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# CORPORATE RESPONSIBILITY REPORT

*Fiscal Year 2016*



**COACH**

NEW YORK

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# WELCOME

Welcome to *Coach, Inc.'s Corporate Responsibility Report*. Sustainability is a journey that we have been walking for many years. We have designed this report to outline our long-term strategy and 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 – can be found on our website at <http://www.coach.com/governance-document.html>.

This report and the data contained herein primarily covers the Coach brand. It has been expanded in certain areas to include Stuart Weitzman where noted.

*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," "plan," "should," "believe," "next," "develop," "expect," "confident," "trends," "further evolve," "forward," "future," "intend," "estimate," "on track," "are positioned to," "on course," "opportunity," "continue," "project," "guidance," "target," "forecast," "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, and its other filings with the Securities and Exchange Commission for a complete list of risks and other factors.*

# COACH AT A GLANCE IN FISCAL 2016

## OUR BUSINESS

Coach, Inc. is a leading New York design house of modern luxury accessories and lifestyle brands. The Coach brand was established in New York City in 1941, and has 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. In 2015, Coach acquired Stuart Weitzman, a global leader in designer footwear, sold in more than 70 countries and through its website at www.stuartweitzman.com.

Coach, Inc.’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.

Number of employees worldwide: 16,649  
 Global Corporate Employees: 2,912  
 Global Retail Employees: 13,737  
 Net Sales: \$4.49 billion  
 Operating Income: \$653.5 million  
 Net income: \$460.5 million  
 Countries in which Coach products are sold: 55

## OUR LOCATIONS

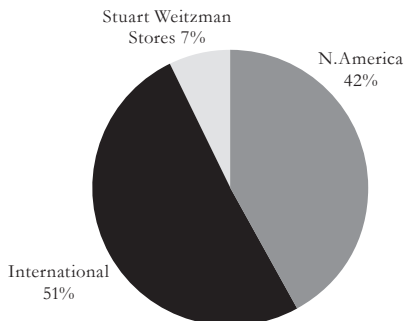
Corporate Operations in 11 countries  
 Coach Offices: 20  
 Distribution Centers: 2  
 Contract Manufacturing in 21 countries

## OUR PRODUCTS

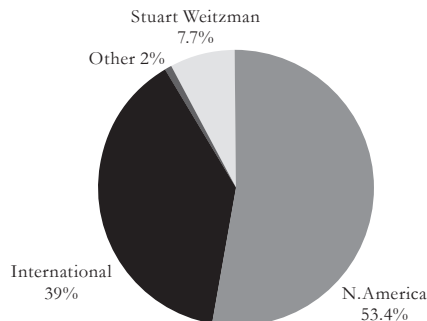
Coach products include women’s handbags and men’s bags, small leather goods, women’s footwear\*, men’s footwear, outerwear, ready-to-wear, watches\*, weekend and travel accessories, scarves, sunwear\*, fragrance\*, jewelry and related accessories.

\*licensed products in 2016

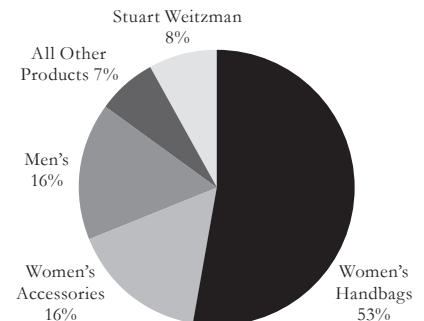
### COACH OPERATED STORES



### GLOBAL NET SALES



### NET SALES BY CATEGORY\*



# A MESSAGE FROM OUR CEO



At Coach, Inc. we pride ourselves on many things – our 75-year history as the Original American House of Leather; our employees, who embody our most strongly held beliefs – our Coach Values; and our evolution into a company that defines global modern luxury. But throughout our heritage, one of the things I am proudest of is our commitment to being a good corporate citizen in the way we conduct business and support our communities.

Coach's *Global Business Integrity Program* serves as the foundation for our commitment to sustainability and social practices, and largely dictates our day-to-day operations. Built on five governing documents – our Global Business Code of Conduct, our Global Operating Principles, our Anti-Corruption Policy, our Supplier Code of Conduct and our Animal Welfare Policy – the Program lays the groundwork for our expectations regarding the ethical and legal responsibilities of Coach's employees and strategic partners.

This year, we've rebranded our report to focus on corporate responsibility, which we find more encompassing of all the aspects of this report. The following Corporate Responsibility report is a reflection of these expectations at work; it outlines the current state of Coach's social, environmental, and economic efforts, both qualitatively and quantitatively. It showcases just how far we've come, and what we have planned for the future.

Highlights of this report include:

- Progress to date on our 2020 goals;
- Carbon Disclosure Project results and updates;
- Our increased recycling rate to 85.6% at our New York and New Jersey corporate offices;
- An updated Supplier Code of Conduct; and
- The Coach Foundation's new nonprofit partner, Step Up.

We are extremely proud of our accomplishments, and we'll continue to challenge ourselves to do more. Since we began reporting on our sustainability journey in 2013, the world has changed around us and our company has evolved. These changes have brought an opportunity for rethinking and reevaluating how we meet the sustainability challenges that lie ahead of us.

We're all accountable when it comes to taking care of the world around us, and with the support of our employees, partners and our customers, we look forward to continued progress. I invite all of our stakeholders to read through this report for a look into Coach's dedication to the people we work with, the products we design, and the environment we share.

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

A handwritten signature in black ink, appearing to read "Victor Luis". The signature is fluid and cursive, with a small "Vict" at the beginning and "Luis" at the end.

Victor Luis  
Chief Executive Officer

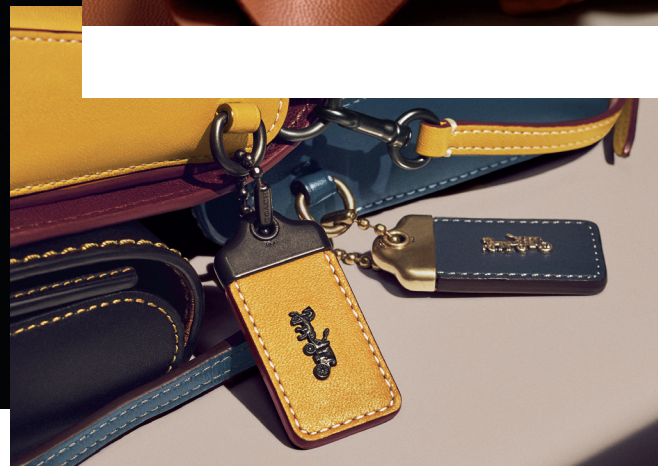
# A BRIEF HISTORY

Our objective is to be a socially sensitive corporate citizen in the locations where we conduct business. Our promise to good environmental practice is outlined in our Global Operating Principles.<sup>1</sup> We are committed to compliance with all environmental rules, regulations, and standards applicable to our operations. We will observe environmentally conscious practices in all locations where we operate. Using this as a foundation we continue to evolve our understanding of positive corporate citizenship and 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 a global company, we continue to maintain the highest standards for materials and workmanship. Coach's exceptional work force remains committed to carefully upholding these defining principles of quality and integrity. 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.



<sup>1</sup> For additional information on Coach's Governance Structure and our Global Business Integrity Program, please refer to the Corporate Governance section (page 13) or refer to our company website: <http://www.coach.com/governance-document.html>

## 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, women's 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 2016, there were over 400 Coach stores in North America, and over 500 directly-operated locations in Asia and Europe. Coach also operates e-commerce websites in the United States, the United Kingdom, Italy, Germany, France, Spain, Canada, Japan, China, and Australia (operated by distributor), with informational websites in over 20 other countries. Beyond our 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 bags 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 design house of modern luxury 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 underpenetrated.

In May 2015, Coach acquired Stuart Weitzman, a leading designer and manufacturer of women's luxury footwear. Similar to Coach, it is a brand built on offering innovation, relevance, and value to a loyal customer base, and is known for its craftsmanship and quality – merging fashion and function.

Coach's corporate headquarters remain in midtown Manhattan, at 10 Hudson Yards on 30th Street. Coach is a publicly traded company listed on the New York Stock Exchange, traded under the symbol COH, and Coach's Hong Kong Depositary Receipts are traded on The Stock Exchange of Hong Kong Limited under the symbol 6388.



# DEVELOPING OUR SUSTAINABILITY STRATEGY

Sustainability is one platform of a comprehensive corporate-wide strategic plan for Coach, Inc. The development of our strategy in this area has been an iterative process over several years. Since our initial 2008 investigation into sustainability, we have developed a strong sustainability strategy, implementing energy saving measures, and identifying internal programs that were already in existence. In 2015, we completed another round of best practices surveys and established a long-term sustainability strategy for fiscal years 2016 to 2020. In 2016, we have worked towards achieving our 2020 goals, while also remaining aware of the broadening sustainability landscape.

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.

## INDUSTRY GROUP MEMBERSHIP

We belong to several industry groups, which provide resources 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. Coach is also a member of the Leather Working Group, a group of brands, retailers, product manufacturers, leather manufacturers, chemical suppliers and technical experts that have worked together to develop an environmental stewardship protocol for the leather manufacturing industry. In early 2015, Coach joined the Sustainability Leadership Forum, a multi-industry group of companies in cities across the United States. The forum is a non-competitive group that is a resource for best practices. It operates in Atlanta, Chicago, Dallas, New York, Philadelphia, and London.

## MATERIALITY ASSESSMENT

In 2015, we conducted a comprehensive 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 is reflected in a matrix outlining which Global Reporting Initiative v4 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. Coach periodically engages with external stakeholders in order to discuss sustainability topics outside of our formal stakeholder engagement process. These discussions help keep Coach abreast of issues that are important to our external stakeholders. We plan to conduct our next materiality assessment for our Fiscal 2017 report.



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

Our sustainability strategy and this report are defined by four pillars, set forth below.

## **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 rigorous 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, through the Coach Foundation, donates millions of dollars annually to high-impact nonprofit organizations with a special commitment to helping teenage girls from under-resourced communities achieve their dreams. The Foundation also supports the causes that our employees are passionate about through a generous matching gift program and volunteer initiatives.

Our Senior Manager of Sustainability, 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.

## OUR FISCAL 2016–2020 SUSTAINABILITY GOALS – PROGRESS TO DATE

In order to demonstrate Coach’s commitment to sustainability and social responsibility, Coach announced its first set of public targets in its 2015 Sustainability Report, to be achieved by the end of its 2020 fiscal year. The goals build on some of our achievements to date and work to address areas that are aligned with the United Nations Sustainable Development Goals. The targets focus on areas of our operations where we see opportunity for improvement, as well as the chance to continue to set high standards for ourselves.

GOAL	PROGRESS TO DATE
Implement Coach’s new Animal Welfare Policy across the organization by the end of Fiscal Year 2016.	We have successfully implemented our Animal Welfare policy across the Coach, Inc. brand by the end of 2016. In fiscal 2017, we will integrate the Stuart Weitzman brand.
Reduce absolute CO2e emissions by 15% over a 2014 baseline by the end of Fiscal Year 2020.	As of the end of fiscal 2016, Coach has achieved a 18.2% reduction in our absolute CO2e emissions.
Improve Coach’s water resource management and track water usage at corporate locations by the end of fiscal year 2017, and in North American retail locations by the end of fiscal year 2020.	Coach began tracking its water usage in corporate locations in 2016, and expects to have complete data for corporate locations by the end of fiscal 2017.
Achieve a 100% waste-to-landfill diversion rate by the end of fiscal year 2020.	As of the end of fiscal year 2016, Coach has achieved a 85.6% diversion rate.
Achieve a score of 100 on the Human Rights Campaign Corporate Equality Index annually.	Coach received its third consecutive score of 100 on the Corporate Equality Index.

Coach will provide an annual update in this report regarding progress on these goals.

# REPORT PARAMETERS: PROFILE, SCOPE AND BOUNDARY

The boundaries of this report vary from section to section, and are 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 Phillippines 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 2016, which ended on July 2, 2016.

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 America Retail and Outlet stores for fiscal 2015 and fiscal 2016 represent 50%, and 54%, respectively, of our North American store square footage. The data for North America 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.

Four of Coach's product categories were managed by licensees in fiscal year 2016: women's footwear (currently with Jimlar, will move in-house in fiscal 2017), eyewear (Luxottica), watches (Movado), and fragrance (Interparfums). We do not report any information on their sustainability efforts. Our men's footwear product category is now managed in house. We acquired Stuart Weitzman in May 2015. Due to the timing of the acquisition and ongoing integration, we have partial data for Stuart Weitzman in certain areas of this report, and expect to have full data by our fiscal 2017 report.

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 JAX distribution center and our larger international offices (Vietnam, Hong Kong, China). In Fiscal 2016 we moved into our new headquarters, located at 10 Hudson Yards in New York City. The data for this year and next will include data for our old headquarters and leased spaces, as well as the new headquarters. We used the World Resources Institute (2012), GHG Protocol tool for stationary combustion (version 4.4) to calculate our Scope 1 and 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 fourth year of reporting, we have made no re-statements of information. Changes in scope include the inclusion of new offices and stores. There have been no significant changes to boundary or measurement methodology. Stuart Weitzman is included only where it is noted; however, Stuart Weitzman is not included in any of the carbon reporting data.

As we continue 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 provides the highest level of oversight in our organization and has separate, independent Human Resources, Audit, and Governance and Nominations (GN) Committees.

As of the end of fiscal year 2016, Coach's Board consisted of nine directors, eight of whom 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 is proud that three 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 of Coach at 10 Hudson Yards, 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 full-time employees are required to certify Coach's Code of Conduct annually and all corporate employees at the manager level and above, as well as all retail store managers, receive in-depth training in Coach's ethics policies and procedures, which are 49% 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 monitored 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

Our 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 an Enterprise Risk Management (ERM) program that annually assesses risks, including fraud risk, corporate governance and social responsibility, on our business and the business of our partners.

As a part of our annual risk evaluation within our ERM program, we identify risks for consideration within the Internal Audit Plan, and evaluate ongoing management plans to reduce risk within a tolerable level. The goal of the risk assessment process is to create an audit plan that identifies risks and exposures and evaluates management's risk mitigation strategy. 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; and
- Analysis of business areas and identification of most appropriate audit coverage.

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

Our senior management and 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 our risk programs adequately identify material risks facing Coach in a timely fashion, implement appropriate responsive risk management strategies, and adequately transmit necessary information with respect to material risks within the organization. The Audit Committee of the Board of Directors, in its oversight role, periodically reviews our risk management policies and programs to ensure risk management is consistent with our 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 stakeholders requires impeccable service to ensure that the customer's needs are met whenever possible. We attempt to take the same approach when engaging with all of our stakeholders. 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 9 countries; informational sites in over 20 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</li> </ul>	Corporate giving; education; Coach Foundation mission
Suppliers	<ul style="list-style-type: none"> <li>• Supplier summits</li> <li>• Adherence to <i>Supplier Code of Conduct</i> and <i>Anti-Corruption Policy</i></li> <li>• Adherence to <i>Animal Welfare Policy</i></li> </ul>	Manufacturing requirements and timeline; Quality concerns
Nonprofits/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> <li>• Stockholder Engagement Discussions</li> </ul>	Business and earnings updates; Financial reporting; Sustainability reporting

# PILLAR 1: EMPLOYEE ENGAGEMENT

At Coach, we believe an inspirational and modern work environment is where exceptional talent thrives. We nurture a culture infused with creativity, innovation, entrepreneurship, learning and achievement.

As the first pillar of our sustainability strategy, Employee Engagement is how we empower our employees to create a distinctly modern Coach culture – one that is uniquely ours and sets us apart as an employer, a brand, and a company. Most importantly, the right employee engagement tools help our people succeed personally and professionally.

The most powerful tool we use today is Coach Expectations, which we launched in 2015. Coach Expectations are guidelines to describe what we expect from one another using a common vocabulary that reflects our values:

- We see possibility in the impossible.
- We nurture authenticity.
- We integrate individuality and teamwork.
- We fuse creativity and logic.

We know that we are a group of inspired, talented, and diverse individuals who work collaboratively to drive the continued success of our company, and we continue to recruit employees who will help us raise the bar. The following sections outline how we are committed to maintaining the very best Coach culture and work environment for our people.



## OUR GLOBAL WORKFORCE

Coach's workforce is a mix of corporate and retail field employees comprised of store management and full- and part-time sales associates. As of October 2014, Coach no longer has any employees affiliated with a union. The data below encompasses both Coach and Stuart Weitzman employees and leadership.

### CORPORATE EMPLOYEES FOR COACH INC. BY COUNTRY OR REGION BY TYPE (AS OF 7/2/2016)

<i>Country</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Intern</i>	<i>Temp</i>	<i>Total</i>
United States	1,850	10	67	8	1,935
China (incl. Hong Kong & Macau)	385	0	0	37	422
Japan	218	0	0	0	218
Europe	134	2	4	11	151
Other*	172	0	0	14	186
Total	2,759	12	71	70	2,912

### RETAIL EMPLOYEES FOR COACH INC. BY COUNTRY OR REGION BY TYPE (AS OF 7/2/2016)

<i>Retail Employees</i>	<i>Full Time</i>	<i>Part Time</i>	<i>Seasonal</i>	<i>Temp</i>	<i>Total</i>
North America	3,347	3,943	487	0	7,777
Japan	1,840	0	0	0	1,840
China (incl. Hong Kong & Macau)	1,894	4	84	600	2,582
Other†	1,001	0	10	27	1,038
Europe	458	5	0	37	500
Total	8,540	3,952	581	664	13,737

\* 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, and as a part of our brand transformation, we have had store closings and layoffs. 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

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. Non-Caucasians represent 27% of Coach's global leadership workforce. This data includes Stuart Weitzman employees.

### GLOBAL EMPLOYEE GENDER DIVERSITY (2016)

■ Female % ■ Male %

#### Global Corporate Employees



#### Global Retail Employees



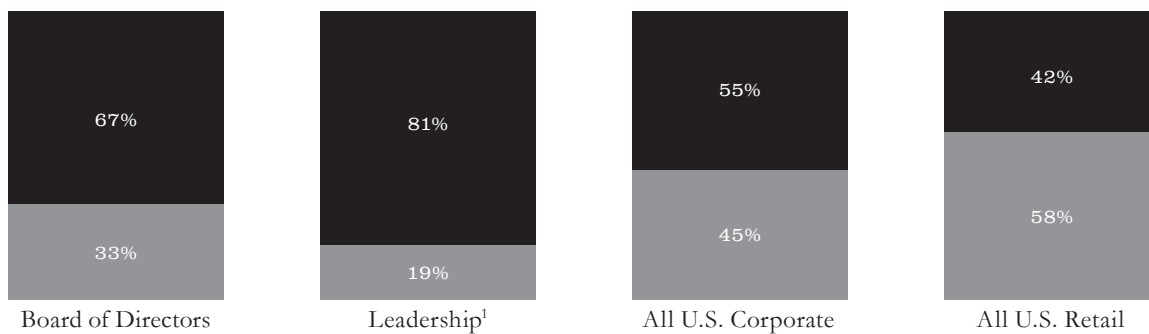
#### Global Employees Overall



1. Divisional Vice President & Up, 2. Manager to Sr. Director, 3. Temps & Interns, 4. Seasonal (November 15, 2014 to February 14, 2015)

### ETHNIC DIVERSITY: U.S. & PUERTO RICO (2016)

■ % Caucasian ■ % Non-Caucasian



1. Global Leadership Diversity: 27% Non-Caucasian & 73% Caucasian

## HUMAN RIGHTS CAMPAIGN CORPORATE EQUALITY INDEX



Coach achieved its third consecutive 100% score on the Human Rights Campaign Corporate Equality Index's (CEI) "Best Places to Work for LGBT Equality" in 2016. This recognition covers fiscal 2016 and part of fiscal 2017. The CEI is the U.S. 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."

This year's achievement also keeps us on track with our 2020 Corporate Sustainability goal to obtain a score of 100 on the CEI each year.

## COACH, INC. GREEN TEAM

In an effort to engage our employees around sustainability, the Coach, Inc. Green Team was created in early fiscal 2016. The focus of the Green Team is to help drive towards our 2020 sustainability goals, and engage the broader Coach, Inc. employee population on the topics of recycling and energy and water usage.

## 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 substantially all 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

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 a work environment that encourages development at all levels in the company and at every stage of our employees' careers. 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 targeted skill building and team effectiveness sessions for intact teams where appropriate.

Learning and development aligns with our Coach Expectations and is broken into self-development, management development and leadership development.

### *Self-Development*

The Self-Development curriculum is designed to support individual development, emphasizing the necessary knowledge, skills, and abilities to be successful in their roles and demonstrate our Coach Expectations. Our skill building workshops focus on improving employees' abilities to effectively communicate and work productively. Our Discover Coach workshops help employees build knowledge about Coach's business, brand, culture and core processes by hearing directly from internal subject matter experts. Our Leader's Perspectives workshops connect employees with senior management in sessions that provide in-depth information about key business areas.

### *Management Development*

The management development curriculum, known as Managing@Coach, equips people managers with the critical skills that they need to manage, engage and develop their teams to ensure we achieve our business objectives. At Coach, we believe there are three elements of a people manager that lead to a high-performing organization: managing self, managing work and managing team. Our Managing@Coach curriculum offers managers the opportunity to develop the essential skills necessary to maximize their leadership potential, manage others effectively, and help their direct reports and teams deliver results.

### *Leadership Development*

Coach also works to develop strong leaders through leadership development programs, workshops and executive coaching. To help leaders build greater self-awareness of their leadership strengths and opportunities, we send selected leaders to participate in a five-day intensive workshop offered by the Center for Creative Leadership (CCL) and pair select leaders with an Executive Coach.

In partnership with Tuck Executive Education at Dartmouth College, we offer a custom program to develop current and future VP+ leaders to accelerate our successful transformation as a global, multi-brand, modern luxury company. This program focuses on the development of Coach leaders as a collective team by strengthening their strategic thinking and execution capabilities, and supporting their ability to role model our Coach Expectations and shape our culture.

## COMMUNICATING WITH EMPLOYEES

Coach operates under an ‘open door’ policy and employees are encouraged to speak openly 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. Our corporate intranet, Coachweb, which was introduced in 2012, provides employees with up-to-date information on business events, benefits, and acts as an online portal to answer any and all employee questions. Coach Connect offers employees 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 the months after survey data from the entire employee population is collected, surveys at the Divisional Vice President level and above take place to probe the issues and topics identified in the larger employee survey.

As previously outlined in the Governance section, if employees have any workplace concerns they are encouraged to report it, anonymously if desired, using our Ethics and Compliance Reporting System (1.800.396.1807) or online using [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>• Annual and sales incentives</li> <li>• Equity Grants</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 and HSA</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>• 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>• Pre-tax transit savings</li> <li>• Employee Discounts on company products</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.

<i>International Employee Benefit Summary</i>	UNITED STATES	CANADA	UNITED KINGDOM	FRANCE	CHINA	JAPAN	HONG KONG	KOREA	MALAYSIA	SINGAPORE	TAIWAN
Retirement	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Health & Welfare (May include Medical, Life, Accidental Death & Dismemberment, Dental)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

In addition to the previously outlined benefits offerings, Coach does have a small defined benefit retirement plan obligation, totaling approximately \$12.3 million USD. The obligation is for our employees in Korea (approximately \$2.3 million USD) and Japan (approximately \$10 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 has a child, or has adopted a child. During fiscal 2016, 281 US employees took advantage of parental leave. Parental leave, of varying durations, is also available at most of our international locations.

We strive 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.

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 2015, 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 1.48. Also provided below is table showing claims at Stuart Weitzman.

COACH, INC. (2016*)	RETAIL (NORTH AMERICA)	CORPORATE (NORTH AMERICA)	TOTAL
Number of Coach Inc. employees	7,706	2,070	9,776
Worker's Compensation Claims	74	17	91
Time Loss Claims	43	3	46
Hours of exposure	9,502,589	2,818,604	13,321,193
Rate of injury per 200,000 hours worked	1.56	1.21	1.48
Safety/injury incident report	487	88	575
Occupational injury-related fatalities	0	0	0
Experience modification factor	N/A	N/A	N/A

\* Period Control Start Date: Jan. 1, 2015; Period Control End Date: Dec. 31, 2015

STUART WEITZMAN (2016*)	RETAIL (NORTH AMERICA)	CORPORATE (NORTH AMERICA)	TOTAL
Number of Stuart Weitzman employees	N/A	N/A	N/A
Worker's Compensation Claims	7	0	7
Time Loss Claims	2	0	0
Hours of exposure	N/A	N/A	N/A
Rate of injury per 200,000 hours worked	N/A	N/A	N/A
Safety/injury incident report	16	0	16
Occupational injury-related fatalities	0	0	0
Experience modification factor	N/A	N/A	N/A

\* Period Control Start Date: May 4, 2015; Period Control End Date: Dec. 31, 2015



# PILLAR 2: SUPPLY CHAIN STEWARDSHIP

The second pillar of Coach's sustainability strategy is Supply Chain Stewardship. Through an extensive process of collaboration with our raw material suppliers and manufacturing partners, we conduct social audits, unannounced visits, and training to ensure that the locations where our materials and products are produced follow the highest labor standards. As we continue to expand our global footprint we rely on our Global Operating Principles and our Supplier Code of Conduct, which outline our beliefs 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 suppliers who exhibit high quality, technical expertise, competitive costs, on-time delivery, and what we believe to be 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, we have 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 Supplier Code of Conduct" (page 27) 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, we regularly conduct periodic evaluations through unannounced audits of all the cut and sew factories where Coach operates. 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. We have been successfully integrating Stuart Weitzman's vendors into our social compliance program. We expect to have Stuart Weitzman fully integrated by the end of fiscal 2017.

## GLOBAL OPERATING PRINCIPLES

Coach, Inc.'s 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.

In order to accomplish these objectives, Coach, Inc. has established Global Operating Principles which set forth the minimum standards by which the corporation will operate and conduct business. These Global Operating Principles apply to Coach, Inc. and all of its subsidiaries, including all employees of the Coach and Stuart Weitzman brands, and will convey to all public constituencies Coach, Inc.'s values, commitments and goals.

The principles and philosophies that govern the operations and businesses of Coach, Inc. are based not only on laws and regulations, but are also founded on dignity and respect for the individual, a strong commitment to common sense, fairness, diversity, and ethical business practices and policies.

As Coach, Inc. expands operations and businesses to many countries of the world in order to compete in the global marketplace, these fundamental principles are extended to all the corporation's locations with the aim of achieving Coach, Inc.'s mission: to build our brand worldwide while creating stockholder value. To this end, Coach, Inc. is committed to the promulgation, application, and continued development of these principles at each location where it operates.

### *Ethical Practices*

Coach, Inc. believes in conducting all business activities with honesty, integrity and fair dealing, and in conformance with high ethical standards. Coach, Inc. does not condone illegal payments to any person, organization, or government, nor will the corporation involve itself in activities and practices that the corporation believes are ethically questionable.

### *Laws and Regulations*

Coach, Inc. 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.

### *Environment*

Coach, Inc. is committed to full compliance with all environmental rules, regulations, and standards applicable to its operations. Coach, Inc. will observe environmentally conscious practices in all locations where the corporation operates.

### *Community Relations*

Coach, Inc. believes in being a responsible corporate citizen and socially sensitive employer in every community, locality, and country in which the corporation operates. To accomplish this, Coach, Inc. strongly encourages each of its operating facilities to become actively involved in the life of the community by developing plans to participate in and sponsor initiatives that result in the advancement of the community's interests, and in the betterment of the quality of life of the communities in which employees live. Coach, Inc. also encourages employees to become involved in their communities through company-sponsored events. Coach, Inc. is proud of its contribution to the economic and social development of the locations where Coach, Inc. has operations.

### *Corporate Contributions*

In the area of corporate contributions, Coach, Inc. recognizes its role as a responsible corporate citizen and a socially sensitive company. In communities where the corporation operates, Coach, Inc. actively seeks out opportunities to contribute money, products, materials, time, expertise, and other assistance to worthwhile causes and projects in order to make the community a better place for employees to live and work.

### *Employment and Employee Training and Development*

Coach, Inc. respects employees and believes in the fundamental dignity and worth of each individual. Utilizing the talents of each employee is a competitive imperative in a global marketplace. Coach, Inc.'s goal is to create an environment that attracts and retains the best, brightest, and most talented individuals and to provide an environment that empowers each employee to reach his or her full potential. The corporation's objective is to teach and encourage the full development of individual pride, freedom, and self-esteem. Coach, Inc. believes that the building of an individual's self-esteem and self-worth, which includes the important element of self-reliance, is an essential ingredient in that employee reaching his or her full potential and growth. Accordingly, Coach, Inc. offers employees work-related training, which enables employees to improve job skills and to qualify for positions of greater responsibility.

### *Communications*

Coach, Inc. is committed to openness, honesty, and fairness in all business dealings and communications with employees and public constituencies. Of course, Coach, Inc. recognizes that certain proprietary, personal or otherwise privileged information must be kept confidential.

### *Working Conditions and Workplace Safety*

Coach, Inc. will provide employees with work environments which are designed, built, and equipped to high standards at all Coach and Stuart Weitzman locations. Coach, Inc. is committed to providing a safe and healthy working environment. Employees will be trained in safe practices and safety rules. Practices relating to the use of safety equipment and protective devices will be strictly enforced.

### *Hours of Work and Age of Employment*

Hours worked each day, and days worked each week, shall not exceed the legal limitations of the countries in which Coach, Inc. operates. Also, while the legal definition of “children” sometimes varies from country to country, Coach, Inc. will not knowingly employ individuals who are under 15 years of age.

### *Compensation and Benefits*

As a responsible corporate citizen and a socially sensitive company, Coach, Inc. believes in providing employees with fair compensation and benefits. Coach, Inc. also believes that compensating employees at competitive levels helps Coach, Inc. to motivate and retain the best employees. Thus, Coach, Inc. seeks to offer employees competitive compensation and benefits which are equal to or above the compensation and benefits offered by like industries in the localities in which the corporation operates.

### *Employment Recognition, Empowerment and Treatment*

Coach, Inc. believes that employees should be recognized and rewarded for good performance, and actively encourages the adoption of suitable programs for this purpose. Coach, Inc. believes employees have valuable ideas and should be given the opportunity to voice those ideas and to implement better and more productive procedures and methods. Coach, Inc. believes that the empowerment of individual employees not only permits each employee’s full development, but directly and significantly contributes to the corporation’s goal of achieving lowest-cost, highest-quality producer status, in turn enabling Coach, Inc. to effectively compete in global markets and to provide employees with the highest possible degree of career security.

### *Respect for Diversity*

Coach, Inc. 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. The corporation actively seeks, promotes, and manages diversity within the workforce. In managing strategic diversity, Coach, Inc. embraces a philosophy of encouraging all Coach and Stuart Weitzman employees to feel comfortable with being themselves while working together toward shared business goals. Coach, Inc. furthers this principle on a global basis through on-going training, development, and education programs designed to create a positive environment in which each individual is empowered to reach his/her full potential.

## **SUPPLIER CODE OF CONDUCT**

Coach, Inc. and its subsidiaries and affiliates, including the Coach and Stuart Weitzman brands operates a global business. Coach, Inc. is committed to conducting its business, and procuring products and services around the world in a manner which is conducive to good global citizenship as well as enhancement of the Company’s reputation, image and commercial success.

Coach, Inc. expects the companies with whom it procures products and services to comply with all applicable laws and regulations, to treat their employees fairly and with dignity and respect, to be socially responsible citizens in the countries and communities in which they operate, and to embrace Coach, Inc.’s high standards of ethical behavior.

Accordingly, Coach, Inc. has enacted a Supplier Code of Conduct. Coach, Inc. expects all companies from whom it procures products and services to be bound by this Supplier Code of Conduct.

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

### *Ethical Standards*

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

### *Anti-Corruption*

Coach, Inc. is committed to working with suppliers who do business in an honest and transparent way. In accordance with the US Foreign Corrupt Practices Act of 1977, and other applicable international laws, suppliers may not pay bribes or otherwise make improper payments. This means that Coach, Inc. suppliers must not, directly or indirectly, offer, pay, promise to pay, authorize the payment of, any financial or other advantage, or anything else of value, to any person for the purpose of securing an improper advantage for the supplier or Coach, Inc. This includes any attempt to impact the objectivity of third party representatives appointed by Coach, Inc. to carry out inspections or compliance audits. The Company's Anti-Corruption Policy can be found at <http://www.coach.com/governance-document.html>.

### *Environmental Requirements & Sustainability*

Coach, Inc. 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, Inc. expects suppliers to promptly develop and implement plans and programs to correct any non-compliant environmental practices. This includes, but is not limited to, complying with all applicable local environmental laws and regulations. As regulations change in the future, the Company expects its suppliers to comply with any new environmental regulations.

### *Conflict Minerals*

As a publicly traded U.S. company, Coach, Inc. is required to disclose the use of "Conflict Minerals" required for the functionality of its products. Conflict Minerals come from the Democratic Republic of Congo, and surrounding countries, and include Tin, Tungsten, Tantalum and Gold (3TGs).

Any 3TGs used in the production of Coach, Inc. products, and the applicable smelters, must be disclosed to Coach, Inc. during its annual Conflict Minerals survey. The Company also encourages its suppliers to look for conflict-free certified sources when sourcing 3TGs. For additional information, please refer to Coach, Inc.'s Conflict Minerals Policy at <http://www.coach.com/conflict-minerals-policy.html>.

### *Slavery & Human Trafficking*

In compliance with the California Transparency in Supply Chains Act (SB 657) and the UK Modern Slavery Act of 2015, Coach, Inc. will not knowingly use suppliers who employ slave labor or support human trafficking. You can find the Company's policies at: <http://www.coach.com/governance-document.html>

### *Animal Welfare*

Coach has adopted an animal welfare policy in order to ensure the humane and ethical treatment of the animals used in the production of Coach product. You can find the Company's policy at <http://www.coach.com/governance-document.html>

### *Employment Practices*

- *Working Hours:* Coach, Inc. will not knowingly use suppliers who fail to comply with the legal maximum working hours as specified by each country's standards and laws.
- *Child Labor:* While the legal definition of "children" may vary from country to country, Coach, Inc. will not knowingly do business with suppliers who employ individuals who are under 15 years of age.

- *Forced Labor:* Coach, Inc. will not knowingly use suppliers of either raw materials or finished product that have been produced by involuntary or forced labor, whether indentured, bonded, prison or labor obtained through slavery, human trafficking or otherwise, nor will Coach, Inc. use services provided by such labor.
- *Discrimination:* Coach, Inc. believes that people should be employed on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs. Suppliers must not discriminate against their employees on the basis of personal characteristics or beliefs, such as age, race, color, creed, ethnicity, nationality, alienage, citizenship, social origin, gender, religion, marital status, sexual orientation, gender identity, genetic characteristics, maternity status, military status, disability or political beliefs, or any other legally-recognized protected basis prohibited by applicable law, at any stage of the employment process.
- *Harassment & Disciplinary Practices:* Coach, Inc. suppliers must treat all workers with respect and dignity. No worker will be subject to corporal punishment, physical, sexual, psychological or verbal harassment or abuse. In addition, suppliers will not use monetary fines as a disciplinary practice.
- *Health & Safety:* Coach, Inc. believes in doing business with those suppliers who have demonstrated concern for and commitment to the health and safety of their employees.
- *Wages & Benefits:* Suppliers must meet all legal requirements to ensure that minimum wages are adhered to, any and all overtime is paid for, and any benefits due to the employees are satisfied.

Additionally, Coach, Inc. will favor those suppliers who are proactive in contributing to the continued education and betterment of its employees.

#### *Confidential, Proprietary and Personal Information*

One of the company's most valuable assets is information. Suppliers must safeguard the Company's confidential and proprietary information, by keeping it secure, limiting access to those who have a need to know to perform their jobs and avoiding discussion of confidential information in public areas. The obligation to preserve the Company's confidential information, and that of its employees, business partners and customers, is ongoing, even if the relationship between Coach, Inc. and the supplier is terminated. The supplier must take all necessary precautions to make sure that the information is not stolen, wrongly disclosed or illegally used.

#### *Accuracy of Business Records*

Honest and accurate recording and reporting of information is essential. Every business transaction must be recorded correctly and in a timely manner. Coach, Inc. therefore expects suppliers to be candid and accurate when providing or entering such information. Suppliers should not make false or misleading entries into their financial reporting systems. Internal controls should be established to ensure accurate business records are maintained.

#### *Conflicts of Interest*

Coach, Inc. and its employees have an obligation to act in the best interests of the Company. Actions must be based on sound business judgment, not motivated by personal interest or gain. Any situation that creates or appears to create a conflict of interest between personal interests and the interests of Coach, Inc. must be avoided.

Any situation, including any relationship or transaction between the Company and any of its suppliers' employees or family members of employees, that creates or appears to create a conflict of interest between personal interests and the interests of Coach, Inc. must be avoided.

The best way to avoid conflict of interest situations is to immediately disclose any situation that has the potential to be misunderstood by others, including other employees, customers, suppliers and the public. Both Coach, Inc. employees and suppliers with whom Coach, Inc. does business must disclose to Coach, Inc. any actual or potential conflict of interest.

### Compliance

To ensure that the Company's suppliers are fulfilling their obligation, the Company reserves the right to conduct audits and can use internal or external parties to conduct those audits. An audit may consist of a factory/company 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; and a review of all relevant documentation (e.g. payroll, time records, employee age verification, licensures, certificates, waivers, etc.)

If a factory visit reveals an issue that requires improvements, Coach, Inc. expects that all suppliers will take necessary corrective action to promptly remediate any non-compliance.

### Communication

Coach, Inc. suppliers must communicate these principles and guidelines to their workers and supervisors.

## AUDITS AND PARTNERSHIPS

All of Coach's business partners are contractually required to adhere to our Supplier Code of Conduct. 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.

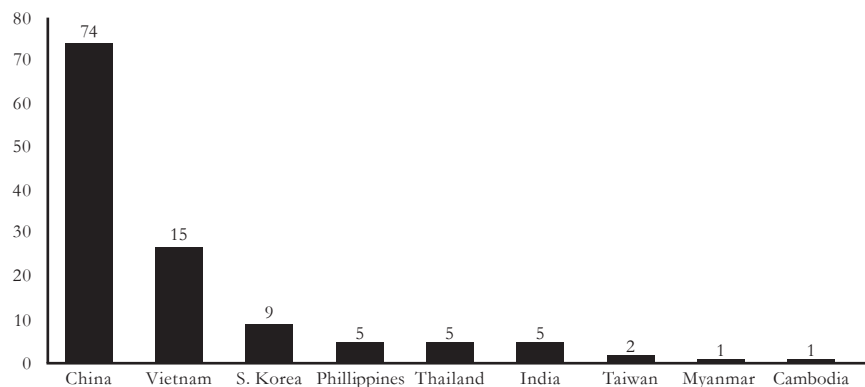
An audit consists of:

- A site 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 site receives at least one audit per year. However, if a 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 the sites where our products are manufactured. We will add more details on Stuart Weitzman in our fiscal 2017 report.

In fiscal 2016, our Social Compliance team conducted 117 audits of active factories. The chart below outlines our performance.

*Active Audited Service Providers and  
Raw Material Suppliers by Country (FY16)*



During fiscal 2016, 98% of Coach service providers received acceptable audit results. Issues found in the 2% that failed included concerns with record keeping deficiencies and a denied audit. Of the raw material suppliers audited, 94% received acceptable results. Issues found in the 6% were due to Hepatitis B testing and transparency issues.

## COLLABORATION AND REMEDIATION

As part of the partnership between Coach and the service providers and raw material suppliers that make our products, at the end of the audit process, if required, our compliance team works diligently with site 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 service provider or raw material supplier 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 supplier. We have had to make this decision many times before. The facilities identified above that received unacceptable audit results have either corrected their issues and are now operating in line with Coach's expectations and standards, or they were not able to meet our standards and we have terminated the partnership due to a lack of cooperation.

## SUPPLY CHAIN COMPLIANCE PROGRAMS

Coach is committed to compliance with the laws and regulations that govern our supply chain. We provide detailed information on how the organization is complying with various supply chain related laws through certain required disclosures such as the California Transparency Act, the U.K. Modern Slavery Act and the Dodd-Frank Act, Section 1502 regarding conflict minerals. Our policies regarding the California Transparency in Supply Chains Act, the U.K. Modern Slavery Act and Conflict Minerals are described below and are publicly available on our website at <http://www.coach.com/governance-document.html>.

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

The California Transparency in Supply Chains Act (SB 657) went into effect on January 1, 2012 and requires retailers to disclose their efforts to eradicate slavery and human trafficking from their supply chain. In 2015, the United Kingdom enacted the Modern Slavery Act, which requires that companies who carry on business in the U.K. create an annual statement disclosing the steps that the business has taken to ensure that slavery and human trafficking are not taking place in the business' operations and 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.

- *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, Coach has conducted training seminars for external partners – including suppliers and key factory personnel – to educate them on the requirements for compliance with and adherence to its supplier policies. Coach periodically assesses the need to repeat this type of training.

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.

Our full disclosures can be found online at [www.coach.com/california-transparency-act.html](http://www.coach.com/california-transparency-act.html) and [www.coach.com/united-kingdom-modern-slavery-act-of-2015.html](http://www.coach.com/united-kingdom-modern-slavery-act-of-2015.html).



## 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 U.S. companies to disclose the use of ‘conflict minerals’ required for the functionality of their products. Conflict Minerals come from the Democratic Republic of Congo (“DRC”) and adjoining 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.

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, and takes its obligations under Section 1502 of the Dodd-Frank Act seriously. 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. Coach does not directly source conflict minerals from mines, smelters or other refiners, and is in most cases several levels removed from these market participants.

Coach continues to strive towards a supply chain that contains minerals that are conflict-free, while realizing that it will be a longer journey due to our place within the supply chain. Coach does not ban procurement of minerals from the DRC and adjoining countries, but seeks to source from responsible conflict-free sources in the region.

To enable our commitment to responsible conflict minerals sourcing, 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;
- Collaborate with suppliers to confirm 3TG usage and potential sources of these minerals;
- Work with its suppliers through the product development process to understand the risk of conflict minerals being incorporated into the design;
- Require the distribution of the conflict minerals policy and the conflict minerals reporting template to all new and current suppliers; and
- Expects its suppliers to adopt policies with respect to conflict minerals consistent with Coach’s stance.

Coach expects its suppliers to adhere to the following guidelines when procuring conflict minerals for use in Coach product:

- Coach expects its suppliers to have a policy with respect to the sourcing of conflict minerals, specifically, that they will make progress to switch to conflict-free sources. Conflict Minerals Policy V2.0, Updated 2/2/2016.
- Suppliers should not take conflict-free to mean that we do not source from covered countries. Rather, the supplier should seek certified conflict-free sources without excluding the DRC and other covered countries.
- Suppliers are expected to respond in full to any surveys or requests for documentation received from Coach, Inc. or by Stuart Weitzman Holdings, LLC.
- Coach expects its suppliers to comply with the Organization for Economic Co-Operation and Development (OECD) framework for Conflict Minerals in the development of its process.

In order to achieve these objectives, Coach developed a process consistent with the OECD framework for Conflict Minerals:

- Develop and implement systems and processes to understand 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 process by our Internal Audit team; and
- Reporting of the results via the required Securities and Exchange Commission Form SD (Specialized Disclosure) and publishing those results on our website.

## BANGLADESH

In April 2017, we banned any raw materials or finished goods produced in any region of Bangladesh from being used in the manufacturing of Coach, Inc. products. This ban applies to all products without exception, including, but not limited to, leather in all stages of the tanning process.

## ANIMAL WELFARE

In the second quarter of 2015, we took steps to create and implement an animal welfare policy across our entire supply chain. Coach uses material of animal origin in some of our products, primarily as a byproduct of the meat industry. However, we do use animals that are not considered animal byproduct. We are committed to principles and practices that require animals in our supply chain to be treated with care and respect. Additionally, we are cognizant of our operating footprint and are working to understand our impact on local biodiversity.

Coach is committed to the following general principles, to be applied to the treatment of all animals within our supply chain:

1. We are committed to ethical practices in the capture, keeping, breeding, raising, transport, handling and slaughter of live animals in our leather, fur and exotic skins supply chain. We believe that all animals, while taking into account specific species' needs, should benefit from:
  - a. Freedom from hunger and thirst, by ready access to fresh water and a diet for full health and potency;
  - b. Freedom from discomfort by providing an appropriate living environment;
  - c. Freedom to express normal behavior, by providing sufficient space, and proper facilities;
  - d. Freedom from pain, injury or disease, by prevention or rapid diagnosis and treatment;
  - e. Freedom from fear and distress, by providing conditions and treatment that avoid mental suffering or undue physical duress; and
  - f. Proper care and respect to the species' nature and psychological, physiological and ethological needs in accordance with established experience and scientific knowledge.
2. We are committed to sustaining well-functioning and bio-diverse ecosystems in regions where we source and contract to manufacture. This includes maintaining populations of wild animals at sustainable levels as well as to source only material of animal origin that stem from legal sources. We believe that local authorities' use of robust scientific assessment methodologies promoted by the Convention on International Trade in Endangered Species<sup>3</sup> (CITES) agreement or the IUCN Red List Categories<sup>4</sup> and the Criteria assessment, is critical to achieve this objective.

<sup>3</sup> CITES is an international agreement that is legally binding to signatory nations. It requires them to implement national and local laws to ensure that international trade in specimens of wild animals and plants does not threaten their survival. [www.cites.org](http://www.cites.org)

<sup>4</sup> The IUCN Red List of Threatened Species is widely recognized as the most comprehensive, objective global approach for evaluating the conservation status of plant and animal species. It is a scientifically rigorous approach to determine risks of extinction that is applicable to all species. [www.iucnredlist.org](http://www.iucnredlist.org)

3. We believe that the capture, keeping, breeding, raising, transport, handling and slaughter of animals must be undertaken with minimal environmental impacts, and in compliance with applicable local animal welfare, social and environmental laws and regulations. In addition, we believe, and have developed this document with internationally accepted standards for animal welfare such as those standards developed by the World Organization for Animal Health in mind.
4. We believe that animals should not be transported in a way that is likely to cause injury or undue suffering to them, including that all necessary arrangements have been made in advance in line with internationally accepted standards for transportation of animals' in air, at sea and on land.
5. We believe that animals should not experience suffering, pain or excitement during all stages of the process of slaughter, and that, as appropriate, effective stunning should be used in advance of slaughter.

As a means to uphold these principles, we will work with our service providers and raw material suppliers to achieve these outcomes and encourage them to uphold these principles within their own supply chains.

We also recognize that the ability to uphold these principles throughout our supply chain and across different types of species will vary; however, we aim for continuous improvement towards realizing these principles. We will seek to source from countries that have well-established and enforced legislation covering animal welfare, trade and biodiversity conservation.

Our Animal Welfare policy can be found online at <http://www.coach.com/governance-document.html>.

# PILLAR 3: ENVIRONMENTAL CONSERVATION

The third pillar of our sustainability strategy is *Environmental Conservation* and outlines our commitment to operate our business in a way that is mindful of our impact on the planet. Additionally, we seek 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 and is committed to complying with environmental rules and regulations and observing environmentally conscious practices in all locations where it 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. We partner with factories that are adopting Lean Manufacturing practices, which has improved quality and output efficiency and reduced waste. We also operate 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 continue to assert our influence in our supply chain where possible. Our Supplier Code of Conduct, which is provided to all suppliers, states our commitment to doing business with suppliers who share our commitment to the environment and pursue environmentally conscious practices. We also demonstrate our commitment to transparent environmental practices by reporting to the Carbon Disclosure Project (CDP) for the past two years and responding to surveys from various investor groups around our environmental, social and governance practices.

The following three sections outline those efforts: 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 meticulously chooses its materials, and we pay close attention to 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 2016)

<i>Material Type</i>	<i>Fiscal 2016 Usage</i>	<i>Units</i>
Leather	82,944,722	Square Feet
Fabric Shell	1,654,407	Meters
Fabric Lining	8,665,963	Meters
Hardware	340,825,218	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.

By using 3-D technology in our product development and sampling processes, we have reduced our material consumption by reducing the need for physical samples in our development 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 2016, we did not recycle any jewelry scrap in JAX, however when the opportunity presents itself, Coach is committed to recycling where possible.

### LEATHER

Coach is the original American house of leather, and we take great pride in the sourcing and production of our leather goods. In fiscal 2016, roughly half of our finished leather was tanned in Asia, and half in Europe.

We materially 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 biome<sup>5</sup> and they must certify this to Coach on a rolling basis. Cattle ranching in the Amazon biome has contributed to massive deforestation, the displacement of indigenous peoples, and covers approximately 40% of Brazil. It contains some of the world’s greatest biodiversity and some of the largest surface water reserves. During fiscal 2015 to fiscal 2016, Coach received written confirmation that none of its raw material was sourced from cattle in the Amazon region.

### 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 chemicals or substances are not being used in a way that may harm the workers who manufacture our products, the consumers who purchase them, or the environment. Since 2009, Coach has eliminated the use of solvent-based adhesives and replaced them with water-based adhesives, reducing 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.

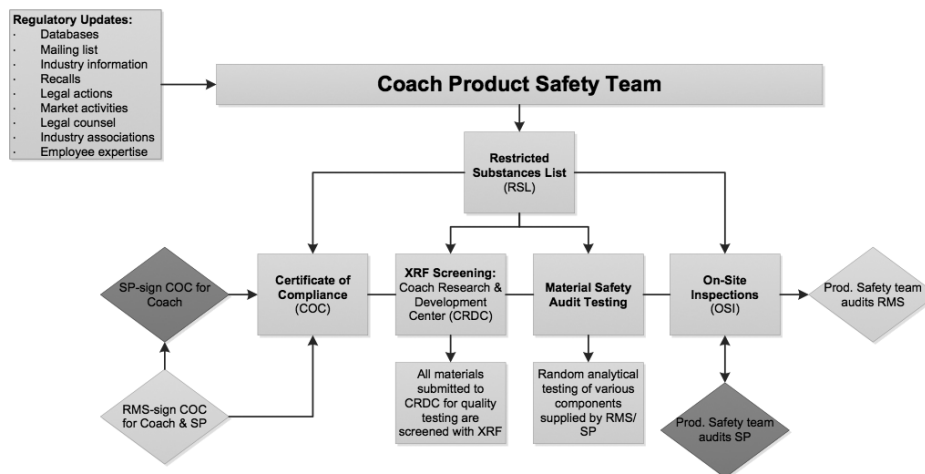


Figure 2: Coach’s Product Safety Program process flow chart.

<sup>5</sup> The Amazon biome is defined by the Brazilian Institute of Geography and Statistics (IGBE). More information is available at [http://www.ibge.gov.br/english/geociencias/geografia/mapas\\_doc3.shtm](http://www.ibge.gov.br/english/geociencias/geografia/mapas_doc3.shtm)

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.

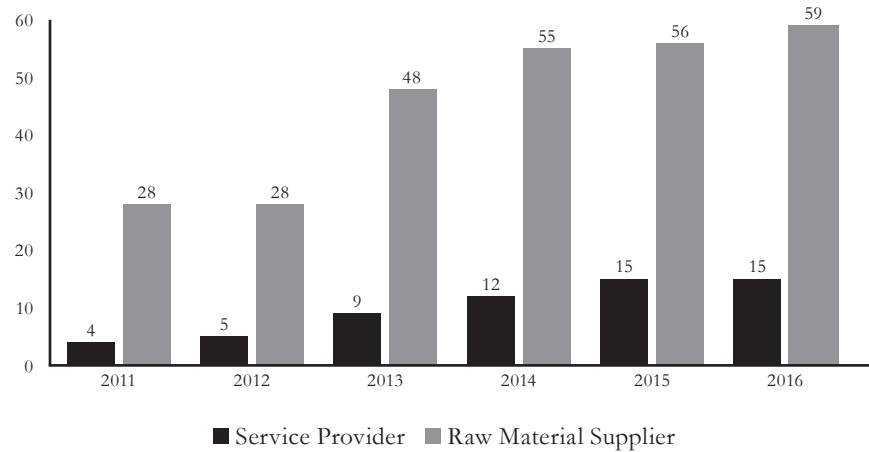
#### *4. On-Site Inspections*

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 Supplier 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.

Through the use of in-region warehouses within our distribution network, and third-party operated in-country hubs in Japan, China, Hong Kong, Singapore, Taiwan, Malaysia, Korea and the Netherlands, we have eliminated many transportation legs and reduced the impact of shipping our products. This process is continually examined and refined in order to maximize our 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>6</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 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.

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:

- 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.

<sup>6</sup> <http://www.usgbc.org/leed>



## PACKAGING REDUCTION

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.

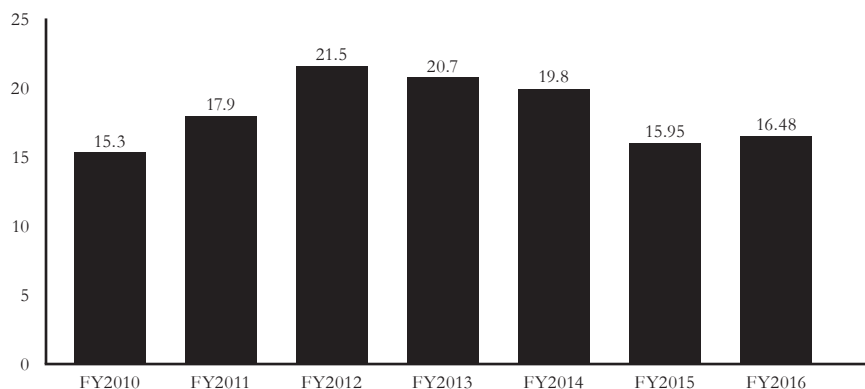
### TOTAL WEIGHT (LBS.), BY MATERIAL TYPE, RECYCLED AT COACH'S JACKSONVILLE, FLORIDA DISTRIBUTION CENTER

<i>Material Type</i>	<i>Fiscal 2011</i>	<i>Fiscal 2012</i>	<i>Fiscal 2013</i>	<i>Fiscal 2014</i>	<i>Fiscal 2015</i>	<i>Fiscal 2016</i>
Corrugate	4,600,000	4,700,000	5,000,000	5,500,000	3,428,600	4,349,800
Mixed paper/office fiber	790,000	1,200,000	508,234	0	0	0
Aluminum cans	580	480	1,600	1,030	0	0
Plastic/film	69,200	566,000	660,000	433,000	291,000	59,200
<i>Total</i>	<i>5,459,780</i>	<i>6,466,480</i>	<i>6,861,600</i>	<i>6,444,030</i>	<i>3,719,600</i>	<i>4,409,000</i>

There was a decline in the amount of mixed paper/office fiber that we were able to recycle in fiscal 2015 and 2016 due to the use of silica packets in order to absorb any moisture that may collect during the shipping process. Silica is not recyclable, and our product was being packaged in such a way that the paper used to help the bags hold their form had silica packets in it. This resulted in issues at the recycling plant. Coach has taken steps to address this issue by working with our factories to make sure that the silica packets are put at the bottom of the bags rather than in with the packing material. Additionally, we are running test shipments with our recycling provider to verify that the process is effective. We expect to see our mixed paper/office fiber numbers increase in fiscal 2017 and beyond.

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. Finally, the handbag is put in a poly bag to protect the leather during shipment. We measure this initiative based on the average number of units shipped in each case.

*Average Units Per Case Shipped*



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 2015 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. In fiscal 2016 we saw a small increase in the average UPC shipped.

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. Our factories have also been testing the reduction of corrugate dividers in our shipping boxes. Over a four month period, some of the horizontal corrugate dividers were removed from our shipping boxes, and testing was done to make sure the product inside the boxes was not impacted. Through this initiative, we expect to see a 50% reduction in the use of horizontal dividers, and we anticipate a material reduction by 2,330,000 square feet of corrugate.

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.

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%.

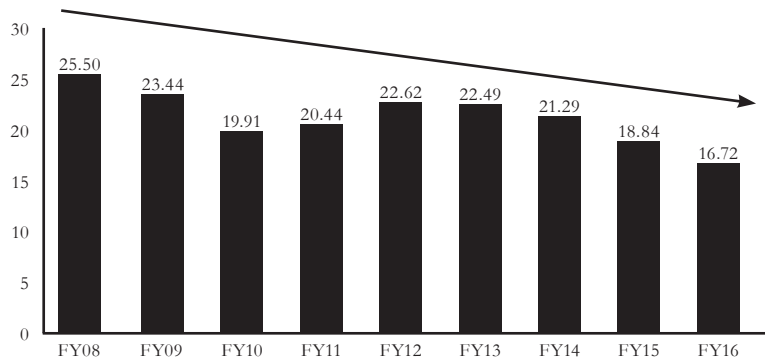
## ENERGY EFFICIENCY UPGRADES

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, including lighting and Heating, Ventilation and Air Conditioning (HVAC) upgrades, to help reduce the facility’s environmental footprint.

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 is 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 2015, we implemented the system in our North Storage Building, Shipping Building, Finished Goods Storage, Fulfillment areas and the Main Building. Additionally, work was completed in our second building in late fiscal 2015 to early fiscal 2016 to replace 9 of the 20 HVAC units. These new units are fully compatible with our new BMS system and are much more energy efficient. To date, the new BMS has saved nearly 2 million kilowatt-hours of energy at our JAX facility.

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>7</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 2016 is 26.1%, with an average percent change over the five year period of 4.4%. 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>7</sup> <http://www.weatherdatadepot.com/>

## RETAIL OPERATION INITIATIVES

### *Energy*

Several years ago, Coach switched to metal halide fixtures, improving efficiency by 25%. Beginning in fiscal 2015 and continuing into fiscal 2016, Coach has installed LED lighting in retail stores, improving efficiency once again. As a part of our brand transformation, our stores around the world are receiving Modern Luxury remodels. Beginning in September 2014, we have updated our lighting in new Coach stores in the following ways:

- Low-wattage LED strip lighting in all cabinetry;
- Most architectural ceiling lighting has been converted to LED, with the exception of some stores with exceptionally high ceilings. Those stores utilize metal halide fixtures;
- All window lighting is now LED; and
- All specialty lighting for the façade and signage is either a low-wattage LED panel or spot diodes.

For our remodeled stores, we have swapped out existing lamps and replaced them with LED (60% of the fleet was able to accommodate the new lighting), and we have replaced the lighting in the cabinets with LED strips.

Overall, our Modern Luxury redesign has resulted in newer stores using much less energy than in our previous store design.

In fiscal 2016, Coach began removing compact fluorescent lamps (CFL) and fixtures from our retail operations. While CFLs are a more energy efficient option than incandescent fixtures, they also contain mercury, which can be hazardous to the environment if not disposed of properly. The removal of these fixtures will help the company move towards our 2020 waste diversion goal, and will also help us progress towards our carbon reduction goal. We have anticipated a 50% kWh reduction in energy usage for the new LED lights in comparison to the CFL energy usage.

### *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. Four 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 and Stuart Weitzman use shopping bags and gift boxes made with environmentally friendly packaging materials. The shopping bags for our full-price and outlet stores are made from 40% post-consumer waste and our full-price and outlet gift boxes are 100% recyclable.

## CORPORATE HEADQUARTERS INITIATIVES



*Hudson Yards, LEED Gold South Tower*

We began moving into our new corporate headquarters at Hudson Yards starting in May 2016. Coach, in partnership with Related Companies and Oxford Properties Group, developed the South Tower of the Hudson Yards complex: an 895 foot tall building with panoramic views of New York City and the Hudson River, with a total of 15,000 square feet of terrace space on three levels. The South Tower is considered to be one of the more 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. The building has been rated LEED Core and Shell (CS) v2009 Gold and Coach's interior space has been rated LEED Commercial Interior (CI) v 2009 Gold.

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 provides 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 keeps tenants in operation through major storms, up to a Category 1 hurricane.
- Highly water-efficient, the building uses 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 was 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 are low-emitting materials, including all carpeting, paints and coatings, adhesives and sealants, and composite wood products; and
- Green construction practices diverted 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.

It is wonderful to have all of Coach, Inc.'s New York employees all under one roof!

### *Energy & Efficiency Upgrades*

While we are excited to be in our new LEED GOLD corporate headquarters, we are still proud of the progress we made during fiscal year 2016 in our old office spaces in New York and New Jersey.

Highlights of the energy efficient improvements we made include:

- Installing occupancy sensors in private offices and conference rooms to ensure that lights are not left on while rooms are not in use;
- Installed LED track lighting where possible; and
- Upgraded our building automation system to a newer wireless unit.

### *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.

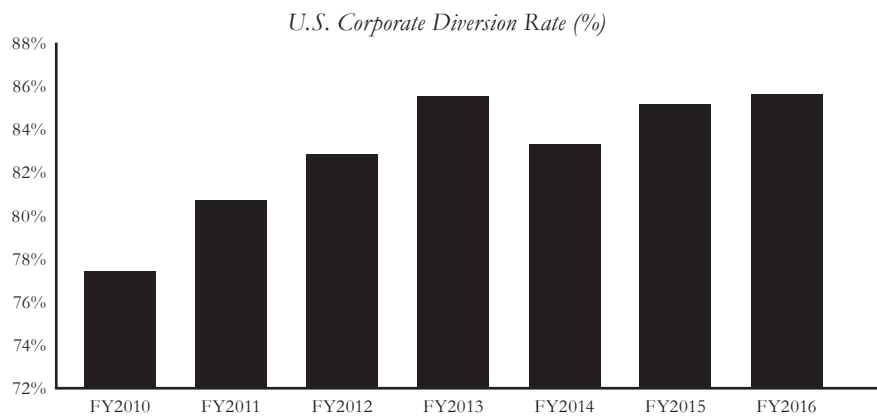
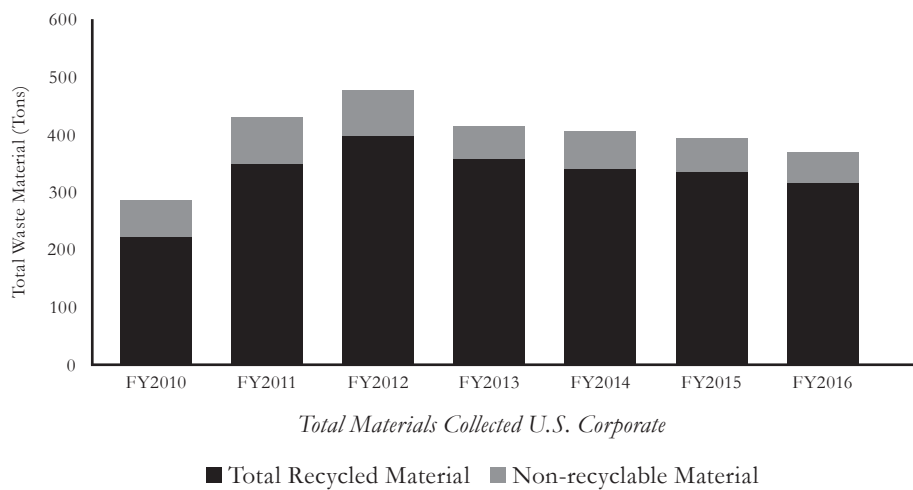
## WASTE & RECYCLING

### 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 85.6% in fiscal 2016. As we look to manage the amount of waste we create at our corporate headquarters, we are making progress in the right direction, increasing our diversion rate 2.6% from fiscal 2014 to fiscal 2016.

In fiscal 2016, we estimate that the recycling efforts at our 516 West 34th Street and our 510 West 34th Street offices saved an estimated:

- 5,151 mature trees;
- 23,887 gallons of oil; and
- 2,117,000 gallons of water.



### *Fabric Recycling*

Coach is continually looking for opportunities to reduce the amount of waste that we generate. At our corporate headquarters, our design and production teams participate in Materials for the Arts (MFTA).

MFTA is New York City's premiere municipal reuse center. A program of the New York City Department of Cultural Affairs, with support from the Department of Sanitation and Education, MFTA collects a wide variety of reusable materials from businesses and individuals and makes them available, free of charge, to nonprofits and government organizations with arts programming as well as New York City public schools.<sup>8</sup>

Coach has been donating to Materials for the Arts for several years, and in 2016 we donated 30,329 pounds of material to the program.

Coach also works with re-fashionNYC, a partnership between the New York City Department of Sanitation and Housing Works that helps make clothing donations easier through in-building service. Re-fashionNYC makes sure that donated product does not enter the landfill. Coach currently has one bin in our corporate headquarters, and we have been working with re-fashionNYC for over two years.

### *Printer and Copier Management*

Currently, Coach employees in our New York and New Jersey facilities print 1 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. These printers are set to default to double-sided printing and require the use of employee ID cards to release print jobs. The goal of this initiative is to reduce the number of unclaimed and misplaced print jobs, as well as reduce our paper usage. In total, this initiative has saved 2,500,000 pages of print since its inception, 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. With our move to Hudson Yards, we have eliminated all personal printers, and we have replaced old energy intense machines and monitors with new monitors and machines. Additionally, with the implementation of our new "soft phone" technology, we have removed nearly all wired phones from our Hudson Yards locations. Employees now enjoy the ability to work from anywhere and take calls from anywhere.

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<sup>8</sup> <http://www.materialsforthearts.org/about/>



### 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 number of hardware units recycled in fiscal 2016. Technology Services has organized regular pick-ups throughout the year since fiscal 2011. In fiscal 2016, in conjunction with our move into Hudson Yards, we donated laptop and desktop computers to PowerMyLearning, a national nonprofit organization committed to enhancing children's education through the power of technology. Coach donated over 350 laptops and desktops. Overall, in fiscal 2016, we diverted 9,875 pounds of electronic waste from the landfill.

	LAPTOPS	DESKTOPS	MONITORS (CRT/LCD)	*PERIPHERALS	PRINTERS (DESKTOP)	NETWORK	TELECOMM.
FY14	45	46	117	53	159	—	101
FY15	66	89	58	281	80	—	401
FY16	259	135	603	158	1,907	312	2,680

\* scanners, docking stations, keyboards, mice, projectors, receipt printers, computer accessories

## CARBON FOOTPRINT

To help us understand our contribution to anthropogenic climate change, we calculate 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>9</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.

<sup>9</sup> <http://www.ghgprotocol.org/corporate-standard> Pg. 25

Data collection is a critical component of carbon footprint estimations. Our data collection processes 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, about 50% of Coach’s retail square footage has measured electricity data to calculate our footprint. Coach continues to improve its data collection processes. Additionally, we estimate all international retail emissions, except for Canada, where we have been able to collect actual data. In the coming years, we are hoping to improve data collection internationally.

This year, we do not have emissions data for Stuart Weitzman, however, we plan to have data in our fiscal 2017 report.

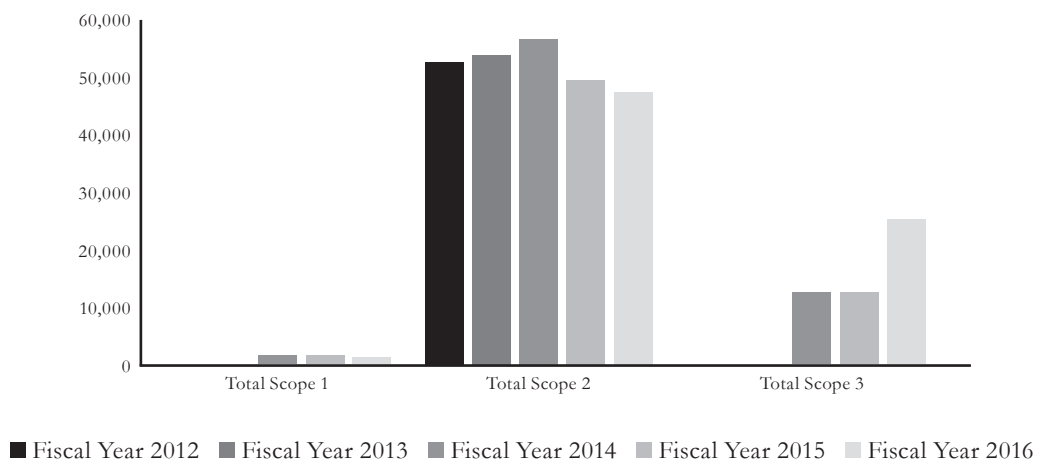
*Our Results*

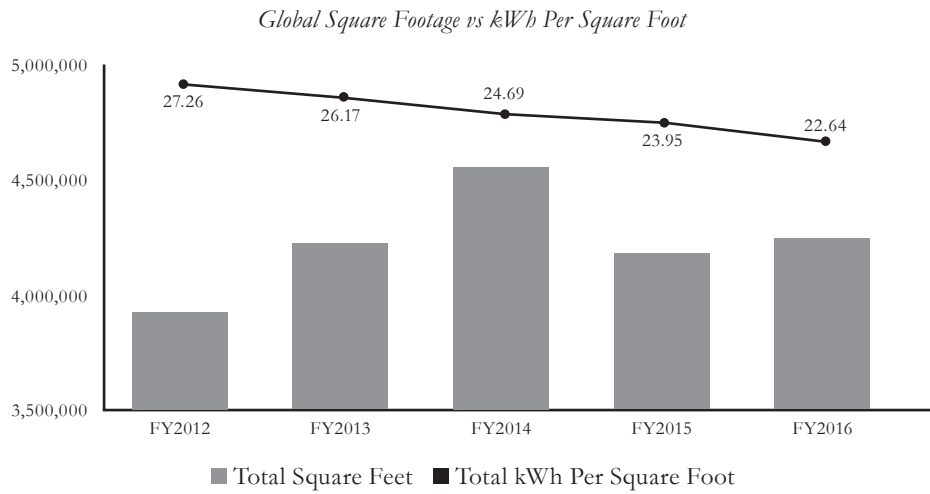
Coach’s emissions primarily result from purchased electricity, with a small portion coming from air travel and ocean freight. In fiscal 2016, Coach worked to optimize its store fleet, which resulted in the closing of some of our US stores. We added 19 stores internationally.

From our analysis, we have seen an absolute decrease in Scope 1 emissions data of 32%, primarily due to a milder winter in the locations that consume propane or natural gas. Our Scope 1 emissions are extremely small relative to our Scope 2 emissions, for which we have seen an absolute decrease in Scope 2 greenhouse gas emissions of 5% from fiscal 2015 to fiscal 2016. These decreases come even as the square footage of our retail footprint has increased; additionally, on a store-by-store basis, we have seen our energy efficiency upgrades pay off, resulting in lower energy usage per store. Furthermore, our corporate offices and our Jacksonville distribution center experienced decreases in overall Scope 2 emissions. On a year-over-year basis, our emissions from corporate operations decreased by 7% for scope 2 emissions.

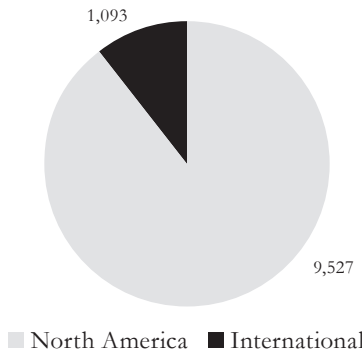
In our third year of Scope 3 reporting, we were able to expand to include air freight, which explains the overall increase in Scope 3 emissions. Overall, we saw an emissions increase for ocean freight shipping of 13.7%, and corporate travel emissions were down slightly on a year-over-year basis. The increase in ocean freight shipping emissions was due to increased orders for product.

*Total CO2e Emissions by Scope*

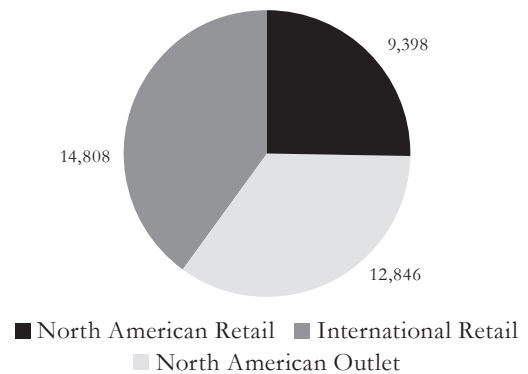




*Emissions by Region — Corporate (MT CO2e)*



*Emissions by Region — Retail (MT CO2e)*



*Carbon Disclosure Project*

This year, Coach reported to the Carbon Disclosure Project (CDP) for its second time, responding to the surveys on Climate Change, Forests and Water. On the Climate Change survey, Coach brand received a C, which was in line with our expectations, improving our score from a year earlier. We received a score of B- on our first Forests disclosure, and we received no score on our water survey. This was the first time that the Coach brand has submitted data for the Forests and Water surveys.

# PILLAR 4: COMMUNITY EMPOWERMENT— THE COACH FOUNDATION

*“The Coach story is an American story, a New York City story of dreams and opportunity that resonates around the world. The Coach Foundation allows us to do our small part to make big dreams possible.”*

—Victor Luis, CEO, Coach Inc.

## HELPING MAKE BIG DREAMS POSSIBLE

The fourth pillar of Coach’s sustainability strategy is Community Empowerment, brought to life by the philanthropic work of the Coach Foundation and the company’s employee engagement initiatives.

With an endowment of over \$90 million in 2016, the Coach Foundation continued its support of pressing societal issues and projects that support the vibrancy of communities in which Coach has business operations.

The Foundation gave its first grant in 2009. Since then, under the leadership of the Coach Foundation board, chaired by Coach CEO Victor Luis, the Foundation has invested over \$40 million in the nonprofit sector.

## A NEW FOCUS ON URBAN TEEN GIRLS

As we celebrated Coach’s 75th anniversary and our evolution as a brand, we explored new ways to merge our philanthropic work with our company values, our people and customers, and our DNA. We asked ourselves: How can we make the greatest impact, beyond just a financial donation—and involve our teams in a truly personal way?

Our company vision is to make luxury approachable for those who desire more than status. Modern Luxury is inclusive, offering quality and craftsmanship to make customers feel good about themselves. As Bonnie Cashin, Coach’s very first creative director said, the Coach girl has wide horizons. And, as a brand that has always designed for confident women, we feel strongly that all young women should have the opportunity and freedom to dream big and succeed.

That led us to refine our prior focus on women’s empowerment and education to commit ourselves to helping teen girls from under-resourced communities to dream big and succeed.

### SPOTLIGHT: COACH X STEP UP



Founded in 1998, Step Up is a nonprofit organization that believes all girls should have the opportunity to fulfill their potential.

Step Up offers girls from under-resourced communities the support, confidence and connections to dream big and succeed. Step Up works with teens through all four years of high school, offering after-school and mentorship programs that help them find their voices, sharpen their sense of self-worth and explore possibilities for their future.

In 2016, the Coach Foundation began funding a \$3 million pledge to Step Up to help them expand to three new cities and triple the number of girls they serve annually over the next three years.

*Coach CEO Victor Luis with Coach x Step Up Teen Ambassadors Carlyne, Breyahna, Anisa, and Lovely*

*“Coach believes in helping young women to find their voices, to sharpen their sense of self-worth, and to seize their full potential.”*

—Margaret Coady, Executive Director, Coach Foundation

In our search to find a like-minded partner, we found the perfect match in Step Up. Step Up is a nonprofit organization that works with over 1,500 teen girls from under-resourced communities in New York City, Chicago, Los Angeles, and Dallas through all four years of high school, offering after-school and mentorship programs.

The Coach Foundation’s \$3 million in funding to Step Up over the next three years will help expand its programming in under-resourced urban communities, ultimately connecting 3,000 girls in six cities to a network of powerful women who can inspire them to turn big dreams into big plans.

## SUPPORTING PARKS AND CULTURE

In addition to its commitment to teen girls, The Coach Foundation has made significant grants to both new and historic New York sites, including the High Line elevated park and The Shed.

Recognizing Coach’s New York City roots and longtime home in the garment district, the Foundation has given \$5 million to the Friends of the High Line to support the High Line Park. 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 the nonprofit Friends of the High Line. The High Line has become an important companion to Coach as both the inspiration and the setting for Coach’s first-ever runway show at New York Fashion Week in 2015. The Coach Passage, a section of the High Line that runs in front of Coach’s new global headquarters in Hudson Yards, is scheduled to open in 2018.

As part of the efforts to support our headquarters local community in 2013, Coach also committed a total of \$15 million over five years as a founding partner to create Hudson Yards based visual- and performing-arts institution The Shed—dedicated to commissioning innovative new works—scheduled to open in the spring of 2019.

The Shed will host activities in a wide range of cultural areas, including art, performance, film, design, food, fashion, and new combinations of cultural content. It is designed to be a technically innovative and agile space that accommodates the evolving forms of artistic and cultural expression of the future.

The Coach Foundation is proud to be an early and significant contributor to this new institution.

### SPOTLIGHT: FRIENDS OF THE HIGH LINE



Coach was honored at the 2016 High Line Spring Benefit, an annual fundraising event that raised a record-breaking \$3.6 million to ensure that the High Line will have the resources it needs for a thriving future.

In 2016, the Coach Foundation fulfilled its \$5 million pledge to the Friends of the High Line Park to support the expansion of the High Line and help ensure its long-term preservation.

In recognition of Coach’s essential contribution to the High Line and the neighborhood it has called home for 75 years, a semi-enclosed passageway that will be the High Line’s largest covered area has been named “Coach Passage.” The passage runs in front of Coach’s new global headquarters in Hudson Yards.

*View from the High Line Park toward Coach’s new global headquarters in Hudson Yards.*

## RESPONDING TO EMERGENCIES

The Coach Foundation has given over \$7 million to organizations working on the ground in the aftermath of moments of crisis, allowing them to help communities in the U.S. and around the world to get back on their feet. Through organizations like the American Red Cross, the Coach family has helped fund shelter, food, and emotional support in times of acute distress.

In recent years, Coach and the Coach Foundation have supported the following relief and recovery efforts:

- May 2013 – The Coach Foundation made a \$100,000 donation to the American Red Cross when a severe tornado touched down in Moore, Oklahoma.
- October 2012 – The Coach Foundation donated \$2,000,000 to the American Red Cross for relief efforts when Hurricane Sandy bombarded the Northeastern United States. Coach's Human Resources department organized an employee-to-employee 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 2011 – The Coach Foundation gave \$100,000 to the American Red Cross after dozens of tornados ravaged the southern United States.
- March 2011 – Coach donated \$5,000,000 to the Japanese Red Cross Society in the wake of a devastating earthquake and tsunami off the coast of Japan that caused catastrophic damage. Employees contributed an additional \$150,000 to support their team members in Japan.
- January 2010 – The Coach Foundation donated \$100,000 to the American Red Cross following a 7.0 magnitude earthquake that caused catastrophic damage in Haiti, affecting as many as three million people.

### SPOTLIGHT: SUPPORT FOR LGBTQ YOUTH



To honor those lost and injured in the massacre at the Pulse nightclub in Orlando in June 2016, the Coach Foundation made a special grant to the Hetrick-Martin Institute, the nation's oldest and largest LGBTQ youth service provider.

The grant supported the Institute's Center for LGBTQ Youth Advocacy and Capacity Building, which serves as a national and global resource promoting policies that ensure the safety, health and well-being of LGBTQ young people.

The Coach Foundation was a founding sponsor of the Center, celebrating the Supreme Court's passage of the Marriage Equality Act in 2015.

## EMPLOYEE MATCHING GIFT PROGRAM

The Coach Foundation offers eligible employees a matching gift program, providing the opportunity for employees based in the U.S. and Canada to direct funds to causes that they care about.

The match process starts when employees contribute personal donations to qualified nonprofit organizations working to advance progress on the societal issues that they care about most.

Each eligible employee can then request up to \$25,000 annually from the Coach Foundation in matching gifts. Up to \$1,000 of each employee's personal giving can be matched 2:1, essentially tripling the funds the nonprofit receives.

Employees have used this program to express support for a wide range of causes nationally and globally, ranging from support centers for victims of domestic violence to local education initiatives. The organizations are as diverse as our Coach community of colleagues.

Through this generous program, Coach has contributed over \$4 million in matching gifts since 2001.

In 2016, Stuart Weitzman employees based in the U.S. also became eligible to participate in this important benefit.

### SPOTLIGHT: SUPPORTING CAUSES CHOSEN BY EMPLOYEES



Since 2001, The Coach Foundation has generously offered Coach employees the opportunity to double – and even triple – their donations to nonprofit organizations.

We're proud to work with colleagues who care about giving back to the community.

*Coach employees Lance and Katelyn share the causes they support through the Coach matching gift program.*

## EMPLOYEES IN THE COMMUNITY

Volunteering has always been an important part of Coach's culture, and in 2016 Coach made a commitment that all corporate employees would have the opportunity to volunteer with their team at least one day per year.

To kick-off this new commitment at our global headquarters in NYC, we convened a volunteer council with representatives from across the organization. This group of leaders has formed partnerships and built relationships with nonprofit organizations throughout New York, including NYC Service. Since 2010, we have also partnered with New York Cares to support urgent service needs across the city.

Our corporate offices overseas are also working to make this commitment to volunteerism a reality. In the United Kingdom, Coach employees worked with the Chelsea Royal Hospital to build a new outdoor play area for families to enjoy and employees in China participated in a fundraising hike to support nonprofit organization Half the Sky, which provides educational programming for children in orphanages.

Coach's distribution center in Jacksonville, FL also has a long history of supporting the local community and has an established volunteer council to lead efforts for Jacksonville-based employees year-round.

Coach's commitment to giving back has proven to be a valuable part of Coach's culture and has provided opportunities for employees to further support the communities where we live and work.

### SPOTLIGHT: SUPPORTING CAUSES CHOSEN BY EMPLOYEES



One of Coach's largest employee service projects in 2016 was a partnership with America's Grow-A-Row, a nonprofit organization whose mission is to make a positive impact through a volunteer effort of planting, picking, and delivering free fresh produce.

Over two days, more than 400 Coach employees picked a total of 150,000 pounds, or 600,000 servings, of produce for the 1.2 million people of New Jersey who are faced with hunger.



# 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 our 2016-2020 goals have aligned our sustainability strategy with our business strategy and support long-term financial success.

As we continue to focus on developing strong partnerships with the service providers who manufacture our products, we know that this will establish Coach as a company 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.

Sustainability is an ongoing journey, and we are continuing to address the challenging sustainability issues facing our industry through sharing our progress and metrics, and responding to surveys like the CDP. Industry issues like worker safety, access to clean water, and climate change impact our business now and will continue to impact our business in the future; however, we are confident that our internal support for sustainability and our clear strategy and goals position us to meet the challenges and opportunities before us.



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