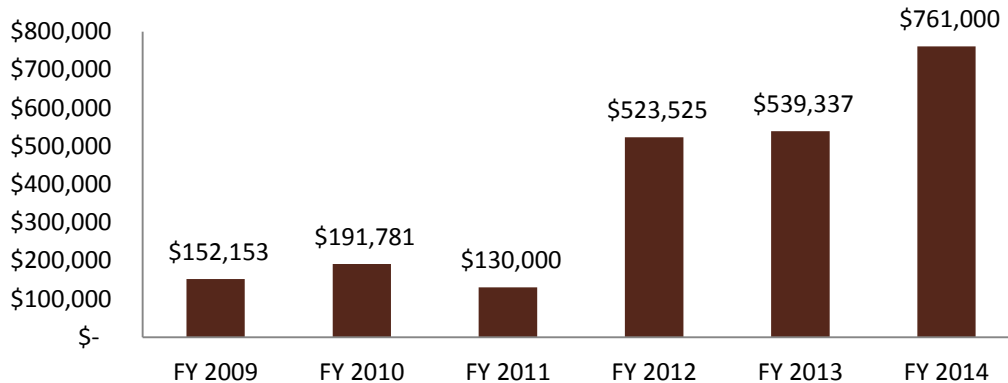
department organized an “employee to employee” gift card contribution program and in partnership with New York Cares, Coach established drop boxes for employees to donate gently used warm clothing. Employees also volunteered throughout the region to support stricken areas.

- May 2013 – An EF5 tornado touched down in Moore, Oklahoma causing horrific damage - \$100,000 donation

**MATCHING GIFT PROGRAM**

The Coach Foundation’s Matching Gift Program provides a matching contribution of up to \$25,000 on donations made by a Coach employee each fiscal year to qualifying nonprofit organizations. Employees are encouraged to take advantage of the program to make their donation dollars more impactful, specifically during the holidays, after a natural disaster, or a national tragedy, when charitable donations tend to increase. In fiscal 2014, the Coach Foundation contributed \$761,000 to match Coach, U.S. and Canada-based, full-time and part-time employee donations.

**Coach Foundation Contribution to Employee Matching Gift Program**



**THE COACH FOUNDATION GRANTS PROGRAM**

Each year, employees are offered the opportunity to nominate eligible nonprofit organizations in which they are personally involved to receive up to a \$10,000 grant through two programs: The **Coach Foundation Employee Grant Program** and the **Coach Foundation Leadership Grant Program**. These programs are open to all active U.S.-based full-time and part-time employees, including retail associates. The Coach Foundation Board of Directors, along with its Grant Committee, chooses each fiscal year’s grant recipients and announces them in the spring.

**THE COACH FOUNDATION EMPLOYEE GRANT**

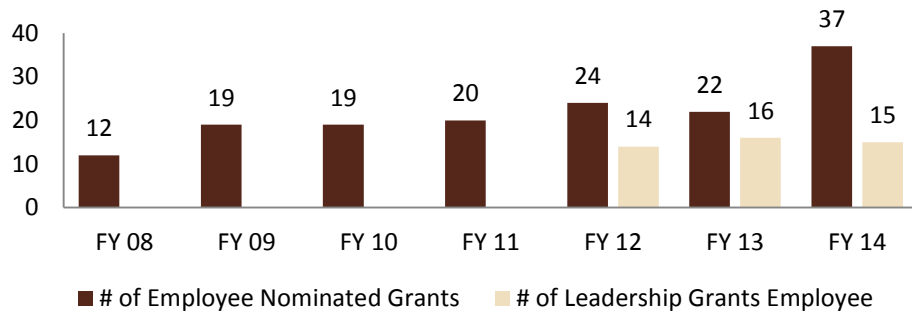
Employee Grants are reserved for eligible nonprofit organizations that reflect the Coach Foundation’s mission in which an employee has a personal involvement or commitment.

**THE COACH FOUNDATION LEADERSHIP GRANT**

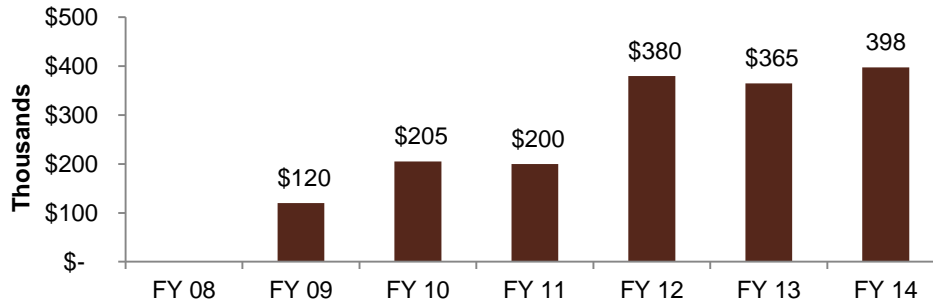
Started in 2012, the Coach Foundation makes Leadership Grants of up to \$10,000 each year reserved for eligible nonprofit organizations where an employee has a significant leadership position or board role. These organizations do not have to reflect the Coach Foundation’s mission, but must fulfill the same criteria of organizations eligible for Coach’s Matching Gifts Program.



### The Coach Foundation Employee and Leadership Grant Recipients



### Total Employee and Leadership Grant Contributions





## EMPLOYEES GIVE BACK

As a result of the Employee and Leadership Grant programs and the Matching Gifts Program, Coach employees have directed approximately \$1 million in Coach Foundation giving. In addition to direct financial contributions, throughout the year, many individuals and departments at Coach have found opportunities to help out in the community where they work through off-site team building activities as well as more formal national programs like Team-in-Training. Below are just a few of these activities where Coach colleagues banded together to do good, many with the support of the Coach Foundation. Each year, the Coach Foundation budgets \$100,000 for employee team volunteer projects that reflect the Coach Foundation mission.

## THE EDUCATIONAL ALLIANCE

The Educational Alliance, a subsidiary of the Boys and Girls Club, is a community-based organization offering a wide range of programs that integrate education, social services, arts and recreation throughout Downtown Manhattan.

The Coach Finance team, meeting in November 2013, spent time during their year-end meeting to build bikes for less fortunate New York City children. The children, all of whom attend after-school programs at The Educational Alliance, joined Coach's employees at the end of the day, rewarding colleagues' hard work with exclamations of happiness when they first saw the bicycles.

## GIVE & GAIN DAY

*Give & Gain Day* has been running in the United Kingdom for five years and in Hong Kong for two years, and marks a global movement of businesses that empower their employees to take action and tackle key community issues through employee volunteering.

In July 2013, thirteen Coach Asia and Asia Shared Service Center volunteers celebrated *Give & Gain Day* in Hong Kong. To celebrate *Give & Gain Day*, Coach colleagues took eighteen children ages 6-12 from the Hong Kong Christian Service Shamshuipo East Happy Teens Club on a tram from Hong Kong suburbs, Sheung Wan to Happy Valley, to celebrate and have lunch.

## NEW YORK CARES

New York Cares is a nonprofit volunteer organization in New York City that runs programs for 1,300 nonprofits, city agencies, and public schools.

In July 2013, Coach interns joined New York Cares to renovate the high-achieving Mott Hall II Middle School. During the day, dedicated Coach volunteers worked hard prepping, masking, and painting the school's hallways. They also created a space for one-on-one sessions between teachers and students by clearing and repurposing a storage space. In 2014, 75 Coach interns participated in volunteer activities, as did a team of 175 employees from the Information Services department.

## PROJECT SUNSHINE

Project Sunshine is a nonprofit organization that provides free educational, recreational, and social programs to children and families living with medical challenges.

Sixty Coach International volunteers partnered with Project Sunshine in July 2013, to bring joy to children with medical needs and their families as they go through difficult times. The day included assembling over 450 craft kits for children in New York City health care facilities, and crafting "Surgi-Dolls", which are dolls given to children awaiting surgical procedures. Prior to the event, Coach International sponsored a donation drive, filling over six boxes with toys, arts and craft supplies, books, and DVDs for children facing medical challenges. The Coach Foundation also generously donated \$10,000 to Project Sunshine.

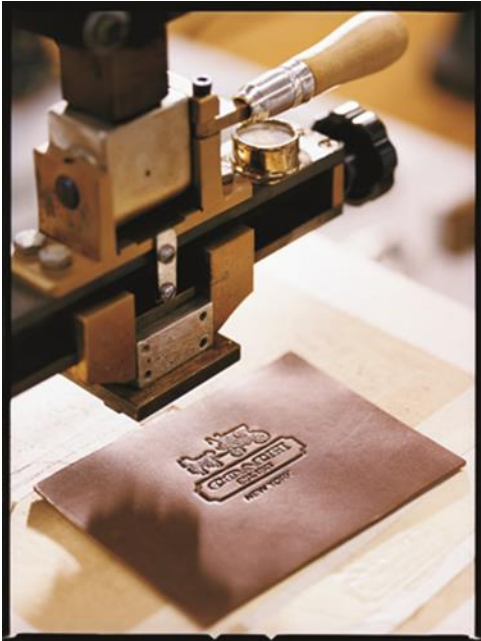
## VOLUNTEERS OF AMERICA – OPERATION BACKPACK

Volunteers of America – Greater New York has been giving new backpacks filled with grade-specific school supplies to children who are homeless throughout New York City.

At the Coach Finance *Quarterly Town Hall* in July 2013, the Finance team continued their tradition of reconnecting and learning from each other while supporting the community. Partnering with Volunteers of America, the Finance



team assembled backpacks full of Coach-donated school supplies. The backpacks are part of *Operation Backpack* and were distributed to children living in homeless and domestic violence shelters.



## LOOKING TO THE FUTURE

As our program evolves, we acknowledge that sustainability has strong and direct implications on our financial competitiveness and success. While formalizing our strategy, we ensured that each of our four pillars addressed not only issues of environmental and social sustainability, but our company's financial sustainability as well. We believe that this will align our sustainability strategy with our business strategy and support long-term financial success.

As we focus on developing strong partnerships with the service providers who manufacture our products we know that this will establish Coach as a brand that values human rights and fair labor. By engaging and inspiring our employees, we will continue to attract and retain a productive, motivated, and highly skilled workforce that is loyal to the company and focused on driving business results. As Coach focuses on environmental conservation, we will build meaningful partnerships with our suppliers and reduce the environmental impact associated with the consumption of energy, water, and waste. Lastly, as we support the community through the Coach Foundation we will build long-lasting relationships in the areas where we operate.

Coach's sustainability reporting is an ongoing journey; as we continue to internalize our processes, metrics, and reporting, we will increase our ability to address challenging sustainability issues in our industry – issues like worker safety, access to clean water, and climate change. Based on our internal consensus and support for sustainability, we are confident and are well positioned to meet the challenges and opportunities before us.



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COACH

NEW YORK