



# DESIGN THE CHANGE

*2019 GLOBAL CITIZENSHIP & SUSTAINABILITY  
REPORT*

RALPH LAUREN



# A MESSAGE

## FROM OUR CHAIRMAN & OUR CEO

DEAR STAKEHOLDERS,

When Ralph founded our company in 1967, he did so with the conviction that whatever we create is meant to be worn, loved, and passed on for generations. This philosophy is deeply embedded in our culture, apparent in our Purpose—to *inspire the dream of a better life through authenticity and timeless style*—and reflected in our brands. It is also the driving force behind how we interact with communities and treat the environment. Respect for people and the planet is not new to Ralph Lauren, but we recognize the increasing urgency for the business community to accelerate our collective efforts to create positive change in society and a sustainable future.

During the past year, we took significant steps to understand our social and environmental impacts and the expectations of our key stakeholders. This work has guided us to define a clear and focused role in how we can reduce our impact and enrich the lives of the people around us. Our renewed Global Citizenship & Sustainability strategy, Design the Change, will be our driving force for making meaningful progress.

Design the Change is focused on the areas where we can make the greatest contribution: Creating Timeless Style, Protecting the Environment, and Championing Better Lives. Within each area, we are developing detailed road maps and setting goals to keep us moving forward.

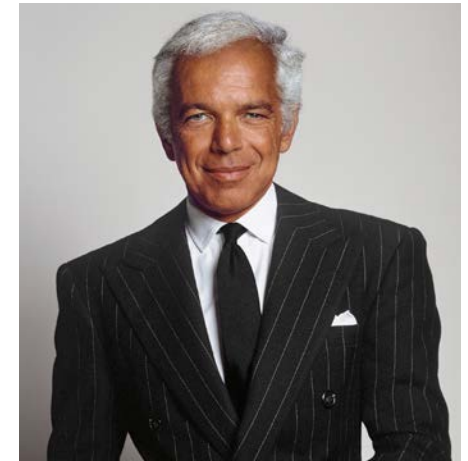
We are excited about the road ahead of us. Leveraging our 50 years of heritage to deliver the change needed for a better future is one we embrace with enthusiasm and optimism. We are proud to present our 2019 Global Citizenship & Sustainability report and look forward to sharing our progress in the coming year.



**Ralph Lauren**  
Executive Chairman and Chief Creative Officer



**Patrice Louvet**  
President and Chief Executive Officer



Ralph Lauren



Patrice Louvet

# INTRODUCTION

## GLOBAL CITIZENSHIP & SUSTAINABILITY AT RALPH LAUREN

For more than 50 years, Ralph Lauren has inspired the dream of a better life through authenticity and timeless style, and we approach Global Citizenship & Sustainability with this in mind. This core purpose informs our every day at Ralph Lauren and extends across our entire business. It is inextricably linked to how we create a better future for our company, the people we come into contact with, and the world.

We believe that delivering the next 50 years for Ralph Lauren means rethinking our impact on the environment and society and utilizing creativity, the power of design, and innovative technologies to drive this change. Recognizing this, we appointed a Chief Sustainability Officer in 2018 to formalize our sustainability program and steer us to a leadership position. To further drive Company engagement, we formed a Senior Steering Committee that includes members of our leadership team who define, track, and champion our work across citizenship and sustainability. They meet monthly to prioritize and resource our approach to Global Citizenship & Sustainability.

Although we are at the beginning of this journey, the values and purpose that have defined our business for half a century underline the authenticity of our commitment. In FY19, we undertook a detailed materiality analysis, refreshed our strategy, set goals, and developed a road map for improvement.

We call our plan **Design the Change**, and it has three pillars: **Create. Protect. Champion.**

*“To design without fashion in mind, to design something legendary that has a sense of timelessness and that still excites us, is what I aspire to. It’s never about one piece. It’s about an entire spirit, a way of living.”*

*Ralph Lauren*

## Our Global Citizenship & Sustainability Strategy

Design the Change is both a commitment and a journey to accelerate the Company’s work across citizenship and sustainability. It is based on our belief that, together with our industry, we can deliver the change required to create a positive impact in society and a more sustainable future.



Our timeless style and the longevity of our garments mean that consumers can wear our pieces for generations—this is key to our Global Citizenship & Sustainability Strategy. We achieve this through our continued commitment to innovation and responsible sourcing, helping us make our iconic garments more sustainable while maintaining our high standard of quality.

We are establishing strong protocols within our own operations and supply chain to protect the environment. We are partnering with leading organizations and continue to invest in innovative technologies that will help us reduce our energy and emissions, improve our waste management, and be better water stewards.

We believe we must take care of the people touched by our business. This effort includes volunteering with our communities, empowering workers in our supply chain, and supporting the development and well-being of our employees.

## GLOBAL CITIZENSHIP & SUSTAINABILITY GOVERNANCE

As part of our commitment to Global Citizenship & Sustainability, the Company's Board of Directors (the Board) has formalized the governance of this area. The scope of the Board's Nominating & Governance Committee has been expanded to include oversight of environmental, social, and governance risks and opportunities. Accordingly, the Committee has been renamed the Nominating, Governance, Citizenship & Sustainability Committee (The Nominating Committee).

The Nominating Committee will receive quarterly updates, review initiatives, goals, and policies, and make recommendations to the Board. The Nominating Committee will also consider environmental, social, and governance expertise in ongoing Board-level education efforts. The Finance Committee will join the Nominating Committee in advising on the incorporation of sustainability goals into our corporate strategy and engagement on those business initiatives that impact sustainability and corporate citizenship. The Audit Committee will continue to review environmental, social, and governance risks as part of its overall Enterprise Risk Management review.

The full Board will receive a report on sustainability initiatives and goals at least once annually and will review the Company sustainability reports.

## MATERIALITY AND STAKEHOLDER ENGAGEMENT

Our Global Citizenship & Sustainability Strategy is informed by our materiality assessment, which identified business and sustainability risks and opportunities. The assessment was informed by extensive engagement with internal and external stakeholders. Using a combination of interviews and surveys, we reached out to more than 100 employees, selected licensees, suppliers, partners, and NGOs and more than 800 customers. We also analyzed online and social media platforms to identify emerging industry trends and sustainability risks.

Based on this assessment, we set goals for each of our priority material issues as well as select issues in other categories. These goals are shared throughout the report.

### *Priority Material Issues*

- Climate Change
- Waste Management
- Water Stewardship
- Employee & Worker Health, Safety & Well-being
- Diversity & Inclusion
- Sustainable Product Design & Packaging
- Chemical Use & Discharge
- Raw Material Sourcing & Traceability





# CREATE

## *TIMELESS STYLE*

Ralph Lauren products are designed with a sense of timelessness. We create iconic garments that our consumers treasure for a lifetime by matching longevity of style with quality of manufacture. We aspire to use responsibly sourced and sustainable materials that prolong product life while requiring less from our planet.

# REDUCING IMPACT

## BY DESIGN

### SUSTAINABLE PRODUCT DESIGN

**We commit to designing more sustainable products and experiences by sourcing responsibly, manufacturing efficiently, and investing in innovation that advances these efforts.**

Product sustainability begins with our designers. In FY19, we held our first internal sustainability fair to raise awareness across design and development teams on the use of responsible materials as well as preferred manufacturing processes that use less water and energy.



**By 2020, all of our design, product development, and merchant teams will receive annual training for sustainable, circular, inclusive, and culturally aware design**

This year, we added a new step to our design process that encourages our designers to review excess fabrics from previous seasons when fabricating new lines. Not only does this keep material from landfill, it also reduces our purchasing cost. To support this effort, we are establishing a communication channel between cross-functional teams so they can access fabrics available companywide.

We aim to donate any materials we cannot use, rather than sending them to landfill. In FY19, we donated more than \$1.2 million of excess products, samples, and fabrics to organizations such as Delivering Good and Materials for the Arts.

### CHEMICAL MANAGEMENT

**We will monitor and reduce hazardous chemical use and discharge, ultimately eliminating all hazardous chemicals from the production of our products.**

A key part of our approach to sustainable design is sourcing textiles made with responsible dyes, chemicals, and other processes. By 2020, we aim to achieve 100 percent transparency of the chemicals used during production and adopt a manufacturing restricted substances list that will be implemented across our supply chain.



**By 2025, we will eliminate the use of hazardous chemicals in our supply chain**

In FY19, we continued to make progress in sustainable product design. Our initiatives included:



Continuing the use of AVITERA® dyes to create the signature colors for our iconic polo shirts. These dyes use approximately 42 percent less water and 80 percent less energy than conventional methods. Last year alone, we made 1.2 million polos using this process. We also created 21 percent of polos in FY19 using fabrics certified to STANDARD 100 by OEKO-TEX®. This standard ensures that fabrics are created without the use of harmful substances.



Launching an internal report card to rank our denim products based on sustainable manufacturing parameters such as raw material use, dyeing and finishing, garment washing, and add-ons like zippers and hardware. The report card allows designers to easily pinpoint areas for improvement. To reduce the manufacturing impact of our denim, we continue to use liquid indigo and are transitioning to laser-friendly denim with eco finishes. These technologies yield energy and water savings while reducing the use of harmful chemicals and in turn chemical waste.





# SOURCING RESPONSIBLY

## ENGAGING WITH OUR SUPPLIERS

**We are implementing a Supplier Engagement Strategy that drives transparency and efficiency, while building partnerships that advance our work to deliver positive impact across our value chain.**

We believe one of our greatest contributions to sustainability is making products that last. Our legacy of timeless style and commitment to quality mean our clothing can be worn for years and passed on to the next generation. Our robust Global Testing and Quality Assurance Program assesses our products at various stages of our supply chain to ensure integrity and durability.

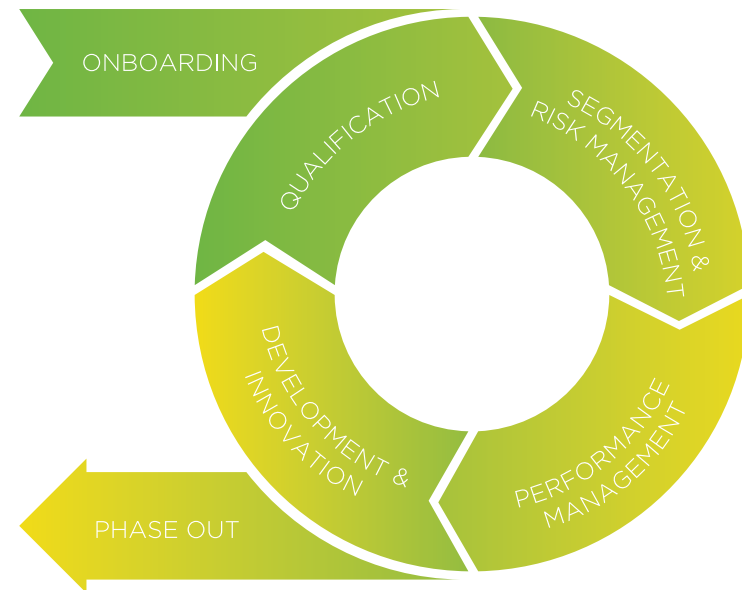
We recognize that our suppliers are key to ensuring that our product quality and sustainability standards are upheld. We are finalizing a new Supplier Engagement Strategy to help us identify our strategic suppliers and engage with them in a more meaningful way. A key aspect of this strategy will be to increase production with these suppliers from 60 to 80 percent within two years. To further these relationships, we will roll out a supplier relationship management tool to all of our strategic and key suppliers, factories, and fabric mills by 2021.



**By 2022, 80 percent of our business will be with strategic and key suppliers**

We also invest in additional engagement with our strategic suppliers, including biannual supplier summits. These events bring together our top suppliers from around the world for an open dialogue about priorities and challenges and how we can partner to support one another. We also use these engagements to connect and partner with our suppliers on social and environmental initiatives, helping us strengthen our Global Citizenship & Sustainability efforts.

## Our Approach to Supplier Engagement



Graphic adapted from "Five Critical Components of Supplier Relationship Management." BravoSolution, 8 Feb. 2016.

## SUSTAINABLE MATERIALS

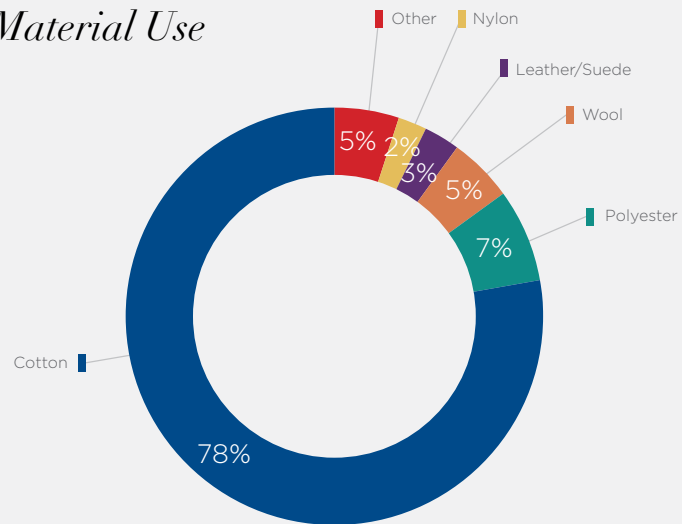
**We are focused on responsible sourcing to secure a long-term, sustainable supply for key raw materials.**

Knowing where our materials come from, and how they are made, is key to creating our products sustainably. Our responsible sourcing program guides our commitment to sustainable materials and traceability and focuses on our priority raw materials, shown below. In FY19, we began developing a sustainable fiber road map, including new policies, partnerships, and goals.



**By 2025, 100 percent of our key materials will be sustainably sourced**

### *Our Material Use*



## Cotton

Cotton is used in the majority of our products and makes up 78 percent of our material use. By 2025, we will only source sustainable cotton, such as organic, recycled, transitional, and U.S. grown. Our sustainable cotton portfolio will also include cotton certified by the [Better Cotton Initiative](#) (BCI), an organization we joined last year that is dedicated to addressing the environmental, social, and economic issues associated with growing cotton.



## Viscose

Although viscose only makes up a small portion of our material use (around 1 percent), we are committed to ensuring that it is not sourced from endangered forests. To help us achieve 100 percent sustainably sourced viscose by 2025, we joined the NGO Rainforest Action Network in support of their mission to preserve forests, protect the climate, and uphold human rights. We will also work with Canopy Style, an independent third party, to audit and verify that our viscose is responsibly sourced.



## Polyester



**By 2025, 100 percent of the polyester we source will be recycled polyester**

We believe that we, and the entire fashion industry, can become more sustainable by using recycled materials to make textiles. For Earth Day 2019, we released our Earth Polo, which is crafted from an innovative fabric produced entirely from plastic bottles. The recycled polyester made from these bottles uses 45 percent less energy and emits 30 percent less carbon dioxide compared to virgin polyester. Each Polo shirt is made from an average of 12 bottles—which may have otherwise ended up in oceans or landfills—and uses a completely waterless dyeing process. The Polo is part of our 2025 commitment to stop using virgin plastic across the Company and recycle 170 million bottles in the process.

*“Ralph Lauren commits to using 170 million recycled plastic bottles in our products and packaging by 2025. Plastic waste is a major issue threatening the environment—we want to be part of the solution and utilize an innovative approach to create something valuable.”* David Lauren, Chief Innovation Officer



## ANIMAL WELFARE



**By 2025, 100 percent of animal-derived materials—as covered in our animal welfare policy—will be certified or traceable to safeguard animal welfare**

Although animal-derived products are only a small portion of our materials portfolio, we make the humane and ethical treatment of animals a top priority. We recently released an updated [Animal Welfare Policy](#) that formalizes our position and guides our teams in sourcing these materials from responsible suppliers.

We seek to extend the best animal welfare standards to all farms and processing facilities involved, even though most of our animal-derived materials, such as leather and down, are a by-product of other industries.

As of FY19, all Ralph Lauren down is fully traceable and only sourced from responsible suppliers that are certified by either the Responsible Down Standard (RDS) or the Traceable Down Standard (TDS). By 2023, all down, including down sourced by licensees for Ralph Lauren products, will be RDS and/or TDS certified. In addition to down, we also source other animal-derived materials, including wool, leather, and cashmere. To achieve our sustainable sourcing goal for all animal-derived material, by 2025:

- All wool sourced will be either recycled or certified by the Responsible Wool Standard
- All leather will be sourced from Leather Working Group (LWG) certified tanneries, with the aim that all tanneries achieve LWG Gold certification by 2030
- All cashmere will be certified by the Sustainable Fibre Alliance

In some instances, we will ban the use of a material completely. In FY19, we added mohair to our existing bans on angora and fur.

Beyond responsible sourcing, we continue to work on novel alternatives to animal-derived materials that maintain our quality and do not cause more environmental harm. For example, we aim to use more leather alternatives when possible and are researching the use of recycled synthetic fibers in place of down.

### *The beauty of traceable down*

Although we only source down that is a by-product of the meat industry, we are still concerned with the animal's well-being throughout its entire life. To verify that the down we purchase is sourced ethically, we must be able to trace it back to the farm.

Over a two-year process, and in partnership with Downlite—a U.S. down processing company—we found a network of small, U.S. family-owned farms to source our down. The farms are part of a program established for the benefit of the birds, the land, and the families who raise them. Here, ducks roam fields freely, eat locally sourced feed, and are given ample space in their barns for rest. As a result, they produce feathers of extremely high quality, providing a more sustainable option for sourcing down.

Today, we can look at any bale of down and know exactly from which farm the feathers were sourced, when and how they were collected, how they were processed, and where they were shipped. Most importantly, we know the birds are treated with care and respect.



# DESIGNING WITH RESPECT

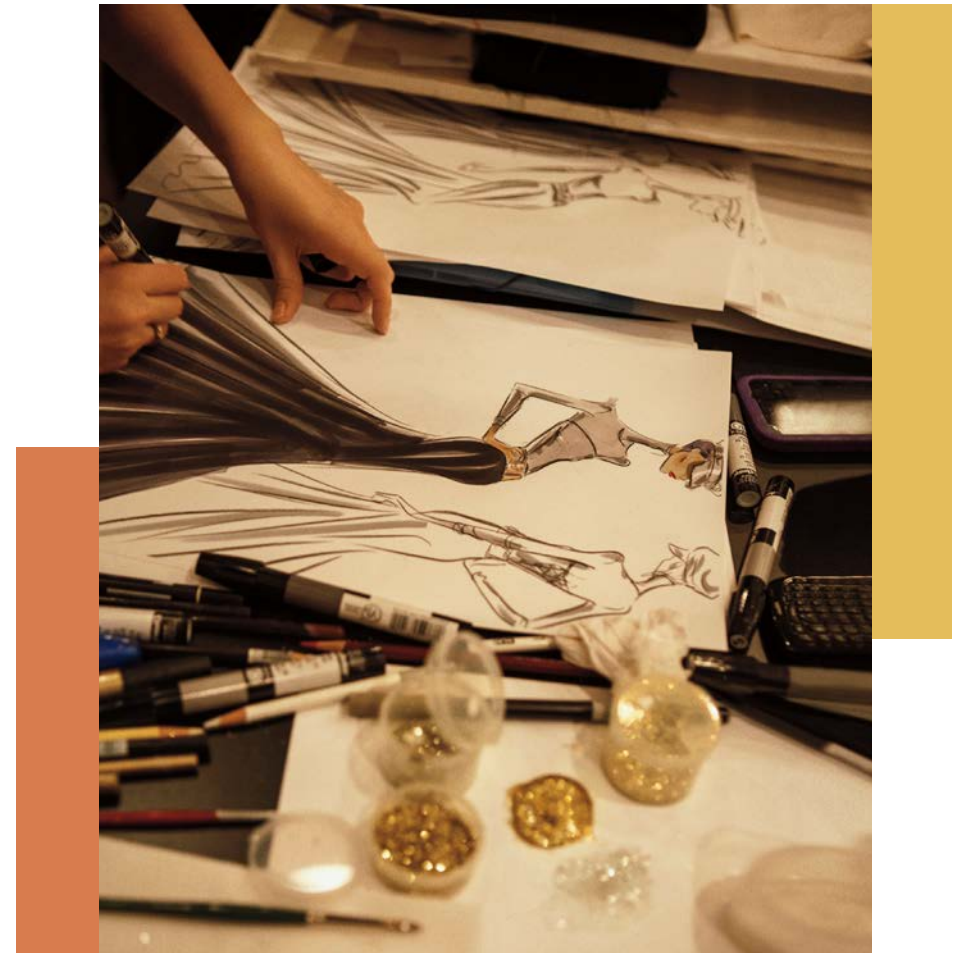
## CULTURAL AWARENESS

As a design-driven company, we find inspiration in everything around us, from nature to experiences to people and, as Ralph Lauren has said, “from living.” For decades our aesthetics have drawn on sensibilities inspired by the heritage and cultural landscapes of America and beyond. The breadth and reach of our brands across generations and cultures creates a style that is authentic, timeless, and truly personal. We take seriously our responsibility to use the inspiration that captivates our imaginations in a way that is culturally aware and appropriate.

We understand and respect that there is a line between celebration and appropriation. We are committed to continual learning about cultural awareness and train our designers on this topic. In FY19, we updated our internal Cultural Awareness Guidelines, which are distributed and reviewed with all teams that play a role in creating our products and brand image, including our advertising, design, and marketing departments. We also have a review process with our legal team as an extra step to ensuring our commitment.

Our commitment to authenticity, a value that has been important to us since our founding, extends to our desire to ensure that indigenous and native cultures are preserved and strengthened when they are represented through our brand. In FY19, we partnered with two of the most respected Native American organizations in the U.S. to support our work in cultural awareness: the Smithsonian National Museum of the American Indian and the Johns Hopkins Center for American Indian Health. In partnership with the Smithsonian, we held a cultural awareness workshop with 40 of our senior designers. Learnings from this event were passed on to design teams across the Company.

Cultural awareness will remain a priority at Ralph Lauren, and we aim to become an industry leader in this area. In addition to the Respect and Inclusion at Ralph Lauren program for all employees globally, all design, product development, and merchant teams will receive an annual training on inclusive and culturally aware design. In the coming year we also plan to launch a Cultural Awareness e-learning program for our design, advertising, digital, and marketing teams.



# PROTECT

## *THE ENVIRONMENT*

We work to mitigate our impact on the environment by driving positive change through collaboration and innovation. Our aim is to create the highest quality products with minimal harm to the environment. This starts with our suppliers and extends to our distribution, packaging, stores, and offices.



# OPERATING MINDFULLY

## REDUCING OUR CARBON FOOTPRINT

**We commit to address the issue of global climate change and the contributing impacts of our business by reducing greenhouse gas emissions across our value chain.**

As an industry, the apparel sector is responsible for around 10 percent of global greenhouse gas (GHG) emissions. Our carbon reduction strategy will address GHG emissions across our operations and our supply chain with a focus on increasing efficiencies, committing to industry collaborations, and investing in the transition to renewable energy.



**By 2020, we will set science-based greenhouse gas reduction targets for our operations and supply chain**

In FY19, our operational energy consumption was 162,853 MWh, a decrease of 4 percent from FY18. This energy use resulted in 63,290 MTCO<sub>2</sub>e of GHG emissions, a decrease of 1 percent from FY18.

In our stores in FY19, our energy intensity was 28.95 kWh/sq. ft. and our CO<sub>2</sub> emissions were 0.12 MTCO<sub>2</sub>e/sq. ft. In future years, we will expand our reporting to include our supply chain energy and emissions footprint.

We also invest in sustainable building design to reduce our carbon footprint. This includes measures such as installing LED lighting and energy-efficient equipment as well as diverting construction and demolition waste from landfill.

In FY20, we are renovating a 235,000 sq. ft. office building in Nutley, New Jersey, using green building principles. The building was awarded a Green Building Standard certification by the New Jersey Economic Development Authority.

### Energy Use (MWh)\*

	FY17	FY18	FY19
<b>Total Operational Energy Use</b>	<b>171,978</b>	<b>170,233</b>	<b>162,853</b>
Americas	146,712	146,059	135,919
Europe, Middle East, Africa	20,023	20,680	20,751
Asia Pacific	5,243	3,494	6,183

### Carbon Footprint (Scopes 1 and 2) (metric tons CO<sub>2</sub>e)

	FY17	FY18	FY19
<b>Total Carbon Footprint</b>	<b>65,148</b>	<b>64,219</b>	<b>63,290</b>
Americas	53,849	53,570	50,749
Europe, Middle East, Africa	6,722	6,005	5,539
Asia Pacific	4,577	4,644	7,002

\* We measure and calculate our emissions according to the World Resources Institute Greenhouse Gas Protocol, the industry standard and international tool for carbon accounting. Total operational energy includes electricity, natural gas, chilled water, hot water, steam, renewable energy, and fuels. Where energy data was missing from manually read meters, we used a rolling 12 month average to estimate usage. In cases where we needed to estimate for unmetered (landlord controlled) energy consumption, we constructed model sites within our system. These sites were based largely on sites that we had metered data for that had similar square footage and as close as possible climatic zones.

## Renewable energy

In FY19, we continued to offset 10 percent of our North American electricity emissions by purchasing renewable energy certificates (RECs) through the U.S. Environmental Protection Agency Green Power Partnership. In Europe, we offset 31 percent of the energy used by Ralph Lauren stores by purchasing RECs certified by Guarantee of Origins. By 2020, we intend to set a renewable energy goal and join RE100, strengthening our global renewable energy sourcing strategy.



**By 2019, we will set a 100 percent renewable energy goal for our owned and operated facilities**

## Ralph Lauren stores

Our most significant operational energy consumption occurs at the 328 Ralph Lauren stores located across North America, Europe, and Asia. We use environmental management systems to monitor and control energy-intensive building components including lighting, heating, and cooling. In FY19, we opened over 140 new stores designed with LED lighting. As existing stores are redesigned, we retrofit their lighting to be more energy efficient.



Polo Ralph Lauren Factory Store Dallas, Texas

## Data centers

We manage three data center sites in the U.S. and Europe. Although data centers represent only a small portion of our operational energy use, we look for opportunities to reduce their electricity consumption wherever possible. In FY19, we increased our data center energy efficiency by consolidating and upgrading IT, decommissioning equipment not in active use, and optimizing temperature controls.

## Distribution centers

We strive for efficient operations at our 12 global distribution centers. We are directly responsible for energy management at two sites and use automated lighting and temperature controls to minimize energy use at those locations. In FY19, we completed the following distribution center projects:

- Optimized the use of floorspace at our Beechwood, North Carolina site, reducing lighting, heating, and cooling demands
- Installed nearly 2,000 LEDs, saving an estimated 130,000 kWh of electricity per year

## WATER STEWARDSHIP

**We commit to reducing water consumption across our value chain, and to safeguarding and preserving water resources in the communities where we operate.**

We recognize that reducing our water use will take innovation and collaboration. We are working to partner with leading experts, NGOs, and multi-stakeholder groups to inform the future of our water strategy. Our focus will be on supply chain engagement, from mills to raw materials, and using water-stress assessment methods to prioritize our stewardship and conservation efforts.

To minimize water used during manufacturing, we are partnering with our suppliers and leading innovators who will set our business and the industry on a course for significant water reductions and water quality improvements.

Within our own operations, Ralph Lauren stores and offices are not water-intensive. However, we recognize the importance of engaging our employees on sustainable water stewardship practices. Last year, we partnered with GiveMeTap to help fund the construction of water pump systems in Ghana, sharing with our employees the powerful impact that access to clean water can have on a community. Read more about our GiveMeTap partnership in [Elevating our Communities](#). Our work to preserve water will become a cornerstone of our sustainability journey, and programs like this are just the beginning.



**By 2025, we will achieve at least a 20 percent reduction in total water use across our operations and value chain**



## WASTE MANAGEMENT

**We commit to integrating zero waste principles across our business with an aim to divert waste from landfill through increasing recycling and upcycling, reducing waste at its source, and implementing other best practices.**

The waste generated by the apparel industry is on the rise with more garments being produced, packaged, and sold than ever before. We are eliminating waste at our owned facilities, including distribution centers and stores, as well as across our product lifecycle.

### Operational waste



**By 2023, we will achieve zero waste to landfill across our distribution centers**

Waste generated at our distribution centers includes cardboard, plastic, and paper as well as items like light bulbs. To achieve our zero waste to landfill goal, we are improving our recycling programs and continue to look for ways to reduce waste at the source. As an example, by retrofitting our distribution centers with long-lasting LEDs, we are reducing the number of bulbs used, and in turn, disposed of.

We are directly responsible for waste management at 86 of our retail locations. In FY19, we hired a new waste hauler that provides data on our stores' waste and recycling practices. Through this partnership, we conducted a waste traceability audit which confirmed that 100 percent of our stores in North America have recycling programs.

### Responsible packaging

Through our responsible packaging efforts, we eliminate unnecessary materials and identify opportunities to use more sustainable options. This approach reduces the lifecycle impact of our products and aligns with our ambition to eliminate the use of virgin plastic.



**By 2025, 100 percent of our packaging material will be recyclable or sustainably sourced**

For more than 10 years, Ralph Lauren has implemented sustainable packaging initiatives to reduce the Company's environmental impact. Our gift boxes, tissue paper, price tags, and shopping bags are paper based. Where possible, we source postconsumer recycled paper or paper from responsibly managed forests for these items.

## *Progress in Packaging*

In FY19, we launched an eco-friendly packaging option for all orders made through RalphLauren.com. Customers who choose this option will help us reduce the amount of packaging material used.

We also made global progress to improve retail packaging. In Japan, we changed our paper shopping bags from zero percent recycled content to 100 percent. As of FY19, our global branded retail packaging was made from 79 percent recycled content.

In FY19, we began eliminating hangers from flat-packed items being shipped from global factories to our distribution centers, and we reduced the number of hangers in our North American deliveries. We also source recycled-content poly bags to reduce our use of virgin plastic.



## SHIPPING OUR PRODUCTS

Our products are shipped to our distribution centers from factories by sea, air, and truck. Shipping is a necessary part of our business, and we want to be as efficient as possible to mitigate the cost and environmental impact. We engage with organizations working to reduce the impacts of shipping, including [Clean Cargo](#), a BSR collaboration for sustainable transportation, and the [U.S. Environmental Protection Agency SmartWay](#) program.

Air freight is the most carbon-intensive and costly of our shipping methods, so we aim for less than 5 percent of company-managed shipments to be transported this way. In FY19, we reduced the percentage of shipments sent by company-managed air freight to 5.8 percent, compared to 9.7 percent the prior year.

In addition, vendors may deliver products via air instead of cargo ships when they are under pressure to meet delivery deadlines. In FY19, vendor-managed air accounted for just under 6 percent of total shipments, compared to 7 percent of shipments the prior year.

Logistics*			
	FY17	FY18	FY19
Ralph Lauren Air (% of shipments)	6.0%	9.7%	5.8%
Vendor Air (% of shipments)	4.3%	7.0%	5.8%

\*Inbound shipment from factory to U.S. point-of-receipt

## CORPORATE PROCUREMENT

We choose to work with suppliers whose goods and services reduce our environmental impact. We include environmental questions on supplier requests for proposals, and we track our environmental purchase rate.

Coffee sourcing is one example of our commitment to sustainable procurement. Since FY14, [La Colombe](#) has provided certified-organic coffee for [Ralph's Coffee](#) products which are sold in our coffee shops and restaurants.

In the coming year, we will prioritize working with suppliers that provide responsible e-waste management, single-use plastic alternatives, and circular economy solutions.





# CHAMPION

## *BETTER LIVES*

We celebrate individuality and champion people to achieve the life they want to have. This dream shapes the work experience we create for our employees and the standards we demand of our suppliers, and is the driving force behind our community investments.



# ELEVATING OUR COMMUNITIES

## GIVING TIME AND TALENT

**We commit to meaningfully engaging our communities through our work across cancer care as well as our global employee volunteerism program.**



**By 2025, we will increase our volunteer hours by 25 percent compared to a FY18 baseline**

The Ralph Lauren Gives Back program creates inspiring opportunities for hands-on volunteering and fundraising for our employees. We come together to support nonprofit organizations devoted to improving the health of the community. Volunteering engages our teams, benefits community partners, and positively impacts issues we care about.

In FY19, thousands of Ralph Lauren employees donated more than 14,000 hours of their time and talent. Dedicated Volunteer Captains play an important role in organizing and leading our community-based work. Our executive leadership team personally supports our volunteering culture by joining events each year and encouraging their teams to participate.

Samantha Weiner, General Manager, has led Ralph Lauren volunteer events in Aurora, Ohio, for five years. *“Volunteer Captains energize the Ralph Lauren community by creating opportunities for employees to give back. Volunteering is a win-win — we have a positive impact while strengthening coworker relationships,”* said Samantha.

In FY19, we hosted three Ralph Lauren Gives Back weeks, during which our teams volunteered with 80 organizations. In one example, our volunteers supported longtime partner [Project Sunshine](#), donating over 500 hours to brighten the lives of pediatric patients and their families.

Employees also took part in 64 fundraising walks for life-threatening illnesses such as cancer and AIDS. More than 100 Ralph Lauren volunteers participated in the 2018 AIDS Walk NYC, raising funds for [GMHC](#) and other HIV/AIDS prevention, care, and advocacy organizations.

In FY19, we expanded our volunteering initiatives to include new activities and serve additional community groups. Highlights from the year include:

- A new partnership with [NativeVision](#) to serve Native American youth—We provided funding and skills-based volunteering for NativeVision’s summer camp, and we will expand our support in FY20.
- Helping at-risk, underprivileged, and disabled children in China—We supported nonprofits J Life Foundation Limited of Hong Kong and Mifan Mama of Shanghai through volunteer support and basic needs donations.

This year, we invested in a new software platform to help us track our global Give Back volunteering efforts. In FY20, we will look for new ways to multiply our impact and increase employee participation in volunteerism.

### Volunteering in FY19

Number of employees who took part in volunteering activities	3,900
Number of hours volunteered	14,000

## PHILANTHROPY

The Ralph Lauren Corporation supports local community groups through monetary and product donations. Additionally, we provide disaster relief funds to humanitarian organizations such as the American Red Cross.

In FY20, we sold our corporate jet and donated the proceeds, approximately \$21 million, to the Polo Ralph Lauren Foundation (the Foundation). The Foundation will use this funding over time to drive support of its key areas of focus and to contribute to creating positive and meaningful impacts in society.

The Polo Ralph Lauren Foundation, a distinct charitable entity established in 2001, supports programs for cancer care and prevention, education, and community building in underserved areas as well as communities in need of relief or assistance. The Foundation has been funded in part by donations from the Ralph Lauren Corporation, including a portion of proceeds from cause marketing initiatives. In FY19, total combined contributions from the Company and the Foundation were \$5.5 million.

### Cancer care and prevention

For over 15 years, the Ralph Lauren Center for Cancer Care (RLCCC) has focused on reducing healthcare disparities for underserved populations in New York City by providing access to high-quality cancer prevention programs and treatment. In FY19, RLCCC began providing free prostate cancer screenings to reduce the higher incidence of prostate cancer in minority and vulnerable populations. In the future, RLCCC is expected to more closely align with the Memorial Sloan Kettering Cancer Center, expanding the healthcare expertise and resources available to its patients.

Since FY16, customers at EU Polo Factory stores have been invited to donate to [the Royal Marsden NHS Foundation Trust](#). In FY19, those donations reached \$1 million. The Royal Marsden is one of the largest and most comprehensive cancer centers in Europe and home to the Ralph Lauren Centre for Breast Cancer Research.



## *The Power of Pink Pony*

Founded in 2000, [Pink Pony](#) is our global effort in the fight against cancer. Our annual Pink Pony campaign donates a portion of Pink Pony product sales to cancer fighting organizations around the world. In FY19, we donated 100 percent of sales from our pink "Live Love" T-shirt, generating \$2 million in the month of October 2018 alone.

Sixty-five Ralph Lauren stores and offices in 19 countries hosted Pink Pony campaign activations in FY19, including bake sales, volunteer events, and wellness activities. Our sites also hosted 51 Pink Pony walks designed to raise awareness and funds, during which employees volunteered more than 5,000 hours.

In China, we celebrated our 8th annual Pink Pony campaign, where funds raised go to local organizations. Benefactors include the China Breast Cancer Foundation, the Children's Cancer Foundation, and the Shanghai Cancer Recovery Club. We also organized a Pink Pony Health Week for our 1,100 Hong Kong employees, which featured themed lectures and workshops.



## Education and the arts

Ralph Lauren has a legacy of supporting youth programs focused on education and the arts. In FY19, we formed a partnership with [First Book](#), a global nonprofit focused on increasing children's literacy by improving access to learning materials. In the partnership's inaugural year, we volunteered with First Book, provided 10,000 books, and donated 20 percent of the purchase price of each kids literacy tee sold.

### *Raising Awareness*

We use our unique position as a global brand to raise awareness of social issues. In addition to Pink Pony, in FY19 we launched campaigns focused on female empowerment and access to clean drinking water.

- Our [Lead Like a Woman](#) campaign included media, products, and events celebrating female leaders. In support of the NGO [Women in Film](#), Ralph Lauren Fragrances hosted a customer event and made a donation to advance gender parity in the film industry. For employees, the campaign included a speaker series, career coaching, and opportunities to volunteer with organizations that support women.
- We partnered with [GiveMeTap](#) to fund drinking water projects in rural Africa by providing stainless steel water bottles to our employees across the globe. Additionally, for every Polo-branded bottle sold on [RalphLauren.com](#), a minimum of \$2 has been committed to help fund the installation of water pumps across rural Ghana.\* In FY19, Ralph Lauren employees traveled to Ghana to assist with pump installation, meet with community members, and deliver donations to local schools. To date, the program has positively impacted over 6,000 people.

\*Purchase does not affect funding. All pump funding is by GiveMeTap. Learn more at [GiveMeTap.com](#).





# INVESTING IN PEOPLE

## DIVERSE TALENT

**We are committed to advancing an inclusive environment where everyone has a sense of belonging throughout our value chain.**

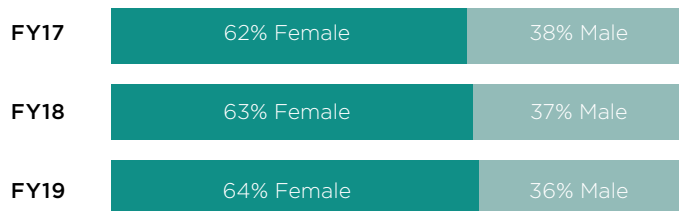
In FY19, our global workforce was 64 percent female, with women holding 53 percent of Senior Director and above positions. In the U.S., 58 percent of our employees identified with one or more diverse groups.



**By 2023, we will achieve gender parity with equal representation in leadership positions at the VP level and above**

We are implementing strategic recruiting practices to increase the diversity of our leadership. In line with our Parity.org pledge, all interviews for open VP and above positions will include female candidates. Beginning in FY20, we will extend this commitment to include interviewing diverse candidates for every open VP and above position.

### Employees by Gender (% of total)



Senior Ranking Positions Held by Women (% of total Senior Director level and above positions)		
	FY18	FY19
<b>Total</b>	<b>52%</b>	<b>53%</b>
Americas	56%	57%
Asia Pacific and Japan	45%	48%
Europe, Middle East, and Africa	38%	40%

We strive to increase opportunities for women in our workforce globally, and also for female factory workers in our supply chain.



**By 2025, we will increase female representation in factory management by 25 percent**

In FY19, we began a partnership with the Asian University for Women (AUW), located in Bangladesh, to promote the education of women from Asian and Middle Eastern countries. Most attendees are on full scholarship and are the first of their families to attend college. In addition to offering internships, our partnership with AUW will be a cornerstone of the diversity and inclusion program in our new Bangladesh office.

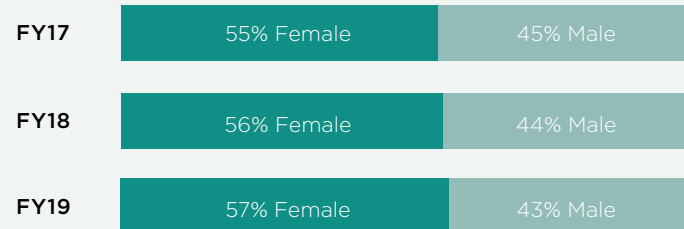
In FY19, we continued to work closely with Better Work, an international organization focused on improving working conditions in the garment industry, to advance gender equality and promote women's economic empowerment with our suppliers. In the apparel industry, the majority of workers are female, yet most management roles are held by men. This prevalence of gender inequality can lead to more frequent labor and human rights abuses such as sexual harassment and pay disparity. Because of this risk, a key aspect of our partnership with Better Work includes working with factories to promote more women to supervisory roles.

## RECRUITMENT

To find the best employees, we must have a diverse talent pipeline. Our University Relations program has expanded recruiting at colleges with diverse student bodies. We also increased our presence at career fairs for millennial, veteran, and LGBTQIA+ talent so we can reach a broader pool of candidates. Nonprofit partners are also helping us reach students from marginalized or underserved communities:

- [Fashion for All Foundation](#) students from the greater New York area intern at Ralph Lauren, participate in site tours, and attend educational employee events.
- In FY20, we're providing internships, part-time employment, and mentorship to New York City public school students through our new partner [SEO Scholars](#).

### New Hires by Gender (% of total)\*



\*Data represents new hires for U.S., Canada, and EMEA.

## FOSTERING AN INCLUSIVE CULTURE

We create a culture where all employees have a sense of belonging and can thrive to be their best to achieve Company results. People of different cultures, ages, abilities, and identities succeed at Ralph Lauren because we celebrate their talent and individuality.

In FY18, we pledged to meet the principles of inclusivity and fairness outlined by [CEO Action](#) and [Parity.org](#). In FY19, we signed the UN Human Rights Office [Standards of Conduct for Business](#), focused on preventing discrimination against LGBTQIA+.

### Employee groups

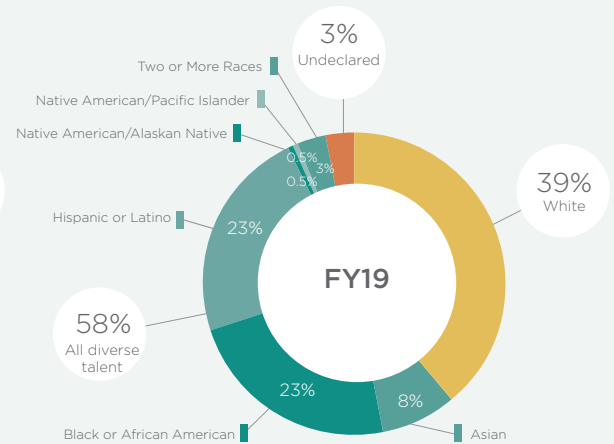
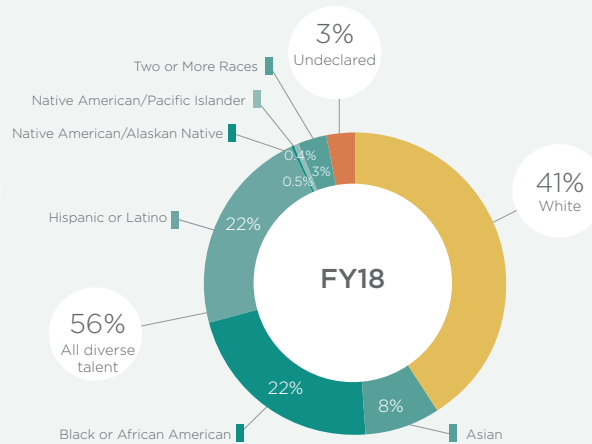
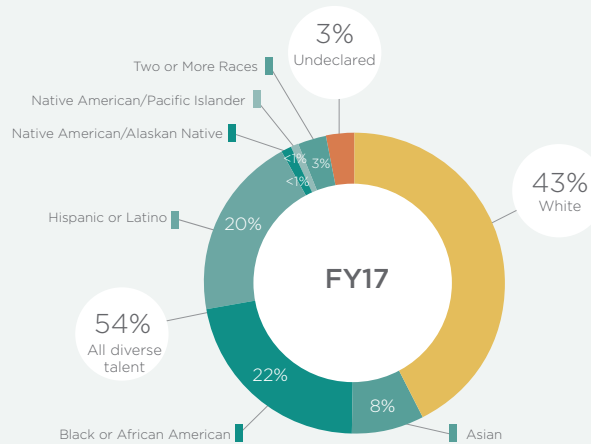
Employees are the most important stakeholder in our diversity and inclusion (D&I) program. The following groups promote dialogue, help define focus areas, and activate solutions:

- **Diversity & Inclusion Board** — Beginning in FY20, our CEO and leaders from regional D&I teams will convene to advance our D&I strategy.
- **Diversity & Inclusion teams** — Regionally organized teams totaling over 700 members meet regularly to address the needs of local employees.
- **Ralph Lauren Communities** — Launched in FY19 and open to all, Ralph Lauren has five employee communities: Disability and Wellness, Gender, LGBTQIA+, Multicultural, and Multigenerational.

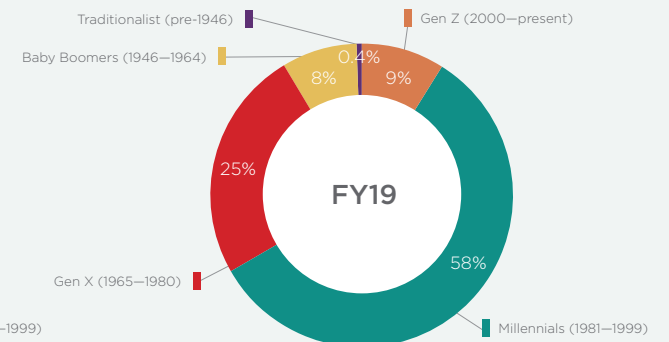
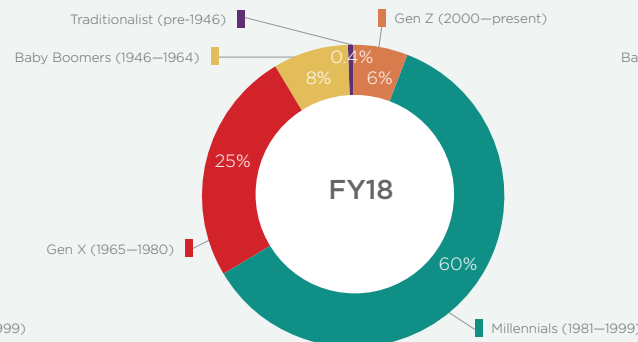
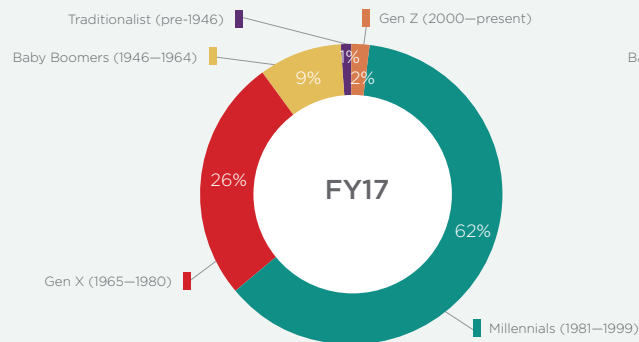
In FY19, More Than a Label, an internal marketing campaign, raised employee awareness about the Company's diversity and inclusion commitment. The campaign featured inspiring messages to capture the hearts and minds of employees as well as ways to get involved, such as joining a local diversity and inclusion team.

We have joined a number of our peers in sharing diversity data for our workforce below, including Race/Ethnicity/Gender and Generations. The programs and commitments that we have already established have helped us to foster a diverse and inclusive workforce and culture, but we know there is more work to be done. We will continue to implement diversity and inclusion programs and research the best ways to drive change and create an environment for the success of all employees around the globe.

**U.S. Employees by Ethnicity (% of total)**



**Global Employees by Generation**





## Education and communication

Everyone deserves to feel safe and respected at work. In FY19, we enhanced our D&I trainings to communicate our standards and to ensure that our employees uphold them.

As a follow-up to our CEO Action pledge, in FY19 we launched global trainings on two fundamental topics: sexual harassment and unconscious bias. The mandatory trainings are available in 17 languages and outline the tools, policies, and procedures we follow to foster respect and inclusion. We aim for 100 percent of employees to complete the training in 2019. In the coming year, we will deliver further D&I skills training for all employees.

In FY19, we founded the D&I Salon, a learning opportunity for the Ralph Lauren C-suite. Through the program, we invite diversity subject-matter experts to meet with executives. The events are a platform for knowledge sharing and dialogue, deepening the awareness of our most senior leaders.

We engage our Board of Directors in diversity and inclusion efforts by sharing our strategy and providing members with access to our Respect and Inclusion eLearning course. In addition, the Nominating Committee of the Board seeks Director nominees with a broad range of experience from a variety of industries and professional disciplines, along with a diversity of gender, ethnicity, age, and geographic location. When the Nominating Committee identifies an area in which the Board may benefit from greater representation, it may focus its candidate search on particular experience, background, or diversity characteristics.

## Celebration

To honor our employees' diverse backgrounds, we celebrate nine heritage months and host over 50 cultural events. Through workshops, speaker panels, and volunteering activities we provide cultural touchpoints for our people. In its 12th year, we expanded our legacy Taste of Diversity single-day events to a monthlong celebration that included 20 events across nine countries. The celebration featured an external speaker series, training workshops, and leadership panels.

*“Be anything you want to be. And be many things.”*

*Ralph Lauren*



Diversity and Inclusion Celebration

## EMPLOYEE ENGAGEMENT

Our purpose is to inspire the dream of a better life through authenticity and timeless style. In FY19, we reaffirmed our purpose and Company values as part of the Ralph Lauren Next Great Chapter strategic framework. The Next Great Chapter is our five-year plan for sustainable, long-term growth and value creation. We engaged global employees in workshops during FY19 to share this vision and spark dialogue about what drives our business.

### *The Ralph Lauren Way*

Love what you do, be passionate, work hard,  
work together, take risks, stay real, never  
compromise, aspire to the best.

Our online employee communication and engagement platform, RL Today, provides real-time Company updates, brand news, employee features, training resources, and other helpful tools. In FY20, we will launch the RL Today mobile app, expanding access to Company materials and allowing global employees to share content.

In 2018, we celebrated the Company's 50th anniversary with worldwide employee engagement initiatives. The celebration included a 10-week Faces of Ralph Lauren campaign, featuring videos of 70 peer-nominated employees who exemplify Ralph Lauren's cultural values. We thanked team members for their service with a special employee event featuring the Company's 50th Anniversary Fashion Show.

Employee stories are also the centerpiece of our new Behind the Seams podcast. The series features interviews with employees contributing to transformative efforts such as our customizable product line, Create Your Own.

Live events are an important component of employee engagement. A quarterly update from our CEO Patrice Louvet features a live Q&A session for global employees. On a semiannual basis, our CEO and Mr. Ralph Lauren host an all-Company Town Hall, livestreamed for global offices. During the event we thank employees and share the year's progress.

## Acting on feedback

Ralph Lauren employees tell us about their work experience through our annual, all-employee survey conducted by Korn Ferry. Ninety-five percent of employees responded to the FY19 survey, reflecting a 2 percent increase in response rate compared to the prior year. Out of 61 repeat questions we significantly improved on 55. Our top strengths were reflected in responses such as, "I feel proud to work at Ralph Lauren" and "Ralph Lauren values and promotes employee diversity." In the survey, employees indicated a strong understanding of:

- Ralph Lauren's strategy and goals
- The goals and objectives of each work unit
- The relationship between employee roles and the Company strategy and goals

In FY19, we responded to the survey by improving benefits, delivering new trainings, and expanding career development opportunities.

Employee Engagement			
	FY17	FY18	FY19
Employee Engagement Survey Response Rate	86%	93%	95%

## Recognizing employee achievements

Celebration of individual achievements and contributions is an important part of our culture at Ralph Lauren. Our Bravo! program, launched in FY18, encourages peers and leaders to recognize fellow employees who deliver results, embody our company's culture, and exemplify the Ralph Lauren Way. In FY19, over 28,000 Bravo! e-cards were sent and received through the easy-to-use, interactive platform.

We deeply value legacy and honor employees who have dedicated significant time to the Company. As part of the annual Ralph Lauren Legacy Awards, we recognize employees with 10, 15, 20, or more than 25 years of service to the Company. In FY19, more than 800 employees were honored with a Legacy Award.

## GLOBAL PEOPLE PRACTICES

Our Global People Practices team upholds the Company's [Fair Treatment Policy](#), managing:

- **Workplace Compliance** — ensuring that employees and vendors comply with all workplace laws, regulations, and company policies
- **Policies and Practices** — co-creating people-related policies, practices, and educating employees
- **Progressive Work Practices** — evolving Company policies and practices, giving employees flexibility on where and how they work
- **Safe and Impartial Review** — handling all workplace issues in a confidential, consistent, and fair manner

In FY19, we implemented the global RL Hotline to ensure that people have a safe and impartial place to bring their concerns. The RL Hotline is available by phone, website, and mobile app and is accessible to every person covered by the Company's Fair Treatment Policy. We encourage our stakeholders, from employees and customers to contractors and third parties, to voice their concerns through the hotline or our normal company escalation process. Employees must also adhere to our anti-bribery and anti-corruption policy, and our [Code of Business Conduct and Ethics](#). This code guides employees to make the best decisions in their day-to-day work.



## INVESTING IN EMPLOYEES

We encourage personal development and career growth by providing 10 hours of Company-sponsored learning time. Through this commitment we upskill team members, strengthen organizational capabilities, and prepare for the future. In-person, virtual, and on-demand learning opportunities are available to employees in our blended approach.

Over 1,000 learning tools are available to corporate and retail employees via the Ralph Lauren Learning Portal. In FY19, the platform was available to every employee, and 74 percent of employees completed a learning event on the platform.

The fashion and retail industries are rapidly evolving. We are navigating these changes with goals, guiding principles, priorities, and cultural focus areas established through our Next Great Chapter. In FY19, we organized workshops to share our plan for sustainable, long-term growth and value creation with employees. In FY20, we will use an e-learning tool to deliver the training to retail employees globally.

Our cohort programs, RUNWAY, UNLOCK, and BESPOKE, are 12-month, in-person learning experiences tailored for employees at different levels of the organization. FY19 marked the second year of RUNWAY, our program for new people-managers.

In his 14th year at Ralph Lauren, Art Director Ingram Drye completed RUNWAY in FY19.

*“RUNWAY was eye-opening—it expanded my understanding of the Company, introduced me to new colleagues, and I learned communication skills that are directly applicable to my role,”* said Ingram.

We launched UNLOCK and BESPOKE in FY19. These educational programs feature quarterly workshops, coaching, peer groups, and e-learning:

- **UNLOCK** — Available to employees after one year at the Company, the program focuses on ways to work within our culture and business
- **BESPOKE** — Available to leaders at the VP level and above, BESPOKE focuses on developing new leadership skills

Our global mentoring program is currently available to 500 Director-level and above employees. In FY20, the program will be open to all employees and will feature a new technology solution that matches mentors and mentees.



## ATTRACTING AND RETAINING TALENT

Our talent management initiatives help us attract and retain high-quality employees. In FY19, our efforts included:

- Hiring 55 interns to work at 11 Ralph Lauren sites
- Updating the [Ralph Lauren Careers](#) website to be more robust and user-friendly
- Using a new talent acquisition platform to streamline candidate sourcing and hiring
- Investing in our LinkedIn presence, driving job posting engagement

Now in its third year, Navigating Your Career makes e-learning, workshops, and one-on-one career coaching available to all employees. In FY20, we will refresh the program based on participant feedback and offer more development events, including a guest-speaker series.

We aim to increase the number of positions we fill with internal candidates by improving our use of talent data. In FY19, 77 percent of U.S. Director-level and above positions were filled with internal candidates, a slight increase from 76 percent the previous year.



In FY19, [Great Place to Work](#) recognized Ralph Lauren for excellence in workplace culture.

## DELIVERING COMPENSATION AND BENEFITS

The physical, mental, and financial well-being of our employees and their families is important to us. By providing competitive compensation and benefits, we support current employees and attract new talent. We are committed to equal pay for equal work, regardless of gender.

We take a proactive approach to gender pay equity at Ralph Lauren. We continually monitor and analyze our compensation programs for fairness. This includes our partnership with a human capital management firm to analyze compensation across the Company. In a recent analysis of employee pay, we found no statistically significant difference between pay of males and that of females in similarly situated positions. We will continue to assess and monitor employee pay practices to ensure fairness.

Ralph Lauren publishes an annual [UK Gender Pay Gap report](#), in line with UK legislation. Our mean and median gender pay and bonus gaps are substantially better than UK average figures. In 2017 and 2018, we improved our gender balance by reducing our mean and median pay gaps. In 2018, we significantly improved our mean bonus gap by introducing a new bonus plan in a population with a high percentage of women.

We continually review and improve our benefits package so that it meets the needs of our employees. This year we delivered the following expanded benefits to global employees:

- Extended leave for employees caring for children, parents, spouses, or domestic partners
- Increased financial reimbursement for adoption costs
- Paid time off for sabbaticals after five years of employment
- Emergency relief fund for employees affected by natural disaster or other emergencies

Additionally, in the U.S., our medical plan now covers elective gender dysphoria treatment.

We're exploring ways to enhance our benefits, evaluating educational reimbursement, savings and debt assistance, as well as coverage for additional medical conditions or treatments. In FY20, we will launch a global wellness program for employees.

# BUILDING

## A RESPONSIBLE SUPPLY CHAIN

### CHAMPIONING OUR WORKERS

**We aim to enrich the quality of work and life for all workers in our value chain by ensuring that everyone has the opportunity to reach their full potential in a safe and comfortable work environment.**

A Ralph Lauren piece embodies timeless style and quality, made with exceptional care and creativity by the people at every stage of our production process. We value the contribution of the 500,000 workers who make our products and support them by championing better working conditions throughout our supply chain.

We have built a supply chain comprising high-quality companies that share our standards and values. Our suppliers must meet our high standards for product quality, business integrity, social performance, and environmental compliance. Through our social compliance program, we engaged 95 percent of the active factories in our supply chain in FY19.

We constantly review our supply base and introduce new companies when they bring innovative technologies or increased capacity. All suppliers, new or established, must meet the standards set out in our [Operating Guidelines](#). The guidelines are available in 42 languages and must be displayed prominently in factory areas where workers congregate, and they are located on our [e-commerce site](#). The guidelines cover legal and ethical issues, labor standards, animal welfare, and environmental compliance. Other policy statements relating to sustainability can also be found on our e-commerce website, including the CA Transparency Act, and UK Modern Slavery Act.

Our program of auditing, corrective action, monitoring, and capacity building is designed to help suppliers achieve and maintain these standards. We will approve a new supplier only after they pass an initial on-site evaluation. We require all new suppliers to have a collaborative approach and a commitment to resolving any instances of noncompliance with our standards before they can produce for us.

### Relationships founded on openness

Transparency is the foundation of our supplier engagement. We expect suppliers to disclose all information related to factory records, and we have zero tolerance for any supplier that fails to do this.

Our vendor compliance agreements specify that we may conduct an audit of any factory at any time, unannounced, except in countries where this is not allowed. This includes inspecting physical operations as well as all records and documentation. We routinely review a supplier's employee and production records, fire safety inspections, environmental reports, required permits, compliance documents, and payroll and benefit records. We look for evidence that all workers receive full wages and benefits at the proper levels. In FY19, 72 percent of audits were fully unannounced, excluding audits performed in countries where unannounced audits are not permissible.

### Understanding our suppliers' capacity

Achieving consistent working hours within acceptable limits has proved to be one of the most difficult issues for our industry to manage. Excessive working hours have many causes, and we acknowledge that apparel brands like ours can be part of the problem but also part of the solution.

If we place orders at short notice with a factory, we can exceed its capacity to supply us on time. As a consequence, the factory might subcontract the work without our authorization—which we do not allow—or impose longer hours on its workers to fulfill our orders.

To avoid this, before placing an order we confirm the factory's capacity to complete it without excessive working or subcontracting. We also established remediation capacity-building programs to better prepare new suppliers to meet our capacity requirements and also help our existing suppliers improve their performance and efficiency so they can increase capacity without requiring longer working hours.

## Supply Chain Overview

592

active factories

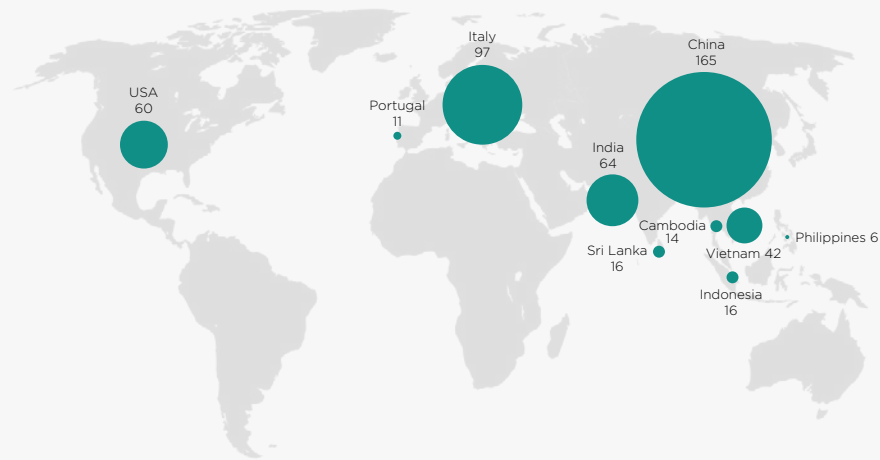
45

countries

89

new factories onboarded in FY19

## Top 10 countries by number of active factories



## Increasing suppliers' ownership

Our approach to auditing is much more than a checklist. Our independent third-party auditors, as well as our own team, spend time with factory managers to identify any skill gaps that limit their ability to achieve full compliance. Instead of simply pointing out problems, we provide guidance and coaching to support remediation efforts, and embed the skills and procedures factory management need. Over time, this leads to suppliers taking ownership of their performance and being accountable for their own compliance.



**By 2023, we will roll out our Wage Management Strategy to all of our strategic suppliers to address fair and timely compensation for factory workers**

## Worker Wage Transparency

Our audits and staff visits at a garment supplier in southern China found that the factory struggled with proper record keeping. The factory had an inconsistent track record of meeting our standards for minimum wages, working hours, and human resources policies. We found at times they had wage payments below hourly minimum wages. Our relationship with the factory enabled us to obtain the commitment of senior management to a long-term remediation program.

After 18 months and a number of follow-up visits, the factory achieved full transparency in record keeping, increased average hourly earnings by 7 percent, and implemented a system to guarantee minimum wages. Worker responses were positive, reflected in a 15 percent improvement in worker satisfaction and a 41 percent reduction in turnover.



## Empowering workers

While visiting factories we also reach out to workers directly to validate our audit findings and to inform them about their rights. In FY20, we are rolling out our RL Hotline—managed by a compliance management company—for workers in our finished goods supplier facilities and their subcontractors. Hotline information is placed on posters available in 42 languages. Workers and subcontractors also have access to our Code of Business Conduct and Fair Treatment Policy. The hotline rollout is supported by an educational program informing workers about the importance of grievance mechanisms, how to use the hotline, and their right to nonretaliation. As well as investigating and responding to individual hotline reports, we analyze the data on hotline usage to identify any systemic or recurring issues while protecting employees from any potential retaliation.

We also partner with leading organizations to implement empowerment and learning programs across our supply chain. In FY19, we collaborated with Better Work to begin implementing gender equality programs within our active factories.

In FY20, we will launch a partnership with BSR's HERproject, a supply chain initiative that strives to empower low-income women. Starting in our Bangladesh factories, we aim to positively impact 10,000 workers per year—reaching 40,000 workers by 2023—through the HERhealth initiative, raising awareness of critical health topics such as healthy eating, personal and menstrual hygiene, and maternal health.



**By 2030, we will make empowerment and life-skills programs available to 250,000 workers across our supply chain**

## Foreign Migrant Worker Policy

Our [Foreign Migrant Worker Policy](#) states that suppliers should minimize the use of recruitment agents, and we do not permit agencies to require workers to pay fees to obtain a job. If suppliers are using an agency, they must:

- Work with only one agency per country
- Conduct background checks and due-diligence monitoring
- Have service agreements with agencies that prohibit discrimination, fees, and using subagents while allowing the supplier the right to audit the agent
- Make grievance mechanisms available to workers during recruitment with the agent

To ensure that the standards set out in our Foreign Migrant Worker Policy are met, our social auditing protocol requires worker interviews to include foreign migrant workers. We also use findings from Better Work's assessments, and our own monitoring programs, such as our new RL Hotline, to receive, track, and respond to concerns on this topic. In FY20, we will report our findings from the monitoring programs and continue to collaborate with suppliers to help them comply with our standards.

## Social compliance program

Our social compliance program is designed to protect worker rights in our supply chain from the first day a factory starts work for us. We use third-party audits extensively, augmented with audits conducted by our in-house team and by assessments and progress reports from Better Work. Our overall monitoring system is shown on the next page. We are working to expand the scope of our monitoring to include all Tier 2 suppliers, such as artisans and hand workers.

## Social Compliance Program and Better Work Assessments

Onboarding



Assess business, quality, security, and social standards prior to onboarding



Social audit for compliance with Operating Guidelines



Follow-up visits, long-term capacity-building engagements, and training

Approved Suppliers



Validate the consistency of 3rd-party audits and develop supplier relations



Social audits in specific countries where the Better Work program operates



Better Work follows up on issues and provides guidance and training

During FY19, we conducted 144 initial on-site evaluations to screen potential new suppliers. A total of 423 audits were conducted among our 592 active factories—334 by third parties, 14 by Ralph Lauren auditors, and 75 by Better Work. In total, over 71 percent of factories supplying us were audited in FY19. Of the 169 factories not audited, around 100 made fewer than 250 units and were placed on a less frequent audit cycle, along with factories that have consistently scored strongly in the past. Other factories were deactivated during the year due to sourcing changes or their inability to meet our Operating Guidelines.

Our independent third-party remedial experts conducted 98 visits to confirm that corrective action was implemented and to provide trainings and support where needed.

Audit/inspection type	FY19
Initial on-site evaluations	144
Audits conducted by 3rd party	334
Audits conducted by Ralph Lauren	14
Audits conducted by Better Work	75
Remediation visits conducted by 3rd party	98
Percentage of total audits that were fully unannounced	72%



A factory in Italy

**Audit findings**

Overall, less than 2 percent of the 348 audits conducted by third parties and our own auditors identified zero-tolerance issues. Six suppliers were deactivated due to their inability to meet our Operating Guidelines.

*Zero-tolerance issues:*

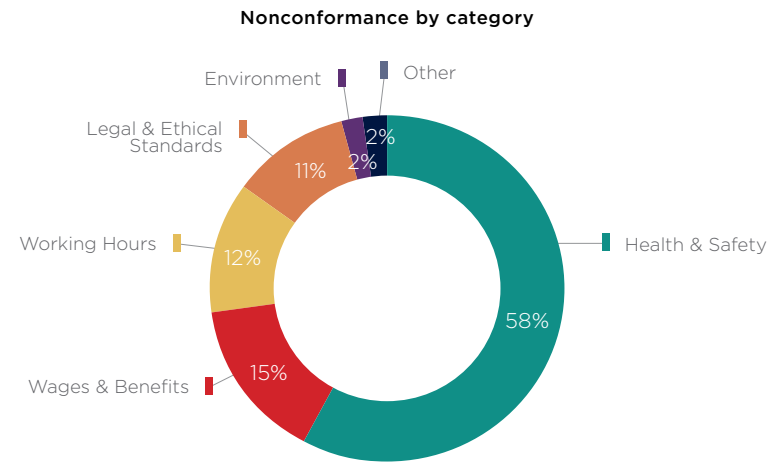
- Nontransparent record keeping
- Not paying minimum wage
- Monetary fines
- Locked emergency exits
- Unauthorized subcontracting
- Forced labor / Human trafficking
- Child labor
- Abuse (physical, verbal)
- Harassment (including sexual harassment) and discrimination
- Bribery

*FY19 corrective action status*



The most common categories of nonconformance were health and safety 58 percent, wages and benefits 15 percent, working hours 12 percent, and legal and ethical standards 11 percent. We review all nonconformance issues with the supplier and require that they be addressed in a timely manner. Every audit has a corrective plan that is later verified.

The most frequent noncompliance issue identified was fire safety, accounting for one in five of all health and safety violations. The root cause of this issue is most commonly poor maintenance, which can usually be promptly remediated. We encourage the establishment of internal factory committees to address ongoing monitoring to check that issues such as this do not recur.



Of the 90 environmental nonconformances identified, 60 related to incorrect or missing documentation, including permits. These items were included in our corrective action requirements, and where necessary we supported factories to obtain the appropriate permits.

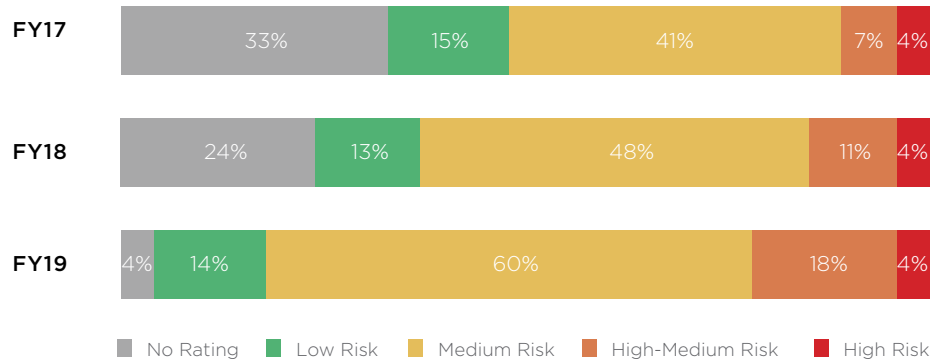


## Aiming for continual improvement

Our audit findings are not a one-time pass or fail decision. We work closely with the factories that supply us to create continual improvement in the conditions for their workers.

Over time as corrective actions are taken, management capabilities improved, and workers empowered, we expect to see a progressive improvement in standards across our supply chain. We track progress in compliance by grouping factories into bands, based on their audit results (see chart). In FY19, we observed an increase in the percentage of factories in the “medium” group, mainly through a reduction in the number of unrated factories. In FY20, we are working to transition as many factories as possible to the “low” and “medium” categories.

### Factory Rating



## Licensees

In addition to our own products, we license the Ralph Lauren brand to selected companies. All licensees are required to have social compliance programs equal to our program, including our Operating Guidelines. While these companies are outside the scope of our program, we assess licensee supplier compliance programs and review their audits to ensure that they meet our requirements. In FY19, 34 suppliers used 335 factories to make licensed products.

## ABOUT THIS REPORT

Our report covers fiscal year 2019 (FY19), from April 1, 2018, to March 30, 2019.\* The report is supported by our Standards Supplement, which includes two best-practice reporting indices: the Global Reporting Initiative and Sustainability Accounting Standards Board. For information on our company and financial performance, please see our 2019 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Throughout this report, references to “Ralph Lauren,” “ourselves,” “we,” “our,” “us,” and “the Company” refer to Ralph Lauren Corporation (“RLC”), and its subsidiaries unless the context indicates otherwise.

This report contains goals, initiatives, and forward-looking statements (“Forward-Looking Statements”) based on current expectations. Various statements in this report or incorporated by reference in this report, in previously submitted and future filings by us with the Securities and Exchange Commission, in our press releases, and in oral statements made from time to time by us or on our behalf constitute “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-Looking Statements are based on current expectations and are indicated by words or phrases such as “anticipate,” “estimate,” “expect,” “project,” “we believe,” “can,” “will,” and similar words or phrases. These Forward-Looking Statements involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed in or implied by such Forward-Looking Statements. These Forward-Looking Statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. The factors that could cause actual results, performance, or achievements to materially differ are identified in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Form 8-K reports filed with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any Forward-Looking Statements, whether as a result of new information, future events, or otherwise.

The information indicated herein is subject to the precision of our data collection and analysis method, which is subject to future evolution and calibration. Such information is subject to additional uncertainties, as there are limitations inherent in our data collection and analysis method. While we consider information from external resources and consultants to be reliable, we do not assume responsibility for its accuracy. Additionally, all numbers referenced are subject to the quality and comprehensiveness of the reporting received by the Company from internal and external sources and therefore are approximate and/or estimated values. It is also important to note that the availability of data varies from section to section of this report.

\*Availability of data varies with respect to fiscal or calendar year format. References to fiscal year will be represented as follows: Fiscal followed by the year; for example, Fiscal 2019. References to calendar year will be represented by the year alone; for example, 2019. In general, throughout this report, metrics and data are presented in a fiscal year format, and activities and events are presented in a calendar year format. We utilize a 52- to 53-week fiscal year ending on the Saturday closest to March 31. All references to Fiscal 2017 (FY17) represent the fiscal year ended April 1, 2017; references to Fiscal 2018 (FY18) represent the fiscal year ended March 31, 2018; references to Fiscal 2020 (FY20) represent the fiscal year ending March 31, 2020.





RALPH LAUREN