

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 25, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number: 001-13057

Ralph Lauren Corporation

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*
650 Madison Avenue,
New York, New York
(Address of principal executive offices)

13-2622036
*(I.R.S. Employer
Identification No.)*
10022
(Zip Code)

(212) 318-7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on which Registered</u>
Class A Common Stock, \$.01 par value	RL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At October 29, 2021, 48,735,761 shares of the registrant's Class A common stock, \$.01 par value, and 24,881,276 shares of the registrant's Class B common stock, \$.01 par value, were outstanding.

RALPH LAUREN CORPORATION
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RALPH LAUREN CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 25, 2021	March 27, 2021
	(millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,387.9	\$ 2,579.0
Short-term investments	673.1	197.5
Accounts receivable, net of allowances of \$222.7 million and \$213.8 million	419.3	451.5
Inventories	928.2	759.0
Income tax receivable	42.1	54.4
Prepaid expenses and other current assets	182.1	166.6
Total current assets	4,632.7	4,208.0
Property and equipment, net	971.0	1,014.0
Operating lease right-of-use assets	1,149.3	1,239.5
Deferred tax assets	289.9	283.9
Goodwill	933.1	934.6
Intangible assets, net	112.2	121.1
Other non-current assets	88.5	86.4
Total assets	\$ 8,176.7	\$ 7,887.5
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 499.1	\$ —
Accounts payable	451.4	355.9
Current income tax payable	71.4	50.6
Current operating lease liabilities	276.2	302.9
Accrued expenses and other current liabilities	962.5	875.4
Total current liabilities	2,260.6	1,584.8
Long-term debt	1,135.5	1,632.9
Long-term operating lease liabilities	1,198.3	1,294.5
Non-current income tax payable	104.8	118.7
Non-current liability for unrecognized tax benefits	84.2	91.4
Other non-current liabilities	530.5	560.8
Commitments and contingencies (Note 13)		
Total liabilities	5,313.9	5,283.1
Equity:		
Class A common stock, par value \$.01 per share; 106.9 million and 106.1 million shares issued; 48.8 million and 48.3 million shares outstanding	1.0	1.0
Class B common stock, par value \$.01 per share; 24.9 million shares issued and outstanding	0.3	0.3
Additional paid-in-capital	2,707.7	2,667.1
Retained earnings	6,129.8	5,872.9
Treasury stock, Class A, at cost; 58.1 million and 57.8 million shares	(5,856.0)	(5,816.1)
Accumulated other comprehensive loss	(120.0)	(120.8)
Total equity	2,862.8	2,604.4
Total liabilities and equity	\$ 8,176.7	\$ 7,887.5

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions, except per share data)			
Net revenues	\$ 1,504.1	\$ 1,193.5	\$ 2,880.4	\$ 1,681.0
Cost of goods sold	(488.9)	(394.1)	(897.1)	(532.9)
Gross profit	<u>1,015.2</u>	<u>799.4</u>	<u>1,983.3</u>	<u>1,148.1</u>
Selling, general, and administrative expenses	(754.9)	(628.2)	(1,483.1)	(1,135.8)
Impairment of assets	(0.7)	(31.0)	(19.3)	(33.1)
Restructuring and other charges	(7.7)	(160.5)	(8.4)	(167.5)
Total other operating expenses, net	<u>(763.3)</u>	<u>(819.7)</u>	<u>(1,510.8)</u>	<u>(1,336.4)</u>
Operating income (loss)	251.9	(20.3)	472.5	(188.3)
Interest expense	(13.6)	(12.8)	(26.9)	(22.4)
Interest income	1.2	2.2	3.0	5.1
Other income (expense), net	(1.4)	1.8	(0.5)	3.9
Income (loss) before income taxes	238.1	(29.1)	448.1	(201.7)
Income tax benefit (provision)	(44.8)	(10.0)	(90.1)	34.9
Net income (loss)	<u>\$ 193.3</u>	<u>\$ (39.1)</u>	<u>\$ 358.0</u>	<u>\$ (166.8)</u>
Net income (loss) per common share:				
Basic	<u>\$ 2.61</u>	<u>\$ (0.53)</u>	<u>\$ 4.84</u>	<u>\$ (2.27)</u>
Diluted	<u>\$ 2.57</u>	<u>\$ (0.53)</u>	<u>\$ 4.75</u>	<u>\$ (2.27)</u>
Weighted average common shares outstanding:				
Basic	<u>74.0</u>	<u>73.5</u>	<u>73.9</u>	<u>73.3</u>
Diluted	<u>75.3</u>	<u>73.5</u>	<u>75.3</u>	<u>73.3</u>
Dividends declared per share	<u>\$ 0.6875</u>	<u>\$ —</u>	<u>\$ 1.375</u>	<u>\$ —</u>

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Net income (loss)	\$ 193.3	\$ (39.1)	\$ 358.0	\$ (166.8)
Other comprehensive income (loss), net of tax:				
Foreign currency translation gains (losses)	(9.8)	17.3	0.8	30.3
Net gains (losses) on cash flow hedges	1.1	(7.3)	0.1	(11.3)
Net losses on defined benefit plans	—	(0.2)	(0.1)	(0.3)
Other comprehensive income (loss), net of tax	(8.7)	9.8	0.8	18.7
Total comprehensive income (loss)	\$ 184.6	\$ (29.3)	\$ 358.8	\$ (148.1)

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	September 25, 2021	September 26, 2020
	(millions)	
Cash flows from operating activities:		
Net income (loss)	\$ 358.0	\$ (166.8)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	113.1	125.2
Deferred income tax benefit	(0.1)	(86.9)
Non-cash stock-based compensation expense	40.6	34.6
Non-cash impairment of assets	19.3	33.1
Bad debt expense reversals	(0.9)	(25.4)
Other non-cash charges (benefits)	1.8	(2.1)
Changes in operating assets and liabilities:		
Accounts receivable	26.6	(49.7)
Inventories	(199.0)	(129.3)
Prepaid expenses and other current assets	(17.7)	11.1
Accounts payable and accrued liabilities	145.7	219.6
Income tax receivables and payables	6.2	12.8
Other balance sheet changes	(29.4)	11.1
Net cash provided by (used in) operating activities	464.2	(12.7)
Cash flows from investing activities:		
Capital expenditures	(63.4)	(53.9)
Purchases of investments	(756.4)	(407.0)
Proceeds from sales and maturities of investments	279.5	471.5
Settlement of net investment hedges	—	3.7
Other investing activities	(2.1)	(0.5)
Net cash provided by (used in) investing activities	(542.4)	13.8
Cash flows from financing activities:		
Repayments of credit facility borrowings	—	(475.0)
Proceeds from the issuance of long-term debt	—	1,241.9
Repayments of long-term debt	—	(300.0)
Payments of finance lease obligations	(11.7)	(5.7)
Payments of dividends	(50.5)	(49.8)
Repurchases of common stock, including shares surrendered for tax withholdings	(39.9)	(35.5)
Other financing activities	—	(8.6)
Net cash provided by (used in) financing activities	(102.1)	367.3
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(11.0)	23.6
Net increase (decrease) in cash, cash equivalents, and restricted cash	(191.3)	392.0
Cash, cash equivalents, and restricted cash at beginning of period	2,588.0	1,629.8
Cash, cash equivalents, and restricted cash at end of period	\$ 2,396.7	\$ 2,021.8

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

Three Months Ended September 25, 2021

	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity
	Shares	Amount			Shares	Amount		
Balance at June 26, 2021	131.6	\$ 1.3	\$ 2,685.5	\$ 5,987.1	58.0	\$ (5,844.9)	\$ (111.3)	\$ 2,717.7
Comprehensive income:								
Net income				193.3				
Other comprehensive loss							(8.7)	
Total comprehensive income								184.6
Dividends declared				(50.6)				(50.6)
Repurchases of common stock					0.1	(11.1)		(11.1)
Stock-based compensation				22.2				22.2
Shares issued pursuant to stock-based compensation plans	0.2	—	—					—
Balance at September 25, 2021	<u>131.8</u>	<u>\$ 1.3</u>	<u>\$ 2,707.7</u>	<u>\$ 6,129.8</u>	<u>58.1</u>	<u>\$ (5,856.0)</u>	<u>\$ (120.0)</u>	<u>\$ 2,862.8</u>

Three Months Ended September 26, 2020

	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity
	Shares	Amount			Shares	Amount		
Balance at June 27, 2020	130.9	\$ 1.3	\$ 2,609.5	\$ 5,866.3	57.8	\$ (5,812.3)	\$ (109.3)	\$ 2,555.5
Comprehensive loss:								
Net loss				(39.1)				
Other comprehensive income							9.8	
Total comprehensive loss								(29.3)
Dividends declared				—				—
Repurchases of common stock						(1.6)		(1.6)
Stock-based compensation				19.5				19.5
Balance at September 26, 2020	<u>130.9</u>	<u>\$ 1.3</u>	<u>\$ 2,629.0</u>	<u>\$ 5,827.2</u>	<u>57.8</u>	<u>\$ (5,813.9)</u>	<u>\$ (99.5)</u>	<u>\$ 2,544.1</u>

^(a) Includes Class A and Class B common stock.

^(b) Accumulated other comprehensive income (loss).

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(Unaudited)

	Six Months Ended September 25, 2021									
	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity		
	Shares	Amount			Shares	Amount				
Balance at March 27, 2021	131.0	\$ 1.3	\$ 2,667.1	\$ 5,872.9	(millions) 57.8	\$ (5,816.1)	\$ (120.8)	\$ 2,604.4		
Comprehensive income:										
Net income				358.0						
Other comprehensive income							0.8			
Total comprehensive income								358.8		
Dividends declared				(101.1)				(101.1)		
Repurchases of common stock					0.3	(39.9)		(39.9)		
Stock-based compensation			40.6					40.6		
Shares issued pursuant to stock-based compensation plans	0.8	—	—					—		
Balance at September 25, 2021	<u>131.8</u>	<u>\$ 1.3</u>	<u>\$ 2,707.7</u>	<u>\$ 6,129.8</u>	<u>58.1</u>	<u>\$ (5,856.0)</u>	<u>\$ (120.0)</u>	<u>\$ 2,862.8</u>		

	Six Months Ended September 26, 2020									
	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity		
	Shares	Amount			Shares	Amount				
Balance at March 28, 2020	129.8	\$ 1.3	\$ 2,594.4	\$ 5,994.0	(millions) 57.3	\$ (5,778.4)	\$ (118.2)	\$ 2,693.1		
Comprehensive loss:										
Net loss				(166.8)						
Other comprehensive income							18.7			
Total comprehensive loss								(148.1)		
Dividends declared				—				—		
Repurchases of common stock					0.5	(35.5)		(35.5)		
Stock-based compensation			34.6					34.6		
Shares issued pursuant to stock-based compensation plans	1.1	—	—					—		
Balance at September 26, 2020	<u>130.9</u>	<u>\$ 1.3</u>	<u>\$ 2,629.0</u>	<u>\$ 5,827.2</u>	<u>57.8</u>	<u>\$ (5,813.9)</u>	<u>\$ (99.5)</u>	<u>\$ 2,544.1</u>		

^(a) Includes Class A and Class B common stock.

^(b) Accumulated other comprehensive income (loss).

See accompanying notes.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In millions, except per share data and where otherwise indicated)
(Unaudited)

1. Description of Business

Ralph Lauren Corporation ("RLC") is a global leader in the design, marketing, and distribution of premium lifestyle products, including apparel, footwear, accessories, home furnishings, fragrances, and hospitality. RLC's long-standing reputation and distinctive image have been developed across a wide range of products, brands, distribution channels, and international markets. RLC's brand names include Ralph Lauren, Ralph Lauren Collection, Ralph Lauren Purple Label, Polo Ralph Lauren, Double RL, Lauren Ralph Lauren, Polo Ralph Lauren Children, and Chaps, among others. RLC and its subsidiaries are collectively referred to herein as the "Company," "we," "us," "our," and "ourselves," unless the context indicates otherwise.

The Company diversifies its business by geography (North America, Europe, and Asia, among other regions) and channel of distribution (retail, wholesale, and licensing). This allows the Company to maintain a dynamic balance as its operating results do not depend solely on the performance of any single geographic area or channel of distribution. The Company sells directly to consumers through its integrated retail channel, which includes its retail stores, concession-based shop-within-shops, and digital commerce operations around the world. The Company's wholesale sales are made principally to major department stores, specialty stores, and third-party digital partners around the world, as well as to certain third-party-owned stores to which the Company has licensed the right to operate in defined geographic territories using its trademarks. In addition, the Company licenses to third parties for specified periods the right to access its various trademarks in connection with the licensees' manufacture and sale of designated products, such as certain apparel, eyewear, fragrances, and home furnishings.

The Company organizes its business into the following three reportable segments: North America, Europe, and Asia. In addition to these reportable segments, the Company also has other non-reportable segments. See Note 17 for further discussion of the Company's segment reporting structure.

2. Basis of Presentation

Interim Financial Statements

These interim consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") and are unaudited. In the opinion of management, these consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the consolidated financial position, income (loss), comprehensive income (loss), and cash flows of the Company for the interim periods presented. In addition, certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and the notes thereto have been condensed or omitted from this report as is permitted by the SEC's rules and regulations. However, the Company believes that the disclosures provided herein are adequate to prevent the information presented from being misleading.

This report should be read in conjunction with the Company's Annual Report on Form 10-K filed with the SEC for the fiscal year ended March 27, 2021 (the "Fiscal 2021 10-K").

Basis of Consolidation

These unaudited interim consolidated financial statements present the consolidated financial position, income (loss), comprehensive income (loss), and cash flows of the Company, including all entities in which the Company has a controlling financial interest and is determined to be the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Additionally, as discussed in Note 8, the Company completed the sale of its Club Monaco business at the end of its first quarter of Fiscal 2022 (as defined below) on June 26, 2021. As a result, assets and liabilities related to the Club Monaco business were deconsolidated from the Company's consolidated statement of financial position effective June 26, 2021, with Club Monaco's operating results included in the Company's consolidated statements of income (loss), comprehensive income (loss), and cash flows through the end of the first quarter of Fiscal 2022. Prior year financial statements were not affected.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fiscal Periods

The Company utilizes a 52-53 week fiscal year ending on the Saturday immediately before or after March 31. As such, fiscal year 2022 will end on April 2, 2022 and will be a 53-week period ("Fiscal 2022"). Fiscal year 2021 ended on March 27, 2021 and was a 52-week period ("Fiscal 2021"). The second quarter of Fiscal 2022 ended on September 25, 2021 and was a 13-week period. The second quarter of Fiscal 2021 ended on September 26, 2020 and was also a 13-week period.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Actual results could differ materially from those estimates.

Significant estimates inherent in the preparation of the consolidated financial statements include reserves for bad debt, customer returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances; the realizability of inventory; reserves for litigation and other contingencies; useful lives and impairments of long-lived tangible and intangible assets; fair value measurements; accounting for income taxes and related uncertain tax positions; valuation of stock-based compensation awards and related forfeiture rates; and reserves for restructuring activity, among others.

Reclassifications

Certain reclassifications have been made to prior period financial information in order to conform to the current period's presentation.

Seasonality of Business

The Company's business is typically affected by seasonal trends, with higher levels of retail sales in its second and third fiscal quarters and higher wholesale sales in its second and fourth fiscal quarters. These trends result primarily from the timing of key vacation travel, back-to-school, and holiday shopping periods impacting its retail business and the timing of seasonal wholesale shipments. As a result of changes in its business, consumer spending patterns, and the macroeconomic environment, including those resulting from pandemic diseases and other catastrophic events, historical quarterly operating trends and working capital requirements may not be indicative of the Company's future performance. In addition, fluctuations in sales, operating income (loss), and cash flows in any fiscal quarter may be affected by other events affecting retail sales, such as changes in weather patterns. Accordingly, the Company's operating results and cash flows for the three-month and six-month periods ended September 25, 2021 are not necessarily indicative of the operating results and cash flows that may be expected for the full Fiscal 2022.

COVID-19 Pandemic

Beginning in the fourth quarter of the Company's fiscal year ended March 28, 2020 ("Fiscal 2020"), a novel strain of coronavirus commonly referred to as COVID-19 emerged and spread rapidly across the globe, including throughout all major geographies in which the Company operates, resulting in adverse economic conditions and business disruptions, as well as significant volatility in global financial markets. Since then, governments worldwide have periodically imposed varying degrees of preventative and protective actions, such as temporary travel bans, forced business closures, and stay-at-home orders, all in an effort to reduce the spread of the virus. Such factors, among others, have resulted in a significant decline in retail traffic, tourism, and consumer spending on discretionary items. Additionally, companies across a wide array of industries have implemented various initiatives to reduce operating expenses and preserve cash balances during the pandemic, including work furloughs, reduced pay, and severance actions, which could lower consumers' disposable income levels or willingness to purchase discretionary items. Such government restrictions, company initiatives, and other macroeconomic impacts resulting from the pandemic could continue to adversely affect consumer behavior, spending levels, and/or shopping preferences, such as willingness to congregate in indoor shopping centers or other populated locations.

As a result of the COVID-19 pandemic, the Company has experienced varying degrees of business disruptions and periods of closure of its stores, distribution centers, and corporate facilities, as have the Company's wholesale customers, licensing partners, suppliers, and vendors. During the first quarter of Fiscal 2021 at the peak of the pandemic, the majority of the Company's stores in key markets were closed for an average of 8 to 10 weeks due to government-mandated lockdowns and

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

other restrictions, resulting in significant adverse impacts to its operating results. Resurgences and outbreaks in certain parts of the world resulted in further business disruptions periodically throughout Fiscal 2021, most notably in Europe where a significant number of the Company's stores were closed for approximately two to three months during the second half of Fiscal 2021, including during the holiday period, due to government-mandated lockdowns and other restrictions. Such disruptions continued into the first half of Fiscal 2022 in certain regions, although to a lesser extent than the comparable prior year fiscal period. Further, throughout the course of the pandemic, the majority of the Company's stores that were able to remain open have periodically been subject to limited operating hours and/or customer capacity levels in accordance with local health guidelines, with traffic remaining challenged. However, the Company's digital commerce operations have grown significantly from pre-pandemic levels, due in part to our investments and enhanced capabilities, as well as changes in consumer shopping preferences. The Company's wholesale and licensing businesses have experienced similar impacts, particularly in North America and Europe.

Throughout the course of the pandemic, the Company's priority has been to ensure the safety and well-being of its employees, customers, and the communities in which it operates around the world. The Company continues to consider the guidance of local governments and global health organizations and has implemented new health and safety protocols in its stores, distribution centers, and corporate facilities. The Company also took various preemptive actions in the prior fiscal year to preserve cash and strengthen its liquidity position, as described in the Fiscal 2021 10-K.

Despite the introduction of COVID-19 vaccines and recent improvements in the global economy as a whole, the pandemic remains volatile and continues to evolve, including the emergence of variants of the virus, such as the Delta variant. Accordingly, the Company cannot predict for how long and to what extent the pandemic will impact its business operations or the overall global economy. The Company will continue to assess its operations location-by-location, considering the guidance of local governments and global health organizations.

3. Summary of Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue across all channels of the business when it satisfies its performance obligations by transferring control of promised products or services to its customers, which occurs either at a point in time or over time, depending on when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized considers terms of sale that create variability in the amount of consideration that the Company ultimately expects to be entitled to in exchange for the products or services, and is subject to an overall constraint that a significant revenue reversal will not occur in future periods. Sales and other related taxes collected from customers and remitted to government authorities are excluded from revenue.

Revenue from the Company's retail business is recognized when the customer takes physical possession of the products, which occurs either at the point of sale for merchandise purchased at the Company's own retail stores and shop-within-shop locations, or upon receipt of shipment for merchandise ordered through direct-to-consumer digital commerce sites. Such revenues are recorded net of estimated returns based on historical trends. Payment is due at the point of sale.

Gift cards purchased by customers are recorded as a liability until they are redeemed for products sold by the Company's retail business, at which point revenue is recognized. The Company also estimates and recognizes revenue for gift card balances not expected to ever be redeemed (referred to as "breakage") to the extent that it does not have a legal obligation to remit the value of such unredeemed gift cards to the relevant jurisdiction as unclaimed or abandoned property. Such estimates are based upon historical redemption trends, with breakage income recognized in proportion to the pattern of actual customer redemptions.

Revenue from the Company's wholesale business is generally recognized upon shipment of products, at which point title passes and risk of loss is transferred to the customer. In certain arrangements where the Company retains the risk of loss during shipment, revenue is recognized upon receipt of products by the customer. Wholesale revenue is recorded net of estimates of returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances. Returns and allowances require pre-approval from management and discounts are based on trade terms. Estimates for end-of-season markdown reserves are based on historical trends, actual and forecasted seasonal results, an evaluation of current economic and market conditions, retailer performance, and, in certain cases, contractual terms. Estimates for operational chargebacks are based on actual customer notifications of order fulfillment discrepancies and historical trends. The Company reviews and

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

refines these estimates on at least a quarterly basis. The Company's historical estimates of these amounts have not differed materially from actual results.

Revenue from the Company's licensing arrangements is recognized over time during the period that licensees are provided access to the Company's trademarks (i.e., symbolic intellectual property) and benefit from such access through their own sales of licensed products. These arrangements require licensees to pay a sales-based royalty, which for most arrangements, may be subject to a contractually-guaranteed minimum royalty amount. Payments are generally due quarterly and, depending on time of receipt, may be recorded as a liability until recognized as revenue. The Company recognizes revenue for sales-based royalty arrangements (including those for which the royalty exceeds any contractually-guaranteed minimum royalty amount) as licensed products are sold by the licensee. If a sales-based royalty is not ultimately expected to exceed a contractually-guaranteed minimum royalty amount, the minimum is generally recognized as revenue ratably over the respective contractual period. This sales-based output measure of progress and pattern of recognition best represents the value transferred to the licensee over the term of the arrangement, as well as the amount of consideration that the Company is entitled to receive in exchange for providing access to its trademarks. As of September 25, 2021, contractually-guaranteed minimum royalty amounts expected to be recognized as revenue during future periods were as follows:

	Contractually-Guaranteed Minimum Royalties^(a)
	(millions)
Remainder of Fiscal 2022	\$ 44.5
Fiscal 2023	91.8
Fiscal 2024	62.2
Fiscal 2025	28.2
Fiscal 2026	16.4
Fiscal 2027 and thereafter	26.7
Total	\$ 269.8

^(a) Amounts presented do not contemplate potential contract renewals or royalties earned in excess of the contractually-guaranteed minimums.

Disaggregated Net Revenues

The following tables disaggregate the Company's net revenues into categories that depict how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors for the fiscal periods presented:

	Three Months Ended										
	September 25, 2021					September 26, 2020					
	North America	Europe	Asia	Other	Total	North America	Europe	Asia	Other		
	(millions)										
Sales Channel^(a):											
Retail	\$ 421.9	\$ 229.5	\$ 248.4	\$ 0.4	\$ 900.2	\$ 314.7	\$ 174.2	\$ 219.3	\$ 21.1	\$	
Wholesale	281.2	266.0	21.5	0.3	569.0	228.2	185.3	17.3	2.3	\$	
Licensing	—	—	—	34.9	34.9	—	—	—	31.1	\$	
Total	\$ 703.1	\$ 495.5	\$ 269.9	\$ 35.6	\$ 1,504.1	\$ 542.9	\$ 359.5	\$ 236.6	\$ 54.5	\$	

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Six Months Ended									
	September 25, 2021					September 26, 2020				
	North America	Europe	Asia	Other	Total	North America	Europe	Asia	Other	Total
	(millions)									
Sales Channel^(a):										
Retail	\$ 834.1	\$ 400.3	\$ 521.2	\$ 27.2	\$ 1,782.8	\$ 457.3	\$ 253.4	\$ 385.8	\$ 27.6	\$ 1,124.1
Wholesale	531.1	450.1	36.9	5.3	1,023.4	250.7	226.8	22.7	2.8	503.0
Licensing	—	—	—	74.2	74.2	—	—	—	53.9	53.9
Total	\$ 1,365.2	\$ 850.4	\$ 558.1	\$ 106.7	\$ 2,880.4	\$ 708.0	\$ 480.2	\$ 408.5	\$ 84.3	\$ 1,681.0

^(a) Net revenues from the Company's retail and wholesale businesses are recognized at a point in time. Net revenues from the Company's licensing business are recognized over time.

Deferred Income

Deferred income represents cash payments received in advance of the Company's transfer of control of products or services to its customers and generally consists of unredeemed gift cards (net of breakage) and advance royalty payments from licensees. The Company's deferred income balances were \$10.6 million and \$12.1 million as of September 25, 2021 and March 27, 2021, respectively, and were primarily recorded within accrued expenses and other current liabilities within the consolidated balance sheets. The majority of the deferred income balance as of September 25, 2021 is expected to be recognized as revenue within the next twelve months.

Shipping and Handling Costs

Costs associated with shipping goods to customers are accounted for as fulfillment activities and reflected as selling, general, and administrative ("SG&A") expenses in the consolidated statements of operations. Costs of preparing merchandise for sale, such as picking, packing, warehousing, and order charges ("handling costs"), are also included in SG&A expenses. Shipping and handling costs billed to customers are included in revenue.

A summary of shipping and handling costs for the fiscal periods presented is as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Shipping costs	\$ 14.0	\$ 12.2	\$ 28.8	\$ 20.6
Handling costs	35.8	33.3	70.2	59.8

Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common shares by the weighted-average number of common shares outstanding during the period. Weighted-average common shares include shares of the Company's Class A and Class B common stock. Diluted net income (loss) per common share adjusts basic net income (loss) per common share for the dilutive effects of outstanding restricted stock units ("RSUs"), stock options, and any other potentially dilutive instruments, only for the periods in which such effects are dilutive.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The weighted-average number of common shares outstanding used to calculate basic net income (loss) per common share is reconciled to shares used to calculate diluted net income (loss) per common share as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Basic shares	74.0	73.5	73.9	73.3
Dilutive effect of RSUs and stock options	1.3	— ^(a)	1.4	— ^(a)
Diluted shares	<u>75.3</u>	<u>73.5</u>	<u>75.3</u>	<u>73.3</u>

^(a) Incremental shares of 0.9 million and 1.2 million attributable to outstanding RSUs were excluded from the computation of diluted shares for the three-month and six-month periods ended September 26, 2020, respectively, as such shares would not be dilutive given the net losses incurred during such fiscal year periods.

All earnings per share amounts have been calculated using unrounded numbers. The Company has outstanding performance-based RSUs, which are included in the computation of diluted shares only to the extent that the underlying performance conditions (i) have been satisfied as of the end of the reporting period or (ii) would be considered satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive. In addition, options to purchase shares of the Company's Class A common stock at an exercise price greater than the average market price of such common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income (loss) per common share. As of September 25, 2021 and September 26, 2020, there were 0.4 million and 0.6 million, respectively, of additional shares issuable contingent upon vesting of performance-based RSUs and upon exercise of anti-dilutive stock options, that were excluded from the diluted shares calculations.

Accounts Receivable

In the normal course of business, the Company extends credit to wholesale customers that satisfy certain defined credit criteria. Payment is generally due within 30 to 120 days and does not involve a significant financing component. Accounts receivable are recorded at amortized cost, which approximates fair value, and are presented in the Company's consolidated balance sheets net of certain reserves and allowances. These reserves and allowances consist of (i) reserves for returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances (see the "Revenue Recognition" section above for further discussion of related accounting policies) and (ii) allowances for doubtful accounts.

A rollforward of the activity in the Company's reserves for returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances is presented as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Beginning reserve balance	\$ 178.9	\$ 184.0	\$ 173.7	\$ 204.7
Amount charged against revenue to increase reserve	101.6	72.6	188.7	83.9
Amount credited against customer accounts to decrease reserve	(94.0)	(88.2)	(177.2)	(122.1)
Foreign currency translation	(1.7)	3.5	(0.4)	5.4
Ending reserve balance	<u>\$ 184.8</u>	<u>\$ 171.9</u>	<u>\$ 184.8</u>	<u>\$ 171.9</u>

An allowance for doubtful accounts is determined through analysis of accounts receivable aging, assessments of collectability based on evaluation of historical trends, the financial condition of the Company's customers and their ability to withstand prolonged periods of adverse economic conditions, and evaluation of the impact of current and forecasted economic and market conditions over the related asset's contractual life, among other factors.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A rollforward of the activity in the Company's allowance for doubtful accounts is presented as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Beginning reserve balance	\$ 38.6	\$ 55.9	\$ 40.1	\$ 71.5
Amount recorded to expense to increase (decrease) reserve ^(a)	0.1	(8.9)	(0.9)	(25.4)
Amount written-off against customer accounts to decrease reserve	(0.6)	(1.6)	(1.3)	(1.6)
Foreign currency translation	(0.2)	0.9	—	1.8
Ending reserve balance	<u>\$ 37.9</u>	<u>\$ 46.3</u>	<u>\$ 37.9</u>	<u>\$ 46.3</u>

^(a) Amounts recorded to bad debt expense are included within SG&A expenses in the consolidated statements of operations.

Concentration of Credit Risk

The Company sells its wholesale merchandise primarily to major department stores, specialty stores, and third-party digital partners around the world, and extends credit based on an evaluation of each customer's financial capacity and condition, usually without requiring collateral. In the Company's wholesale business, concentration of credit risk is relatively limited due to the large number of customers and their dispersion across many geographic areas. However, the Company has three key wholesale customers that generate significant sales volume. During Fiscal 2021, the Company's sales to its three largest wholesale customers accounted for approximately 14% of total net revenues. Substantially all of the Company's sales to its three largest wholesale customers related to its North America segment. As of September 25, 2021, these three key wholesale customers accounted for approximately 31% of total gross accounts receivable.

Inventories

The Company holds inventory that is sold in its retail stores and digital commerce sites directly to consumers. The Company also holds inventory that is to be sold through wholesale distribution channels to major department stores, specialty stores, and third-party digital partners. Substantially all of the Company's inventories consist of finished goods, which are stated at the lower of cost or estimated realizable value, with cost determined on a weighted-average cost basis. Inventory held by the Company totaled \$928.2 million, \$759.0 million, and \$887.0 million as of September 25, 2021, March 27, 2021, and September 26, 2020, respectively.

Derivative Financial Instruments

The Company records derivative financial instruments on its consolidated balance sheets at fair value. Changes in the fair value of derivative instruments that are designated and qualify for hedge accounting are either (i) offset through earnings against the changes in fair value of the related hedged assets, liabilities, or firm commitments or (ii) recognized in equity as a component of accumulated other comprehensive income (loss) ("AOCI") until the hedged item is recognized in earnings, depending on whether the instrument is hedging against changes in fair value or cash flows and net investments, respectively.

Each derivative instrument that qualifies for hedge accounting is expected to be highly effective in offsetting the risk associated with the related exposure. For each instrument that is designated as a hedge, the Company documents the related risk management objective and strategy, including identification of the hedging instrument, the hedged item, and the risk exposure, as well as how hedge effectiveness will be assessed over the instrument's term. To assess hedge effectiveness at the inception of a hedging relationship, the Company generally uses regression analysis, a statistical method, to evaluate how changes in the fair value of the derivative instrument are expected to offset changes in the fair value or cash flows of the related hedged item. The extent to which a hedging instrument has been and is expected to remain highly effective in achieving offsetting changes in fair value or cash flows is assessed by the Company on at least a quarterly basis.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Given its use of derivative instruments, the Company is exposed to the risk that counterparties to such contracts will fail to meet their contractual obligations. To mitigate such counterparty credit risk, the Company's policy is to only enter into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings and certain other factors, adhering to established limits for credit exposure. The Company's established policies and procedures for mitigating credit risk include ongoing review and assessment of its counterparties' creditworthiness. The Company also enters into master netting arrangements with counterparties, when possible, to further mitigate credit risk. In the event of default or termination, these arrangements allow the Company to net-settle amounts payable and receivable related to multiple derivative transactions with the same counterparty. The master netting arrangements specify a number of events of default and termination, including the failure to make timely payments.

The fair values of the Company's derivative instruments are recorded on its consolidated balance sheets on a gross basis. For cash flow reporting purposes, proceeds received or amounts paid upon the settlement of a derivative instrument are classified in the same manner as the related item being hedged, primarily within cash flows from operating activities for its forward foreign exchange contracts and within cash flows from investing activities for its cross-currency swap contracts, both as discussed below.

Cash Flow Hedges

The Company uses forward foreign currency exchange contracts to mitigate its risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency. To the extent designated as cash flow hedges, related gains or losses on such instruments are initially deferred in equity as a component of AOCI and are subsequently recognized within cost of goods sold in the consolidated statements of operations when the related inventory is sold.

If a derivative instrument is redesignated or if hedge accounting is discontinued because the instrument is not expected to be highly effective in hedging the designated exposure, any further gains (losses) are recognized in earnings each period within other income (expense), net. Upon discontinuance of hedge accounting, the cumulative change in fair value of the derivative instrument recorded in AOCI is recognized in earnings when the related hedged item affects earnings, consistent with the hedging strategy, unless the related forecasted transaction is probable of not occurring, in which case the accumulated amount is immediately recognized within other income (expense), net.

Hedges of Net Investments in Foreign Operations

The Company periodically uses cross-currency swap contracts to reduce risk associated with exchange rate fluctuations on certain of its net investments in foreign subsidiaries. Changes in the fair values of such derivative instruments that are designated as hedges of net investments in foreign operations are recorded in equity as a component of AOCI in the same manner as foreign currency translation adjustments. In assessing the effectiveness of such hedges, the Company uses a method based on changes in spot rates to measure the impact of foreign currency exchange rate fluctuations on both its foreign subsidiary net investment and the related hedging instrument. Under this method, changes in the fair value of the hedging instrument other than those due to changes in the spot rate are initially recorded in AOCI as a translation adjustment and are amortized into earnings as interest expense using a systematic and rational method over the instrument's term. Changes in fair value associated with the effective portion (i.e., those due to changes in the spot rate) are recorded in AOCI as a translation adjustment and are released and recognized in earnings only upon the sale or liquidation of the hedged net investment.

Undesignated Hedges

The Company uses undesignated hedges primarily to hedge foreign currency exchange rate risk related to third-party and intercompany balances and exposures. Changes in the fair values of such instruments are recognized in earnings each period within other income (expense), net.

See Note 12 for further discussion of the Company's derivative financial instruments.

Refer to Note 3 of the Fiscal 2021 10-K for a summary of all of the Company's significant accounting policies.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Recently Issued Accounting Standards

Reference Rate Reform

In March 2020 and January 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04") and ASU No. 2021-01, "Reference Rate Reform: Scope" ("ASU 2021-01"), respectively. Together, ASU 2020-04 and ASU 2021-01 provide temporary optional expedients and exceptions for the application of U.S. GAAP, if certain criteria are met, to contract modifications, hedging relationships, and other arrangements that are expected to be impacted by the global transition away from certain reference rates, such as the London Interbank Offered Rate ("LIBOR") and other interbank offered rates, towards new reference rates, such as the Secured Overnight Financing Rate ("SOFR"). The guidance in ASU 2020-04 and ASU 2021-01 was effective upon issuance and, once adopted, may be applied prospectively to contract modifications and hedging relationships through December 31, 2022. The Company is evaluating the impact that the guidance will have on its consolidated financial statements and related disclosures, if adopted, and currently does not expect that it would be material.

5. Property and Equipment

Property and equipment, net consists of the following:

	September 25, 2021	March 27, 2021
	(millions)	
Land and improvements	\$ 15.3	\$ 15.3
Buildings and improvements	491.6	492.8
Furniture and fixtures	597.2	608.9
Machinery and equipment	388.4	391.8
Capitalized software	557.6	555.2
Leasehold improvements	1,149.2	1,207.2
Construction in progress	52.2	34.5
	3,251.5	3,305.7
Less: accumulated depreciation	(2,280.5)	(2,291.7)
Property and equipment, net	<u>\$ 971.0</u>	<u>\$ 1,014.0</u>

Property and equipment, net includes finance lease right-of-use ("ROU") assets, which are reflected in the table above based on their nature.

Depreciation expense was \$51.5 million and \$104.2 million during the three-month and six-month periods ended September 25, 2021, respectively, and \$56.3 million and \$114.8 million during the three-month and six-month periods ended September 26, 2020, respectively, and was recorded primarily within SG&A expenses in the consolidated statements of operations.

6. Other Assets and Liabilities

Prepaid expenses and other current assets consist of the following:

	September 25, 2021	March 27, 2021
	(millions)	
Non-trade receivables	\$ 48.2	\$ 28.9
Other taxes receivable	26.1	28.4
Prepaid software maintenance	13.3	12.9
Prepaid advertising and marketing	10.2	9.5
Inventory return asset	8.8	8.3
Tenant allowances receivable	8.0	8.7
Prepaid logistic services	7.1	7.1
Cloud computing arrangement implementation costs	6.8	8.2
Prepaid occupancy expense	6.3	6.7
Prepaid inventory	5.9	5.0
Derivative financial instruments	3.2	5.6
Other prepaid expenses and current assets	38.2	37.3
Total prepaid expenses and other current assets	\$ 182.1	\$ 166.6

Other non-current assets consist of the following:

	September 25, 2021	March 27, 2021
	(millions)	
Security deposits	\$ 30.9	\$ 31.1
Derivative financial instruments	12.9	10.2
Restricted cash	7.3	7.5
Cloud computing arrangement implementation costs	4.3	5.3
Deferred rent assets	4.3	3.4
Other non-current assets	28.8	28.9
Total other non-current assets	\$ 88.5	\$ 86.4

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Accrued expenses and other current liabilities consist of the following:

	September 25, 2021	March 27, 2021
	(millions)	
Accrued inventory	\$ 258.9	\$ 196.1
Accrued operating expenses	227.0	225.0
Accrued payroll and benefits	214.4	223.6
Other taxes payable	82.0	64.6
Restructuring reserve	53.2	99.8
Dividends payable	50.6	—
Accrued capital expenditures	32.8	21.3
Finance lease obligations	20.1	19.7
Deferred income	10.5	12.0
Other accrued expenses and current liabilities	13.0	13.3
Total accrued expenses and other current liabilities	\$ 962.5	\$ 875.4

Other non-current liabilities consist of the following:

	September 25, 2021	March 27, 2021
	(millions)	
Finance lease obligations	\$ 357.7	\$ 370.5
Deferred lease incentives and obligations	59.5	62.4
Derivative financial instruments	40.7	55.1
Accrued benefits and deferred compensation	22.1	22.4
Deferred tax liabilities	10.8	10.7
Other non-current liabilities	39.7	39.7
Total other non-current liabilities	\$ 530.5	\$ 560.8

7. Impairment of Assets

The Company recorded non-cash impairment charges of \$0.7 million and \$19.3 million during the three-month and six-month periods ended September 25, 2021, respectively, and \$22.2 million and \$24.3 million during the three-month and six-month periods ended September 26, 2020, respectively, to write-down certain long-lived assets in connection with its restructuring plans (see Note 8).

Additionally, the Company recorded non-cash impairment charges of \$8.8 million during the three-month and six-month periods ended September 26, 2020 to write-down long-lived assets primarily related to a certain previously exited real estate location for which the related lease agreement has not yet expired.

See Note 11 for further discussion of these impairment charges.

8. Restructuring and Other Charges

A description of significant restructuring and other activities and their related costs is provided below.

Fiscal 2021 Strategic Realignment Plan

The Company has undertaken efforts to realign its resources to support future growth and profitability, and to create a sustainable, enhanced cost structure. The key areas of the Company's initiatives underlying these efforts involve evaluation of its: (i) team organizational structures and ways of working; (ii) real estate footprint and related costs across its corporate offices, distribution centers, and direct-to-consumer retail and wholesale doors; and (iii) brand portfolio.

In connection with the first initiative, on September 17, 2020, the Company's Board of Directors approved a restructuring plan (the "Fiscal 2021 Strategic Realignment Plan") to reduce its global workforce. Additionally, during a preliminary review of its store portfolio during the second quarter of Fiscal 2021, the Company made the decision to close its Polo store on Regent Street in London.

Shortly thereafter, on October 29, 2020, the Company announced the planned transition of its Chaps brand to a fully licensed business model, consistent with its long-term brand elevation strategy and in connection with its third initiative. Specifically, the Company entered into a multi-year licensing partnership, which took effect on August 1, 2021 following a transition period, with an affiliate of 5 Star Apparel LLC, a division of the OVED Group, to manufacture, market, and distribute Chaps menswear and womenswear. This agreement is expected to create incremental value for the Company by enabling an even greater focus on elevating its core brands in the marketplace, reducing its direct exposure to the North America department store channel, and setting up Chaps to deliver on its potential with an experienced partner that is focused on nurturing the brand.

Later, on February 3, 2021, the Company's Board of Directors approved additional actions related to its real estate initiative. Specifically, the Company is in the process of further rightsizing and consolidating its global corporate offices to better align with its organizational profile and new ways of working. The Company also has closed, and expects to continue to close, certain of its stores to improve overall profitability. Additionally, the Company plans to complete the consolidation of its North America distribution centers in order to drive greater efficiencies, improve sustainability, and deliver a better consumer experience.

Finally, on June 26, 2021, in connection with its brand portfolio initiative, the Company sold its Club Monaco business to Regent, L.P. ("Regent"), a global private equity firm, with no resulting gain or loss on sale realized during the first quarter of Fiscal 2022. Regent acquired Club Monaco's assets and liabilities in exchange for potential future cash consideration payable by Regent, including earn-out payments based on Club Monaco meeting certain defined revenue thresholds over a five-year period. Accordingly, the Company may realize amounts in the future related to the receipt of such contingent consideration. Additionally, in connection with this divestiture, the Company will provide Regent with certain operational support for a transitional period of up to 12 months, varying by functional area.

In connection with these collective realignment initiatives, the Company expects to incur total estimated pre-tax charges of approximately \$300 million to \$350 million, comprised of cash-related restructuring charges of approximately \$185 million to \$200 million and non-cash charges of approximately \$115 million and \$150 million.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of the charges recorded in connection with the Fiscal 2021 Strategic Realignment Plan during the fiscal periods presented (inclusive of immaterial other restructuring-related charges previously recorded during the first quarter of Fiscal 2021), as well as cumulative charges recorded since its inception, is as follows:

	Three Months Ended		Six Months Ended		Cumulative Charges
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020	
	(millions)				
Cash-related restructuring charges:					
Severance and benefit costs	\$ 0.1	\$ 153.8	\$ (3.9)	\$ 156.3	\$ 140.3
Other cash charges	2.5	3.8	4.4	3.9	19.3
Total cash-related restructuring charges	<u>2.6</u>	<u>157.6</u>	<u>0.5</u>	<u>160.2</u>	<u>159.6</u>
Non-cash charges:					
Impairment of assets (see Note 7)	0.7	22.2	19.3	24.3	88.7
Inventory-related charges ^(a)	—	—	—	1.3	8.3
Accelerated stock-based compensation expense ^(b)	—	—	2.0	—	2.0
Total non-cash charges	<u>0.7</u>	<u>22.2</u>	<u>21.3</u>	<u>25.6</u>	<u>99.0</u>
Total charges	<u>\$ 3.3</u>	<u>\$ 179.8</u>	<u>\$ 21.8</u>	<u>\$ 185.8</u>	<u>\$ 258.6</u>

^(a) Inventory-related charges are recorded within cost of goods sold in the consolidated statements of operations.

^(b) Accelerated stock-based compensation expense, which was recorded within restructuring and other charges in the consolidated statements of operations, related to vesting provisions associated with certain separation agreements.

A summary of current period activity in the restructuring reserve related to the Fiscal 2021 Strategic Realignment Plan is as follows:

	Severance and Benefit Costs	Other Cash Charges	Total
	(millions)		
Balance at March 27, 2021	\$ 96.2	\$ 3.2	\$ 99.4
Additions (reductions) charged to expense	(3.9)	4.4	0.5
Cash payments applied against reserve	(39.7)	(7.4)	(47.1)
Non-cash adjustments	0.1	—	0.1
Balance at September 25, 2021	<u>\$ 52.7</u>	<u>\$ 0.2</u>	<u>\$ 52.9</u>

Other Charges

The Company recorded other charges of \$5.1 million and \$5.9 million during the three-month and six-month periods ended September 25, 2021, respectively, and \$2.9 million and \$7.3 million during the three-month and six-month periods ended September 26, 2020, respectively, primarily related to rent and occupancy costs associated with certain previously exited real estate locations for which the related lease agreements have not yet expired.

9. Income Taxes

Effective Tax Rate

The Company's effective tax rate, which is calculated by dividing each fiscal period's income tax benefit (provision) by pretax income (loss), was 18.8% and 20.1% during the three-month and six-month periods ended September 25, 2021, respectively, and (34.4%) and 17.3% during the three-month and six-month periods ended September 26, 2020, respectively. The effective tax rate for the three months ended September 25, 2021 was lower than the U.S. federal statutory income tax rate of 21% primarily due to the favorable impact of certain permanent adjustments. The effective tax rate for the six months ended September 25, 2021 was slightly lower than the U.S. federal statutory income tax rate of 21% primarily due to the favorable tax impact of earnings generated in lower taxed foreign jurisdictions versus the U.S. The effective tax rates for the three-month and six-month periods ended September 26, 2020 were also lower than the U.S. federal statutory income tax rate of 21% primarily due to valuation allowances recorded against certain deferred tax assets as a result of significant business disruptions attributable to COVID-19 that could impact the ultimate realizability of such assets, as well as tax impacts on stock-based compensation and other permanent adjustments, partially offset by expected net operating loss carrybacks allowed under the CARES Act (as defined below).

In response to the COVID-19 pandemic, various governments worldwide have enacted, or are in the process of enacting, measures to provide aid and economic relief to companies adversely impacted by the pandemic. For example, on March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act includes various provisions, including the modification of net operating loss carryback periods and limitation, modification to interest deduction limitations, and creation of refundable employee retention tax credits, among other provisions.

Uncertain Income Tax Benefits

The Company classifies interest and penalties related to unrecognized tax benefits as part of its income tax benefit (provision). The total amount of unrecognized tax benefits, including interest and penalties, was \$84.2 million and \$91.4 million as of September 25, 2021 and March 27, 2021, respectively, and was included within the non-current liability for unrecognized tax benefits in the consolidated balance sheets.

The total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate was \$61.0 million and \$68.0 million as of September 25, 2021 and March 27, 2021, respectively.

Future Changes in Unrecognized Tax Benefits

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, settlements of ongoing tax audits and assessments and the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, the Company does not anticipate that the balance of gross unrecognized tax benefits, excluding interest and penalties, will change significantly during the next twelve months. However, changes in the occurrence, expected outcomes, and timing of such events could cause the Company's current estimate to change materially in the future.

The Company files a consolidated U.S. federal income tax return, as well as tax returns in various state, local, and foreign jurisdictions. The Company is generally no longer subject to examinations by the relevant tax authorities for years prior to its fiscal year ended March 30, 2013.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Debt

Debt consists of the following:

	September 25, 2021	March 27, 2021
	(millions)	
\$400 million 3.750% Senior Notes ^(a)	\$ 397.4	\$ 397.1
\$500 million 1.700% Senior Notes ^(b)	499.1	498.4
\$750 million 2.950% Senior Notes ^(c)	738.1	737.4
Total debt	1,634.6	1,632.9
Less: current portion of long-term debt	499.1	—
Total long-term debt	\$ 1,135.5	\$ 1,632.9

- ^(a) The carrying value of the 3.750% Senior Notes is presented net of unamortized debt issuance costs and original issue discount of \$2.6 million and \$2.9 million as of September 25, 2021 and March 27, 2021, respectively.
- ^(b) The carrying value of the 1.700% Senior Notes is presented net of unamortized debt issuance costs and original issue discount of \$0.9 million and \$1.6 million as of September 25, 2021 and March 27, 2021, respectively.
- ^(c) The carrying value of the 2.950% Senior Notes is presented net of unamortized debt issuance costs and original issue discount of \$11.9 million and \$12.6 million as of September 25, 2021 and March 27, 2021, respectively.

Senior Notes

In August 2018, the Company completed a registered public debt offering and issued \$400 million aggregate principal amount of unsecured senior notes due September 15, 2025, which bear interest at a fixed rate of 3.750%, payable semi-annually (the "3.750% Senior Notes"). The 3.750% Senior Notes were issued at a price equal to 99.521% of their principal amount. The proceeds from this offering were used for general corporate purposes, including repayment of the Company's previously outstanding \$300 million principal amount of unsecured 2.125% senior notes that matured September 26, 2018 (the "2.125% Senior Notes").

In June 2020, the Company completed another registered public debt offering and issued an additional \$500 million aggregate principal amount of unsecured senior notes due June 15, 2030, which bear interest at a fixed rate of 1.700%, payable semi-annually (the "1.700% Senior Notes"), and \$750 million aggregate principal amount of unsecured senior notes due June 15, 2030, which bear interest at a fixed rate of 2.950%, payable semi-annually (the "2.950% Senior Notes"). The 1.700% Senior Notes and 2.950% Senior Notes were issued at prices equal to 99.880% and 98.995% of their principal amounts, respectively. The proceeds from these offerings are being used for general corporate purposes, which included the repayment of \$475 million previously outstanding under the Company's Global Credit Facility (as defined below) on June 3, 2020 and repayment of its previously outstanding \$300 million principal amount of unsecured 2.625% senior notes that matured August 18, 2020 (the "2.625% Senior Notes").

The Company has the option to redeem the 3.750% Senior Notes, 1.700% Senior Notes, and 2.950% Senior Notes (collectively, the "Senior Notes"), in whole or in part, at any time at a price equal to accrued and unpaid interest on the redemption date plus the greater of (i) 100% of the principal amount of the series of Senior Notes to be redeemed or (ii) the sum of the present value of Remaining Scheduled Payments, as defined in the supplemental indentures governing such Senior Notes (together with the indenture governing the Senior Notes, the "Indenture"). The Indenture contains certain covenants that restrict the Company's ability, subject to specified exceptions, to incur certain liens; enter into sale and leaseback transactions; consolidate or merge with another party; or sell, lease, or convey all or substantially all of the Company's property or assets to another party. However, the Indenture does not contain any financial covenants.

Commercial Paper

The Company has a commercial paper borrowing program that allows it to issue up to \$500 million of unsecured commercial paper notes through private placement using third-party broker-dealers (the "Commercial Paper Program").

Borrowings under the Commercial Paper Program are supported by the Global Credit Facility (as defined below). Accordingly, the Company does not expect combined borrowings outstanding under the Commercial Paper Program and Global Credit Facility to exceed \$500 million. Commercial Paper Program borrowings may be used to support the Company's general working capital and corporate needs. Maturities of commercial paper notes vary, but cannot exceed 397 days from the date of issuance. Commercial paper notes issued under the Commercial Paper Program rank equally in seniority with the Company's other forms of unsecured indebtedness. As of both September 25, 2021 and March 27, 2021, there were no borrowings outstanding under the Commercial Paper Program.

Revolving Credit Facilities

Global Credit Facility

In August 2019, the Company replaced its then existing credit facility and entered into a new credit facility that provides for a \$500 million senior unsecured revolving line of credit through August 12, 2024 (the "Global Credit Facility") under terms and conditions substantially similar to those of the previous facility. The Global Credit Facility is also used to support the issuance of letters of credit and maintenance of the Commercial Paper Program. Borrowings under the Global Credit Facility may be denominated in U.S. Dollars and certain other currencies, including Euros, Hong Kong Dollars, and Japanese Yen, and are guaranteed by all of the Company's domestic significant subsidiaries. In accordance with the terms of the agreement governing the Global Credit Facility, the Company has the ability to expand its borrowing availability under the Global Credit Facility to \$1 billion, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility.

Under the Global Credit Facility as originally implemented, U.S. Dollar-denominated borrowings bear interest, at the Company's option, either at (a) a base rate, by reference to the greatest of: (i) the annual prime commercial lending rate of JPMorgan Chase Bank, N.A. in effect from time to time, (ii) the weighted-average overnight Federal funds rate plus 50 basis points, or (iii) one-month LIBOR plus 100 basis points; or (b) LIBOR, adjusted for the Federal Reserve Board's Eurocurrency liabilities maximum reserve percentage, plus a spread of 75 basis points, subject to adjustment based on the Company's credit ratings ("Adjusted LIBOR"). Foreign currency-denominated borrowings bear interest at Adjusted LIBOR. In addition to paying interest on any outstanding borrowings under the Global Credit Facility, the Company is required to pay a commitment fee to the lenders under the Global Credit Facility relating to the unutilized commitments. The commitment fee rate of 6.5 basis points is subject to adjustment based on the Company's credit ratings. These provisions were amended in May 2020, as discussed further below.

The Global Credit Facility contains a number of covenants that, among other things, restrict the Company's ability, subject to specified exceptions, to incur additional debt; incur liens; sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve itself; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make certain investments. As originally implemented, the Global Credit Facility also required the Company to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 4.25 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding, including finance lease obligations, plus all operating lease obligations. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense, (iv) operating lease cost, (v) restructuring and other non-recurring expenses, and (vi) acquisition-related costs. This requirement was amended in May 2020, as discussed below.

In May 2020, the Company entered into an amendment of its Global Credit Facility (the "Amendment"). Under the Amendment, until the earlier of (a) the date on which the Company provides the periodic reporting information required under the Global Credit Facility for the quarter ending September 30, 2021 and (b) the date on which the Company certifies that its leverage ratio as of the last day of the two most recent fiscal quarters was no greater than 4.25 (the "Ratings-Based Toggle Date"), for loans based on Adjusted LIBOR, the spread over Adjusted LIBOR will be increased to 187.5 basis points, the spread on the base rate will be 87.5 basis points and the commitment fee will be increased to 25 basis points, in each case with no adjustments based on the Company's credit ratings. This pricing will return to the original levels set forth in

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the Global Credit Facility, as discussed above, on the Ratings-Based Toggle Date. Additionally, the leverage ratio requirements have been waived until the quarter ending September 30, 2021. The maximum permitted leverage ratio for that fiscal quarter would be 5.25. For the fiscal quarters ending December 31, 2021 and March 31, 2022, the maximum permitted leverage ratio would be 4.75. For each fiscal quarter ending on or after June 30, 2022, the maximum permitted leverage ratio would return to 4.25. The Amendment also (a) imposes a new requirement that would remain in effect until the Ratings-Based Toggle Date that the aggregate amount of unrestricted cash of the Company and its subsidiaries plus the undrawn amounts available under the Global Credit Facility may not be less than \$750 million, (b) restricts the amount of dividends and distributions on, or purchases, redemptions, repurchases, retirements or acquisitions of, the Company's stock until the Specified Period Termination Date (as defined below), (c) until March 31, 2021, amended the material adverse change representation to disregard pandemic-related impacts to the business, and (d) until the Specified Period Termination Date, adds certain other restrictions on indebtedness incurred by the Company and its subsidiaries and investments and acquisitions by the Company and its subsidiaries. The "Specified Period Termination Date" is the earlier of (i) the date on which the Company provides the periodic reporting information required under the Global Credit Facility for the quarter ending June 30, 2022 and (ii) the date on which the Company certifies that its leverage ratio as of the last day of the two most recent fiscal quarters was no greater than 4.25.

Upon the occurrence of an Event of Default under the Global Credit Facility, the lenders may cease making loans, terminate the Global Credit Facility, and declare all amounts outstanding to be immediately due and payable. The Global Credit Facility specifies a number of events of default (many of which are subject to applicable grace periods), including, among others, the failure to make timely principal, interest, and fee payments or to satisfy the covenants, including the financial covenant described above. Additionally, the Global Credit Facility provides that an Event of Default will occur if Mr. Ralph Lauren, the Company's Executive Chairman and Chief Creative Officer, and entities controlled by the Lauren family fail to maintain a specified minimum percentage of the voting power of the Company's common stock. As of September 25, 2021, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under the Company's Global Credit Facility.

As of both September 25, 2021 and March 27, 2021, there were no borrowings outstanding under the Global Credit Facility. In addition, the Company was contingently liable for \$9.5 million and \$8.9 million of outstanding letters of credit as of September 25, 2021 and March 27, 2021, respectively.

Pan-Asia Borrowing Facilities

Certain of the Company's subsidiaries in Asia have uncommitted credit facilities with regional branches of JPMorgan Chase in China and South Korea (the "Pan-Asia Credit Facilities"). Additionally, the Company's Japan subsidiary has an uncommitted overdraft facility with Sumitomo Mitsui Banking Corporation (the "Japan Overdraft Facility"). The Pan-Asia Credit Facilities and Japan Overdraft Facility (collectively, the "Pan-Asia Borrowing Facilities") are subject to annual renewal and may be used to fund general working capital needs of the Company's operations in the respective countries. Borrowings under the Pan-Asia Borrowing Facilities are guaranteed by the parent company and are granted at the sole discretion of the respective banks, subject to availability of the banks' funds and satisfaction of certain regulatory requirements. The Pan-Asia Borrowing Facilities do not contain any financial covenants. A summary of the Company's Pan-Asia Borrowing Facilities by country is as follows:

- China Credit Facility — provides Ralph Lauren Trading (Shanghai) Co., Ltd. with a revolving line of credit of up to 50 million Chinese Renminbi (approximately \$8 million) through April 3, 2022, which is also able to be used to support bank guarantees.
- South Korea Credit Facility — provides Ralph Lauren (Korea) Ltd. with a revolving line of credit of up to 30 billion South Korean Won (approximately \$25 million) through October 28, 2022.
- Japan Overdraft Facility — provides Ralph Lauren Corporation Japan with an overdraft amount of up to 5 billion Japanese Yen (approximately \$45 million) through April 28, 2022.

As of both September 25, 2021 and March 27, 2021, there were no borrowings outstanding under the Pan-Asia Borrowing Facilities.

Refer to Note 11 of the Fiscal 2021 10-K for additional discussion of the terms and conditions of the Company's debt and credit facilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Fair Value Measurements

U.S. GAAP prescribes a three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy for a particular asset or liability depends on the inputs used in its valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally-derived (unobservable). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- **Level 1** — inputs to the valuation methodology based on quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level 2** — inputs to the valuation methodology based on quoted prices for similar assets or liabilities in active markets for substantially the full term of the financial instrument; quoted prices for identical or similar instruments in markets that are not active for substantially the full term of the financial instrument; and model-derived valuations whose inputs or significant value drivers are observable.
- **Level 3** — inputs to the valuation methodology based on unobservable prices or valuation techniques that are significant to the fair value measurement.

The following table summarizes the Company's financial assets and liabilities that are measured and recorded at fair value on a recurring basis, excluding accrued interest components:

	September 25, 2021	March 27, 2021
	(millions)	
Derivative assets ^(a)	\$ 16.1	\$ 15.8
Derivative liabilities ^(a)	41.1	55.4

^(a) Based on Level 2 measurements.

The Company's derivative financial instruments are recorded at fair value in its consolidated balance sheets and are valued using pricing models that are primarily based on market observable external inputs, including spot and forward currency exchange rates, benchmark interest rates, and discount rates consistent with the instrument's tenor, and consider the impact of the Company's own credit risk, if any. Changes in counterparty credit risk are also considered in the valuation of derivative financial instruments.

To the extent the Company invests in commercial paper, such investments are classified as available-for-sale and recorded at fair value in its consolidated balance sheets using external pricing data, based on interest rates and credit ratings for similar issuances with the same remaining term as the Company's investments. To the extent the Company invests in bonds, such investments are also classified as available-for-sale and recorded at fair value in its consolidated balance sheets based on quoted prices in active markets.

The Company's cash and cash equivalents, restricted cash, and time deposits are recorded at carrying value, which generally approximates fair value based on Level 1 measurements.

The Company's debt instruments are recorded at their amortized cost in its consolidated balance sheets, which may differ from their respective fair values. The fair values of the Senior Notes are estimated based on external pricing data, including available quoted market prices, and with reference to comparable debt instruments with similar interest rates, credit ratings, and trading frequency, among other factors. The fair values of the Company's commercial paper notes and borrowings outstanding under its credit facilities, if any, are estimated using external pricing data, based on interest rates and credit ratings for similar issuances with the same remaining term as the Company's outstanding borrowings. Due to their short-term nature, the fair values of the Company's commercial paper notes and borrowings outstanding under its credit facilities, if any, generally approximate their amortized cost carrying values.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the carrying values and the estimated fair values of the Company's debt instruments:

	September 25, 2021		March 27, 2021	
	Carrying Value ^(a)	Fair Value ^(b)	Carrying Value ^(a)	Fair Value ^(b)
	(millions)			
\$400 million 3.750% Senior Notes	\$ 397.4	\$ 440.6	\$ 397.1	\$ 443.4
\$500 million 1.700% Senior Notes	499.1	505.1	498.4	507.8
\$750 million 2.950% Senior Notes	738.1	797.3	737.4	779.4

^(a) See Note 10 for discussion of the carrying values of the Company's senior notes.

^(b) Based on Level 2 measurements.

Unrealized gains or losses resulting from changes in the fair value of the Company's debt instruments do not result in the realization or expenditure of cash unless the debt is retired prior to its maturity.

Non-financial Assets and Liabilities

The Company's non-financial assets, which primarily consist of goodwill, other intangible assets, property and equipment, and lease-related ROU assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their amortized cost in its consolidated balance sheet. However, on a periodic basis or whenever events or changes in circumstances indicate that they may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), the respective carrying value of non-financial assets are assessed for impairment and, if ultimately considered impaired, are adjusted and written down to their fair value, as estimated based on consideration of external market participant assumptions and discounted cash flows.

During the three-month and six-month periods ended September 25, 2021 and September 26, 2020, the Company recorded non-cash impairment charges to reduce the carrying values of certain long-lived assets to their estimated fair values. The fair values of these assets were determined based on Level 3 measurements, the related inputs of which included estimates of the amount and timing of the assets' net future discounted cash flows (including any potential sublease income for lease-related ROU assets), based on historical experience and consideration of current trends, market conditions, and comparable sales, as applicable.

The following tables summarize non-cash impairment charges recorded by the Company during the fiscal periods presented to reduce the carrying values of certain long-lived assets to their estimated fair values as of the assessment date:

<u>Long-Lived Asset Category</u>	Three Months Ended			
	September 25, 2021		September 26, 2020	
	Fair Value as of Impairment Date	Total Impairments	Fair Value as of Impairment Date	Total Impairments
	(millions)			
Property and equipment, net	\$ —	\$ 0.6	\$ —	\$ 10.8
Operating lease right-of-use assets	—	0.1	33.9	20.2

<u>Long-Lived Asset Category</u>	Six Months Ended			
	September 25, 2021		September 26, 2020	
	Fair Value as of Impairment Date	Total Impairments	Fair Value as of Impairment Date	Total Impairments
	(millions)			
Property and equipment, net	\$ —	\$ 1.0	\$ —	\$ 10.8
Operating lease right-of-use assets	16.8	18.3	33.9	22.3

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

See Note 7 for additional discussion regarding non-cash impairment charges recorded by the Company within the consolidated statements of operations during the fiscal periods presented.

No impairment charges associated with goodwill or other intangible assets were recorded during either of the six-month periods ended September 25, 2021 or September 26, 2020. The Company performed its annual goodwill impairment assessment using a qualitative approach as of the beginning of the second quarter of Fiscal 2022. In performing the assessment, the Company identified and considered the significance of relevant key factors, events, and circumstances that affected the fair values and/or carrying amounts of its reporting units with allocated goodwill. These factors included external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as the Company's actual and expected financial performance. Additionally, the Company also considered the results of its most recent quantitative goodwill impairment test, which was performed as of the end of Fiscal 2020 and incorporated assumptions related to COVID-19 business disruptions, the results of which indicated that the fair values of these reporting units significantly exceeded their respective carrying values. Based on the results of its qualitative goodwill impairment assessment, the Company concluded that it is not more likely than not that the fair values of its reporting units are less than their respective carrying values and there were no reporting units at risk of impairment.

12. Financial Instruments

Derivative Financial Instruments

The Company is exposed to changes in foreign currency exchange rates, primarily relating to certain anticipated cash flows and the value of the reported net assets of its international operations, as well as changes in the fair value of its fixed-rate debt obligations attributed to changes in benchmark interest rates. Accordingly, based on its assessment thereof, the Company may use derivative financial instruments to manage and mitigate such risks. The Company does not use derivatives for speculative or trading purposes.

The following table summarizes the Company's outstanding derivative instruments recorded on its consolidated balance sheets as of September 25, 2021 and March 27, 2021:

Derivative Instrument ^(a)	Notional Amounts		Derivative Assets				Derivative Liabilities			
	September 25, 2021	March 27, 2021	September 25, 2021		March 27, 2021		September 25, 2021		March 27, 2021	
			Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b) (millions)	Fair Value	Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b)	Fair Value
Designated Hedges:										
FC — Cash flow hedges	\$ 86.9	\$ 168.9	PP	\$ 3.2	PP	\$ 5.0	\$ —		\$ —	
Net investment hedges ^(c)	721.6	723.2	ONCA	12.9	ONCA	10.2	ONCL	40.7	ONCL	55.1
Total Designated Hedges	808.5	892.1		16.1		15.2		40.7		55.1
Undesignated Hedges:										
FC — Undesignated hedges ^(d)	198.6	242.4		—	PP	0.6	AE	0.4	AE	0.3
Total Hedges	\$ 1,007.1	\$ 1,134.5		\$ 16.1		\$ 15.8		\$ 41.1		\$ 55.4

^(a) FC = Forward foreign currency exchange contracts.

^(b) PP = Prepaid expenses and other current assets; AE = Accrued expenses and other current liabilities; ONCA = Other non-current assets; ONCL = Other non-current liabilities.

^(c) Includes cross-currency swaps designated as hedges of the Company's net investment in certain foreign operations.

^(d) Relates to third-party and intercompany foreign currency-denominated exposures and balances.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company presents the fair values of its derivative assets and liabilities recorded on its consolidated balance sheets on a gross basis, even when they are subject to master netting arrangements. However, if the Company were to offset and record the asset and liability balances of all of its derivative instruments on a net basis in accordance with the terms of each of its master netting arrangements, spread across nine separate counterparties, the amounts presented in the consolidated balance sheets as of September 25, 2021 and March 27, 2021 would be adjusted from the current gross presentation as detailed in the following table:

	September 25, 2021			March 27, 2021		
	Gross Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet that are Subject to Master Netting Agreements	Net Amount	Gross Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet that are Subject to Master Netting Agreements	Net Amount
	(millions)					
Derivative assets	\$ 16.1	\$ (0.3)	\$ 15.8	\$ 15.8	\$ (0.3)	\$ 15.5
Derivative liabilities	41.1	(0.3)	40.8	55.4	(0.3)	55.1

The Company's master netting arrangements do not require cash collateral to be pledged by the Company or its counterparties. See Note 3 for further discussion of the Company's master netting arrangements.

The following tables summarize the pretax impact of gains and losses from the Company's designated derivative instruments on its consolidated financial statements for the three-month and six-month periods ended September 25, 2021 and September 26, 2020:

	Gains (Losses) Recognized in OCI			
	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Designated Hedges:				
FC — Cash flow hedges	\$ 1.6	\$ (3.6)	\$ 0.2	\$ (6.6)
Net investment hedges — effective portion	14.4	(25.0)	5.2	(24.3)
Net investment hedges — portion excluded from assessment of hedge effectiveness	1.2	(4.5)	11.8	(21.3)
Total Designated Hedges	\$ 17.2	\$ (33.1)	\$ 17.2	\$ (52.2)

	Location and Amount of Gains (Losses) from Cash Flow Hedges Reclassified from AOCI to Earnings							
	Three Months Ended				Six Months Ended			
	September 25, 2021		September 26, 2020		September 25, 2021		September 26, 2020	
	Cost of goods sold	Other income (expense), net	Cost of goods sold	Other income (expense), net	Cost of goods sold	Other income (expense), net	Cost of goods sold	Other income (expense), net
	(millions)							
Total amounts presented in the consolidated statements of operations in which the effects of related cash flow hedges are recorded	\$ (488.9)	\$ (1.4)	\$ (394.1)	\$ 1.8	\$ (897.1)	\$ (0.5)	\$ (532.9)	\$ 3.9
Effects of cash flow hedging:								
FC — Cash flow hedges	0.2	—	4.8	—	0.1	—	6.5	(0.3)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Gains (Losses) from Net Investment Hedges Recognized in Earnings				Location of Gains (Losses) Recognized in Earnings
	Three Months Ended		Six Months Ended		
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020	
	(millions)				
Net Investment Hedges					
Net investment hedges — portion excluded from assessment of hedge effectiveness ^(a)	\$ 2.9	\$ 2.9	\$ 5.7	\$ 5.6	Interest expense
Total Net Investment Hedges	\$ 2.9	\$ 2.9	\$ 5.7	\$ 5.6	

^(a) Amounts recognized in other comprehensive income (loss) ("OCI") relating to the effective portion of the Company's net investment hedges would be recognized in earnings only upon the sale or liquidation of the hedged net investment.

As of September 25, 2021, it is estimated that \$4.9 million of pretax net gains on both outstanding and matured derivative instruments designated and qualifying as cash flow hedges deferred in AOCI will be recognized in earnings over the next twelve months. Amounts ultimately recognized in earnings will depend on exchange rates in effect when outstanding derivative instruments are settled.

The following table summarizes the pretax impact of gains and losses from the Company's undesignated derivative instruments on its consolidated financial statements for the three-month and six-month periods ended September 25, 2021 and September 26, 2020:

	Gains (Losses) Recognized in Earnings				Location of Gains (Losses) Recognized in Earnings
	Three Months Ended		Six Months Ended		
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020	
	(millions)				
Undesignated Hedges:					
FC — Undesignated hedges	\$ 1.5	\$ (0.8)	\$ 0.5	\$ 3.9	Other income (expense), net
Total Undesignated Hedges	\$ 1.5	\$ (0.8)	\$ 0.5	\$ 3.9	

Risk Management Strategies

Forward Foreign Currency Exchange Contracts

The Company uses forward foreign currency exchange contracts to mitigate its risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency, the settlement of foreign currency-denominated balances, and the translation of certain foreign operations' net assets into U.S. dollars. As part of its overall strategy for managing the level of exposure to such exchange rate risk, relating primarily to the Euro, the Japanese Yen, the South Korean Won, the Australian Dollar, the Canadian Dollar, the British Pound Sterling, the Swiss Franc, and the Chinese Renminbi, the Company generally hedges a portion of its related exposures anticipated over the next twelve months using forward foreign currency exchange contracts with maturities of two months to one year to provide continuing coverage over the period of the respective exposure.

Cross-Currency Swap Contracts

The Company periodically designates pay-fixed rate, receive fixed-rate cross-currency swap contracts as hedges of its net investment in certain of its European subsidiaries.

The Company's pay-fixed rate, receive-fixed rate cross-currency swap contracts swap U.S. Dollar-denominated fixed interest rate payments based on the contract's notional amount and the fixed rate of interest payable on certain of the Company's senior notes for Euro-denominated fixed interest rate payments, thereby economically converting a portion of its fixed-rate U.S. Dollar-denominated senior note obligations to fixed rate Euro-denominated obligations.

See Note 3 for further discussion of the Company's accounting policies relating to its derivative financial instruments.

Investments

As of September 25, 2021, the Company's investments were all classified as short-term and consisted of \$673.1 million of time deposits. The Company's investments as of March 27, 2021 were also all classified as short-term and consisted of \$197.5 million of time deposits.

No significant realized or unrealized gains or losses on available-for-sale investments or impairment charges were recorded during any of the fiscal periods presented.

Refer to Note 3 of the Fiscal 2021 10-K for further discussion of the Company's accounting policies relating to its investments.

13. Commitments and Contingencies

The Company is involved, from time to time, in litigation, other legal claims, and proceedings involving matters associated with or incidental to its business, including, among other things, matters involving credit card fraud, trademark and other intellectual property, licensing, importation and exportation of its products, taxation, unclaimed property, leases, and employee relations. The Company believes at present that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on its consolidated financial statements. However, the Company's assessment of any current litigation or other legal claims could potentially change in light of the discovery of facts not presently known or determinations by judges, juries, or other finders of fact which are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

In the normal course of business, the Company may enter into certain guarantees or other agreements that provide general indemnifications. The Company has not made any significant indemnification payments under such agreements in the past and does not currently anticipate incurring any material indemnification payments.

14. Equity

Common Stock Repurchase Program

On May 13, 2019, the Company's Board of Directors approved an expansion of the Company's existing common stock repurchase program that allowed it to repurchase up to an additional \$600 million of Class A common stock. As of September 25, 2021, the remaining availability under the Company's Class A common stock repurchase program was approximately \$580 million. Repurchases of shares of Class A common stock are subject to certain restrictions under the Company's Global Credit Facility and more generally overall business and market conditions. Accordingly, in response to business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021, the Company temporarily suspended its common stock repurchase program as a preemptive action to preserve cash and strengthen its liquidity position. However, the Company anticipates resuming activities under its Class A common stock repurchase program during the second half of Fiscal 2022.

In addition, during the six-month periods ended September 25, 2021 and September 26, 2020, 0.3 million and 0.5 million shares of Class A common stock, respectively, at a cost of \$39.9 million and \$35.5 million, respectively, were surrendered to or withheld by the Company in satisfaction of withholding taxes in connection with the vesting of awards under the Company's long-term stock incentive plans.

Repurchased and surrendered shares are accounted for as treasury stock at cost and held in treasury for future use.

Dividends

Except as discussed below, the Company has maintained a regular quarterly cash dividend program on its common stock since 2003.

In response to business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021 the Company temporarily suspended its quarterly cash dividend program as a preemptive action to preserve cash and strengthen its liquidity position. On May 19, 2021, the Company's Board of Directors approved the reinstatement of its

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

quarterly cash dividend program at the pre-pandemic amount of \$0.6875 per share. The second quarter Fiscal 2022 dividend of \$0.6875 per share was declared on September 10, 2021, was payable to shareholders of record at the close of business on September 24, 2021, and was paid on October 8, 2021.

The Company intends to pay regular dividends on its outstanding common stock. However, any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors and will depend on the Company's results of operations, cash requirements, financial condition, and other factors that the Board of Directors may deem relevant, including economic and market conditions.

15. Accumulated Other Comprehensive Income (Loss)

The following table presents OCI activity, net of tax, accumulated in equity:

	Foreign Currency Translation Gains (Losses) ^(a)	Net Unrealized Gains (Losses) on Cash Flow Hedges ^(b)	Net Unrealized Gains (Losses) on Defined Benefit Plans ^(c)	Total Accumulated Other Comprehensive Income (Loss)
	(millions)			
Balance at March 27, 2021	\$ (123.2)	\$ 4.6	\$ (2.2)	\$ (120.8)
Other comprehensive income (loss), net of tax:				
OCI before reclassifications	0.8	0.2	—	1.0
Amounts reclassified from AOCI to earnings	—	(0.1)	(0.1)	(0.2)
Other comprehensive income (loss), net of tax	0.8	0.1	(0.1)	0.8
Balance at September 25, 2021	<u>\$ (122.4)</u>	<u>\$ 4.7</u>	<u>\$ (2.3)</u>	<u>\$ (120.0)</u>
Balance at March 28, 2020	\$ (130.4)	\$ 18.0	\$ (5.8)	\$ (118.2)
Other comprehensive income (loss), net of tax:				
OCI before reclassifications	30.3	(5.8)	(0.3)	24.2
Amounts reclassified from AOCI to earnings	—	(5.5)	—	(5.5)
Other comprehensive income (loss), net of tax	30.3	(11.3)	(0.3)	18.7
Balance at September 26, 2020	<u>\$ (100.1)</u>	<u>\$ 6.7</u>	<u>\$ (6.1)</u>	<u>\$ (99.5)</u>

^(a) OCI before reclassifications to earnings related to foreign currency translation gains (losses) includes an income tax provision of \$4.0 million and an income tax benefit of \$11.2 million for the six-month periods ended September 25, 2021 and September 26, 2020, respectively. OCI before reclassifications to earnings for the six-month periods ended September 25, 2021 and September 26, 2020 includes a gain of \$13.0 million (net of a \$4.0 million income tax provision) and a loss of \$34.8 million (net of a \$10.8 million income tax benefit), respectively, related to changes in the fair values of instruments designated as hedges of the Company's net investment in certain foreign operations (see Note 12).

^(b) OCI before reclassifications to earnings related to net unrealized gains (losses) on cash flow hedges are presented net of an immaterial tax effect for the six-month period ended September 25, 2021 and net of an income tax benefit of \$0.8 million for the six-month period ended September 26, 2020. The tax effects on amounts reclassified from AOCI to earnings are presented in a table below.

^(c) Activity is presented net of taxes, which were immaterial for both periods presented.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents reclassifications from AOCI to earnings for cash flow hedges, by component:

	Three Months Ended		Six Months Ended		Location of Gains (Losses) Reclassified from AOCI to Earnings
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020	
	(millions)				
Gains (losses) on cash flow hedges^(a):					
FC — Cash flow hedges	\$ 0.2	\$ 4.8	\$ 0.1	\$ 6.5	Cost of goods sold
FC — Cash flow hedges	—	—	—	(0.3)	Other income (expense), net
Tax effect	—	(0.5)	—	(0.7)	Income tax benefit (provision)
Net of tax	\$ 0.2	\$ 4.3	\$ 0.1	\$ 5.5	

^(a) FC = Forward foreign currency exchange contracts.

16. Stock-based Compensation

The Company's stock-based compensation awards are currently issued under the 2019 Incentive Plan, which was approved by its stockholders on August 1, 2019. However, any prior awards granted under either the Company's 2010 Incentive Plan or 1997 Incentive Plan remain subject to the terms of those plans, as applicable. Any awards that expire, are forfeited, or are surrendered to the Company in satisfaction of taxes are available for issuance under the 2019 Incentive Plan.

Refer to Note 18 of the Fiscal 2021 10-K for a detailed description of the Company's stock-based compensation awards, including information related to vesting terms, service, performance, and market conditions and payout percentages.

Impact on Results

A summary of total stock-based compensation expense and the related income tax benefits recognized during the three-month and six-month periods ended September 25, 2021 and September 26, 2020 is as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Compensation expense ^(a)	\$ 22.2	\$ 19.5	\$ 40.6 ^(a)	\$ 34.6
Income tax benefit	(3.6)	(3.6)	(6.6)	(6.7)

^(a) Includes \$2.0 million of accelerated stock-based compensation expense recorded within restructuring and other charges in the consolidated statements of operations (see Note 8). All other stock-based compensation expense was recorded within SG&A expenses.

The Company issues its annual grants of stock-based compensation awards in the first half of each fiscal year. Due to the timing of the annual grants and other factors, including the timing and magnitude of forfeiture and performance goal achievement adjustments, as well as changes to the size and composition of the eligible employee population, stock-based compensation expense recognized during any given fiscal period is not indicative of the level of compensation expense expected to be incurred in future periods.

Service-based RSUs

The fair values of service-based RSUs granted to certain of the Company's senior executives and other employees, as well as to non-employee directors, are based on the fair value of the Company's Class A common stock on the date of grant, adjusted to reflect the absence of dividends for any awards for which dividend equivalent amounts do not accrue to the holder while outstanding and unvested. The weighted-average grant date fair values of service-based RSU awards granted were \$117.97 and \$63.57 per share during the six-month periods ended September 25, 2021 and September 26, 2020, respectively.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of service-based RSU activity during the six months ended September 25, 2021 is as follows:

	Number of Service-based RSUs
Unvested at March 27, 2021	1,809
Granted	524
Vested	(582)
Forfeited	(69)
Unvested at September 25, 2021	1,682

Performance-based RSUs

The fair values of the Company's performance-based RSUs granted to its senior executives and other key employees are based on the fair value of the Company's Class A common stock on the date of grant, adjusted to reflect the absence of dividends for any awards for which dividend equivalent amounts do not accrue to the holder while outstanding and unvested. The weighted-average grant date fair values of performance-based RSU awards granted was \$117.79 during the six months ended September 25, 2021. No such awards were granted during the six months ended September 26, 2020.

Market-based RSUs

The Company grants market-based RSUs, which are based on total shareholder return ("TSR") performance, to its senior executives and other key employees. The Company estimates the fair value of its TSR awards on the date of grant using a Monte Carlo simulation, which models multiple stock price paths of the Company's Class A common stock and that of its peer group to evaluate and determine its ultimate expected relative TSR performance ranking. Compensation expense, net of estimated forfeitures, is recorded regardless of whether, and the extent to which, the market condition is ultimately satisfied. The weighted-average grant date fair values of market-based RSUs granted was \$146.46 per share during the six months ended September 25, 2021. No such awards were granted during the six months ended September 26, 2020. The assumptions used to estimate the fair value of TSR awards granted during the six months ended September 25, 2021 were as follows:

	Six Months Ended
	September 25,
	2021
Expected volatility	46.8 %
Expected dividend yield	2.2 %
Risk-free interest rate	0.4 %

A summary of performance-based RSU activity including TSR awards during the six months ended September 25, 2021 is as follows:

	Number of
	Performance-based
	RSUs
	(thousands)
Unvested at March 27, 2021	600
Granted	239
Change due to performance and/or market condition achievement	9
Vested	(229)
Forfeited	(13)
Unvested at September 25, 2021	606

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock Options

A summary of stock option activity during the six months ended September 25, 2021 is as follows:

	Number of Options (thousands)
Options outstanding at March 27, 2021	255
Granted	—
Exercised	—
Cancelled/Forfeited	(250)
Options outstanding at September 25, 2021	5

17. Segment Information

The Company has three reportable segments based on its business activities and organization:

- *North America* — The North America segment primarily consists of sales of Ralph Lauren branded apparel, footwear, accessories, home furnishings, and related products made through the Company's retail and wholesale businesses in the U.S. and Canada. In North America, the Company's retail business is primarily comprised of its Ralph Lauren stores, its factory stores, and its digital commerce site, www.RalphLauren.com. The Company's wholesale business in North America is comprised primarily of sales to department stores, and to a lesser extent, specialty stores.
- *Europe* — The Europe segment primarily consists of sales of Ralph Lauren branded apparel, footwear, accessories, home furnishings, and related products made through the Company's retail and wholesale businesses in Europe, the Middle East, and Latin America. In Europe, the Company's retail business is primarily comprised of its Ralph Lauren stores, its factory stores, its concession-based shop-within-shops, and its various digital commerce sites. The Company's wholesale business in Europe is comprised of a varying mix of sales to both department stores and specialty stores, depending on the country, as well as to various third-party digital partners.
- *Asia* — The Asia segment primarily consists of sales of Ralph Lauren branded apparel, footwear, accessories, home furnishings, and related products made through the Company's retail and wholesale businesses in Asia, Australia, and New Zealand. The Company's retail business in Asia is primarily comprised of its Ralph Lauren stores, its factory stores, its concession-based shop-within-shops, and its various digital commerce sites. In addition, the Company sells its products online through various third-party digital partner commerce sites. The Company's wholesale business in Asia is comprised primarily of sales to department stores, with related products distributed through shop-within-shops.

No operating segments were aggregated to form the Company's reportable segments. In addition to these reportable segments, the Company also has other non-reportable segments, which primarily consist of (i) sales of Club Monaco branded products made through its retail and wholesale businesses in the U.S., Canada, and Europe, and its licensing alliances in Asia, and (ii) royalty revenues earned through its global licensing alliances, excluding Club Monaco. As discussed in Note 8, the Company completed the sale of its Club Monaco business at the end of its first quarter Fiscal 2022.

The Company's segment reporting structure is consistent with how it establishes its overall business strategy, allocates resources, and assesses performance of its business. The accounting policies of the Company's segments are consistent with those described in Notes 2 and 3 of the Fiscal 2021 10-K. Sales and transfers between segments are generally recorded at cost and treated as transfers of inventory. All intercompany revenues are eliminated in consolidation and are not reviewed when evaluating segment performance. Each segment's performance is evaluated based upon net revenues and operating income before restructuring-related charges, impairment of assets, and certain other one-time items, if any. Certain corporate overhead expenses related to global functions, most notably the Company's executive office, information technology, finance and accounting, human resources, and legal departments, largely remain at corporate. Additionally, other costs that cannot be allocated to the segments based on specific usage are also maintained at corporate, including corporate advertising and marketing expenses, depreciation and amortization of corporate assets, and other general and administrative expenses resulting from corporate-level activities and projects.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Net revenues for each of the Company's segments are as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Net revenues:				
North America	\$ 703.1	\$ 542.9	\$ 1,365.2	\$ 708.0
Europe	495.5	359.5	850.4	480.2
Asia	269.9	236.6	558.1	408.5
Other non-reportable segments	35.6	54.5	106.7	84.3
Total net revenues	<u>\$ 1,504.1</u>	<u>\$ 1,193.5</u>	<u>\$ 2,880.4</u>	<u>\$ 1,681.0</u>

Operating income (loss) for each of the Company's segments is as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Operating income (loss)^(a):				
North America	\$ 170.6	\$ 123.3	\$ 356.9	\$ 98.5
Europe	161.8	83.6	256.3	66.7
Asia	43.4	41.1	103.8	51.2
Other non-reportable segments	32.3	15.2	67.7	16.1
	408.1	263.2	784.7	232.5
Unallocated corporate expenses	(148.5)	(123.0)	(303.8)	(253.3)
Unallocated restructuring and other charges ^(b)	(7.7)	(160.5)	(8.4)	(167.5)
Total operating income (loss)	<u>\$ 251.9</u>	<u>\$ (20.3)</u>	<u>\$ 472.5</u>	<u>\$ (188.3)</u>

^(a) During the three months ended September 26, 2020, segment operating income (loss) reflects net bad debt expense reversals of \$5.3 million, \$3.0 million, and \$0.6 million related to North America, Europe, and other non-reportable segments, respectively, and \$20.8 million, \$4.0 million, and \$0.6 million related to North America, Europe, and other non-reportable segments, respectively, during the six months ended September 26, 2020, primarily related to adjustments to reserves previously established in connection with COVID-19 business disruptions. Segment operating income (loss) and unallocated corporate expenses during the three-month and six-month periods ended September 25, 2021 and September 26, 2020 also included asset impairment charges (see Note 7), which are detailed below:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Asset impairment charges:				
North America	\$ (0.4)	\$ (9.7)	\$ (0.4)	\$ (9.9)
Europe	—	(21.2)	—	(21.2)
Asia	—	—	(1.1)	(1.3)
Other non-reportable segments	(0.3)	(0.1)	(0.3)	(0.7)
Unallocated corporate expenses	—	—	(17.5)	—
Total asset impairment charges	<u>\$ (0.7)</u>	<u>\$ (31.0)</u>	<u>\$ (19.3)</u>	<u>\$ (33.1)</u>

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(b) The three-month and six-month periods ended September 25, 2021 and September 26, 2020 included certain unallocated restructuring and other charges (see Note 8), which are detailed below:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Unallocated restructuring and other charges:				
North America-related	\$ —	\$ (41.2)	\$ 0.1	\$ (41.3)
Europe-related	—	(26.3)	1.0	(26.3)
Asia-related	0.3	(10.1)	0.4	(9.9)
Other non-reportable segment-related	—	(0.7)	(0.1)	(1.8)
Corporate operations-related	(2.9)	(79.3)	(3.9)	(80.9)
Unallocated restructuring charges	(2.6)	(157.6)	(2.5)	(160.2)
Other charges (see Note 8)	(5.1)	(2.9)	(5.9)	(7.3)
Total unallocated restructuring and other charges	\$ (7.7)	\$ (160.5)	\$ (8.4)	\$ (167.5)

Depreciation and amortization expense for the Company's segments is as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Depreciation and amortization expense:				
North America	\$ 17.7	\$ 17.6	\$ 35.7	\$ 35.7
Europe	7.5	8.1	15.3	15.8
Asia	12.9	14.4	25.8	28.6
Other non-reportable segments	—	1.0	0.4	2.1
Unallocated corporate	17.8	20.4	35.9	43.0
Total depreciation and amortization expense	\$ 55.9	\$ 61.5	\$ 113.1	\$ 125.2

Net revenues by geographic location of the reporting subsidiary are as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Net revenues^(a):				
The Americas ^(b)	\$ 741.9	\$ 597.8	\$ 1,477.3	\$ 792.5
Europe ^(c)	492.0	358.8	844.5	479.7
Asia ^(d)	270.2	236.9	558.6	408.8
Total net revenues	\$ 1,504.1	\$ 1,193.5	\$ 2,880.4	\$ 1,681.0

(a) Net revenues for certain of the Company's licensed operations are included within the geographic location of the reporting subsidiary which holds the respective license.

(b) Includes the U.S., Canada, and Latin America. Net revenues earned in the U.S. during the three-month and six-month periods ended September 25, 2021 were \$709.1 million and \$1.417 billion, respectively, and \$567.7 million and \$753.8 million during the three-month and six-month periods ended September 26, 2020, respectively.

(c) Includes the Middle East.

(d) Includes Australia and New Zealand.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Additional Financial Information

Reconciliation of Cash, Cash Equivalents, and Restricted Cash

A reconciliation of cash, cash equivalents, and restricted cash as of September 25, 2021 and March 27, 2021 from the consolidated balance sheets to the consolidated statements of cash flows is as follows:

	September 25, 2021	(millions)	March 27, 2021
Cash and cash equivalents	\$ 2,387.9		\$ 2,579.0
Restricted cash included within prepaid expenses and other current assets		1.5	1.5
Restricted cash included within other non-current assets		7.3	7.5
Total cash, cash equivalents, and restricted cash	<u>\$ 2,396.7</u>		<u>\$ 2,588.0</u>

Restricted cash relates to cash held in escrow with certain banks as collateral, primarily to secure guarantees in connection with certain international tax matters and real estate leases.

Cash Interest and Taxes

Cash paid for interest and income taxes is as follows:

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
		(millions)		
Cash paid for interest	\$ 5.9	\$ 7.8	\$ 23.6	\$ 11.1
Cash paid for income taxes, net of refunds	48.9	46.8	84.4	27.9

Non-cash Transactions

Operating lease ROU assets recorded in connection with the recognition of new lease liabilities was \$153.6 million during the six months ended September 25, 2021. No finance lease ROU assets were recorded in connection with the recognition of new lease liabilities during the six months ended September 25, 2021. Operating and finance lease ROU assets recorded in connection with the recognition of new lease liabilities were \$26.6 million and \$0.9 million, respectively, during the six months ended September 26, 2020.

Non-cash investing activities also included capital expenditures incurred but not yet paid of \$32.8 million and \$27.4 million for the six-month periods ended September 25, 2021 and September 26, 2020, respectively.

There were no other significant non-cash investing or financing activities for any of the fiscal periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Special Note Regarding Forward-Looking Statements

Various statements in this Form 10-Q, or incorporated by reference into this Form 10-Q, in future filings by us with the Securities and Exchange Commission (the "SEC"), 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 include, without limitation, statements regarding our future operating results and sources of liquidity (especially in light of the COVID-19 pandemic), the implementation and impact of our strategic plans, initiatives and capital expenses, our plans regarding our quarterly cash dividend and Class A common stock repurchase programs, and our ability to meet environmental, social, and governance goals. Forward-looking statements are based on current expectations and are indicated by words or phrases such as "anticipate," "outlook," "estimate," "expect," "project," "believe," "envision," "goal," "target," "can," "will," and similar words or phrases and 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 risks, uncertainties, and other factors include, among others:

- the loss of key personnel, including Mr. Ralph Lauren, or other changes in our executive and senior management team or to our operating structure, including those resulting from the recent reduction to our global workforce in connection with our long-term growth strategy, and our ability to effectively transfer knowledge and maintain adequate controls and procedures during periods of transition;
- the impact to our business resulting from the COVID-19 pandemic, including periods of reduced operating hours and capacity limits and/or temporary closure of our stores, distribution centers, and corporate facilities, as well as those of our wholesale customers, licensing partners, suppliers, and vendors, and potential changes to consumer behavior, spending levels, and/or shopping preferences, such as willingness to congregate in shopping centers or other populated locations;
- our ability to achieve anticipated operating enhancements and cost reductions from our restructuring plans, as well as the impact to our business resulting from restructuring-related charges, which may be dilutive to our earnings in the short term;
- the impact to our business resulting from potential costs and obligations related to the early or temporary closure of our stores or termination of our long-term, non-cancellable leases;
- our ability to maintain adequate levels of liquidity to provide for our cash needs, including our debt obligations, tax obligations, capital expenditures, and potential payment of dividends and repurchases of our Class A common stock, as well as the ability of our customers, suppliers, vendors, and lenders to access sources of liquidity to provide for their own cash needs;
- the impact to our business resulting from changes in consumers' ability, willingness, or preferences to purchase discretionary items and luxury retail products, which tends to decline during recessionary periods, and our ability to accurately forecast consumer demand, the failure of which could result in either a build-up or shortage of inventory;
- the impact of economic, political, and other conditions on us, our customers, suppliers, vendors, and lenders, including business disruptions related to pandemic diseases such as COVID-19, civil and political unrest such as the recent protests in the U.S., diplomatic tensions between the U.S. and China, and inflation;
- the potential impact to our business resulting from the financial difficulties of certain of our large wholesale customers, which may result in consolidations, liquidations, restructurings, and other ownership changes in the retail industry, as well as other changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors;
- our ability to successfully implement our long-term growth strategy;
- our ability to continue to expand and grow our business internationally and the impact of related changes in our customer, channel, and geographic sales mix as a result, as well as our ability to accelerate growth in certain product categories;

- our ability to open new retail stores and concession shops, as well as enhance and expand our digital footprint and capabilities, all in an effort to expand our direct-to-consumer presence;
- our ability to respond to constantly changing fashion and retail trends and consumer demands in a timely manner, develop products that resonate with our existing customers and attract new customers, and execute marketing and advertising programs that appeal to consumers;
- our ability to effectively manage inventory levels and the increasing pressure on our margins in a highly promotional retail environment;
- our ability to continue to maintain our brand image and reputation and protect our trademarks;
- our ability to competitively price our products and create an acceptable value proposition for consumers;
- our ability to access capital markets and maintain compliance with covenants associated with our existing debt instruments;
- a variety of legal, regulatory, tax, political, and economic risks, including risks related to the importation and exportation of products which our operations are currently subject to, or may become subject to as a result of potential changes in legislation, and other risks associated with our international operations, such as compliance with the Foreign Corrupt Practices Act or violations of other anti-bribery and corruption laws prohibiting improper payments, and the burdens of complying with a variety of foreign laws and regulations, including tax laws, trade and labor restrictions, and related laws that may reduce the flexibility of our business;
- the potential impact to our business resulting from the imposition of additional duties, tariffs, taxes, and other charges or barriers to trade, including those resulting from trade developments between the U.S. and China, as well as the trade agreement reached in December 2020 between the United Kingdom and the European Union, and any related impact to global stock markets, as well as our ability to implement mitigating sourcing strategies;
- the potential impact to our business resulting from supply chain disruptions, including those caused by capacity constraints, closed factories and/or labor shortages (stemming from pandemic diseases, labor disputes, strikes, or otherwise), scarcity of raw materials, and port congestion, which could result in inventory shortages and lost sales;
- the potential impact to our business resulting from increases in the costs of raw materials, transportation, and labor, including wages, healthcare, and other benefit-related costs;
- our ability to recruit and retain employees to operate our retail stores, distribution centers, and various corporate functions;
- our ability and the ability of our third-party service providers to secure our respective facilities and systems from, among other things, cybersecurity breaches, acts of vandalism, computer viruses, ransomware, or similar Internet or email events;
- our efforts to successfully enhance, upgrade, and/or transition our global information technology systems and digital commerce platforms;
- the potential impact to our business if any of our distribution centers were to become inoperable or inaccessible;
- the potential impact on our operations and on our suppliers and customers resulting from man-made or natural disasters, including pandemic diseases such as COVID-19, severe weather, geological events, and other catastrophic events;
- changes in our tax obligations and effective tax rate due to a variety of factors, including potential changes in U.S. or foreign tax laws and regulations, accounting rules, or the mix and level of earnings by jurisdiction in future periods that are not currently known or anticipated;
- our exposure to currency exchange rate fluctuations from both a transactional and translational perspective;
- the impact to our business of events of unrest and instability that are currently taking place in certain parts of the world, as well as from any terrorist action, retaliation, and the threat of further action or retaliation;

- the potential impact to the trading prices of our securities if our Class A common stock share repurchase activity and/or cash dividend payments differ from investors' expectations;
- our ability to maintain our credit profile and ratings within the financial community;
- our intention to introduce new products or brands, or enter into or renew alliances;
- changes in the business of, and our relationships with, major wholesale customers and licensing partners;
- our ability to achieve our goals regarding environmental, social, and governance practices, including those related to our human capital; and
- our ability to make strategic acquisitions and successfully integrate the acquired businesses into our existing operations.

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. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is included in our Annual Report on Form 10-K for the fiscal year ended March 27, 2021 (the "Fiscal 2021 10-K"). There are no material changes to such risk factors, nor have we identified any previously undisclosed risks that could materially adversely affect our business, operating results, and/or financial condition, as set forth in Part II, Item 1A — "Risk Factors" of this Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

In this Form 10-Q, references to "Ralph Lauren," "ourselves," "we," "our," "us," and the "Company" refer to Ralph Lauren Corporation and its subsidiaries, unless the context indicates otherwise. We utilize a 52-53 week fiscal year ending on the Saturday immediately before or after March 31. As such, fiscal year 2022 will end on April 2, 2022 and will be a 53-week period ("Fiscal 2022"). Fiscal year 2021 ended on March 27, 2021 and was a 52-week period ("Fiscal 2021"). The second quarter of Fiscal 2022 ended on September 25, 2021 and was a 13-week period. The second quarter of Fiscal 2021 ended on September 26, 2020 and was also a 13-week period.

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations ("MD&A") is provided as a supplement to the accompanying consolidated financial statements and notes thereto to help provide an understanding of our results of operations, financial condition, and liquidity. MD&A is organized as follows:

- *Overview.* This section provides a general description of our business, global economic conditions and industry trends, and a summary of our financial performance for the three-month and six-month periods ended September 25, 2021. In addition, this section includes a discussion of recent developments and transactions affecting comparability that we believe are important in understanding our results of operations and financial condition, and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for the three-month and six-month periods ended September 25, 2021 as compared to the three-month and six-month periods ended September 26, 2020.
- *Financial condition and liquidity.* This section provides a discussion of our financial condition and liquidity as of September 25, 2021, which includes (i) an analysis of our financial condition as compared to the prior fiscal year-end; (ii) an analysis of changes in our cash flows for the six months ended September 25, 2021 as compared to the six months ended September 26, 2020; (iii) an analysis of our liquidity, including the availability under our commercial paper borrowing program and credit facilities, our outstanding debt and covenant compliance, common stock repurchases, and payments of dividends; and (iv) a description of any material changes in our contractual and other obligations since March 27, 2021.
- *Market risk management.* This section discusses any significant changes in our risk exposures related to foreign currency exchange rates, interest rates, and our investments since March 27, 2021.

- *Critical accounting policies.* This section discusses any significant changes in our critical accounting policies since March 27, 2021. Critical accounting policies typically require significant judgment and estimation on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 3 of the Fiscal 2021 10-K.
- *Recently issued accounting standards.* This section discusses the potential impact on our reported results of operations and financial condition of certain accounting standards that have been recently issued.

OVERVIEW

Our Business

Our Company is a global leader in the design, marketing, and distribution of premium lifestyle products, including apparel, footwear, accessories, home furnishings, fragrances, and hospitality. Our long-standing reputation and distinctive image have been developed across a wide range of products, brands, distribution channels, and international markets. Our brand names include Ralph Lauren, Ralph Lauren Collection, Ralph Lauren Purple Label, Polo Ralph Lauren, Double RL, Lauren Ralph Lauren, Polo Ralph Lauren Children, and Chaps, among others.

We diversify our business by geography (North America, Europe, and Asia, among other regions) and channel of distribution (retail, wholesale, and licensing). This allows us to maintain a dynamic balance as our operating results do not depend solely on the performance of any single geographic area or channel of distribution. We sell directly to consumers through our integrated retail channel, which includes our retail stores, concession-based shop-within-shops, and digital commerce operations around the world. Our wholesale sales are made principally to major department stores, specialty stores, and third-party digital partners around the world, as well as to certain third-party-owned stores to which we have licensed the right to operate in defined geographic territories using our trademarks. In addition, we license to third parties for specified periods the right to access our various trademarks in connection with the licensees' manufacture and sale of designated products, such as certain apparel, eyewear, fragrances, and home furnishings.

We organize our business into the following three reportable segments:

- *North America* — Our North America segment, representing approximately 45% of our Fiscal 2021 net revenues, primarily consists of sales of our Ralph Lauren branded products made through our retail and wholesale businesses in the U.S. and Canada. In North America, our retail business is primarily comprised of our Ralph Lauren stores, our factory stores, and our digital commerce site, www.RalphLauren.com. Our wholesale business in North America is comprised primarily of sales to department stores, and to a lesser extent, specialty stores.
- *Europe* — Our Europe segment, representing approximately 27% of our Fiscal 2021 net revenues, primarily consists of sales of our Ralph Lauren branded products made through our retail and wholesale businesses in Europe, the Middle East, and Latin America. In Europe, our retail business is primarily comprised of our Ralph Lauren stores, our factory stores, our concession-based shop-within-shops, and our various digital commerce sites. Our wholesale business in Europe is comprised of a varying mix of sales to both department stores and specialty stores, depending on the country, as well as to various third-party digital partners.
- *Asia* — Our Asia segment, representing approximately 23% of our Fiscal 2021 net revenues, primarily consists of sales of our Ralph Lauren branded products made through our retail and wholesale businesses in Asia, Australia, and New Zealand. Our retail business in Asia is primarily comprised of our Ralph Lauren stores, our factory stores, our concession-based shop-within-shops, and our various digital commerce sites. In addition, we sell our products online through various third-party digital partner commerce sites. Our wholesale business in Asia is comprised primarily of sales to department stores, with related products distributed through shop-within-shops.

No operating segments were aggregated to form our reportable segments. In addition to these reportable segments, we also have other non-reportable segments, representing approximately 5% of our Fiscal 2021 net revenues, which primarily consist of (i) sales of Club Monaco branded products made through our retail and wholesale businesses in the U.S., Canada, and Europe, and our licensing alliances in Asia, and (ii) royalty revenues earned through our global licensing alliances, excluding Club Monaco. As discussed in Note 8 to our accompanying consolidated financial statements, we completed the sale of our Club Monaco business at the end of our first quarter Fiscal 2022.

Approximately 52% of our Fiscal 2021 net revenues were earned outside of the U.S. See Note 17 to the accompanying consolidated financial statements for further discussion of our segment reporting structure.

Our business is typically affected by seasonal trends, with higher levels of retail sales in our second and third fiscal quarters and higher wholesale sales in our second and fourth fiscal quarters. These trends result primarily from the timing of key vacation travel, back-to-school, and holiday shopping periods impacting our retail business and timing of seasonal wholesale shipments. As a result of changes in our business, consumer spending patterns, and the macroeconomic environment, including those resulting from pandemic diseases and other catastrophic events, historical quarterly operating trends and working capital requirements may not be indicative of our future performance. In addition, fluctuations in sales, operating income (loss), and cash flows in any fiscal quarter may be affected by other events affecting retail sales, such as changes in weather patterns. Accordingly, our operating results and cash flows for the three-month and six-month periods ended September 25, 2021 are not necessarily indicative of the operating results and cash flows that may be expected for the full Fiscal 2022.

Recent Developments

COVID-19 Pandemic

Beginning in the fourth quarter of our fiscal year ended March 28, 2020 ("Fiscal 2020"), a novel strain of coronavirus commonly referred to as COVID-19 emerged and spread rapidly across the globe, including throughout all major geographies in which we operate, resulting in adverse economic conditions and business disruptions, as well as significant volatility in global financial markets. Since then, governments worldwide have periodically imposed varying degrees of preventative and protective actions, such as temporary travel bans, forced business closures, and stay-at-home orders, all in an effort to reduce the spread of the virus. Such factors, among others, have resulted in a significant decline in retail traffic, tourism, and consumer spending on discretionary items. Additionally, companies across a wide array of industries have implemented various initiatives to reduce operating expenses and preserve cash balances during the pandemic, including work furloughs, reduced pay, and severance actions, which could lower consumers' disposable income levels or willingness to purchase discretionary items. Such government restrictions, company initiatives, and other macroeconomic impacts resulting from the pandemic could continue to adversely affect consumer behavior, spending levels, and/or shopping preferences, such as willingness to congregate in indoor shopping centers or other populated locations.

As a result of the COVID-19 pandemic, we have experienced varying degrees of business disruptions and periods of closure of our stores, distribution centers, and corporate facilities, as have our wholesale customers, licensing partners, suppliers, and vendors. During the first quarter of Fiscal 2021 at the peak of the pandemic, the majority of our stores in key markets were closed for an average of 8 to 10 weeks due to government-mandated lockdowns and other restrictions, resulting in significant adverse impacts to our operating results. Resurgences and outbreaks in certain parts of the world resulted in further business disruptions periodically throughout Fiscal 2021, most notably in Europe where a significant number of our stores were closed for approximately two to three months during the second half of Fiscal 2021, including during the holiday period, due to government-mandated lockdowns and other restrictions. Such disruptions continued into the first half of Fiscal 2022 in certain regions, although to a lesser extent than the comparable prior year fiscal period. Further, throughout the course of the pandemic, the majority of our stores that were able to remain open have periodically been subject to limited operating hours and/or customer capacity levels in accordance with local health guidelines, with traffic remaining challenged. However, our digital commerce operations have grown significantly from pre-pandemic levels, due in part to our investments and enhanced capabilities, as well as changes in consumer shopping preferences. Our wholesale and licensing businesses have experienced similar impacts, particularly in North America and Europe.

Throughout the course of the pandemic, our priority has been to ensure the safety and well-being of our employees, customers, and the communities in which we operate around the world. We continue to consider the guidance of local governments and global health organizations and have implemented new health and safety protocols in our stores, distribution centers, and corporate facilities. We also took various preemptive actions in the prior fiscal year to preserve cash and strengthen our liquidity position, as described in the Fiscal 2021 10-K.

Despite the introduction of COVID-19 vaccines and recent improvements in the global economy as a whole, the pandemic remains volatile and continues to evolve, including the emergence of variants of the virus, such as the Delta variant. Accordingly, we cannot predict for how long and to what extent the pandemic will impact our business operations or the overall global economy. We will continue to assess our operations location-by-location, considering the guidance of local governments and global health organizations. See Item 1A — "Risk Factors — Risks Related to Macroeconomic Conditions — Infectious disease outbreaks, such as the COVID-19 pandemic, could have a material adverse effect on our business" in the Fiscal 2021 10-K for additional discussion regarding risks to our business associated with the COVID-19 pandemic.

Fiscal 2021 Strategic Realignment Plan

We have undertaken efforts to realign our resources to support future growth and profitability, and to create a sustainable, enhanced cost structure. The key initiatives underlying these efforts involve evaluation of our: (i) team organizational structures and ways of working; (ii) real estate footprint and related costs across our corporate offices, distribution centers, and direct-to-consumer retail and wholesale doors; and (iii) brand portfolio.

In connection with the first initiative, on September 17, 2020, our Board of Directors approved a restructuring plan (the "Fiscal 2021 Strategic Realignment Plan") to reduce our global workforce. Additionally, during a preliminary review of our store portfolio during the second quarter of Fiscal 2021, we made the decision to close our Polo store on Regent Street in London.

Shortly thereafter, on October 29, 2020, we announced the planned transition of our Chaps brand to a fully licensed business model, consistent with our long-term brand elevation strategy and in connection with our third initiative (see "*Transition of Chaps Brand to a Fully Licensed Business Model*" further below for additional discussion).

Later, on February 3, 2021, our Board of Directors approved additional actions related to our real estate initiative. Specifically, we are in the process of further rightsizing and consolidating our global corporate offices to better align with our organizational profile and new ways of working. We also have closed, and expect to continue to close, certain of our stores to improve overall profitability. Additionally, we plan to complete the consolidation of our North America distribution centers in order to drive greater efficiencies, improve sustainability, and deliver a better consumer experience.

Finally, on June 26, 2021, in connection with our brand portfolio initiative, we sold our Club Monaco business to Regent, L.P. ("Regent"), a global private equity firm, with no resulting gain or loss on sale realized during the first quarter of Fiscal 2022. Regent acquired Club Monaco's assets and liabilities in exchange for potential future cash consideration payable by Regent, including earn-out payments based on Club Monaco meeting certain defined revenue thresholds over a five-year period. Accordingly, we may realize amounts in the future related to the receipt of such contingent consideration. Additionally, in connection with this divestiture, we will provide Regent with certain operational support for a transitional period of up to 12 months, varying by functional area.

In connection with these collective realignment initiatives, we expect to incur total estimated pre-tax charges of approximately \$300 million to \$350 million. Cumulative charges incurred since inception were \$258.6 million, of which \$21.8 million and \$185.8 million were recorded during the six-month periods ended September 25, 2021 and September 26, 2020, respectively. Once substantially completed by the end of our Fiscal 2022, these actions are expected to result in gross annualized pre-tax expense savings of approximately \$200 million to \$240 million, a portion of which will be reinvested back into the business.

See Note 8 to our accompanying consolidated financial statements for additional discussion regarding charges recorded in connection with the Fiscal 2021 Strategic Restructuring Plan.

Transition of Chaps Brand to a Fully Licensed Business Model

On October 29, 2020, we announced the planned transition of our Chaps brand to a fully licensed business model, consistent with our long-term brand elevation strategy. Specifically, we have entered into a multi-year licensing partnership, which took effect on August 1, 2021 following a transition period, with an affiliate of 5 Star Apparel LLC, a division of the OVED Group, to manufacture, market, and distribute Chaps menswear and womenswear. The products will be sold at existing channels of distribution with opportunities for expansion into additional channels and markets globally.

This agreement is expected to create incremental value for the Company by enabling an even greater focus on elevating our core brands in the marketplace, reducing our direct exposure to the North America department store channel, and setting up Chaps to deliver on its potential with an experienced partner that is focused on nurturing the brand.

Global Economic Conditions and Industry Trends

The global economy and retail industry are impacted by many different factors. The COVID-19 pandemic has resulted in heightened uncertainty surrounding the future state of the global economy, as well as significant volatility in global financial markets. As discussed in "Recent Developments," governments worldwide have periodically imposed varying degrees of preventative and protective actions throughout the course of the pandemic, such as temporary travel bans, forced business closures, and stay-at-home orders, all in an effort to reduce the spread of the virus. Such actions, together with changes in consumers' willingness to congregate in populated areas and lower levels of disposal income due to high unemployment rates, have resulted in significant business disruptions across a wide array of industries and an overall decline of the global economy since the outbreak of the pandemic. Despite the introduction of COVID-19 vaccines and recent improvements in the global economy as a whole, resurgences and outbreaks continue to occur in certain geographic locations, including those resulting from variants of the virus, such as the Delta variant. Accordingly, it is not clear at this time how much longer and to what extent the pandemic will last.

The global economy has also been impacted by the domestic and international political environment, including volatile international trade relations and civil and political unrest taking place in certain parts of the world. The U.S. in particular has experienced civil unrest centered around racial inequality and political allegiances. Additionally, the United Kingdom recently withdrew from the European Union, commonly referred to as "Brexit," whereby it ceased to be a member effective January 31, 2020. In December 2020, the United Kingdom and the European Union entered into an agreement that defines their future relationship, including terms of trade, that among its provisions resulted in new tariffs on goods imported to the United Kingdom from the European Union that were manufactured elsewhere, as well as additional administrative effort to import and export goods, adding friction and cost to transportation. Further, certain other worldwide events and factors, including diplomatic tensions between the U.S. and China, acts of terrorism, taxation or monetary policy changes, inflation, fluctuations in commodity prices, and rising healthcare costs, also increase volatility in the global economy.

The retail landscape in which we operate has been significantly disrupted by the COVID-19 pandemic, including periods of temporary closures of stores and distribution centers and declines in retail traffic, tourism, and consumer spending on discretionary items. Prior to the COVID-19 pandemic, consumers had been increasingly shifting their shopping preference from physical stores to online. This shift in preference has accelerated during the pandemic and could be further amplified in the future as consumers may continue to prefer to avoid populated locations, such as shopping centers, in fear of exposing themselves to infectious diseases. Even before the pandemic, many retailers, including certain of our large wholesale customers, have been highly promotional and have aggressively marked down their merchandise on a periodic basis in an attempt to offset declines in physical store traffic. The retail industry, particularly in the U.S., has also experienced numerous bankruptcies, restructurings, and ownership changes in recent years. Despite recent improvements in the global economy, supply chain-related risks continue to exist as manufacturers and transportation providers alike are finding it difficult to meet increased consumer demand. The continuation of these industry trends could have a material adverse effect on our business or operating results.

We have implemented various strategies globally to help address many of these current challenges and continue to build a foundation for long-term profitable growth centered around strengthening our consumer-facing areas of product, stores, and marketing across channels and driving a more efficient operating model. In response to the COVID-19 pandemic, during the prior fiscal year we took preemptive actions to preserve cash and strengthen our liquidity position, as described in our Fiscal 2021 10-K, which better enabled us to continue to execute upon our long-term growth strategy despite unfavorable economic conditions. Investing in our digital ecosystem remains a primary focus and is a key component of our integrated global omni-channel strategy and driving consumer engagement, particularly in light of the current COVID-19 pandemic, which has and could continue to reshape consumer shopping preferences. We also continue to drive consumer engagement and global brand awareness through our sports sponsorships, which most recently include the U.S. Open Tennis Championships and Team U.S.A. in both the Ryder Cup and the Tokyo Olympics. Additionally, we have accelerated our marketing investments, with a focus on supporting new customer acquisition, digitally-amplified brand campaigns, and resumption of in-store programs as markets continue to reopen worldwide. We also continue to take deliberate actions to ensure promotional consistency across channels and to enhance the overall brand and shopping experience, including better aligning shipments and inventory levels with underlying demand. We also remain committed to optimizing our wholesale distribution channel and enhancing our department store consumer experience. In connection with our long-term brand elevation strategy, we successfully transitioned our Chaps business to a fully licensed business model during the second quarter of Fiscal 2022 as planned and completed the sale of our Club Monaco business at the end of the first quarter of Fiscal 2022, thereby enabling our teams to focus our resources on our core brands.

We will continue to monitor these conditions and trends and will evaluate and adjust our operating strategies and foreign currency and cost management opportunities to help mitigate the related impacts on our results of operations, while remaining focused on the long-term growth of our business and protecting and elevating the value of our brand.

For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, see Part I, Item 1A — "Risk Factors" in our Fiscal 2021 10-K.

Summary of Financial Performance

Operating Results

During the three months ended September 25, 2021, we reported net revenues of \$1.504 billion, net income of \$193.3 million, and net income per diluted share of \$2.57, as compared to net revenues of \$1.194 billion, a net loss of \$39.1 million, and net loss per diluted share of \$0.53 during the three months ended September 26, 2020. During the six months ended September 25, 2021, we reported net revenues of \$2.880 billion, net income of \$358.0 million, and net income per diluted share of \$4.75, as compared to net revenues of \$1.681 billion, a net loss of \$166.8 million, and net loss per diluted share of \$2.27 during the six months ended September 26, 2020. The comparability of our operating results has been affected by adverse impacts related to COVID-19 business disruptions, as well as restructuring-related charges, impairment of assets, and certain other benefits (charges), as discussed further below.

Our operating performance for the three-month and six-month periods ended September 25, 2021 reflected revenue increases of 26.0% and 71.4%, respectively, on a reported basis and 25.0% and 68.8%, respectively, on a constant currency basis, as defined within "*Transactions and Trends Affecting Comparability of Results of Operations and Financial Condition*" below. The increase in net revenues reflected growth across all regions largely driven by a reduction in store closures and other COVID-19-related business disruptions experienced during the current fiscal year periods as compared to the comparable prior year periods, coupled with continued growth in our digital commerce operations and overall stronger consumer demand.

Our gross profit as a percentage of net revenues increased by 50 basis points to 67.5% during the three months ended September 25, 2021 and increased by 60 basis points to 68.9% during the six months ended September 25, 2021, primarily driven by improved product mix, pricing, and lower levels of promotional activity, partially offset by higher product costs and the absence of unusual geographic and channel mix benefits experienced during the prior fiscal year periods in connection with COVID-19-related business disruptions in North America and Europe.

Selling, general, and administrative ("SG&A") expenses as a percentage of net revenues during the three months ended September 25, 2021 declined by 240 basis points to 50.2% and declined by 1,610 basis points to 51.5% during the six months ended September 25, 2021, primarily driven by operating leverage on higher net revenues, partially offset by higher expenses across various categories as we returned to more normalized operations in comparison to the prior fiscal year periods.

Net income increased by \$232.4 million to \$193.3 million during the three months ended September 25, 2021 as compared to the three months ended September 26, 2020, primarily due to a \$272.2 million increase in our operating income, partially offset by a \$34.8 million increase in our income tax provision. Net income per diluted share increased by \$3.10 to \$2.57 per share during the three months ended September 25, 2021 driven by the higher level of net income. Net income increased by \$524.8 million to \$358.0 million during the six months ended September 25, 2021 as compared to the six months ended September 26, 2020, primarily due to a \$660.8 million increase in our operating income, partially offset by a \$125.0 million increase in our income tax provision. Net income per diluted share increased by \$7.02 to \$4.75 per share during the six months ended September 25, 2021 driven by the higher level of net income.

Our operating results during the three-month periods ended September 25, 2021 and September 26, 2020 were negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges (benefits) totaling \$4.7 million and \$171.2 million, respectively, which had an after-tax effect of reducing net income by \$3.7 million, or \$0.05 per diluted share, and \$146.2 million, or \$1.97 per diluted share, respectively. During the six-month periods ended September 25, 2021 and September 26, 2020, our operating results were negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges (benefits) totaling \$15.1 million and \$165.1 million, respectively, which had an after-tax effect of reducing net income by \$11.4 million, or \$0.15 per diluted share, and \$140.7 million, or \$1.91 per diluted share, respectively.

Financial Condition and Liquidity

We ended the second quarter of Fiscal 2022 in a net cash and investments position (cash and cash equivalents plus investments, less total debt) of \$1.426 billion, as compared to \$1.144 billion as of the end of Fiscal 2021. The increase in our net cash and investments position at September 25, 2021 as compared to March 27, 2021 was primarily due to operating cash flows of \$464.2 million, partially offset by our use of cash to invest in our business through \$63.4 million in capital expenditures, to make dividend payments of \$50.5 million, and to support Class A common stock repurchases of \$39.9 million, representing withholdings in satisfaction of tax obligations for stock-based compensation awards.

Net cash provided by operating activities was \$464.2 million during the six months ended September 25, 2021, compared to net cash used in operating activities of \$12.7 million during the six months ended September 26, 2020. The increase in cash provided by operating activities was due to an increase in net income before non-cash charges, partially offset by a net unfavorable change related to our operating assets and liabilities, including our working capital, as compared to the prior fiscal year period.

Our equity increased to \$2.863 billion as of September 25, 2021 compared to \$2.604 billion as of March 27, 2021, due to our comprehensive income and the net impact of stock-based compensation arrangements, partially offset by our dividends declared during the six months ended September 25, 2021.

Transactions and Trends Affecting Comparability of Results of Operations and Financial Condition

The comparability of our operating results for the three-month and six-month periods ended September 25, 2021 and September 26, 2020 has been affected by certain events, including:

- pretax charges incurred in connection with our restructuring activities, as well as certain other asset impairments and other benefits (charges), including those related to COVID-19 business disruptions, as summarized below (references to "Notes" are to the notes to the accompanying consolidated financial statements):

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	(millions)			
Impairment of assets (see Note 7)	\$ (0.7)	\$ (31.0)	\$ (19.3)	\$ (33.1)
Restructuring and other charges (see Note 8)	(7.7)	(160.5)	(8.4)	(167.5)
Non-routine inventory benefits, net ^(a)	3.5	5.4	11.5	4.1
COVID-19-related bad debt expense reversals ^(b)	0.2	14.9	1.1	31.4
Total charges	\$ (4.7)	\$ (171.2)	\$ (15.1)	\$ (165.1)

^(a) Non-routine inventory benefits are recorded within cost of goods sold in the consolidated statements of operations. The net benefits recorded during the fiscal periods presented primarily related to reversals of amounts previously recorded in connection with COVID-19 business disruptions.

^(b) COVID-19-related bad debt expense reversals are recorded within SG&A expenses in the consolidated statements of operations.

- other adverse impacts related to COVID-19 business disruptions during the three-month and six-month periods ended September 25, 2021 and September 26, 2020.

Because we are a global company, the comparability of our operating results reported in U.S. Dollars is also affected by foreign currency exchange rate fluctuations because the underlying currencies in which we transact change in value over time compared to the U.S. Dollar. Such fluctuations can have a significant effect on our reported results. As such, in addition to financial measures prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"), our discussions often contain references to constant currency measures, which are calculated by translating current-year and prior-year reported amounts into comparable amounts using a single foreign exchange rate for each currency. We present constant currency financial information, which is a non-U.S. GAAP financial measure, as a supplement to our reported operating results. We use constant currency information to provide a framework for assessing how our businesses performed excluding the effects of foreign currency exchange rate fluctuations. We believe this information is useful to investors for facilitating comparisons of operating results and better identifying trends in our businesses. The constant currency performance measures should be viewed in addition to, and not in lieu of or superior to, our operating performance measures calculated in accordance

with U.S. GAAP. Reconciliations between this non-U.S. GAAP financial measure and the most directly comparable U.S. GAAP measure are included in the "Results of Operations" section where applicable.

Our discussion also includes reference to comparable store sales. Comparable store sales refer to the change in sales of our stores that have been open for at least 13 full fiscal months. Sales from our digital commerce sites are also included within comparable sales for those geographies that have been serviced by the related site for at least 13 full fiscal months. Sales for stores or digital commerce sites that are closed or shut down during the year are excluded from the calculation of comparable store sales. Sales for stores that are either relocated, enlarged (as defined by gross square footage expansion of 25% or greater), or generally closed for 30 or more consecutive days for renovation are also excluded from the calculation of comparable store sales until such stores have been operating in their new location or in their newly renovated state for at least 13 full fiscal months. All comparable store sales metrics are calculated on a constant currency basis.

Our "Results of Operations" discussion that follows includes the significant changes in operating results arising from these items affecting comparability. However, unusual items or transactions may occur in any period. Accordingly, investors and other financial statement users should consider the types of events and transactions that have affected operating trends.

RESULTS OF OPERATIONS

Three Months Ended September 25, 2021 Compared to Three Months Ended September 26, 2020

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions. All percentages shown in the below table and the discussion that follows have been calculated using unrounded numbers.

	Three Months Ended		\$ Change	% / bps Change
	September 25, 2021	September 26, 2020		
	(millions, except per share data)			
Net revenues	\$ 1,504.1	\$ 1,193.5	\$ 310.6	26.0 %
Cost of goods sold	(488.9)	(394.1)	(94.8)	24.0 %
Gross profit	1,015.2	799.4	215.8	27.0 %
<i>Gross profit as % of net revenues</i>	67.5 %	67.0 %		50 bps
Selling, general, and administrative expenses	(754.9)	(628.2)	(126.7)	20.2 %
<i>SG&A expenses as % of net revenues</i>	50.2 %	52.6 %		(240 bps)
Impairment of assets	(0.7)	(31.0)	30.3	(97.7 %)
Restructuring and other charges	(7.7)	(160.5)	152.8	(95.2 %)
Operating income (loss)	251.9	(20.3)	272.2	NM
<i>Operating income (loss) as % of net revenues</i>	16.7 %	(1.7 %)		1,840 bps
Interest expense	(13.6)	(12.8)	(0.8)	5.7 %
Interest income	1.2	2.2	(1.0)	(43.9 %)
Other income (expense), net	(1.4)	1.8	(3.2)	NM
Income (loss) before income taxes	238.1	(29.1)	267.2	NM
Income tax provision	(44.8)	(10.0)	(34.8)	348.5 %
<i>Effective tax rate^(a)</i>	18.8 %	(34.4 %)		5,320 bps
Net income (loss)	\$ 193.3	\$ (39.1)	\$ 232.4	NM
Net income (loss) per common share:				
Basic	\$ 2.61	\$ (0.53)	\$ 3.14	NM
Diluted	\$ 2.57	\$ (0.53)	\$ 3.10	NM

^(a) Effective tax rate is calculated by dividing the income tax provision by income (loss) before income taxes.

NM Not meaningful.

Net Revenues. Net revenues increased by \$310.6 million, or 26.0%, to \$1.504 billion during the three months ended September 25, 2021 as compared to the three months ended September 26, 2020, including net favorable foreign currency effects of \$11.9 million. On a constant currency basis, net revenues increased by \$298.7 million, or 25.0%. The increase in net revenues reflected growth across all regions largely driven by a reduction in store closures and other COVID-19-related disruptions experienced during the current fiscal year period as compared to the prior fiscal year period, coupled with continued growth in our digital commerce operations and overall stronger consumer demand.

The following table summarizes the percentage change in our consolidated comparable store sales for the three months ended September 25, 2021 as compared to the prior fiscal year period:

	% Change
Digital commerce	33 %
Brick and mortar	21 %
Total comparable store sales	23 %

Our global average store count decreased by 52 stores and concession shops during the three months ended September 25, 2021 compared with the three months ended September 26, 2020, largely driven by the sale of our Club Monaco business on June 26, 2021, partially offset by new openings in Asia. The following table details our retail store presence by segment as of the periods presented:

	September 25, 2021	September 26, 2020
Freestanding Stores:		
North America	235	230
Europe	94	95
Asia	164	145
Other non-reportable segments	—	72
Total freestanding stores	493	542
Concession Shops:		
North America	1	2
Europe	29	29
Asia	628	619
Other non-reportable segments	—	4
Total concession shops	658	654
Total stores	1,151	1,196

In addition to our stores, we sell products online in North America, Europe, and Asia through our various digital commerce sites, as well as through our Polo mobile app in North America and the United Kingdom. We also sell products online through various third-party digital partner commerce sites, primarily in Asia.

Net revenues for our segments, as well as a discussion of the changes in each reportable segment's net revenues from the comparable prior fiscal year period, are provided below:

	Three Months Ended		\$ Change		\$ Change		% Change	
	September 25, 2021	September 26, 2020	As Reported	Foreign Exchange Impact	Constant Currency	As Reported	Constant Currency	
(millions)								
Net Revenues:								
North America	\$ 703.1	\$ 542.9	\$ 160.2	\$ 1.5	\$ 158.7	29.5 %	29.2 %	
Europe	495.5	359.5	136.0	8.0	128.0	37.8 %	35.6 %	
Asia	269.9	236.6	33.3	2.4	30.9	14.1 %	13.1 %	
Other non-reportable segments	35.6	54.5	(18.9)	—	(18.9)	(34.7 %)	(34.7 %)	
Total net revenues	\$ 1,504.1	\$ 1,193.5	\$ 310.6	\$ 11.9	\$ 298.7	26.0 %	25.0 %	

North America net revenues — Net revenues increased by approximately \$160.2 million, or 29.5%, during the three months ended September 25, 2021 as compared to the three months ended September 26, 2020, including net favorable foreign currency effects of \$1.5 million. On a constant currency basis, net revenues increased by \$158.7 million, or 29.2%.

The \$160.2 million net increase in North America net revenues was driven by:

- a \$107.2 million net increase related to our North America retail business, reflecting a reduction in store closures and other COVID-19-related disruptions and the continued growth in our digital commerce operations. On a constant currency basis, net revenues increased by \$106.2 million, reflecting increases of \$94.5 million in comparable store sales and \$11.7 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our North America retail business:

	<u>% Change</u>
Digital commerce	32 %
Brick and mortar	31 %
Total comparable store sales	31 %

- a \$53.0 million net increase related to our North America wholesale business, driven by minimal shipments during the comparable prior fiscal year period due to significant COVID-19-related business disruptions, coupled with overall stronger consumer demand.

Europe net revenues — Net revenues increased by \$136.0 million, or 37.8%, during the three months ended September 25, 2021 as compared to the three months ended September 26, 2020, including net favorable foreign currency effects of \$8.0 million. On a constant currency basis, net revenues increased by \$128.0 million, or 35.6%.

The \$136.0 million net increase in Europe net revenues was driven by:

- an \$80.7 million net increase related to our Europe wholesale business largely driven by minimal shipments during the comparable prior fiscal year period due to significant COVID-19-related business disruptions, overall stronger consumer demand, and net favorable foreign currency effects of \$3.0 million.
- a \$55.3 million net increase related to our Europe retail business, reflecting a reduction in store closures and other COVID-19-related disruptions and the continued growth in our digital commerce operations, as well as net favorable foreign currency effects of \$5.0 million. On a constant currency basis, net revenues increased by \$50.3 million, reflecting increases of \$42.8 million in comparable store sales and \$7.5 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Europe retail business:

	<u>% Change</u>
Digital commerce	24 %
Brick and mortar	28 %
Total comparable store sales	27 %

Asia net revenues — Net revenues increased by \$33.3 million, or 14.1%, during the three months ended September 25, 2021 as compared to the three months ended September 26, 2020, including net favorable foreign currency effects of \$2.4 million. On a constant currency basis, net revenues increased by \$30.9 million, or 13.1%.

The \$33.3 million net increase in Asia net revenues was driven by:

- a \$29.1 million net increase related to our Asia retail business, reflecting a reduction in store closures and other COVID-19-related disruptions and the continued growth in our digital commerce operations, as well as net favorable foreign currency effects of \$2.3 million. On a constant currency basis, net revenues increased by \$26.8 million, reflecting increases of \$13.5 million in comparable store sales and \$13.3 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Asia retail business, inclusive of adverse impacts related to COVID-19 business disruptions:

	<u>% Change</u>
Digital commerce	69 %
Brick and mortar	4 %
Total comparable store sales	7 %

- a \$4.2 million net increase related to our Asia wholesale business, largely driven by South Korea and Australia.

Gross Profit. Gross profit increased by \$215.8 million, or 27.0%, to \$1.015 billion for the three months ended September 25, 2021, including net favorable foreign currency effects of \$12.1 million. Gross profit as a percentage of net revenues increased to 67.5% for the three months ended September 25, 2021 from 67.0% for the three months ended September 26, 2020. The 50 basis point increase was primarily driven by improved product mix, pricing, and lower levels of promotional activity, partially offset by higher product costs and the absence of unusual geographic and channel mix benefits experienced during the prior fiscal year period in connection with COVID-19-related business disruptions in North America and Europe.

Gross profit as a percentage of net revenues is dependent upon a variety of factors, including changes in the relative sales mix among distribution channels, changes in the mix of products sold, pricing, the timing and level of promotional activities, foreign currency exchange rates, and fluctuations in material costs. These factors, among others, may cause gross profit as a percentage of net revenues to fluctuate from period to period.

Selling, General, and Administrative Expenses. SG&A expenses include costs relating to compensation and benefits, advertising and marketing, rent and occupancy, distribution, information technology, legal, depreciation and amortization, bad debt, and other selling and administrative costs. SG&A expenses increased by \$126.7 million, or 20.2%, to \$754.9 million for the three months ended September 25, 2021, including net unfavorable foreign currency effects of \$6.8 million. The increase in SG&A expenses reflects a reduction in the magnitude of COVID-19 business disruptions and our related mitigating actions, which during the prior fiscal year period included (i) lower compensation-related expenses largely driven by employee furloughs and COVID-19-related government subsidies and (ii) lower rent and occupancy costs largely driven by reduced percentage-of-sales-based rent due to widespread store closures and a reduction in traffic, as well as rent abatements negotiated with certain of our landlords. The increase in SG&A expenses also reflects lower favorable COVID-19-related bad debt expense adjustments recorded during the three months ended September 25, 2021 as compared to the prior fiscal year period, offset by expense savings associated with the disposition of our Club Monaco business at the end of the first quarter of Fiscal 2022. SG&A expenses as a percentage of net revenues declined to 50.2% for the three months ended September 25, 2021 from 52.6% for the three months ended September 26, 2020. The 240 basis point improvement was primarily due to operating leverage on higher net revenues, partially offset by higher expenses across various categories as we returned to more normalized operations in comparison to the prior fiscal year period.

The \$126.7 million increase in SG&A expenses was driven by:

	Three Months Ended September 25, 2021 Compared to Three Months Ended September 26, 2020 (millions)	
SG&A expense category:		
Compensation-related expenses	\$	53.8
Marketing and advertising expenses		41.5
Selling-related expenses		9.9
Bad debt expense		9.0
Other		12.5
Total increase in SG&A expenses	\$	126.7

We have been carefully evaluating our organizational and operating cost structures to better support long-term growth, with a focus on our (i) team organizational structures and ways of working; (ii) real estate footprint and related costs across corporate offices, distribution centers, and direct-to-consumer retail and wholesale doors; and (iii) brand portfolio. Additionally, we continue to closely manage our discretionary spending.

Impairment of Assets. During the three-month periods ended September 25, 2021 and September 26, 2020, we recorded non-cash impairment charges of \$0.7 million and \$31.0 million, respectively, to write-down certain long-lived assets. See Note 7 to the accompanying consolidated financial statements.

Restructuring and Other Charges. During the three-month periods ended September 25, 2021 and September 26, 2020, we recorded restructuring charges of \$2.6 million and \$157.6 million, respectively, consisting of severance and benefit costs and other cash charges. Additionally, during the three-month periods ended September 25, 2021 and September 26, 2020, we recorded other charges of \$5.1 million and \$2.9 million, respectively, related to rent and occupancy costs associated with

certain previously exited real estate locations for which the related lease agreements have not yet expired. See Note 8 to the accompanying consolidated financial statements.

Operating Income (Loss). We reported operating income of \$251.9 million for the three months ended September 25, 2021, as compared to an operating loss of \$20.3 million for the three months ended September 26, 2020. The increase in operating income reflects the return to more normalized operations in comparison to the prior fiscal year period, as previously discussed, as well as net favorable foreign currency effects of \$5.3 million. Our operating results during the three-month periods ended September 25, 2021 and September 26, 2020 were also negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges (benefits) totaling \$4.7 million and \$171.2 million, respectively. Operating income as a percentage of net revenues was 16.7% for the three months ended September 25, 2021, reflecting a 1,840 basis point increase from the prior fiscal year period. The increase in operating income as a percentage of net revenues was primarily driven by lower net restructuring-related charges, impairment of assets, and certain other charges (benefits) recorded during the three months ended September 25, 2021 as compared to the prior fiscal year period, the decrease in SG&A expenses as a percentage of net revenues, and the increase in our gross margin, all as previously discussed.

Operating income (loss) and margin for our segments, as well as a discussion of the changes in each reportable segment's operating margin from the comparable prior fiscal year period, are provided below:

	Three Months Ended					
	September 25, 2021		September 26, 2020		\$ Change	Margin Change
	Operating Income (Loss) (millions)	Operating Margin	Operating Income (Loss) (millions)	Operating Margin		
Segment:						
North America	\$ 170.6	24.3%	\$ 123.3	22.7%	\$ 47.3	160 bps
Europe	161.8	32.6%	83.6	23.3%	78.2	930 bps
Asia	43.4	16.1%	41.1	17.3%	2.3	(120) bps
Other non-reportable segments	32.3	90.7%	15.2	27.9%	17.1	6,280 bps
	408.1		263.2		144.9	
Unallocated corporate expenses	(148.5)		(123.0)		(25.5)	
Unallocated restructuring and other charges	(7.7)		(160.5)		152.8	
Total operating income (loss)	\$ 251.9	16.7%	\$ (20.3)	(1.7%)	\$ 272.2	1,840 bps

North America operating margin improved by 160 basis points, primarily due to the favorable impacts of approximately 120 basis points related to our wholesale business, largely attributable to a decline in SG&A expenses as a percentage of net revenues driven by operating leverage on higher net revenues, and approximately 90 basis points related to our retail business, largely driven by an increase in our gross margin. These improvements in operating margin were partially offset by the net unfavorable impact of 50 basis points attributable to lower favorable COVID-19-related bad debt expense and non-routine inventory adjustments during the three months ended September 25, 2021 as compared to the prior fiscal year period, partially offset by lower impairment of assets recorded during the current fiscal year period.

Europe operating margin improved by 930 basis points, primarily due to the favorable impacts of approximately 290 basis points and 150 basis points related to our wholesale and retail businesses, respectively, both largely attributable to a decline in SG&A expenses as a percentage of net revenues driven by operating leverage on higher net revenues. The basis point improvement of our wholesale business also reflected an increase in our gross margin, while the improvement in our retail business reflected a decline in our gross margin. The overall improvement in operating margin also reflected the net favorable impact of 450 basis points attributable to lower impairment of assets recorded during the three months ended September 25, 2021 as compared to the prior fiscal year period, partially offset by lower favorable COVID-19-related bad debt expense adjustments recorded during the current fiscal year period. The remaining 40 basis point improvement in operating margin was attributable to other factors, including favorable foreign currency effects and channel mix.

Asia operating margin declined by 120 basis points, primarily due to the unfavorable impact of approximately 250 basis points related to our retail business, largely driven by an increase in SG&A expenses as a percentage of net revenues, partially offset by an increase in our gross margin. This decline in operating margin was partially offset by the favorable impacts of 80 basis points attributable to foreign currency effects, 20 basis points attributable to our wholesale business, and 30 basis points attributable to other factors, including channel mix.

Unallocated corporate expenses increased by \$25.5 million to \$148.5 million during the three months ended September 25, 2021. The increase in unallocated corporate expenses was due to higher compensation-related expenses of \$25.2 million and higher marketing and advertising expenses of \$7.7 million, partially offset by higher intercompany sourcing commission income of \$5.7 million (which is offset at the segment level and eliminates in consolidation) and lower other expenses of \$1.7 million.

Unallocated restructuring and other charges decreased by \$152.8 million to \$7.7 million during the three months ended September 25, 2021, as previously discussed above and in Note 8 to the accompanying consolidated financial statements.

Non-operating Income (Expense), Net. Non-operating income (expense), net is comprised of interest expense, interest income, and other income (expense), net, which includes foreign currency gains (losses), equity in income (losses) from our equity-method investees, and other non-operating expenses. During the three-month periods ended September 25, 2021 and September 26, 2020, we reported non-operating expense, net, of \$13.8 million and \$8.8 million, respectively. The \$5.0 million increase in non-operating expense, net was driven by:

- a \$3.2 million decline in other income (expense), net, primarily driven by lower net foreign currency gains during the three months ended September 25, 2021 as compared to the prior fiscal year period; and
- a \$1.0 million decline in interest income, primarily driven by lower interest rates in financial markets.

Income Tax Provision. The income tax provision represents federal, foreign, state and local income taxes. Our effective tax rate will change from period to period based on various factors including, but not limited to, the geographic mix of earnings, the timing and amount of foreign dividends, enacted tax legislation, state and local taxes, tax audit findings and settlements, and the interaction of various global tax strategies.

We reported an income tax provision of \$44.8 million and an effective tax rate of 18.8% for the three months ended September 25, 2021, as compared to an income tax provision of \$10.0 million and an effective tax rate of (34.4%) for the three months ended September 26, 2020. The \$34.8 million increase in our income tax provision was primarily driven by the increase in our pretax income, partially offset by the absence of valuation allowances recorded against certain deferred tax assets in the prior fiscal year period, favorable tax impacts related to earnings generated in lower taxed jurisdictions versus the U.S., and favorable permanent adjustments. See Note 9 to the accompanying consolidated financial statements.

Net Income (Loss). We reported net income of \$193.3 million for the three months ended September 25, 2021, as compared to a net loss of \$39.1 million for the three months ended September 26, 2020. The \$232.4 million increase in net income was primarily due to the increase in our operating income, partially offset by the increase in our income tax provision, both as previously discussed. Our operating results during the three-month periods ended September 25, 2021 and September 26, 2020 included net restructuring-related charges, impairment of assets, and certain other charges (benefits) totaling \$4.7 million and \$171.2 million, respectively, which had an after-tax effect of reducing net income by \$3.7 million and \$146.2 million, respectively.

Net Income (Loss) per Diluted Share. We reported net income per diluted share of \$2.57 for the three months ended September 25, 2021, as compared to a net loss per diluted share of \$0.53 for the three months ended September 26, 2020. The \$3.10 per share increase was driven by the higher level of net income, as previously discussed. Net income per diluted share for the three-month periods ended September 25, 2021 and September 26, 2020 were also negatively impacted by \$0.05 per share and \$1.97 per share, respectively, as a result of net restructuring-related charges, impairment of assets, and certain other charges (benefits), as previously discussed.

Six Months Ended September 25, 2021 Compared to Six Months Ended September 26, 2020

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions. All percentages shown in the below table and the discussion that follows have been calculated using unrounded numbers.

	Six Months Ended		\$ Change	% / bps Change
	September 25, 2021	September 26, 2020		
	(millions, except per share data)			
Net revenues	\$ 2,880.4	\$ 1,681.0	\$ 1,199.4	71.4 %
Cost of goods sold	(897.1)	(532.9)	(364.2)	68.3 %
Gross profit	1,983.3	1,148.1	835.2	72.8 %
<i>Gross profit as % of net revenues</i>	68.9 %	68.3 %		60 bps
Selling, general, and administrative expenses	(1,483.1)	(1,135.8)	(347.3)	30.6 %
<i>SG&A expenses as % of net revenues</i>	51.5 %	67.6 %		(1,610 bps)
Impairment of assets	(19.3)	(33.1)	13.8	(41.6 %)
Restructuring and other charges	(8.4)	(167.5)	159.1	(95.0 %)
Operating income (loss)	472.5	(188.3)	660.8	NM
<i>Operating income (loss) as % of net revenues</i>	16.4 %	(11.2 %)		2,760 bps
Interest expense	(26.9)	(22.4)	(4.5)	20.0 %
Interest income	3.0	5.1	(2.1)	(40.9 %)
Other income (expense), net	(0.5)	3.9	(4.4)	NM
Income (loss) before income taxes	448.1	(201.7)	649.8	NM
Income tax benefit (provision)	(90.1)	34.9	(125.0)	NM
<i>Effective tax rate^(a)</i>	20.1 %	17.3 %		280 bps
Net income (loss)	\$ 358.0	\$ (166.8)	\$ 524.8	NM
Net income (loss) per common share:				
Basic	\$ 4.84	\$ (2.27)	\$ 7.11	NM
Diluted	\$ 4.75	\$ (2.27)	\$ 7.02	NM

^(a) Effective tax rate is calculated by dividing the income tax benefit (provision) by income (loss) before income taxes.

NM Not meaningful.

Net Revenues. Net revenues increased by \$1.199 billion, or 71.4%, to \$2.880 billion during the six months ended September 25, 2021 as compared to the six months ended September 26, 2020, including net favorable foreign currency effects of \$43.7 million. On a constant currency basis, net revenues increased by \$1.156 billion, or 68.8%. The increase in net revenues reflected growth across all regions largely driven by a reduction in store closures and other COVID-19-related disruptions experienced during the current fiscal year period as compared to the prior fiscal year period, coupled with continued growth in our digital commerce operations and overall stronger consumer demand.

The following table summarizes the percentage change in our consolidated comparable store sales for the six months ended September 25, 2021 as compared to the prior fiscal year period:

	% Change
Digital commerce	37 %
Brick and mortar	59 %
Total comparable store sales	55 %

Our global average store count decreased by 30 stores and concession shops during the six months ended September 25, 2021 compared with the six months ended September 26, 2020, largely driven by the sale of our Club Monaco business on June 26, 2021, partially offset by new openings in Asia.

Net revenues for our segments, as well as a discussion of the changes in each reportable segment's net revenues from the comparable prior fiscal year period, are provided below:

	Six Months Ended		\$ Change		\$ Change		% Change	
	September 25, 2021	September 26, 2020	As Reported	Foreign Exchange Impact	Constant Currency	As Reported	Constant Currency	
(millions)								
Net Revenues:								
North America	\$ 1,365.2	\$ 708.0	\$ 657.2	\$ 2.8	\$ 654.4	92.8 %	92.4 %	
Europe	850.4	480.2	370.2	26.2	344.0	77.1 %	71.7 %	
Asia	558.1	408.5	149.6	14.6	135.0	36.6 %	33.1 %	
Other non-reportable segments	106.7	84.3	22.4	0.1	22.3	26.5 %	26.4 %	
Total net revenues	<u>\$ 2,880.4</u>	<u>\$ 1,681.0</u>	<u>\$ 1,199.4</u>	<u>\$ 43.7</u>	<u>\$ 1,155.7</u>	71.4 %	68.8 %	

North America net revenues — Net revenues increased by \$657.2 million, or 92.8%, during the six months ended September 25, 2021 as compared to the six months ended September 26, 2020, including net favorable foreign currency effects of \$2.8 million. On a constant currency basis, net revenues increased by \$654.4 million, or 92.4%.

The \$657.2 million net increase in North America net revenues was driven by:

- a \$376.8 million net increase related to our North America retail business, reflecting a reduction in store closures and other COVID-19-related disruptions and the continued growth in our digital commerce operations. On a constant currency basis, net revenues increased by \$375.0 million, reflecting increases of \$346.8 million in comparable store sales and \$28.2 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our North America retail business:

	% Change
Digital commerce	41 %
Brick and mortar	95 %
Total comparable store sales	77 %

- a \$280.4 million net increase related to our North America wholesale business largely driven by minimal shipments during the comparable prior fiscal year period due to significant COVID-19-related business disruptions, coupled with overall stronger consumer demand.

Europe net revenues — Net revenues increased by \$370.2 million, or 77.1%, during the six months ended September 25, 2021 as compared to the six months ended September 26, 2020, including net favorable foreign currency effects of \$26.2 million. On a constant currency basis, net revenues increased by \$344.0 million, or 71.7%.

The \$370.2 million net increase in Europe net revenues was driven by:

- a \$223.3 million net increase related to our Europe wholesale business largely driven by minimal shipments during the comparable prior fiscal year period due to significant COVID-19-related business disruptions, overall stronger consumer demand, and net favorable foreign currency effects of \$11.1 million; and
- a \$146.9 million net increase related to our Europe retail business, reflecting a reduction in store closures and other COVID-19-related disruptions and the continued growth in our digital commerce operations, as well as net favorable foreign currency effects of \$15.1 million. On a constant currency basis, net revenues increased by \$131.8 million, reflecting increases of \$120.0 million in comparable store sales and \$11.8 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Europe retail business:

	<u>% Change</u>
Digital commerce	23 %
Brick and mortar	60 %
Total comparable store sales	51 %

Asia net revenues — Net revenues increased by \$149.6 million, or 36.6%, during the six months ended September 25, 2021 as compared to the six months ended September 26, 2020, including net favorable foreign currency effects of \$14.6 million. On a constant currency basis, net revenues increased by \$135.0 million, or 33.1%.

The \$149.6 million net increase in Asia net revenues was driven by:

- a \$135.4 million net increase related to our Asia retail business, reflecting a reduction in store closures and other COVID-19-related disruptions and the continued growth in our digital commerce operations, as well as net favorable foreign currency effects of \$13.9 million. On a constant currency basis, net revenues increased by \$121.5 million, reflecting increases of \$80.3 million in comparable store sales and \$41.2 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Asia retail business:

	<u>% Change</u>
Digital commerce	55 %
Brick and mortar	21 %
Total comparable store sales	23 %

- a \$14.2 million net increase related to our Asia wholesale business, reflecting increases across all regions, most notably in Australia, South Korea, and Japan.

Gross Profit. Gross profit increased by \$835.2 million, or 72.8%, to \$1.983 billion for the six months ended September 25, 2021, including net favorable foreign currency effects of \$42.1 million. Gross profit as a percentage of net revenues increased to 68.9% for the six months ended September 25, 2021 from 68.3% for the six months ended September 26, 2020. The 60 basis point increase was primarily driven by improved product mix, pricing, and lower levels of promotional activity, partially offset by higher product costs and the absence of unusual geographic and channel mix benefits experienced during the prior fiscal year period in connection with COVID-19-related business disruptions in North America and Europe.

Selling, General, and Administrative Expenses. SG&A expenses increased by \$347.3 million, or 30.6%, to \$1.483 billion for the six months ended September 25, 2021, including net unfavorable foreign currency effects of \$24.5 million. The increase in SG&A expenses reflects a reduction in the magnitude of COVID-19 business disruptions and our related mitigating actions, which during the prior fiscal year period included (i) lower compensation-related expenses driven by employee furloughs, reduced pay for our executives, senior management team, and Board of Directors, as well as COVID-19-related government subsidies, and (ii) lower rent and occupancy costs largely driven by reduced percentage-of-sales-based rent due to widespread store closures and a reduction in traffic, as well as rent abatements negotiated with certain of our landlords. The increase in SG&A expenses also reflects lower favorable COVID-19-related bad debt expense adjustments recorded during the six months ended September 25, 2021 as compared to the prior fiscal year period, offset by expense savings associated with the disposition of our Club Monaco business at the end of the first quarter of Fiscal 2022. SG&A expenses as a percentage of net revenues declined to 51.5% for the six months ended September 25, 2021 from 67.6% for the six months ended September 26, 2020. The 1,610 basis point decline was primarily driven by operating leverage on higher net revenues, partially offset by higher expenses across various categories as we returned to more normalized operations in comparison to the prior fiscal year period.

The \$347.3 million increase in SG&A expenses was driven by:

	Six Months Ended September 25, 2021 Compared to Six Months Ended September 26, 2020 (millions)	
SG&A expense category:		
Compensation-related expenses	\$	147.1
Marketing and advertising expenses		80.2
Rent and occupancy costs		32.2
Selling-related expenses		29.9
Bad debt expense		24.5
Shipping and handling costs		18.6
Other		14.8
Total increase in SG&A expenses	\$	347.3

Impairment of Assets. During the six-month periods ended September 25, 2021 and September 26, 2020, we recorded non-cash impairment charges of \$19.3 million and \$33.1 million, respectively, to write-down certain long-lived assets. See Note 7 to the accompanying consolidated financial statements.

Restructuring and Other Charges. During the six-month periods ended September 25, 2021 and September 26, 2020, we recorded restructuring charges of \$2.5 million and \$160.2 million, respectively, primarily consisting of severance and benefits costs, as well as other charges of \$5.9 million and \$7.3 million, respectively, primarily related to rent and occupancy costs associated with certain previously exited real estate locations for which the related lease agreements have not yet expired. See Note 8 to the accompanying consolidated financial statements.

Operating Income (Loss). We reported operating income of \$472.5 million for the six months ended September 25, 2021, as compared to an operating loss of \$188.3 million for the six months ended September 26, 2020. The increase in operating income reflects the return to more normalized operations in comparison to the prior fiscal year period, as previously discussed, as well as net favorable foreign currency effects of \$17.6 million. Our operating results during the six-month periods ended September 25, 2021 and September 26, 2020 were negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges (benefits) totaling \$15.1 million and \$165.1 million, respectively. Operating income as a percentage of net revenues was 16.4% for the six months ended September 25, 2021, reflecting a 2,760 basis point increase from the prior fiscal year period. The increase in operating income as a percentage of net revenues was primarily driven by lower net restructuring-related charges, impairment of assets, and certain other charges (benefits) recorded during the six months ended September 25, 2021 as compared to the prior fiscal year period, the decrease in SG&A expenses as a percentage of net revenues, and the increase in our gross margin, all as previously discussed.

Operating income (loss) and margin for our segments, as well as a discussion of the changes in each reportable segment's operating margin from the comparable prior fiscal year period, are provided below:

	Six Months Ended					
	September 25, 2021			September 26, 2020		
	Operating Income (Loss) (millions)	Operating Margin	Operating Income (Loss) (millions)	Operating Margin	\$ Change (millions)	Margin Change
Segment:						
North America	\$ 356.9	26.1%	\$ 98.5	13.9%	\$ 258.4	1,220 bps
Europe	256.3	30.1%	66.7	13.9%	189.6	1,620 bps
Asia	103.8	18.6%	51.2	12.5%	52.6	610 bps
Other non-reportable segments	67.7	63.4%	16.1	19.1%	51.6	4,430 bps
	784.7		232.5		552.2	
Unallocated corporate expenses	(303.8)		(253.3)		(50.5)	
Unallocated restructuring and other charges	(8.4)		(167.5)		159.1	
Total operating income (loss)	\$ 472.5	16.4%	\$ (188.3)	(11.2%)	\$ 660.8	2,760 bps

North America operating margin improved by 1,220 basis points, primarily due to the favorable impacts of approximately 870 basis points and 560 basis points related to our retail and wholesale businesses, respectively, both largely driven by a decline in SG&A expenses as a percentage of net revenues driven by operating leverage on higher net revenues, as well as an increase in our gross margin. These improvements in operating margin were partially offset by the unfavorable impact of 210 basis points attributable to lower net favorable COVID-19-related bad debt expense and non-routine inventory adjustments recorded during the six months ended September 25, 2021 as compared to the prior fiscal year period, partially offset by lower impairment of assets recorded during the current fiscal year period.

Europe operating margin improved by 1,620 basis points, primarily due to the favorable impacts of approximately 630 basis points and 560 basis points related to our wholesale and retail businesses, respectively, both largely driven by a decline in SG&A expenses as a percentage of net revenues driven by operating leverage on higher net revenues. The basis point improvement of our wholesale business also reflected an increase in our gross margin, while the improvement in our retail business reflected a decline in our gross margin. The overall improvement in operating margin also reflected the favorable impact of 330 basis points attributable to lower impairment of assets during the six months ended September 25, 2021 as compared to the prior fiscal year period, partially offset by lower favorable COVID-19-related bad debt expense adjustments recorded during the current fiscal year period. The remaining improvement in operating margin was driven by favorable channel mix of approximately 80 basis points and foreign currency effects of 20 basis points.

Asia operating margin improved by 610 basis points, primarily due to the favorable impacts of approximately 350 basis points and 70 basis points related to our retail and wholesale businesses, respectively, both largely driven by a decline in SG&A expenses as a percentage of net revenues driven by operating leverage on higher net revenues. The basis point improvement of our retail business also reflected an increase in our gross margin. The overall improvement in operating margin also reflected approximately 110 basis points attributable to favorable foreign currency effects, as well as approximately 50 basis points attributable to lower non-routine inventory charges and impairment of assets recorded during the six months ended September 25, 2021 as compared to the prior fiscal year period. The remaining 30 basis point improvement was primarily driven by favorable channel mix.

Unallocated corporate expenses increased by \$50.5 million to \$303.8 million during the six months ended September 25, 2021. The increase in unallocated corporate expenses was due to higher compensation-related expenses of \$57.3 million, higher impairment charges of \$17.5 million, and higher marketing and advertising expenses of \$12.3 million, partially offset by higher intercompany sourcing commission income of \$26.9 million (which is offset at the segment level and eliminates in consolidation) and lower other expenses of \$9.7 million.

Unallocated restructuring and other charges decreased by \$159.1 million to \$8.4 million during the six months ended September 25, 2021, as previously discussed above and in Note 8 to the accompanying consolidated financial statements.

Non-operating Income (Expense), Net. During the six-month periods ended September 25, 2021 and September 26, 2020, we reported non-operating expense, net of \$24.4 million and \$13.4 million, respectively. The \$11.0 million increase in non-operating expense, net was driven by:

- a \$4.5 million increase in interest expense, primarily driven by the higher average level of outstanding debt during the six months ended September 25, 2021 as compared to the prior fiscal year period (see "*Financial Condition and Liquidity — Cash Flows*");
- a \$4.4 million decline in other income (expense), net, primarily driven by lower net foreign currency gains during the six months ended September 25, 2021 as compared to the prior fiscal year period; and
- a \$2.1 million decline in interest income, primarily driven by lower interest rates in financial markets.

Income Tax Benefit (Provision). We reported an income tax provision of \$90.1 million and an effective tax rate of 20.1% for the six months ended September 25, 2021, as compared to an income tax benefit of \$34.9 million and an effective tax rate of 17.3% for the six months ended September 26, 2020. The \$125.0 million increase in our income tax provision was driven by the higher level of pretax income, as well as the absence of an income tax benefit recorded during the prior fiscal year period in connection with expected net operating loss carrybacks allowed under the CARES Act and unfavorable tax adjustments related to audit settlements, partially offset by favorable tax benefits related to earnings generated in lower taxed jurisdictions versus the U.S. and stock-based compensation. See Note 9 to the accompanying consolidated financial statements.

Net Income (Loss). We reported net income of \$358.0 million for the six months ended September 25, 2021, as compared to a net loss of \$166.8 million for the six months ended September 26, 2020. The \$524.8 million increase in net income was primarily due to the increase in our operating income, partially offset by the increase in our income tax provision, both as previously discussed. Our operating results during the six-month periods ended September 25, 2021 and September 26, 2020 were negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges (benefits) totaling \$15.1 million and \$165.1 million, respectively, which had an after-tax effect of reducing net income by \$11.4 million and \$140.7 million, respectively.

Net Income (Loss) per Diluted Share. We reported net income per diluted share of \$4.75 for the six months ended September 25, 2021, as compared to a net loss per diluted share of \$2.27 for the six months ended September 26, 2020. The \$7.02 per share increase was driven by the higher level of net income, as previously discussed. Net income per diluted share for the six-month periods ended September 25, 2021 and September 26, 2020 were also negatively impacted by \$0.15 per share and \$1.91 per share, respectively, related to net restructuring-related charges, impairment of assets, and certain other charges (benefits), as previously discussed.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

The following table presents our financial condition as of September 25, 2021 and March 27, 2021:

	September 25, 2021	March 27, 2021	\$ Change
	(millions)		
Cash and cash equivalents	\$ 2,387.9	\$ 2,579.0	\$ (191.1)
Short-term investments	673.1	197.5	475.6
Current portion of long-term debt ^(a)	(499.1)	—	(499.1)
Long-term debt ^(a)	(1,135.5)	(1,632.9)	497.4
Net cash and investments ^(b)	<u>\$ 1,426.4</u>	<u>\$ 1,143.6</u>	<u>\$ 282.8</u>
Equity	<u>\$ 2,862.8</u>	<u>\$ 2,604.4</u>	<u>\$ 258.4</u>

^(a) See Note 10 to the accompanying consolidated financial statements for discussion of the carrying values of our debt.

^(b) "Net cash and investments" is defined as cash and cash equivalents, plus investments, less total debt.

The increase in our net cash and investments position at September 25, 2021 as compared to March 27, 2021 was primarily due to operating cash flows of \$464.2 million, partially offset by our use of cash to invest in our business through \$63.4 million in capital expenditures, to make dividend payments of \$50.5 million, and to support Class A common stock repurchases of \$39.9 million, representing withholdings in satisfaction of tax obligations for stock-based compensation awards.

The increase in our equity was attributable to our comprehensive income and the net impact of stock-based compensation arrangements, partially offset by our dividends declared during the six months ended September 25, 2021.

Cash Flows

The following table details our cash flows for the six-month periods ended September 25, 2021 and September 26, 2020:

	Six Months Ended		\$ Change
	September 25, 2021	September 26, 2020	
	(millions)		
Net cash provided by (used in) operating activities	\$ 464.2	\$ (12.7)	\$ 476.9
Net cash provided by (used in) investing activities	(542.4)	13.8	(556.2)
Net cash provided by (used in) financing activities	(102.1)	367.3	(469.4)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(11.0)	23.6	(34.6)
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>\$ (191.3)</u>	<u>\$ 392.0</u>	<u>\$ (583.3)</u>

Net Cash Provided by (Used in) Operating Activities. Net cash provided by operating activities was \$464.2 million during the six months ended September 25, 2021, as compared to net cash used in operating activities of \$12.7 million during the six months ended September 26, 2020. The \$476.9 million net increase in cash provided by operating activities was due to an increase in net income before non-cash charges, partially offset by a net unfavorable change related to our operating assets and liabilities, including our working capital, as compared to the prior fiscal year period.

The net unfavorable change related to our operating assets and liabilities, including our working capital, was primarily driven by:

- a net unfavorable change in our accounts payable and accrued liabilities, driven by an unfavorable change in our restructuring reserve due to a decrease in restructuring charges recorded during the first half of Fiscal 2022 as compared to the prior fiscal year period, partially offset by a favorable change in our dividends payable related to the temporary suspension and subsequent resumption of our quarterly cash dividend program, as well as a

favorable change in our accounts payable driven by an increase in our expenses during the second quarter of Fiscal 2022 as compared to the prior fiscal year period; and

- a year-over-year increase in our inventory levels largely to support revenue growth.

These decreases related to our operating assets and liabilities were partially offset by:

- a favorable change related to our accounts receivable, largely driven by a return to more normalized operations in comparison to the prior fiscal year period.

Net Cash Provided by (Used in) Investing Activities. Net cash used in investing activities was \$542.4 million during the six months ended September 25, 2021, as compared to cash provided by investing activities of \$13.8 million during the six months ended September 26, 2020. The \$556.2 million net decrease in cash provided by investing activities was primarily driven by:

- a \$541.4 million decrease in proceeds from sales and maturities of investments, less purchases of investments. During the six months ended September 25, 2021, we made net purchases of investments of \$476.9 million, as compared to receiving net proceeds from sales and maturities of investments of \$64.5 million during the six months ended September 26, 2020; and
- a \$9.5 million increase in capital expenditures. During the six months ended September 25, 2021, we spent \$63.4 million on capital expenditures, as compared to \$53.9 million during the six months ended September 26, 2020. Our capital expenditures during the six months ended September 25, 2021 primarily related to store openings and renovations, as well as enhancements to our information technology systems.

Over the course of Fiscal 2022, we continue to expect to spend approximately \$250 million to \$275 million on capital expenditures, in-line with our pre-pandemic levels, primarily related to store openings and renovations, as well as further investment in our digital infrastructure.

Net Cash Provided by (Used in) Financing Activities. Net cash used in financing activities was \$102.1 million during the six months ended September 25, 2021, as compared to net cash provided by financing activities of \$367.3 million during the six months ended September 26, 2020. The \$469.4 million net decrease in cash provided by financing activities was primarily driven by a \$466.9 million decrease in cash proceeds from the issuance of debt, less debt repayments. During the six months ended September 25, 2021, we did not issue or repay any debt. On a comparative basis, during the six months ended September 26, 2020, we received \$1.242 billion in proceeds from the issuance of our 1.700% unsecured notes and 2.950% unsecured senior notes, a portion of which was used to repay \$475.0 million of borrowings previously outstanding under our credit facilities and our previously outstanding \$300.0 million principal amount of unsecured 2.625% senior notes that matured August 18, 2020.

Sources of Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, our available cash and cash equivalents and short-term investments, availability under our credit and overdraft facilities and commercial paper program, and other available financing options.

During the six months ended September 25, 2021, we generated \$464.2 million of net cash flows from our operations. As of September 25, 2021, we had \$3.061 billion in cash, cash equivalents, and short-term investments, of which \$1.242 billion were held by our subsidiaries domiciled outside the U.S. We are not dependent on foreign cash to fund our domestic operations. Undistributed foreign earnings that were subject to the Tax Cuts and Jobs Act's one-time mandatory transition tax as of December 31, 2017 are not considered to be permanently reinvested and may be repatriated to the U.S. in the future with minimal or no additional U.S. taxation. We intend to permanently reinvest undistributed foreign earnings generated after December 31, 2017 that were not subject to the one-time mandatory transition tax. However, if our plans change and we choose to repatriate post-2017 earnings to the U.S. in the future, we would be subject to applicable U.S. and foreign taxes.

The following table presents the total availability, borrowings outstanding, and remaining availability under our credit and overdraft facilities and Commercial Paper Program as of September 25, 2021:

Description ^(a)	September 25, 2021		
	Total Availability	Borrowings Outstanding (millions)	Remaining Availability
Global Credit Facility and Commercial Paper Program ^(b)	\$ 500	\$ 10 ^(c)	\$ 490
Pan-Asia Credit Facilities	33	—	33
Japan Overdraft Facility	45	—	45

^(a) As defined in Note 10 to the accompanying consolidated financial statements.

^(b) Borrowings under the Commercial Paper Program are supported by the Global Credit Facility. Accordingly, we do not expect combined borrowings outstanding under the Commercial Paper Program and the Global Credit Facility to exceed \$500 million.

^(c) Represents outstanding letters of credit for which we were contingently liable under the Global Credit Facility as of September 25, 2021.

We believe that the Global Credit Facility is adequately diversified with no undue concentration in any one financial institution. In particular, as of September 25, 2021, there were eight financial institutions participating in the Global Credit Facility, with no one participant maintaining a maximum commitment percentage in excess of 20%. In accordance with the terms of the agreement, we have the ability to expand our borrowing availability under the Global Credit Facility to \$1 billion through the full term of the facility, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments.

Borrowings under the Pan-Asia Credit Facilities and Japan Overdraft Facility (collectively, the "Pan-Asia Borrowing Facilities") are guaranteed by the parent company and are granted at the sole discretion of the participating banks (as described within Note 10 to the accompanying consolidated financial statements), subject to availability of the respective banks' funds and satisfaction of certain regulatory requirements. We have no reason to believe that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the Global Credit Facility and the Pan-Asia Borrowing Facilities in the event of our election to draw additional funds in the foreseeable future.

Our sources of liquidity are used to fund our ongoing cash requirements, including working capital requirements, global retail store and digital commerce expansion, construction and renovation of shop-within-shops, investment in infrastructure, including technology, acquisitions, joint ventures, payment of dividends, debt repayments, Class A common stock repurchases, settlement of contingent liabilities (including uncertain tax positions), and other corporate activities, including our restructuring actions. We believe that our existing sources of cash, the availability under our credit facilities, and our ability to access capital markets will be sufficient to support our operating, capital, and debt service requirements for the foreseeable future, the ongoing development of our businesses, and our plans for further business expansion. However, prolonged periods of adverse economic conditions or business disruptions in any of our key regions, or a combination thereof, such as those resulting from pandemic diseases and other catastrophic events, could impede our ability to pay our obligations as they become due or return value to our shareholders, as well as delay previously planned expenditures related to our operations.

See Note 10 to the accompanying consolidated financial statements and Note 11 of the Fiscal 2021 10-K for additional information relating to our credit facilities.

Debt and Covenant Compliance

In August 2018, we completed a registered public debt offering and issued \$400 million aggregate principal amount of unsecured senior notes due September 15, 2025, which bear interest at a fixed rate of 3.750%, payable semi-annually (the "3.750% Senior Notes"). In June 2020, we completed another registered public debt offering and issued an additional \$500 million aggregate principal amount of unsecured senior notes due June 15, 2022, which bear interest at a fixed rate of 1.700%, payable semi-annually (the "1.700% Senior Notes"), and \$750 million aggregate principal amount of unsecured senior notes due June 15, 2030, which bear interest at a fixed rate of 2.950%, payable semi-annually (the "2.950% Senior Notes").

The indenture and supplemental indentures governing the 3.750% Senior Notes, 1.700% Senior Notes, and 2.950% Senior Notes (as supplemented, the "Indenture") contain certain covenants that restrict our ability, subject to specified exceptions, to incur certain liens; enter into sale and leaseback transactions; consolidate or merge with another party; or sell, lease, or convey all or substantially all of our property or assets to another party. However, the Indenture does not contain any financial covenants.

We have a credit facility that provides for a \$500 million senior unsecured revolving line of credit through August 12, 2024, which is also used to support the issuance of letters of credit and the maintenance of the Commercial Paper Program (the "Global Credit Facility"). Borrowings under the Global Credit Facility may be denominated in U.S. Dollars and other currencies, including Euros, Hong Kong Dollars, and Japanese Yen. We have the ability to expand the borrowing availability under the Global Credit Facility to \$1 billion, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility.

The Global Credit Facility contains a number of covenants, as described in Note 10 to the accompanying consolidated financial statements. As of September 25, 2021, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under our Global Credit Facility. The Pan-Asia Borrowing Facilities do not contain any financial covenants.

See Note 10 to the accompanying consolidated financial statements and Note 11 of the Fiscal 2021 10-K for additional information relating to our debt and covenant compliance.

Common Stock Repurchase Program

On May 13, 2019, our Board of Directors approved an expansion of our existing common stock repurchase program that allowed us to repurchase up to an additional \$600 million of Class A common stock. As of September 25, 2021, the remaining availability under our Class A common stock repurchase program was approximately \$580 million. Repurchases of shares of Class A common stock are subject to certain restrictions under our Global Credit Facility and more generally overall business and market conditions. Accordingly, in response to business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021, we temporarily suspended our common stock repurchase program as a preemptive action to preserve cash and strengthen our liquidity position. However, we anticipate resuming activities under our Class A common stock repurchase program during the second half of Fiscal 2022.

See Note 14 to the accompanying consolidated financial statements for additional information relating to our Class A common stock repurchase program.

Dividends

Except as discussed below, we have maintained a regular quarterly cash dividend program on our common stock since 2003.

In response to business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021 we temporarily suspended our quarterly cash dividend program as a preemptive action to preserve cash and strengthen our liquidity position. On May 19, 2021, our Board of Directors approved the reinstatement of our quarterly cash dividend program at the pre-pandemic amount of \$0.6875 per share. The second quarter Fiscal 2022 dividend of \$0.6875 per share was declared on September 10, 2021, was payable to shareholders of record at the close of business on September 24, 2021, and was paid on October 8, 2021.

We intend to continue to pay regular dividends on our outstanding common stock. However, any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, cash requirements, financial condition, and other factors that the Board of Directors may deem relevant, including economic and market conditions.

See Note 14 to the accompanying consolidated financial statements for additional information relating to our quarterly cash dividend program.

Contractual and Other Obligations

There have been no material changes to our contractual and other obligations as disclosed in our Fiscal 2021 10-K, other than those which occur in the ordinary course of business. Refer to the "Financial Condition and Liquidity — Contractual and Other Obligations" section of the MD&A in our Fiscal 2021 10-K for detailed disclosure of our contractual and other obligations as of March 27, 2021.

MARKET RISK MANAGEMENT

As discussed in Note 13 of the Fiscal 2021 10-K and Note 12 to the accompanying consolidated financial statements, we are exposed to a variety of levels and types of risks, including the impact of changes in currency exchange rates on foreign currency-denominated balances, certain anticipated cash flows of our international operations, and the value of reported net assets of our foreign operations, as well as changes in the fair value of our fixed-rate debt obligations relating to fluctuations in benchmark interest rates. Accordingly, in the normal course of business we assess such risks and, in accordance with our established policies and procedures, may use derivative financial instruments to manage and mitigate them. We do not use derivatives for speculative or trading purposes.

Given our use of derivative instruments, we are exposed to the risk that the counterparties to such contracts will fail to meet their contractual obligations. To mitigate such counterparty credit risk, it is our policy to only enter into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings and certain other factors, adhering to established limits for credit exposure. Our established policies and procedures for mitigating credit risk include ongoing review and assessment of the creditworthiness of our counterparties. We also enter into master netting arrangements with counterparties, when possible, to further mitigate credit risk. As a result of the above considerations, we do not believe that we are exposed to undue concentration of counterparty risk with respect to our derivative contracts as of September 25, 2021. However, we do have in aggregate \$16.1 million of derivative instruments in net asset positions held across five creditworthy financial institutions.

Foreign Currency Risk Management

We manage our exposure to changes in foreign currency exchange rates using forward foreign currency exchange and cross-currency swap contracts. Refer to Note 12 to the accompanying consolidated financial statements for a summary of the notional amounts and fair values of our outstanding forward foreign currency exchange and cross-currency swap contracts, as well as the impact on earnings and other comprehensive income of such instruments as of September 25, 2021.

Forward Foreign Currency Exchange Contracts

We enter into forward foreign currency exchange contracts to mitigate risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency, the settlement of foreign currency-denominated balances, and the translation of certain foreign operations' net assets into U.S. Dollars. As part of our overall strategy for managing the level of exposure to such exchange rate risk, relating primarily to the Euro, the Japanese Yen, the South Korean Won, the Australian Dollar, the Canadian Dollar, the British Pound Sterling, the Swiss Franc, and the Chinese Renminbi, we generally hedge a portion of our related exposures anticipated over the next twelve months using forward foreign currency exchange contracts with maturities of two months to one year to provide continuing coverage over the period of the respective exposure.

Our foreign exchange risk management activities are governed by established policies and procedures. These policies and procedures provide a framework that allows for the management of currency exposures while ensuring the activities are conducted within our established guidelines. Our policies include guidelines for the organizational structure of our risk management function and for internal controls over foreign exchange risk management activities, including, but not limited to, authorization levels, transaction limits, and credit quality controls, as well as various measurements for monitoring compliance. We monitor foreign exchange risk using different techniques, including periodic review of market values and performance of sensitivity analyses.

Cross-Currency Swap Contracts

We periodically designate pay-fixed rate, receive-fixed rate cross-currency swap contracts as hedges of our net investment in certain European subsidiaries.

Our pay-fixed rate, receive-fixed rate cross-currency swap contracts swap U.S. Dollar-denominated fixed interest rate payments based on the contract's notional amount and the fixed rate of interest payable on certain of our senior notes for Euro-denominated fixed interest rate payments, thereby economically converting a portion of our fixed-rate U.S. Dollar-denominated senior note obligations to fixed rate Euro-denominated obligations.

See Note 3 to the accompanying consolidated financial statements for further discussion of our foreign currency exposures and the types of derivative instruments used to hedge those exposures.

Investment Risk Management

As of September 25, 2021, we had cash and cash equivalents on-hand of \$2.388 billion, consisting of deposits in interest bearing accounts, investments in money market deposit accounts, and investments in time deposits with original maturities of 90 days or less. Our other significant investments included \$673.1 million of short-term investments, consisting of investments in time deposits with original maturities greater than 90 days; and \$8.8 million of restricted cash held in escrow with certain banks as collateral, primarily to secure guarantees in connection with certain international tax matters and real estate leases.

We actively monitor our exposure to changes in the fair value of our global investment portfolio in accordance with our established policies and procedures, which include monitoring both general and issuer-specific economic conditions, as discussed in Note 3 to the accompanying consolidated financial statements. Our investment objectives include capital preservation, maintaining adequate liquidity, diversification to minimize liquidity and credit risk, and achievement of maximum returns within the guidelines set forth in our investment policy. See Note 12 to the accompanying consolidated financial statements for further detail of the composition of our investment portfolio as of September 25, 2021.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are described in Note 3 of the Fiscal 2021 10-K. Our estimates are often based on complex judgments, assessments of probability, and assumptions that management believes to be reasonable, but that are inherently uncertain and unpredictable. It is also possible that other professionals, applying reasonable judgment to the same set of facts and circumstances, could develop and support a range of alternative estimated amounts. For a complete discussion of our critical accounting policies, refer to the "*Critical Accounting Policies*" section of the MD&A in our Fiscal 2021 10-K.

There have been no significant changes in the application of our critical accounting policies since March 27, 2021.

Goodwill Impairment Assessment

We performed our annual goodwill impairment assessment using a qualitative approach as of the beginning of the second quarter of Fiscal 2022. In performing the assessment, we identified and considered the significance of relevant key factors, events, and circumstances that affected the fair values and/or carrying amounts of our reporting units with allocated goodwill. These factors included external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as our actual and expected financial performance. Additionally, we also considered the results of our most recent quantitative goodwill impairment test, which was performed as of the end of Fiscal 2020 and incorporated assumptions related to COVID-19 business disruptions, the results of which indicated that the fair values of these reporting units significantly exceeded their respective carrying values. Based on the results of our qualitative goodwill impairment assessment, we concluded that it is not more likely than not that the fair values of our reporting units are less than their respective carrying values, and there were no reporting units at risk of impairment.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 4 to the accompanying consolidated financial statements for a description of certain recently issued accounting standards which have impacted our consolidated financial statements, or may impact our consolidated financial statements in future reporting periods.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For a discussion of the Company's exposure to market risk, see "Market Risk Management" presented in Part I, Item 2 — MD&A of this Form 10-Q and incorporated herein by reference.

Item 4. Controls and Procedures.

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

We carried out an evaluation based on criteria established in the *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) under the supervision and with the participation of management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our principal executive and principal financial officers have concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of September 25, 2021. There has been no change in the Company's internal control over financial reporting during the fiscal quarter ended September 25, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Although there have been no material changes in the Company's internal control over financial reporting, we continue to experience varying degrees of business disruptions related to the COVID-19 pandemic, including periods of closure of our stores, distribution centers, and corporate facilities, as described within "Recent Developments," with a significant portion of our corporate employees continuing to work remotely. Additionally, in connection with our Fiscal 2021 Strategic Realignment Plan, as described within "Recent Developments," we made a significant reduction to our global workforce during the second half of Fiscal 2021. Despite such cumulative actions, we have not experienced any material changes to our internal controls over financial reporting. We will continue to evaluate and monitor the impact of the COVID-19 pandemic and our restructuring activities on our internal controls. See Item 1A — "Risk Factors" in the Fiscal 2021 10-K for additional discussion regarding risks to our business associated with the COVID-19 pandemic and our restructuring plans.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to the information disclosed under Item 3 — "Legal Proceedings" in the Fiscal 2021 10-K.

Item 1A. Risk Factors.

Reference is made to the information disclosed under Part I, Item 1A — "Risk Factors" in the Fiscal 2021 10-K, which contains a detailed discussion of certain risk factors that could materially adversely affect the Company's business, operating results, and/or financial condition. There are no material changes to the risk factors previously disclosed, nor has the Company identified any previously undisclosed risks that could materially adversely affect the Company's business, operating results, and/or financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Sales of Unregistered Securities

Shares of the Company's Class B Common Stock may be converted immediately into Class A Common Stock on a one-for-one basis by the holder. There is no cash or other consideration paid by the holder converting the shares and, accordingly, there is no cash or other consideration received by the Company. The shares of Class A Common Stock issued by the Company in such conversions are exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended.

No shares of the Company's Class B common stock were converted into Class A common stock during the three months ended September 25, 2021.

(b) **Not Applicable**

(c) **Stock Repurchases**

The following table sets forth the repurchases of shares of the Company's Class A common stock during the three months ended September 25, 2021:

	Total Number of Shares Purchased ^(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs ^(b) (millions)
June 27, 2021 to July 24, 2021	10,922	\$ 121.96	—	\$ 580
July 25, 2021 to August 21, 2021	77,455	123.73	—	580
August 22, 2021 to September 25, 2021	20	115.69	—	580
	88,397		—	

^(a) Represents shares surrendered to or withheld by the Company in satisfaction of withholding taxes in connection with the vesting of awards issued under its long-term stock incentive plans.

^(b) Repurchases of shares of Class A common stock are subject to certain restrictions under the Company's Global Credit Facility and, more generally, overall business and market conditions. Accordingly, in response to business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021, the Company temporarily suspended its common stock repurchase program as a preemptive action to preserve cash and strengthen its liquidity position. However, the Company anticipates resuming activities under its Class A common stock repurchase program during the second half of Fiscal 2022.

Item 6. Exhibits.

3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1/A (File No. 333-24733) filed June 10, 1997)
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Form 8-K filed August 16, 2011)
3.3	Fourth Amended and Restated By-Laws of the Company (filed as Exhibit 3.3 to the Form 10-Q filed August 10, 2017)
10.1*	Form of Restricted Stock Unit Award Agreement under the 2019 Long-Term Stock Incentive Plan†
10.2*	Form of Performance Share Unit Award- PSU Operating Profit Margin Agreement under the 2019 Long-Term Stock Incentive Plan†
10.3*	Form of Performance Share Unit Award- TSR Agreement under the 2019 Long-Term Stock Incentive Plan†
31.1*	Certification of Principal Executive Officer pursuant to 17 CFR 240.13a-14(a)
31.2*	Certification of Principal Financial Officer pursuant to 17 CFR 240.13a-14(a)
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

Exhibits 32.1 and 32.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934.

* Filed herewith.

† Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RALPH LAUREN CORPORATION

By:

/s/ JANE HAMILTON NIELSEN

Jane Hamilton Nielsen

*Chief Operating Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)*

Date: November 3, 2021

RALPH LAUREN CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), is made, effective as of "Date" (the "Grant Date"), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the "Company"), and /\$ParticipantName\$/ (hereinafter called the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2019 Long-Term Stock Incentive Plan (the "Plan") which Plan is incorporated herein by reference, made part of this Agreement, and may be reviewed here [website link to Plan]. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the restricted stock unit award provided for herein ("Restricted Stock Unit Award" or "RSU Award") to Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Grant of the Restricted Stock Units.** Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement as well as the Appendices to this Agreement, the Company hereby grants to the Participant a Restricted Stock Unit Award consisting of /\$AwardsGranted\$/ Restricted Stock Units ("RSUs"). The RSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.
2. **Vesting.**
 - (a) Subject to the Participant's continued service as an Employee of the Company, the RSUs shall vest and become non-forfeitable with respect to one-third (1/3) of the RSUs initially granted hereunder on each of (i) the first anniversary of the Grant Date, (ii) the second anniversary of the Grant Date, and (iii) the third anniversary of the Grant Date.
 - (b) Once vested, the RSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
 - (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, such fractional Shares shall not be deemed vested hereunder but shall instead only vest and become non-forfeitable when such fractional Shares aggregate whole Shares.
 - (d) If the Participant's service as an Employee of the Company is terminated for any reason other than due to the Participant's death or Disability, or due to Participant's Retirement (as defined below), the RSUs shall, to the extent not then vested, be forfeited by the Participant without consideration.
 - (e) In the event that Participant's employment is terminated by reason of Retirement of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in the RSUs that would have otherwise vested had service continued through the first anniversary of the Grant Date, with such RSUs vesting on that date. In the event that Participant's employment is terminated by reason of death or Disability of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in the RSUs that

would have otherwise vested had service continued through the first anniversary of the Grant Date, with such RSUs subject to accelerated vesting as soon as administratively possible after the Company receives notice of the death or Disability. All RSUs that do not vest in accordance with the preceding sentences shall be forfeited and cancelled automatically at the time of the Participant's death, Disability or Retirement. In the event that Participant's employment is terminated by reason of Retirement after the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in all remaining unvested RSUs on the same dates they would have vested had Participant's employment continued through such dates. In the event that Participant's employment is terminated by reason of death or Disability after the first year following the Grant Date of this Agreement, Participant shall be entitled to accelerated vesting in all remaining unvested RSUs as soon as administratively possible after the Company receives notice of the death or Disability.

- (f) For purposes of this Agreement, "Retirement" shall mean Participant's termination of employment for any reason (other than for Misconduct as defined in Appendix A to this Agreement) after: (a) Participant has attained age 55 and completed at least seven (7) years of continuous service as an employee of the Company or an Affiliate; or (b) Participant has attained age 65. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that Participant has violated any of the Obligations in Appendix A to this Agreement, the Participant shall not be deemed to be eligible for Retirement and all RSUs that have not been settled shall be forfeited effective as of the date that the violation first occurred.
3. Rights as a Stockholder. Neither the Participant or any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any RSUs unless and until the RSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
 4. No Right to Continued Employment. Participant understands and agrees that this Agreement does not impact in any way the right of the Company to terminate or change the terms of the employment of Participant at any time for any reason whatsoever, with or without good cause provided in accordance with applicable local law. Participant understands and agrees that, unless contrary to applicable local law or there is an employment contract in place providing otherwise, his or her employment is "at-will," and that either the Company or Participant may terminate Participant's employment at any time and for any reason subject to applicable local law.
 5. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying RSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.
 6. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the RSU Award under this Agreement from Section 409A and/or preserve the intended tax treatment of the RSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding any provision in this Agreement to the contrary, if and to the extent that any amount payable hereunder

constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A (and not exempt therefrom), then: (a) to the extent required by Section 409A any references to termination of employment (or similar references) shall be deemed a reference to a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and (b) if Participant is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then no payment that is payable on account of Participant's "separation from service" shall be made before the date that is at least six months after Participant's "separation from service" (or if earlier, the date of Participant's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period. For the avoidance of doubt, no payment shall be delayed for six months after Participant's "separation from service" if it constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations. For purposes of Section 409A, Participant's right to receive payments hereunder shall be treated as a right to receive a series of separate and distinct payments. The determination of whether Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant's separation from service shall be made by the Company in accordance with the terms of Section 409A.

7. **Notices.** Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.
8. **Appendices.** **Appendix A** attached hereto, entitled "Post-Employment Obligations," and **Appendix B** attached hereto, entitled "Terms and Conditions for Non-U.S. Participants," are fully incorporated into, and form a part of, this Agreement.
9. **Withholding.** As authorized by Section 13(d) of the Plan, when Shares are distributed after vesting, a portion of the Shares may be withheld to satisfy tax withholding requirements, and the net Shares shall then be delivered.
10. **Choice of Law.** This Agreement, including its Appendices, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.
11. **Non-U.S. Participants.** Notwithstanding any provision of the Plan to the contrary, to comply with securities, exchange control, labor, tax, or other applicable laws, rules or regulations in countries outside of the United States in which the Company and its Subsidiaries operate or have Employees, Consultants, or directors, and/or for the purpose of taking advantage of tax favorable treatment for RSU Awards granted to Participants in such countries, the Committee, in its sole discretion, shall have the power and authority to (i) amend or modify the terms and conditions of any RSU Awards granted to a Participant; (ii) establish, adopt, interpret, or revise any rules and procedures to the extent such actions may be necessary or advisable, including adoption of rules or procedures applicable to particular Subsidiaries or Participants residing in particular locations; and (iii) take any action, before or after an RSU Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules or procedures with provisions that limit or modify rights on eligibility to receive RSU Awards under the Plan or on termination of service, available methods of vesting or settlement of a RSU Award, payment of tax-related items, the shifting of employer tax liability to the Participant, tax withholding procedures, restrictions on the sale of shares of Class A Common Stock of the Company, and the handling of stock certificates or other indicia of ownership. Notwithstanding the foregoing, the Committee may not take actions hereunder, and no RSU Awards shall be granted, that would violate the

U.S. Securities Act of 1933, as amended, the Exchange Act, the Code, any securities law or governing statute.

12. Exchange Rates. Neither the Company nor any Subsidiary shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's RSU Award or of any amounts due to the Participant pursuant to the vesting or other settlement of the RSU Award or, if applicable, the subsequent sale of Shares acquired upon vesting.
13. RSU Award Subject to Plan. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee.
14. Conflict with any Employment Contract. If Participant has entered into an authorized, written employment contract with the Company, the terms of that authorized, written employment contract shall prevail over any conflicting provisions in this Agreement.
15. Acknowledgments. By participating in the Plan, the Participant understands and agrees that:
 - a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - b) the grant of RSU Awards is voluntary and occasional and does not create any contractual or other right to receive future RSU Awards, or benefits in lieu of these awards, even if RSU Awards have been granted in the past;
 - c) all decisions with respect to future RSU Awards, if any, will be at the sole discretion of the Committee;
 - d) the Participant is subject to the Company's Securities Trading Policy;
 - e) the Participant is voluntarily participating in the Plan;
 - f) any RSU Awards and the Company's Class A Common Stock subject to awards, and the income and value of same, are not part of the Participant's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments, if any; and
 - g) no claim or entitlement to compensation or damages shall arise from the forfeiture of a RSU Award (either in whole or in part) resulting from the Participant's termination of employment or service.

PARTICIPANT MUST EXECUTE THIS AGREEMENT BY "DATE", OR THE RSU AWARD SHALL BE FORFEITED

APPENDIX A

POST-EMPLOYMENT OBLIGATIONS

As a recipient of the Company equity award (the "Award") described in the agreement to which this Appendix is attached (the "Agreement"), you have the opportunity to build long-term personal financial value. In exchange and consideration for this opportunity, in the event you leave the Company you will be subject to a Confidentiality, a Non-Compete and a Non-Solicitation obligation, as defined below (the "Obligations"), which may restrict your conduct after your employment with the Company ends. If you execute the Agreement, you will receive the Award described in the Agreement and be subject to these Obligations.

Confidentiality You will at all times during and after your employment with the Company faithfully hold the Company's Confidential Information (as defined below) in the strictest confidence, and you will use your best efforts and highest diligence to guard against its disclosure to anyone other than as required in the performance of your duties in good faith to the Company. You will not use Confidential Information for your personal benefit or for the benefit of any competitor or other person. "Confidential Information" means certain proprietary techniques and confidential information as described below, which have great value to the Company's business and which you acknowledge is and shall be the sole and exclusive property of the Company. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Company and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Upon termination of your employment with the Company, regardless of the reason for such termination, you will return to the Company all documents and other materials of any kind that contain Confidential Information. You understand that nothing in this Appendix A or otherwise in this Agreement shall be construed to prohibit you from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

Non-Compete You covenant and agree that during your period of employment, and for a period of six (6) months following the termination of your employment if such termination is voluntarily initiated by you for any reason, or if such termination is initiated by the Company because of your Misconduct, as that term is defined in the Addendum below, you shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium or mid-tier lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Company or any of its subsidiaries, affiliates or licensees. Nothing in this Non-Compete prohibits you from owning, solely as an investment, securities of any entity which are traded on a national securities exchange if you are not a controlling person of, or a member of a group that controls such entity, and you do not, directly or indirectly, own 5% or more of any class of securities of such entity.

Non-Solicit You covenant and agree that during your period of employment, other than in the course of performing your duties in good faith, and for a period of one (1) year following the termination of your employment for any reason whatsoever hereunder, you shall not directly or indirectly solicit or influence any other employee of the Company, or any of its

subsidiaries, affiliates or licensees, to terminate such employee's employment with the Company, or any of its subsidiaries, affiliates or licensees, as the case may be. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

Claw Back If you violate any of the Obligations, the Company has the right to, in its sole and absolute discretion, "Claw Back" the gross value of vested equity grants subject to these post-employment obligations, including restricted stock units ("RSUs"), performance share units ("PSUs"), performance-based restricted stock units ("PRSUs"), and restricted performance share units ("RPSU") (collectively, "Share Units"), as well as from exercised stock options, as follows:

- You will be required to immediately pay back the gross fair market value (the "Value") of all Share Units that vested within the last twelve (12) months of your employment. You will also be required to immediately pay back the Value of all Stock Options that you exercised during the last twelve (12) months of your employment.
- For these purposes, the Value shall be calculated using the closing price of the Company's shares on the date of vesting of all Share Units that vested, and on the date of exercise of all Stock Options that were exercised, as applicable, within the aforementioned twelve (12) month period prior to the date that your employment terminated.
- The Company shall make a written request for the lump sum amount required to restore to the Company the Value of the respective vesting and/or stock option exercises ("Lump Sum"). The Lump Sum payment you are required to make will be reduced to take into account taxes previously withheld by the Company on your behalf only to the extent consistent with Internal Revenue Service rules and the Company's payroll reporting process. You may be required to seek a refund of certain tax withholdings on your personal return with the advice of your personal tax advisor. If you do not return the requested Lump Sum within seven (7) days following the date that the Company makes a written request for such Lump Sum, the Company has the right to take all action necessary to recover the Lump Sum from you, in addition to any attorneys' fees and costs incurred in recovering the Lump Sum.
- All vested and unexercised Stock Options shall be forfeited.

Furthermore, by signing the Agreement, you consent to the Company's right to seek injunctive and other appropriate equitable relief without the requirement to post a bond or other security. The injunctive relief provided for in this paragraph is in addition to any other remedies at law or in equity otherwise available to the Company.

In addition, you acknowledge and agree that during your period of employment and for a period of six (6) months following the date of your termination of employment (if such termination is voluntarily initiated by you for any reason, or, if such termination is initiated by the Company, because of your Misconduct), you will inform the Company, upon acceptance of any job or any work as an independent contractor, of the identity of any new employer or other entity to which you are providing consulting or other services, along with your starting date, title, job description, and other information that the Company may reasonably request to confirm your compliance with the Non-Compete.

All determinations regarding enforcement, waiver, or modification of any provision of this Agreement shall be made in the Company's sole discretion. Such determinations need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

This Appendix A to the Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Appendix A to the Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the rest of this Appendix A to the Agreement.

The Obligations in this Appendix A to the Agreement are in addition to, and independent of, any other non-compete, non-solicit, confidentiality, or other post-employment obligation you may have with the Company, whether under the Company's employment policies or under applicable law. Notwithstanding the foregoing, if you are a party to a written, authorized employment agreement with the Company, or with one of its subsidiaries or affiliates, which contains a non-compete provision, then this Appendix A shall not be enforceable against you.

Except as provided in the preceding paragraph, this Appendix A to the Agreement contains the entire agreement between the parties with respect to the subject matter therein and supersedes all prior oral and written agreements between the parties pertaining to such matters. This Agreement cannot be modified except in a writing signed by the Company and you.

The terms of this Appendix A to the Agreement shall be governed by the laws of the State of New York without regards to its principles of conflicts of laws. Recipients of an Award subject to the Agreement are deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of New York, County of New York, to resolve any and all issues that may arise out of or relate to the Agreement, including but not limited to any and all issues that may arise out of this Appendix A to the Agreement.

By executing the Agreement, you acknowledge and agree that in exchange for the Company granting you the equity award described in the Agreement, you will be subject to the Obligations set forth above.

ADDENDUM

The term "Misconduct" shall be defined for purposes of this Appendix A as follows:

- i. an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by you; or
- ii. any action by you causing damage to or misappropriation of Company assets; or
- iii. your wrongful disclosure of Confidential Information of the Company or any of its affiliates; or
- iv. your engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company; or
- v. your breach of any employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug & alcohol use, or violent acts or threats of violence; or
- vi. the commission of any act by you, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

This Appendix to the Award Agreement applies to Participants whose primary work location is outside the United States. This Appendix applies to Restricted Stock Units and Performance Awards, as the case may be (collectively, the "Awards").

1. **Responsibility of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer or the entity to which Participant otherwise provides services (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of an Award, including, but not limited to, the grant, vesting or settlement of an Award, the subsequent sale of Shares acquired pursuant to such vesting and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of an Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from the proceeds of the sale of Shares acquired at vesting of an Award, as applicable, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization without further consent);
- (b) withholding from Participant's wages or other cash compensation paid to Participant by the Company or any Affiliate;
- (c) withholding Shares to be issued upon vesting of an Award with a Fair Market Value equal to the applicable Tax-Related Items; or
- (d) any other method approved by the Committee and permitted by applicable law.

Provided, however, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold Shares upon the relevant taxable or tax withholding event, as applicable, equal to the Fair Market Value of the applicable Tax-Related Items unless the use of such withholding method is problematic under applicable law or has adverse accounting consequences in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) (b), and (d) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent), or if not refunded by the Company or the Employer, Participant must seek a refund from the local tax authorities to the extent Participant wishes to recover the over-withheld amount in the form of a refund. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to a vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the

Shares, or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. **Nature of Grant.** In accepting an Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Awards is voluntary, exceptional and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Committee;
- (d) Participant's participation in the Plan shall not create a right to further employment or service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or service relationship at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) any Awards and the Shares subject to Awards, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) unless otherwise agreed with the Company, the Awards and Shares subject to the Awards, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of an Affiliate;
- (h) any Awards and the Shares subject to Awards, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, leave pay, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (i) an Award grant will not be interpreted to form an employment or service contract or relationship with the Company or any Affiliate;
- (j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (k) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of an Award or of any proceeds due to Participant pursuant to the vesting of an Award or the sale of Shares;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of an Award resulting from Participant's termination of employment or service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of an Award, Participant agrees not to institute any claim against the Company or any Affiliate; and
- (m) unless otherwise provided in the Plan or by the Committee in its discretion, an Award does not create any entitlement to have the Award or any benefits thereunder transferred to, or assumed by, another company nor exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

3. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

4. **Termination Date.** For purposes of an Award, Participant's employment or service relationship is considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any) as of the earlier of (a) the date on which Participant ceases to provide active service to the Company or any Affiliate and (b) the date on which Participant receives a notice of termination from the Employer. Participant's right to participate in the Plan will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

5. **Retirement.** If the Company receives a legal opinion that there has been a legal judgment and/or legal development in Participant's jurisdiction that likely would result in the favorable treatment that may apply to an Award if Participant terminates employment after attaining age 65 or after attaining any other age (possibly with a certain number of years of service) being deemed unlawful and/or discriminatory, the Company may determine that any such favorable treatment shall not be applicable to Participant.

6. **Data Privacy.**

- a. **Data Collection and Usage.** The Company and the Employer may collect, and use certain personal information about Participant, and persons closely associated with Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("**Data**"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent. Where required under applicable data privacy laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure are the applicable laws.
- b. **Stock Plan Administration Service Providers.** The Company transfers Data to Merrill Lynch and/or its affiliated companies ("Merrill Lynch"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.
- c. **International Data Transfers.** The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. The Company's legal basis, where required, for the transfer of Data is Participant's consent.
- d. **Data Retention.** The Company will hold and use the Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.
- e. **Data Subject Rights.** Participant understands that data subject rights regarding the processing of Data vary depending on applicable law and that, depending on where Participant is based and subject to the conditions set out in such applicable law, Participant may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about Participant and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of

Participant's Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of Participant's Data that Participant has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or Participant's employment and is carried out by automated means. In case of concerns, Participant understands that Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Participant's rights, Participant understands that he or she should contact his or her local human resources representative.

f. **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Awards to Participant or administer or maintain such Awards.

g. **Declaration of Consent.** By accepting an Award and indicating consent via the Company's acceptance procedures, Participant is declaring that Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

7. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on Awards and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

8. **Language.** Participant acknowledges that Participant is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Award Agreement. Furthermore, if Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

9. **Insider Trading/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws in Participant's or the broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., Awards) or rights linked to the value of Shares (e.g., phantom awards, futures) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to be informed of and compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

10. **Foreign Asset/Account Reporting Requirements and Exchange Controls.** Participant acknowledges that Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds from the sale of Shares acquired under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations, and Participant should consult his or her personal legal advisor for any details.

11. **Governing Law/Venue.** The Awards are governed by, and subject to, United States federal and New York state law (without regard to the conflict of law provisions). For purposes of litigating any dispute that arises from an Award, the parties hereby submit and consent to the exclusive jurisdiction of the State of New York, agree that such litigation shall be conducted only in the courts of New York County, or the federal courts for the United States for the Southern District of New York, where the Award is made and/or to be performed, and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum.
12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require Participant to accept an Award by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to accept Awards through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
13. **Severability.** The provisions of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
14. **Waiver.** The waiver by the Company with respect to compliance of any provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions) by Participant shall not operate or be construed as a waiver of any other provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants or Country-Specific Terms and Conditions), or of any subsequent breach by Participant or any other participant.
15. **Country-Specific Terms and Conditions.** Notwithstanding any provisions in the Award Agreement, including the Terms and Conditions for Non-U.S. Participants, any Awards shall also be subject to the Country-Specific Terms and Conditions for Participant's country, if any, set forth below. Moreover, if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions, the special terms and conditions for such country will apply to Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This document includes additional terms and conditions that govern Awards granted under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

Notifications

This document also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted in this document as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in Awards or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to Participant.

Australia

Terms and Conditions

Australian Offer Document. Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to Participant.

Notifications

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for Participant. If there is no Australian bank involved in the transfer, Participant will be required to file the report on his/her own.

Bangladesh

Exchange Control Information. Bangladesh residents must repatriate all cash proceeds received from participation in the Plan to Bangladesh within the period of time prescribed under applicable exchange control laws, as may be amended from time to time. It is Participant's responsibility to comply with exchange control laws in Bangladesh, and Participant should consult with his or her personal advisor about this matter.

Belgium

Notifications

Foreign Asset/Account Reporting Information. Participant is required to report any security (e.g., Shares acquired under the Plan) or bank accounts held outside of Belgium on his or her annual tax return. In a separate report, Participant will be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account is located). This report, as well as information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

Solidarity Tax Information. A new “solidarity tax” has been proposed, which would impose a 0.15% annual tax if the total value of securities held in a Belgian or foreign securities account exceeds EUR 1 million. If the draft bill becomes law, the solidarity tax will be due on the value of the qualifying securities held in such account. Participant should consult his or her personal tax advisor regarding the status of this new tax. (For avoidance of doubt, the stock exchange tax that had applied to transactions executed by a Belgian resident through a non-Belgian financial intermediary was eliminated as the result of a ruling by the Belgian Constitutional Court on October 17, 2019.)

Canada

Terms and Conditions

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 4 of the Terms and Conditions for Non-U.S. Participants:

IMPORTANT: In accepting the Award, Participant specifically acknowledges and accepts that for purposes of the Award, Participant’s employment or service relationship is considered terminated as of the earlier of (a) the date Participant’s employment with the Company or any Affiliate is terminated; (b) the date on which Participant ceases to provide active service to the Company or any Affiliate; or (c) the date on which Participant receives a notice of termination from the Employer, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant’s right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant’s right to vest in the Award under the Plan, if any, will terminate effective as of the last day of Participant’s minimum statutory notice period, but Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant’s statutory notice period, nor will Participant be entitled to any compensation for lost vesting;

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., New York Stock Exchange (“NYSE”).

Foreign Asset/Account Reporting Information. Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Foreign property includes Shares acquired under the Plan and may include unvested Awards. The unvested Awards must be reported – generally at a nil cost – if the \$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base (“**ACB**”) of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. If due, the Form must be filed by April 30 of the following year. Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

China

The following provisions apply only if Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Awards and Sale of Shares. To comply with exchange control regulations in China, Participant agrees that the Company is authorized to force the sale of Shares to be issued to Participant upon vesting and settlement of the Awards at any time (including immediately upon settlement or after termination of Participant's employment, as described below), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on Participant's behalf pursuant to this authorization without further consent). Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Participant understands and agrees that the Company, in its discretion in the future, may require that any Shares acquired upon settlement of the Awards be immediately sold.

Treatment of Award Upon Termination of Employment or Service. Due to exchange control regulations in China, Participant understands and agrees that any Shares held by Participant under the Plan must be sold within six (6) months following Participant's termination of employment or service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "Mandatory Sale Date"). This includes any portion of Shares that vest upon Participant's termination of employment or service. Participant understands that any Shares held by Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on Participant's behalf pursuant to this authorization without further consent).

If all or a portion of Shares subject to Participant's Awards become distributable at some time following Participant's termination of employment or service, that portion will vest and become distributable immediately upon termination of Participant's employment or service based on the assumption that the target performance criteria are achieved. Any Shares acquired by Participant according to this paragraph must be sold by the Mandatory Sale Date, as described above.

Exchange Control Requirements. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiaries or Affiliates, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining Participant's tax liability). Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Notifications

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, Participant may be subject to reporting obligations for the Awards and any cash proceeds acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

France

Terms and Conditions

Type of Grant. The Awards are not granted as "French-qualified" Awards and are not intended to qualify for special tax and social security treatment applicable to shares granted for no consideration under Sections L.225-197-1 to L.225-197-5 and Sections L.22-10-59 and L.22-10-60 of the French Commercial Code, as amended.

Language Acknowledgement. *En acceptant l'attribution (the "Award"), Participant confirmez ainsi avoir lu et compris les documents relatifs á cette attribution qui ont été communiqués au Participant en langue anglaise.*

By accepting the Award, Participant confirms having read and understood the documents relating to the Award which were provided to Participant in English.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares outside of France or maintains a foreign bank account, Participant is required to report such accounts (including any accounts that were opened or closed during the year) to the French tax authorities when filing Participant's annual tax return. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the Deutsche Bundesbank (the German Central Bank). Participant is responsible for complying with the reporting obligation and should file the report electronically by the fifth day of the month following the month in which the payment is made. A copy of the form can be accessed via the Deutsche Bundesbank's website at www.bundesbank.de and is available in both German and English. However, if Participant uses a German commercial bank to effectuate such cross-border payment, the bank will make the report on Participant's behalf.

Greece

There are no country-specific provisions.

Hong Kong

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to an Award within six months of the grant date, Participant (and Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the grant date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Notifications

Securities Warning. An Award and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees and other service providers of the Company or its Affiliates. The Plan, the Plan prospectus, the Award Agreement and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for Participant's personal use and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, Participant should obtain independent professional advice.

India

Notifications

Exchange Control Information. Participant must repatriate all proceeds received from participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the proceeds. Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is Participant's responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Foreign Asset/Account Reporting Information. Foreign bank accounts and any foreign financial assets (including Shares held outside India) must be reported in the annual Indian personal tax return. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account requirements and because such requirements may change.

Ireland

There are no country-specific provisions.

Italy

Terms and Conditions

Plan Document Acknowledgment. Participant acknowledges that her or she has read and specifically and expressly approve the sections of the Plan and the Terms and Conditions for Non-U.S. Participants.

Notifications

Foreign Asset/Account Reporting Information. If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy if such value exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used.

Japan

Notifications

Foreign Asset/Account Reporting Information. If Participant is a resident of Japan, Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st

of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether he or she will be required to report details of any outstanding Awards or Shares held by Participant in the report.

Korea

Notifications

Foreign Asset/Account Reporting Information. Participant will be required to declare all foreign accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 500 million or an equivalent amount in foreign currency) on any month-end date during a calendar year. Participant should consult his or her personal tax advisor regarding reporting requirements in Korea.

Macau

There are no country-specific provisions.

Netherlands

There are no country-specific provisions.

Poland

Exchange Control Information. Polish residents holding foreign securities (*e.g.*, Shares) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets possessed abroad) exceeds PLN 7 million. If required, the reports must be filed on a quarterly basis on special forms that are available on the website of the National Bank of Poland. Further, if Participants transfer funds in excess of EUR 15,000 (or PLN 15,000 if the transfer of funds is connected with business activity of an entrepreneur) into or out of Poland, the funds must be transferred via a bank account. Participant is required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred. *Participant should consult his/her personal legal advisor to ensure compliance with applicable reporting requirements.*

Portugal

Terms and Conditions

Language Acknowledgement. Participant hereby expressly declares that Participant has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Agreement.

Conhecimento da Língua. *Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

Singapore

Terms and Conditions

Restrictions on Sale and Transferability. Participant hereby agrees that any Shares acquired pursuant to the Awards will not be offered for sale in Singapore prior to the six-month anniversary of the grant date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

Notifications

Securities Law Information. The grant of Awards is being made in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Participant with a view to the Awards being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Reporting Information. If Participant is a director, associate director or shadow director of a Singapore Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act, regardless of whether Participant is a Singapore resident or employed in Singapore. Among these requirements is an obligation to notify the Singapore Affiliate in writing when Participant receives an interest (*e.g.*, Awards, Shares) in the Company or any related companies. In addition, Participant must notify the Singapore Affiliate when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired pursuant to the Awards). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming a director, associate director or shadow director.

Spain

Terms and Conditions

Labor Law Acknowledgment. By accepting an Award, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan document.

Participant understands and agrees that, unless otherwise provided in the Plan, the Award Agreement, the Terms and Conditions for Non-U.S. Participants or any other Award document, the Awards will be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of Participant’s employment or service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with Cause, disciplinary dismissal adjudged or recognized to be without Good Reason (*i.e.*, subject to a “despido improcedente”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute and/or Article 50 of the Workers’ Statute, and unilateral withdrawal by the Employer under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees or other service providers of the Company or an Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, Participant understands that the Awards are granted on the assumption and condition that the Awards and the Shares underlying the Awards shall not become a part of any employment or service contract (either with the Company, the Employer or any other Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the Awards would not be granted to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award shall be null and void.

Notifications

Securities Law Notification. The Awards described in the Award Agreement do not qualify under Spanish regulations as a security. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of an Award. The Plan, Award Agreement or any other grant materials have not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and none of those documents constitute a public offering prospectus.

Exchange Control Information. If Participant acquires Shares issued pursuant to an Award and wishes to import the ownership title of such Shares (*i.e.*, share certificates) into Spain, or sell or dispose of such Shares, Participant must

declare the importation, ownership and disposition of such securities to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds the applicable threshold (currently €1,502,530), the declaration must be filed within one month of the acquisition or sale, as applicable.

Foreign Asset/Account Reporting Information. Participant is required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired under the Plan) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. Once the €1,000,000 threshold has been surpassed in either respect, Participant will generally be required to report all foreign accounts, foreign instruments and transactions with non-Spanish residents, even if the relevant threshold has not been crossed for an individual item. Generally, Participant will only be required to report on an annual basis (by January 20 of each year).

In addition, to the extent Participant holds Shares, and/or has bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31 (or at any time during the year in which Participant sells or disposes of such asset), Participant will be required to report information on such assets on Participant’s tax return for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported Shares or accounts increases by more than €20,000.

Sweden

There are no country-specific provisions.

Switzerland

Notifications

Securities Law Information. Because the offer of the Awards is considered a private offering in Switzerland, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

Foreign Asset/Account Reporting Information. Participant is required to declare all of his or her foreign bank and brokerage accounts in which he or she hold cash or securities, including the accounts that were opened and/or closed during the tax year, as well as any other assets, on an annual basis on in his or her tax return. This includes Awards granted to Participant under the Plan which should not be subject to the net wealth tax, but must be reflected “pro memoria” in the statement on bank accounts and securities (Wertschriftenverzeichnis) that Participant is required to file with his or her tax return.

Taiwan

Notifications

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries and Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The acquisition or conversion of foreign currency and the remittance of such amounts (including proceeds from the sale of Shares) to Taiwan may trigger certain annual or periodic exchange control reporting. If the transaction amount is TWD500,000 or more in a single transaction, Participant may be required to submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the remitting bank. Participant should consult his or her personal legal advisor to ensure compliance with applicable exchange control laws in Taiwan.

Turkey

Notifications

Securities Law Information. Under Turkish law, Participant is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of "RL" and Shares acquired under the Plan may be sold through this exchange.

Exchange Control Information. Participant acknowledges that any activity related to investments in foreign securities (e.g., the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. Participant is solely responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

United Kingdom

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 1 of the Terms and Conditions for Non-U.S. Participants:

Without limitation to Section 1 of the Terms and Conditions for Non-U.S. Participants, Participant agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on Participant's behalf (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant as it may be considered a loan. In this case, the amount of any income tax not collected from or paid by Participant may constitute a benefit to Participant on which additional income tax and national insurance contributions may be payable. Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from Participant by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

RALPH LAUREN CORPORATION

PERFORMANCE SHARE UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), is made, effective as of "DATE" (the "Grant Date"), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the "Company"), and /\$ParticipantName\$/ (hereinafter called the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2019 Long-Term Stock Incentive Plan (the "Plan") which Plan is incorporated herein by reference, made part of this Agreement, and may be reviewed here [website link to Plan]. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance share unit award provided for herein ("Performance Share Unit – Operating Profit Margin" or "PSU-OM Award") to Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Performance Share Units. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement as well as the Appendices to this Agreement, the Company hereby grants to the Participant a Performance Share Unit Award consisting of /\$AwardsGranted\$/ Performance Share Units ("PSUs"). The PSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.
2. Vesting.
 - (a) Except as provided in Section 2(e) of this Agreement, the PSU-OM Award shall vest following a three-year performance period consisting of the Company's fiscal years 20xx, 20xx and 20xx, and shall be subject to the Participant's employment with the Company on the Vesting Date (as defined below), and the attainment of one or more performance goals established by the Committee, in its sole discretion. With respect to the grant of the PSU-OM Award, Participant shall be eligible to vest in a percentage of PSUs as follows:

<u>Performance Level</u>	<u>% of Goal(s) Achieved</u>	<u>% of PSUs Vested</u>
Threshold	xx%	xx%
Target	xx%	xx%
Maximum	xx% or more	xx%

PSU-OM Award vesting shall be interpolated for performance between xx% and xx% of target goal(s) and no PSUs shall vest for performance below threshold goal(s). Except as otherwise provided for in this Agreement, not later than ninety (90) days following the last day of the Company's fiscal year 20xx, the Committee shall certify the level of performance achieved with respect to the above-referenced three-year performance period (the date of such certification being referred to as the "PSU Certification Date"). The PSUs, if any, that vest in accordance with this Section 2(a) shall vest as soon as administratively practicable but no later than thirty (30) days following the PSU

Certification Date (the "Vesting Date"), and any PSUs that remain unvested following the Vesting Date shall be immediately forfeited by the Participant without payment of any consideration.

- (b) Once vested, the PSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
 - (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, the value of such fractional Shares shall be paid in cash.
 - (d) If the Participant's service as an Employee of the Company is terminated for any reason other than due to the Participant's death or Disability, or due to Participant's Retirement (as defined below), the PSUs shall, to the extent not then vested, be forfeited by the Participant without consideration.
 - (e) In the event that Participant's employment is terminated by reason of death, Disability or Retirement of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in 1/3 of the PSUs that would have otherwise vested had service continued through the Vesting Date, with such PSUs vesting on that date subject to the achievement of the applicable performance goals. All PSUs that do not vest in accordance with the preceding sentence shall be forfeited and cancelled automatically at the time of the Participant's death, Disability or Retirement. In the event that Participant's employment is terminated by reason of death, Disability or Retirement after the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in all PSUs that would have otherwise vested had service continued through the Vesting Date, with such PSUs vesting on that date subject to the achievement of the applicable performance goals.
 - (f) For purposes of this Agreement, "Retirement" shall mean Participant's termination of employment for any reason (other than for Misconduct as defined in Appendix A to this Agreement) after: (a) Participant has attained age 55 and completed at least seven (7) years of continuous service as an employee of the Company or an Affiliate; or (b) Participant has attained age 65. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that Participant has violated any of the Obligations in Appendix A to this Agreement, the Participant shall not be deemed to be eligible for Retirement and all PSUs that have not been settled shall be forfeited effective as of the date that the violation first occurred.
3. Rights as a Stockholder. Neither the Participant or any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any PSUs unless and until the PSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
4. No Right to Continued Employment. Participant understands and agrees that this Agreement does not impact in any way the right of the Company to terminate or change the terms of the employment of Participant at any time for any reason whatsoever, with or without good cause provided in accordance with applicable local law. Participant understands and agrees that, unless contrary to applicable local law or there is an employment contract in place providing otherwise, his or her employment is "at-will," and that either the Company or Participant may terminate Participant's employment at any time and for any reason subject to applicable local law.
5. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying PSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

6. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the PSU Award under this Agreement from Section 409A and/or preserve the intended tax treatment of the PSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding any provision in this Agreement to the contrary, if and to the extent that any amount payable hereunder constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A (and not exempt therefrom), then: (a) to the extent required by Section 409A any references to termination of employment (or similar references) shall be deemed a reference to a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and (b) if Participant is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then no payment that is payable on account of Participant's "separation from service" shall be made before the date that is at least six months after Participant's "separation from service" (or if earlier, the date of Participant's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period. For the avoidance of doubt, no payment shall be delayed for six months after Participant's "separation from service" if it constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations. For purposes of Section 409A, Participant's right to receive payments hereunder shall be treated as a right to receive a series of separate and distinct payments. The determination of whether Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant's separation from service shall be made by the Company in accordance with the terms of Section 409A.
7. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.
8. Appendices. Appendix A attached hereto, entitled "Post-Employment Obligations," and Appendix B attached hereto, entitled "Terms and Conditions for Non-U.S. Participants," are fully incorporated into, and form a part of, this Agreement.
9. Withholding. As authorized by Section 13(d) of the Plan, when Shares are distributed after vesting, a portion of the Shares may be withheld to satisfy tax withholding requirements, and the net Shares shall then be delivered.
10. Choice of Law. This Agreement, including its Appendices, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.
11. Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, to comply with securities, exchange control, labor, tax, or other applicable laws, rules or regulations in countries outside of the United States in which the Company and its Subsidiaries operate or have Employees, Consultants, or directors, and/or for the purpose of taking advantage of tax favorable treatment for PSU Awards granted to

Participants in such countries, the Committee, in its sole discretion, shall have the power and authority to (i) amend or modify the terms and conditions of any PSU Awards granted to a Participant; (ii) establish, adopt, interpret, or revise any rules and procedures to the extent such actions may be necessary or advisable, including adoption of rules or procedures applicable to particular Subsidiaries or Participants residing in particular locations; and (iii) take any action, before or after a PSU Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules or procedures with provisions that limit or modify rights on eligibility to receive PSU Awards under the Plan or on termination of service, available methods of vesting or settlement of a PSU Award, payment of tax-related items, the shifting of employer tax liability to the Participant, tax withholding procedures, restrictions on the sale of shares of Class A Common Stock of the Company, and the handling of stock certificates or other indicia of ownership. Notwithstanding the foregoing, the Committee may not take actions hereunder, and no PSU Awards shall be granted, that would violate the U.S. Securities Act of 1933, as amended, the Exchange Act, the Code, any securities law or governing statute.

12. Exchange Rates. Neither the Company nor any Subsidiary shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's PSU Award or of any amounts due to the Participant pursuant to the vesting or other settlement of the PSU Award or, if applicable, the subsequent sale of Shares acquired upon vesting.
13. PSU Award Subject to Plan. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee.
14. Conflict with any Employment Contract. If Participant has entered into an authorized, written employment contract with the Company, the terms of that authorized, written employment contract shall prevail over any conflicting provisions in this Agreement.
15. Acknowledgments. By participating in the Plan, the Participant understands and agrees that:
 - a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - b) the grant of PSU Awards is voluntary and occasional and does not create any contractual or other right to receive future PSU Awards, or benefits in lieu of these awards, even if PSU Awards have been granted in the past;
 - c) all decisions with respect to future PSU Awards, if any, will be at the sole discretion of the Committee;
 - d) the Participant is subject to the Company's Securities Trading Policy;
 - e) the Participant is voluntarily participating in the Plan;
 - f) any PSU Awards and the Company's Class A Common Stock subject to awards, and the income and value of same, are not part of the Participant's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments, if any; and

g) no claim or entitlement to compensation or damages shall arise from the forfeiture of a PSU Award (either in whole or in part) resulting from the Participant's termination of employment or service.

PARTICIPANT MUST EXECUTE THIS AGREEMENT BY NO LATER THAN "DATE", OR THE PSU-OM AWARD SHALL BE FORFEITED

APPENDIX A

POST-EMPLOYMENT OBLIGATIONS

As a recipient of the Company equity award (the "Award") described in the agreement to which this Appendix is attached (the "Agreement"), you have the opportunity to build long-term personal financial value. In exchange and consideration for this opportunity, in the event you leave the Company you will be subject to a Confidentiality, a Non-Compete and a Non-Solicitation obligation, as defined below (the "Obligations"), which may restrict your conduct after your employment with the Company ends. If you execute the Agreement, you will receive the Award described in the Agreement and be subject to these Obligations.

Confidentiality You will at all times during and after your employment with the Company faithfully hold the Company's Confidential Information (as defined below) in the strictest confidence, and you will use your best efforts and highest diligence to guard against its disclosure to anyone other than as required in the performance of your duties in good faith to the Company. You will not use Confidential Information for your personal benefit or for the benefit of any competitor or other person. "Confidential Information" means certain proprietary techniques and confidential information as described below, which have great value to the Company's business and which you acknowledge is and shall be the sole and exclusive property of the Company. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Company and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Upon termination of your employment with the Company, regardless of the reason for such termination, you will return to the Company all documents and other materials of any kind that contain Confidential Information. You understand that nothing in this Appendix A or otherwise in this Agreement shall be construed to prohibit you from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

Non-Compete You covenant and agree that during your period of employment, and for a period of six (6) months following the termination of your employment if such termination is voluntarily initiated by you for any reason, or if such termination is initiated by the Company because of your Misconduct, as that term is defined in the Addendum below, you shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium or mid-tier lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Company or any of its subsidiaries, affiliates or licensees. Nothing in this Non-Compete prohibits you from owning, solely as an investment, securities of any entity which are traded on a national securities exchange if you are not a controlling person of, or a member of a group that controls such entity, and you do not, directly or indirectly, own 5% or more of any class of securities of such entity.

Non-Solicit You covenant and agree that during your period of employment, other than in the course of performing your duties in good faith, and for a period of one (1) year following the termination of your employment for any reason whatsoever hereunder, you shall not directly

or indirectly solicit or influence any other employee of the Company, or any of its subsidiaries, affiliates or licensees, to terminate such employee's employment with the Company, or any of its subsidiaries, affiliates or licensees, as the case may be. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

Claw Back If you violate any of the Obligations, the Company has the right to, in its sole and absolute discretion, "Claw Back" the gross value of vested equity grants subject to these post-employment obligations, including restricted stock units ("RSUs"), performance share units ("PSUs"), performance-based restricted stock units ("PRSUs"), and restricted performance share units ("RPSU") (collectively, "Share Units"), as well as from exercised stock options, as follows:

- You will be required to immediately pay back the gross fair market value (the "Value") of all Share Units that vested within the last twelve (12) months of your employment. You will also be required to immediately pay back the Value of all Stock Options that you exercised during the last twelve (12) months of your employment.
- For these purposes, the Value shall be calculated using the closing price of the Company's shares on the date of vesting of all Share Units that vested, and on the date of exercise of all Stock Options that were exercised, as applicable, within the aforementioned twelve (12) month period prior to the date that your employment terminated.
- The Company shall make a written request for the lump sum amount required to restore to the Company the Value of the respective vesting and/or stock option exercises ("Lump Sum"). The Lump Sum payment you are required to make will be reduced to take into account taxes previously withheld by the Company on your behalf only to the extent consistent with Internal Revenue Service rules and the Company's payroll reporting process. You may be required to seek a refund of certain tax withholdings on your personal return with the advice of your personal tax advisor. If you do not return the requested Lump Sum within seven (7) days following the date that the Company makes a written request for such Lump Sum, the Company has the right to take all action necessary to recover the Lump Sum from you, in addition to any attorneys' fees and costs incurred in recovering the Lump Sum.
- All vested and unexercised Stock Options shall be forfeited.

Furthermore, by signing the Agreement, you consent to the Company's right to seek injunctive and other appropriate equitable relief without the requirement to post a bond or other security. The injunctive relief provided for in this paragraph is in addition to any other remedies at law or in equity otherwise available to the Company.

In addition, you acknowledge and agree that during your period of employment and for a period of six (6) months following the date of your termination of employment (if such termination is voluntarily initiated by you for any reason, or, if such termination is initiated by the Company, because of your Misconduct), you will inform the Company, upon acceptance of any job or any work as an independent contractor, of the identity of any new employer or other entity to which you are providing consulting or other services, along with your starting date, title, job description, and other information that the Company may reasonably request to confirm your compliance with the Non-Compete.

All determinations regarding enforcement, waiver, or modification of any provision of this Agreement shall be made in the Company's sole discretion. Such determinations need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

This Appendix A to the Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Appendix A to the Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the rest of this Appendix A to the Agreement.

The Obligations in this Appendix A to the Agreement are in addition to, and independent of, any other non-compete, non-solicit, confidentiality, or other post-employment obligation you may have with the Company, whether under the Company's employment policies or under applicable law. Notwithstanding the foregoing, if you are a party to a written, authorized employment agreement with the Company, or with one of its subsidiaries or affiliates, which contains a non-compete provision, then this Appendix A shall not be enforceable against you.

Except as provided in the preceding paragraph, this Appendix A to the Agreement contains the entire agreement between the parties with respect to the subject matter therein and supersedes all prior oral and written agreements between the parties pertaining to such matters. This Agreement cannot be modified except in a writing signed by the Company and you.

The terms of this Appendix A to the Agreement shall be governed by the laws of the State of New York without regards to its principles of conflicts of laws. Recipients of an Award subject to the Agreement are deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of New York, County of New York, to resolve any and all issues that may arise out of or relate to the Agreement, including but not limited to any and all issues that may arise out of this Appendix A to the Agreement.

By executing the Agreement, you acknowledge and agree that in exchange for the Company granting you the equity award described in the Agreement, you will be subject to the Obligations set forth above.

ADDENDUM

The term "Misconduct" shall be defined for purposes of this Appendix A as follows:

- i. an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by you; or
- ii. any action by you causing damage to or misappropriation of Company assets; or
- iii. your wrongful disclosure of Confidential Information of the Company or any of its affiliates; or
- iv. your engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company; or
- v. your breach of any employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug & alcohol use, or violent acts or threats of violence; or
- vi. the commission of any act by you, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

This Appendix to the Award Agreement applies to Participants whose primary work location is outside the United States. This Appendix applies to Restricted Stock Units and Performance Awards, as the case may be (collectively, the "Awards").

1. **Responsibility of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer or the entity to which Participant otherwise provides services (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of an Award, including, but not limited to, the grant, vesting or settlement of an Award, the subsequent sale of Shares acquired pursuant to such vesting and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of an Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from the proceeds of the sale of Shares acquired at vesting of an Award, as applicable, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization without further consent);
- (b) withholding from Participant's wages or other cash compensation paid to Participant by the Company or any Affiliate;
- (c) withholding Shares to be issued upon vesting of an Award with a Fair Market Value equal to the applicable Tax-Related Items; or
- (d) any other method approved by the Committee and permitted by applicable law.

Provided, however, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold Shares upon the relevant taxable or tax withholding event, as applicable, equal to the Fair Market Value of the applicable Tax-Related Items unless the use of such withholding method is problematic under applicable law or has adverse accounting consequences in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) (b), and (d) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent), or if not refunded by the Company or the Employer, Participant must seek a refund from the local tax authorities to the extent Participant wishes to recover the over-withheld amount in the form of a refund. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to a vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the

Shares, or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. **Nature of Grant.** In accepting an Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Awards is voluntary, exceptional and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Committee;
- (d) Participant's participation in the Plan shall not create a right to further employment or service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or service relationship at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) any Awards and the Shares subject to Awards, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) unless otherwise agreed with the Company, the Awards and Shares subject to the Awards, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of an Affiliate;
- (h) any Awards and the Shares subject to Awards, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, leave pay, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (i) an Award grant will not be interpreted to form an employment or service contract or relationship with the Company or any Affiliate;
- (j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (k) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of an Award or of any proceeds due to Participant pursuant to the vesting of an Award or the sale of Shares;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of an Award resulting from Participant's termination of employment or service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of an Award, Participant agrees not to institute any claim against the Company or any Affiliate; and
- (m) unless otherwise provided in the Plan or by the Committee in its discretion, an Award does not create any entitlement to have the Award or any benefits thereunder transferred to, or assumed by, another company nor exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

3. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

4. **Termination Date.** For purposes of an Award, Participant's employment or service relationship is considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any) as of the earlier of (a) the date on which Participant ceases to provide active service to the Company or any Affiliate and (b) the date on which Participant receives a notice of termination from the Employer. Participant's right to participate in the Plan will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

5. **Retirement.** If the Company receives a legal opinion that there has been a legal judgment and/or legal development in Participant's jurisdiction that likely would result in the favorable treatment that may apply to an Award if Participant terminates employment after attaining age 65 or after attaining any other age (possibly with a certain number of years of service) being deemed unlawful and/or discriminatory, the Company may determine that any such favorable treatment shall not be applicable to Participant.

6. **Data Privacy.**

- a. **Data Collection and Usage.** The Company and the Employer may collect, and use certain personal information about Participant, and persons closely associated with Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("**Data**"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent. Where required under applicable data privacy laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure are the applicable laws.
- b. **Stock Plan Administration Service Providers.** The Company transfers Data to Merrill Lynch and/or its affiliated companies ("Merrill Lynch"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.
- c. **International Data Transfers.** The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. The Company's legal basis, where required, for the transfer of Data is Participant's consent.
- d. **Data Retention.** The Company will hold and use the Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.
- e. **Data Subject Rights.** Participant understands that data subject rights regarding the processing of Data vary depending on applicable law and that, depending on where Participant is based and subject to the conditions set out in such applicable law, Participant may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about Participant and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of

Participant's Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of Participant's Data that Participant has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or Participant's employment and is carried out by automated means. In case of concerns, Participant understands that Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Participant's rights, Participant understands that he or she should contact his or her local human resources representative.

f. **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Awards to Participant or administer or maintain such Awards.

g. **Declaration of Consent.** By accepting an Award and indicating consent via the Company's acceptance procedures, Participant is declaring that Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

7. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on Awards and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

8. **Language.** Participant acknowledges that Participant is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Award Agreement. Furthermore, if Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control

9. **Insider Trading/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws in Participant's or the broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., Awards) or rights linked to the value of Shares (e.g., phantom awards, futures) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to be informed of and compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

10. **Foreign Asset/Account Reporting Requirements and Exchange Controls.** Participant acknowledges that Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds from the sale of Shares acquired under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations, and Participant should consult his or her personal legal advisor for any details.

11. **Governing Law/Venue.** The Awards are governed by, and subject to, United States federal and New York state law (without regard to the conflict of law provisions). For purposes of litigating any dispute that arises from an Award, the parties hereby submit and consent to the exclusive jurisdiction of the State of New York, agree that such litigation shall be conducted only in the courts of New York County, or the federal courts for the United States for the Southern District of New York, where the Award is made and/or to be performed, and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum.
12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require Participant to accept an Award by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to accept Awards through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
13. **Severability.** The provisions of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
14. **Waiver.** The waiver by the Company with respect to compliance of any provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions) by Participant shall not operate or be construed as a waiver of any other provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants or Country-Specific Terms and Conditions), or of any subsequent breach by Participant or any other participant.
15. **Country-Specific Terms and Conditions.** Notwithstanding any provisions in the Award Agreement, including the Terms and Conditions for Non-U.S. Participants, any Awards shall also be subject to the Country-Specific Terms and Conditions for Participant's country, if any, set forth below. Moreover, if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions, the special terms and conditions for such country will apply to Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This document includes additional terms and conditions that govern Awards granted under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

Notifications

This document also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted in this document as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in Awards or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to Participant.

Australia

Terms and Conditions

Australian Offer Document. Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to Participant.

Notifications

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for Participant. If there is no Australian bank involved in the transfer, Participant will be required to file the report on his/her own.

Bangladesh

Exchange Control Information. Bangladesh residents must repatriate all cash proceeds received from participation in the Plan to Bangladesh within the period of time prescribed under applicable exchange control laws, as may be amended from time to time. It is Participant's responsibility to comply with exchange control laws in Bangladesh, and Participant should consult with his or her personal advisor about this matter.

Belgium

Notifications

Foreign Asset/Account Reporting Information. Participant is required to report any security (e.g., Shares acquired under the Plan) or bank accounts held outside of Belgium on his or her annual tax return. In a separate report, Participant will be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account is located). This report, as well as information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

Solidarity Tax Information. A new “solidarity tax” has been proposed, which would impose a 0.15% annual tax if the total value of securities held in a Belgian or foreign securities account exceeds EUR 1 million. If the draft bill becomes law, the solidarity tax will be due on the value of the qualifying securities held in such account. Participant should consult his or her personal tax advisor regarding the status of this new tax. (For avoidance of doubt, the stock exchange tax that had applied to transactions executed by a Belgian resident through a non-Belgian financial intermediary was eliminated as the result of a ruling by the Belgian Constitutional Court on October 17, 2019.)

Canada

Terms and Conditions

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 4 of the Terms and Conditions for Non-U.S. Participants:

IMPORTANT: In accepting the Award, Participant specifically acknowledges and accepts that for purposes of the Award, Participant’s employment or service relationship is considered terminated as of the earlier of (a) the date Participant’s employment with the Company or any Affiliate is terminated; (b) the date on which Participant ceases to provide active service to the Company or any Affiliate; or (c) the date on which Participant receives a notice of termination from the Employer, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant’s right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant’s right to vest in the Award under the Plan, if any, will terminate effective as of the last day of Participant’s minimum statutory notice period, but Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant’s statutory notice period, nor will Participant be entitled to any compensation for lost vesting;

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., New York Stock Exchange (“NYSE”).

Foreign Asset/Account Reporting Information. Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Foreign property includes Shares acquired under the Plan and may include unvested Awards. The unvested Awards must be reported – generally at a nil cost – if the \$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base (“**ACB**”) of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. If due, the Form must be filed by April 30 of the following year. Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

China

The following provisions apply only if Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Awards and Sale of Shares. To comply with exchange control regulations in China, Participant agrees that the Company is authorized to force the sale of Shares to be issued to Participant upon vesting and settlement of the Awards at any time (including immediately upon settlement or after termination of Participant's employment, as described below), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on Participant's behalf pursuant to this authorization without further consent). Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Participant understands and agrees that the Company, in its discretion in the future, may require that any Shares acquired upon settlement of the Awards be immediately sold.

Treatment of Award Upon Termination of Employment or Service. Due to exchange control regulations in China, Participant understands and agrees that any Shares held by Participant under the Plan must be sold within six (6) months following Participant's termination of employment or service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "Mandatory Sale Date"). This includes any portion of Shares that vest upon Participant's termination of employment or service. Participant understands that any Shares held by Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on Participant's behalf pursuant to this authorization without further consent).

If all or a portion of Shares subject to Participant's Awards become distributable at some time following Participant's termination of employment or service, that portion will vest and become distributable immediately upon termination of Participant's employment or service based on the assumption that the target performance criteria are achieved. Any Shares acquired by Participant according to this paragraph must be sold by the Mandatory Sale Date, as described above.

Exchange Control Requirements. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiaries or Affiliates, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining Participant's tax liability). Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Notifications

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, Participant may be subject to reporting obligations for the Awards and any cash proceeds acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

France

Terms and Conditions

Type of Grant. The Awards are not granted as "French-qualified" Awards and are not intended to qualify for special tax and social security treatment applicable to shares granted for no consideration under Sections L.225-197-1 to L.225-197-5 and Sections L.22-10-59 and L.22-10-60 of the French Commercial Code, as amended.

Language Acknowledgement. *En acceptant l'attribution (the "Award"), Participant confirmez ainsi avoir lu et compris les documents relatifs á cette attribution qui ont été communiqués au Participant en langue anglaise.*

By accepting the Award, Participant confirms having read and understood the documents relating to the Award which were provided to Participant in English.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares outside of France or maintains a foreign bank account, Participant is required to report such accounts (including any accounts that were opened or closed during the year) to the French tax authorities when filing Participant's annual tax return. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the Deutsche Bundesbank (the German Central Bank). Participant is responsible for complying with the reporting obligation and should file the report electronically by the fifth day of the month following the month in which the payment is made. A copy of the form can be accessed via the Deutsche Bundesbank's website at www.bundesbank.de and is available in both German and English. However, if Participant uses a German commercial bank to effectuate such cross-border payment, the bank will make the report on Participant's behalf.

Greece

There are no country-specific provisions.

Hong Kong

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to an Award within six months of the grant date, Participant (and Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the grant date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Notifications

Securities Warning. An Award and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees and other service providers of the Company or its Affiliates. The Plan, the Plan prospectus, the Award Agreement and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for Participant's personal use and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, Participant should obtain independent professional advice.

India

Notifications

Exchange Control Information. Participant must repatriate all proceeds received from participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the proceeds. Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is Participant's responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Foreign Asset/Account Reporting Information. Foreign bank accounts and any foreign financial assets (including Shares held outside India) must be reported in the annual Indian personal tax return. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account requirements and because such requirements may change.

Ireland

There are no country-specific provisions.

Italy

Terms and Conditions

Plan Document Acknowledgment. Participant acknowledges that her or she has read and specifically and expressly approve the sections of the Plan and the Terms and Conditions for Non-U.S. Participants.

Notifications

Foreign Asset/Account Reporting Information. If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy if such value exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used.

Japan

Notifications

Foreign Asset/Account Reporting Information. If Participant is a resident of Japan, Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st

of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether he or she will be required to report details of any outstanding Awards or Shares held by Participant in the report.

Korea

Notifications

Foreign Asset/Account Reporting Information. Participant will be required to declare all foreign accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 500 million or an equivalent amount in foreign currency) on any month-end date during a calendar year. Participant should consult his or her personal tax advisor regarding reporting requirements in Korea.

Macau

There are no country-specific provisions.

Netherlands

There are no country-specific provisions.

Poland

Exchange Control Information. Polish residents holding foreign securities (*e.g.*, Shares) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets possessed abroad) exceeds PLN 7 million. If required, the reports must be filed on a quarterly basis on special forms that are available on the website of the National Bank of Poland. Further, if Participants transfer funds in excess of EUR 15,000 (or PLN 15,000 if the transfer of funds is connected with business activity of an entrepreneur) into or out of Poland, the funds must be transferred via a bank account. Participant is required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred. *Participant should consult his/her personal legal advisor to ensure compliance with applicable reporting requirements.*

Portugal

Terms and Conditions

Language Acknowledgement. Participant hereby expressly declares that Participant has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Agreement.

Conhecimento da Língua. *Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

Singapore

Terms and Conditions

Restrictions on Sale and Transferability. Participant hereby agrees that any Shares acquired pursuant to the Awards will not be offered for sale in Singapore prior to the six-month anniversary of the grant date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

Notifications

Securities Law Information. The grant of Awards is being made in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Participant with a view to the Awards being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Reporting Information. If Participant is a director, associate director or shadow director of a Singapore Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act, regardless of whether Participant is a Singapore resident or employed in Singapore. Among these requirements is an obligation to notify the Singapore Affiliate in writing when Participant receives an interest (*e.g.*, Awards, Shares) in the Company or any related companies. In addition, Participant must notify the Singapore Affiliate when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired pursuant to the Awards). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming a director, associate director or shadow director.

Spain

Terms and Conditions

Labor Law Acknowledgment. By accepting an Award, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan document.

Participant understands and agrees that, unless otherwise provided in the Plan, the Award Agreement, the Terms and Conditions for Non-U.S. Participants or any other Award document, the Awards will be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of Participant’s employment or service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with Cause, disciplinary dismissal adjudged or recognized to be without Good Reason (*i.e.*, subject to a “despido improcedente”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute and/or Article 50 of the Workers’ Statute, and unilateral withdrawal by the Employer under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees or other service providers of the Company or an Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, Participant understands that the Awards are granted on the assumption and condition that the Awards and the Shares underlying the Awards shall not become a part of any employment or service contract (either with the Company, the Employer or any other Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the Awards would not be granted to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award shall be null and void.

Notifications

Securities Law Notification. The Awards described in the Award Agreement do not qualify under Spanish regulations as a security. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of an Award. The Plan, Award Agreement or any other grant materials have not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and none of those documents constitute a public offering prospectus.

Exchange Control Information. If Participant acquires Shares issued pursuant to an Award and wishes to import the ownership title of such Shares (*i.e.*, share certificates) into Spain, or sell or dispose of such Shares, Participant must

declare the importation, ownership and disposition of such securities to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds the applicable threshold (currently €1,502,530), the declaration must be filed within one month of the acquisition or sale, as applicable.

Foreign Asset/Account Reporting Information. Participant is required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired under the Plan) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. Once the €1,000,000 threshold has been surpassed in either respect, Participant will generally be required to report all foreign accounts, foreign instruments and transactions with non-Spanish residents, even if the relevant threshold has not been crossed for an individual item. Generally, Participant will only be required to report on an annual basis (by January 20 of each year).

In addition, to the extent Participant holds Shares, and/or has bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31 (or at any time during the year in which Participant sells or disposes of such asset), Participant will be required to report information on such assets on Participant’s tax return for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported Shares or accounts increases by more than €20,000.

Sweden

There are no country-specific provisions.

Switzerland

Notifications

Securities Law Information. Because the offer of the Awards is considered a private offering in Switzerland, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

Foreign Asset/Account Reporting Information. Participant is required to declare all of his or her foreign bank and brokerage accounts in which he or she hold cash or securities, including the accounts that were opened and/or closed during the tax year, as well as any other assets, on an annual basis on in his or her tax return. This includes Awards granted to Participant under the Plan which should not be subject to the net wealth tax, but must be reflected “pro memoria” in the statement on bank accounts and securities (Wertschriftenverzeichnis) that Participant is required to file with his or her tax return.

Taiwan

Notifications

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries and Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The acquisition or conversion of foreign currency and the remittance of such amounts (including proceeds from the sale of Shares) to Taiwan may trigger certain annual or periodic exchange control reporting. If the transaction amount is TWD500,000 or more in a single transaction, Participant may be required to submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the remitting bank. Participant should consult his or her personal legal advisor to ensure compliance with applicable exchange control laws in Taiwan.

Turkey

Notifications

Securities Law Information. Under Turkish law, Participant is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of "RL" and Shares acquired under the Plan may be sold through this exchange.

Exchange Control Information. Participant acknowledges that any activity related to investments in foreign securities (e.g., the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. Participant is solely responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

United Kingdom

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 1 of the Terms and Conditions for Non-U.S. Participants:

Without limitation to Section 1 of the Terms and Conditions for Non-U.S. Participants, Participant agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on Participant's behalf (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant as it may be considered a loan. In this case, the amount of any income tax not collected from or paid by Participant may constitute a benefit to Participant on which additional income tax and national insurance contributions may be payable. Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from Participant by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

RALPH LAUREN CORPORATION

PERFORMANCE SHARE UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), is made, effective as of "DATE" (the "Grant Date"), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the "Company"), and /\$ParticipantName\$/ (hereinafter called the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2019 Long-Term Stock Incentive Plan (the "Plan") which Plan is incorporated herein by reference, made part of this Agreement, and may be reviewed here [website link to Plan]. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance share unit award provided for herein ("Performance Share Unit – Total Shareholder Return Award" or "PSU-TSR Award") to Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Performance Share Units. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement as well as the Appendices to this Agreement, the Company hereby grants to the Participant a Performance Share Unit Award consisting of /\$AwardsGranted\$/ Performance Share Units ("PSUs"). The PSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.

2. Vesting.

(a) Except as provided in Section 2(e) of this Agreement, the PSU-TSR Award shall vest following a three-year performance period consisting of the Company's fiscal years 20xx, 20xx and 20xx, and shall be subject to the Participant's employment with the Company on the Vesting Date (as defined below), and the attainment of one or more performance goals established by the Committee, in its sole discretion. With respect to the grant of the PSU-TSR Award, Participant shall be eligible to vest in a percentage of PSUs as follows:

<u>Performance Level</u>	<u>Relative TSR Performance</u>	<u>% of PSUs Vested</u>
Below Threshold	<xxth Percentile	xx%
Threshold	xxth Percentile	xx%
Target	xxth Percentile	xx%
Stretch	xxth Percentile	xx%
Maximum	xxth Percentile	xx%

PSU-TSR Award vesting shall be interpolated on a linear basis for performance between Threshold and Target, between Target and Stretch, and between Stretch and Maximum. No PSUs shall vest for performance below threshold goal(s). Except as otherwise provided for in this Agreement, not later than ninety (90) days following the last day of the Company's fiscal year 20xx, the Committee shall certify the level of performance achieved with respect to the above-referenced three-year performance period (the date of such certification being referred to as the

“PSU Certification Date”). The PSUs, if any, that vest in accordance with this Section 2(a) shall vest as soon as administratively practicable but no later than thirty (30) days following the PSU Certification Date (the “Vesting Date”), and any PSUs that remain unvested following the Vesting Date shall be immediately forfeited by the Participant without payment of any consideration.

- (b) Once vested, the PSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
 - (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, the value of such fractional Shares shall be paid in cash.
 - (d) If the Participant’s service as an Employee of the Company is terminated for any reason other than due to the Participant’s death or Disability, or due to Participant’s Retirement (as defined below), the PSUs shall, to the extent not then vested, be forfeited by the Participant without consideration.
 - (e) In the event that Participant’s employment is terminated by reason of death, Disability or Retirement of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in 1/3 of the PSUs that would have otherwise vested had service continued through the Vesting Date, with such PSUs vesting on that date subject to the achievement of the applicable performance goals. All PSUs that do not vest in accordance with the preceding sentence shall be forfeited and cancelled automatically at the time of the Participant’s death, Disability or Retirement. In the event that Participant’s employment is terminated by reason of death, Disability or Retirement after the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in all PSUs that would have otherwise vested had service continued through the Vesting Date, with such PSUs vesting on that date subject to the achievement of the applicable performance goals.
 - (f) For purposes of this Agreement, “Retirement” shall mean Participant’s termination of employment for any reason (other than for Misconduct as defined in Appendix A to this Agreement) after: (a) Participant has attained age 55 and completed at least seven (7) years of continuous service as an employee of the Company or an Affiliate; or (b) Participant has attained age 65. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that Participant has violated any of the Obligations in Appendix A to this Agreement, the Participant shall not be deemed to be eligible for Retirement and all PSUs that have not been settled shall be forfeited effective as of the date that the violation first occurred.
3. Rights as a Stockholder. Neither the Participant or any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any PSUs unless and until the PSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
4. No Right to Continued Employment. Participant understands and agrees that this Agreement does not impact in any way the right of the Company to terminate or change the terms of the employment of Participant at any time for any reason whatsoever, with or without good cause provided in accordance with applicable local law. Participant understands and agrees that, unless contrary to applicable local law or there is an employment contract in place providing otherwise, his or her employment is “at-will,” and that either the Company or Participant may terminate Participant’s employment at any time and for any reason subject to applicable local law.
5. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant’s participation in the Plan, or his or her acquisition or sale of the underlying PSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant’s participation in the Plan before taking any action related to the Plan.

6. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the PSU Award under this Agreement from Section 409A and/or preserve the intended tax treatment of the PSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding any provision in this Agreement to the contrary, if and to the extent that any amount payable hereunder constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A (and not exempt therefrom), then: (a) to the extent required by Section 409A any references to termination of employment (or similar references) shall be deemed a reference to a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and (b) if Participant is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then no payment that is payable on account of Participant's "separation from service" shall be made before the date that is at least six months after Participant's "separation from service" (or if earlier, the date of Participant's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period. For the avoidance of doubt, no payment shall be delayed for six months after Participant's "separation from service" if it constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations. For purposes of Section 409A, Participant's right to receive payments hereunder shall be treated as a right to receive a series of separate and distinct payments. The determination of whether Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant's separation from service shall be made by the Company in accordance with the terms of Section 409A.
7. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.
8. Appendices. Appendix A attached hereto, entitled "Post-Employment Obligations," and Appendix B attached hereto, entitled "Terms and Conditions for Non-U.S. Participants," are fully incorporated into, and form a part of, this Agreement.
9. Withholding. As authorized by Section 13(d) of the Plan, when Shares are distributed after vesting, a portion of the Shares may be withheld to satisfy tax withholding requirements, and the net Shares shall then be delivered.
10. Choice of Law. This Agreement, including its Appendices, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.
11. Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, to comply with securities, exchange control, labor, tax, or other applicable laws, rules or regulations in countries outside of the United States in which the Company and its Subsidiaries operate or have Employees, Consultants, or

directors, and/or for the purpose of taking advantage of tax favorable treatment for PSU Awards granted to Participants in such countries, the Committee, in its sole discretion, shall have the power and authority to (i) amend or modify the terms and conditions of any PSU Awards granted to a Participant; (ii) establish, adopt, interpret, or revise any rules and procedures to the extent such actions may be necessary or advisable, including adoption of rules or procedures applicable to particular Subsidiaries or Participants residing in particular locations; and (iii) take any action, before or after an PSU Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules or procedures with provisions that limit or modify rights on eligibility to receive PSU Awards under the Plan or on termination of service, available methods of vesting or settlement of a PSU Award, payment of tax-related items, the shifting of employer tax liability to the Participant, tax withholding procedures, restrictions on the sale of shares of Class A Common Stock of the Company, and the handling of stock certificates or other indicia of ownership. Notwithstanding the foregoing, the Committee may not take actions hereunder, and no PSU Awards shall be granted, that would violate the U.S. Securities Act of 1933, as amended, the Exchange Act, the Code, any securities law or governing statute.

12. Exchange Rates. Neither the Company nor any Subsidiary shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's PSU Award or of any amounts due to the Participant pursuant to the vesting or other settlement of the PSU Award or, if applicable, the subsequent sale of Shares acquired upon vesting.
13. PSU Award Subject to Plan. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee.
14. Conflict with any Employment Contract. If Participant has entered into an authorized, written employment contract with the Company, the terms of that authorized, written employment contract shall prevail over any conflicting provisions in this Agreement.
15. Acknowledgments. By participating in the Plan, the Participant understands and agrees that:
 - a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - b) the grant of PSU Awards is voluntary and occasional and does not create any contractual or other right to receive future PSU Awards, or benefits in lieu of these awards, even if PSU Awards have been granted in the past;
 - c) all decisions with respect to future PSU Awards, if any, will be at the sole discretion of the Committee;
 - d) the Participant is subject to the Company's Securities Trading Policy;
 - e) the Participant is voluntarily participating in the Plan;
 - f) any PSU Awards and the Company's Class A Common Stock subject to awards, and the income and value of same, are not part of the Participant's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments, if any; and

g) no claim or entitlement to compensation or damages shall arise from the forfeiture of a PSU Award (either in whole or in part) resulting from the Participant's termination of employment or service.

PARTICIPANT MUST EXECUTE THIS AGREEMENT BY NO LATER THAN "DATE", OR THE PSU-TSR AWARD SHALL BE FORFEITED

APPENDIX A

POST-EMPLOYMENT OBLIGATIONS

As a recipient of the Company equity award (the "Award") described in the agreement to which this Appendix is attached (the "Agreement"), you have the opportunity to build long-term personal financial value. In exchange and consideration for this opportunity, in the event you leave the Company you will be subject to a Confidentiality, a Non-Compete and a Non-Solicitation obligation, as defined below (the "Obligations"), which may restrict your conduct after your employment with the Company ends. If you execute the Agreement, you will receive the Award described in the Agreement and be subject to these Obligations.

Confidentiality You will at all times during and after your employment with the Company faithfully hold the Company's Confidential Information (as defined below) in the strictest confidence, and you will use your best efforts and highest diligence to guard against its disclosure to anyone other than as required in the performance of your duties in good faith to the Company. You will not use Confidential Information for your personal benefit or for the benefit of any competitor or other person. "Confidential Information" means certain proprietary techniques and confidential information as described below, which have great value to the Company's business and which you acknowledge is and shall be the sole and exclusive property of the Company. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Company and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Upon termination of your employment with the Company, regardless of the reason for such termination, you will return to the Company all documents and other materials of any kind that contain Confidential Information. You understand that nothing in this Appendix A or otherwise in this Agreement shall be construed to prohibit you from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

Non-Compete You covenant and agree that during your period of employment, and for a period of six (6) months following the termination of your employment if such termination is voluntarily initiated by you for any reason, or if such termination is initiated by the Company because of your Misconduct, as that term is defined in the Addendum below, you shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium or mid-tier lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Company or any of its subsidiaries, affiliates or licensees. Nothing in this Non-Compete prohibits you from owning, solely as an investment, securities of any entity which are traded on a national securities exchange if you are not a controlling person of, or a member of a group that controls such entity, and you do not, directly or indirectly, own 5% or more of any class of securities of such entity.

Non-Solicit You covenant and agree that during your period of employment, other than in the course of performing your duties in good faith, and for a period of one (1) year following the termination of your employment for any reason whatsoever hereunder, you shall not directly or indirectly solicit or influence any other employee of the Company, or any of its

subsidiaries, affiliates or licensees, to terminate such employee's employment with the Company, or any of its subsidiaries, affiliates or licensees, as the case may be. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

Claw Back If you violate any of the Obligations, the Company has the right to, in its sole and absolute discretion, "Claw Back" the gross value of vested equity grants subject to these post-employment obligations, including restricted stock units ("RSUs"), performance share units ("PSUs"), performance-based restricted stock units ("PRSUs"), and restricted performance share units ("RPSU") (collectively, "Share Units"), as well as from exercised stock options, as follows:

- You will be required to immediately pay back the gross fair market value (the "Value") of all Share Units that vested within the last twelve (12) months of your employment. You will also be required to immediately pay back the Value of all Stock Options that you exercised during the last twelve (12) months of your employment.
- For these purposes, the Value shall be calculated using the closing price of the Company's shares on the date of vesting of all Share Units that vested, and on the date of exercise of all Stock Options that were exercised, as applicable, within the aforementioned twelve (12) month period prior to the date that your employment terminated.
- The Company shall make a written request for the lump sum amount required to restore to the Company the Value of the respective vesting and/or stock option exercises ("Lump Sum"). The Lump Sum payment you are required to make will be reduced to take into account taxes previously withheld by the Company on your behalf only to the extent consistent with Internal Revenue Service rules and the Company's payroll reporting process. You may be required to seek a refund of certain tax withholdings on your personal return with the advice of your personal tax advisor. If you do not return the requested Lump Sum within seven (7) days following the date that the Company makes a written request for such Lump Sum, the Company has the right to take all action necessary to recover the Lump Sum from you, in addition to any attorneys' fees and costs incurred in recovering the Lump Sum.
- All vested and unexercised Stock Options shall be forfeited.

Furthermore, by signing the Agreement, you consent to the Company's right to seek injunctive and other appropriate equitable relief without the requirement to post a bond or other security. The injunctive relief provided for in this paragraph is in addition to any other remedies at law or in equity otherwise available to the Company.

In addition, you acknowledge and agree that during your period of employment and for a period of six (6) months following the date of your termination of employment (if such termination is voluntarily initiated by you for any reason, or, if such termination is initiated by the Company, because of your Misconduct), you will inform the Company, upon acceptance of any job or any work as an independent contractor, of the identity of any new employer or other entity to which you are providing consulting or other services, along with your starting date, title, job description, and other information that the Company may reasonably request to confirm your compliance with the Non-Compete.

All determinations regarding enforcement, waiver, or modification of any provision of this Agreement shall be made in the Company's sole discretion. Such determinations need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

This Appendix A to the Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Appendix A to the Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the rest of this Appendix A to the Agreement.

The Obligations in this Appendix A to the Agreement are in addition to, and independent of, any other non-compete, non-solicit, confidentiality, or other post-employment obligation you may have with the Company, whether under the Company's employment policies or under applicable law. Notwithstanding the foregoing, if you are a party to a written, authorized employment agreement with the Company, or with one of its subsidiaries or affiliates, which contains a non-compete provision, then this Appendix A shall not be enforceable against you.

Except as provided in the preceding paragraph, this Appendix A to the Agreement contains the entire agreement between the parties with respect to the subject matter therein and supersedes all prior oral and written agreements between the parties pertaining to such matters. This Agreement cannot be modified except in a writing signed by the Company and you.

The terms of this Appendix A to the Agreement shall be governed by the laws of the State of New York without regards to its principles of conflicts of laws. Recipients of an Award subject to the Agreement are deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of New York, County of New York, to resolve any and all issues that may arise out of or relate to the Agreement, including but not limited to any and all issues that may arise out of this Appendix A to the Agreement.

By executing the Agreement, you acknowledge and agree that in exchange for the Company granting you the equity award described in the Agreement, you will be subject to the Obligations set forth above.

ADDENDUM

The term "Misconduct" shall be defined for purposes of this Appendix A as follows:

- i. an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by you; or
- ii. any action by you causing damage to or misappropriation of Company assets; or
- iii. your wrongful disclosure of Confidential Information of the Company or any of its affiliates; or
- iv. your engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company; or
- v. your breach of any employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug & alcohol use, or violent acts or threats of violence; or
- vi. the commission of any act by you, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

This Appendix to the Award Agreement applies to Participants whose primary work location is outside the United States. This Appendix applies to Restricted Stock Units and Performance Awards, as the case may be (collectively, the "Awards").

1. **Responsibility of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer or the entity to which Participant otherwise provides services (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of an Award, including, but not limited to, the grant, vesting or settlement of an Award, the subsequent sale of Shares acquired pursuant to such vesting and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of an Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from the proceeds of the sale of Shares acquired at vesting of an Award, as applicable, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization without further consent);
- (b) withholding from Participant's wages or other cash compensation paid to Participant by the Company or any Affiliate;
- (c) withholding Shares to be issued upon vesting of an Award with a Fair Market Value equal to the applicable Tax-Related Items; or
- (d) any other method approved by the Committee and permitted by applicable law.

Provided, however, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold Shares upon the relevant taxable or tax withholding event, as applicable, equal to the Fair Market Value of the applicable Tax-Related Items unless the use of such withholding method is problematic under applicable law or has adverse accounting consequences in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) (b), and (d) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent), or if not refunded by the Company or the Employer, Participant must seek a refund from the local tax authorities to the extent Participant wishes to recover the over-withheld amount in the form of a refund. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to a vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the

Shares, or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. **Nature of Grant.** In accepting an Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Awards is voluntary, exceptional and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Committee;
- (d) Participant's participation in the Plan shall not create a right to further employment or service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or service relationship at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) any Awards and the Shares subject to Awards, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) unless otherwise agreed with the Company, the Awards and Shares subject to the Awards, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of an Affiliate;
- (h) any Awards and the Shares subject to Awards, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, leave pay, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (i) an Award grant will not be interpreted to form an employment or service contract or relationship with the Company or any Affiliate;
- (j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (k) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of an Award or of any proceeds due to Participant pursuant to the vesting of an Award or the sale of Shares;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of an Award resulting from Participant's termination of employment or service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of an Award, Participant agrees not to institute any claim against the Company or any Affiliate; and
- (m) unless otherwise provided in the Plan or by the Committee in its discretion, an Award does not create any entitlement to have the Award or any benefits thereunder transferred to, or assumed by, another company nor exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

3. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

4. **Termination Date.** For purposes of an Award, Participant's employment or service relationship is considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any) as of the earlier of (a) the date on which Participant ceases to provide active service to the Company or any Affiliate and (b) the date on which Participant receives a notice of termination from the Employer. Participant's right to participate in the Plan will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).
5. **Retirement.** If the Company receives a legal opinion that there has been a legal judgment and/or legal development in Participant's jurisdiction that likely would result in the favorable treatment that may apply to an Award if Participant terminates employment after attaining age 65 or after attaining any other age (possibly with a certain number of years of service) being deemed unlawful and/or discriminatory, the Company may determine that any such favorable treatment shall not be applicable to Participant.
6. **Data Privacy.**
- a. **Data Collection and Usage.** *The Company and the Employer may collect, and use certain personal information about Participant, and persons closely associated with Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent. Where required under applicable data privacy laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure are the applicable laws.*
 - b. **Stock Plan Administration Service Providers.** *The Company transfers Data to Merrill Lynch and/or its affiliated companies ("Merrill Lynch"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*
 - c. **International Data Transfers.** *The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. The Company's legal basis, where required, for the transfer of Data is Participant's consent.*
 - d. **Data Retention.** *The Company will hold and use the Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*
 - e. **Data Subject Rights.** *Participant understands that data subject rights regarding the processing of Data vary depending on applicable law and that, depending on where Participant is based and subject to the conditions set out in such applicable law, Participant may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about Participant and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for*

the purposes underlying the processing, (iv) request the Company to restrict the processing of Participant's Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of Participant's Data that Participant has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or Participant's employment and is carried out by automated means. In case of concerns, Participant understands that Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Participant's rights, Participant understands that he or she should contact his or her local human resources representative.

- f. **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Awards to Participant or administer or maintain such Awards.
- g. **Declaration of Consent.** By accepting an Award and indicating consent via the Company's acceptance procedures, Participant is declaring that Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.
7. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on Awards and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
8. **Language.** Participant acknowledges that Participant is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Award Agreement. Furthermore, if Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
9. **Insider Trading/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws in Participant's or the broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., Awards) or rights linked to the value of Shares (e.g., phantom awards, futures) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to be informed of and compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.
10. **Foreign Asset/Account Reporting Requirements and Exchange Controls.** Participant acknowledges that Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds from the sale of Shares acquired under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate sale proceeds or

other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations, and Participant should consult his or her personal legal advisor for any details.

11. **Governing Law/Venue.** The Awards are governed by, and subject to, United States federal and New York state law (without regard to the conflict of law provisions). For purposes of litigating any dispute that arises from an Award, the parties hereby submit and consent to the exclusive jurisdiction of the State of New York, agree that such litigation shall be conducted only in the courts of New York County, or the federal courts for the United States for the Southern District of New York, where the Award is made and/or to be performed, and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum.
12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require Participant to accept an Award by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to accept Awards through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
13. **Severability.** The provisions of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
14. **Waiver.** The waiver by the Company with respect to compliance of any provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions) by Participant shall not operate or be construed as a waiver of any other provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants or Country-Specific Terms and Conditions), or of any subsequent breach by Participant or any other participant.
15. **Country-Specific Terms and Conditions.** Notwithstanding any provisions in the Award Agreement, including the Terms and Conditions for Non-U.S. Participants, any Awards shall also be subject to the Country-Specific Terms and Conditions for Participant's country, if any, set forth below. Moreover, if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions, the special terms and conditions for such country will apply to Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This document includes additional terms and conditions that govern Awards granted under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

Notifications

This document also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted in this document as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in Awards or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to Participant.

Australia

Terms and Conditions

Australian Offer Document. Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to Participant.

Notifications

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for Participant. If there is no Australian bank involved in the transfer, Participant will be required to file the report on his/her own.

Bangladesh

Exchange Control Information. Bangladesh residents must repatriate all cash proceeds received from participation in the Plan to Bangladesh within the period of time prescribed under applicable exchange control laws, as may be amended from time to time. It is Participant's responsibility to comply with exchange control laws in Bangladesh, and Participant should consult with his or her personal advisor about this matter.

Belgium

Notifications

Foreign Asset/Account Reporting Information. Participant is required to report any security (e.g., Shares acquired under the Plan) or bank accounts held outside of Belgium on his or her annual tax return. In a separate report, Participant will be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account is located). This report, as well as information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

Solidarity Tax Information. A new “solidarity tax” has been proposed, which would impose a 0.15% annual tax if the total value of securities held in a Belgian or foreign securities account exceeds EUR 1 million. If the draft bill becomes law, the solidarity tax will be due on the value of the qualifying securities held in such account. Participant should consult his or her personal tax advisor regarding the status of this new tax. (For avoidance of doubt, the stock exchange tax that had applied to transactions executed by a Belgian resident through a non-Belgian financial intermediary was eliminated as the result of a ruling by the Belgian Constitutional Court on October 17, 2019.)

Canada

Terms and Conditions

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 4 of the Terms and Conditions for Non-U.S. Participants:

IMPORTANT: In accepting the Award, Participant specifically acknowledges and accepts that for purposes of the Award, Participant’s employment or service relationship is considered terminated as of the earlier of (a) the date Participant’s employment with the Company or any Affiliate is terminated; (b) the date on which Participant ceases to provide active service to the Company or any Affiliate; or (c) the date on which Participant receives a notice of termination from the Employer, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant’s right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant’s right to vest in the Award under the Plan, if any, will terminate effective as of the last day of Participant’s minimum statutory notice period, but Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant’s statutory notice period, nor will Participant be entitled to any compensation for lost vesting;

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., New York Stock Exchange (“NYSE”).

Foreign Asset/Account Reporting Information. Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Foreign property includes Shares acquired under the Plan and may include unvested Awards. The unvested Awards must be reported – generally at a nil cost – if the \$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. If due, the Form must be filed by April 30 of the following year. Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

China

The following provisions apply only if Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Awards and Sale of Shares. To comply with exchange control regulations in China, Participant agrees that the Company is authorized to force the sale of Shares to be issued to Participant upon vesting and settlement of the Awards at any time (including immediately upon settlement or after termination of Participant's employment, as described below), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on Participant's behalf pursuant to this authorization without further consent). Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Participant understands and agrees that the Company, in its discretion in the future, may require that any Shares acquired upon settlement of the Awards be immediately sold.

Treatment of Award Upon Termination of Employment or Service. Due to exchange control regulations in China, Participant understands and agrees that any Shares held by Participant under the Plan must be sold within six (6) months following Participant's termination of employment or service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "Mandatory Sale Date"). This includes any portion of Shares that vest upon Participant's termination of employment or service. Participant understands that any Shares held by Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on Participant's behalf pursuant to this authorization without further consent).

If all or a portion of Shares subject to Participant's Awards become distributable at some time following Participant's termination of employment or service, that portion will vest and become distributable immediately upon termination of Participant's employment or service based on the assumption that the target performance criteria are achieved. Any Shares acquired by Participant according to this paragraph must be sold by the Mandatory Sale Date, as described above.

Exchange Control Requirements. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiaries or Affiliates, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining Participant's tax liability). Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Notifications

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, Participant may be subject to reporting obligations for the Awards and any cash proceeds acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

France

Terms and Conditions

Type of Grant. The Awards are not granted as "French-qualified" Awards and are not intended to qualify for special tax and social security treatment applicable to shares granted for no consideration under Sections L.225-197-1 to L.225-197-5 and Sections L.22-10-59 and L.22-10-60 of the French Commercial Code, as amended.

Language Acknowledgement. *En acceptant l'attribution (the "Award"), Participant confirmez ainsi avoir lu et compris les documents relatifs á cette attribution qui ont été communiqués au Participant en langue anglaise.*

By accepting the Award, Participant confirms having read and understood the documents relating to the Award which were provided to Participant in English.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares outside of France or maintains a foreign bank account, Participant is required to report such accounts (including any accounts that were opened or closed during the year) to the French tax authorities when filing Participant's annual tax return. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the Deutsche Bundesbank (the German Central Bank). Participant is responsible for complying with the reporting obligation and should file the report electronically by the fifth day of the month following the month in which the payment is made. A copy of the form can be accessed via the Deutsche Bundesbank's website at www.bundesbank.de and is available in both German and English. However, if Participant uses a German commercial bank to effectuate such cross-border payment, the bank will make the report on Participant's behalf.

Greece

There are no country-specific provisions.

Hong Kong

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to an Award within six months of the grant date, Participant (and Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the grant date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Notifications

Securities Warning. An Award and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees and other service providers of the Company or its Affiliates. The Plan, the Plan prospectus, the Award Agreement and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for Participant's personal use and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, Participant should obtain independent professional advice.

India

Notifications

Exchange Control Information. Participant must repatriate all proceeds received from participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the proceeds. Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is Participant's responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Foreign Asset/Account Reporting Information. Foreign bank accounts and any foreign financial assets (including Shares held outside India) must be reported in the annual Indian personal tax return. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account requirements and because such requirements may change.

Ireland

There are no country-specific provisions.

Italy

Terms and Conditions

Plan Document Acknowledgment. Participant acknowledges that her or she has read and specifically and expressly approve the sections of the Plan and the Terms and Conditions for Non-U.S. Participants.

Notifications

Foreign Asset/Account Reporting Information. If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy if such value exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used.

Japan

Notifications

Foreign Asset/Account Reporting Information. If Participant is a resident of Japan, Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st

of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether he or she will be required to report details of any outstanding Awards or Shares held by Participant in the report.

Korea

Notifications

Foreign Asset/Account Reporting Information. Participant will be required to declare all foreign accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 500 million or an equivalent amount in foreign currency) on any month-end date during a calendar year. Participant should consult his or her personal tax advisor regarding reporting requirements in Korea.

Macau

There are no country-specific provisions.

Netherlands

There are no country-specific provisions.

Poland

Exchange Control Information. Polish residents holding foreign securities (*e.g.*, Shares) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets possessed abroad) exceeds PLN 7 million. If required, the reports must be filed on a quarterly basis on special forms that are available on the website of the National Bank of Poland. Further, if Participants transfer funds in excess of EUR 15,000 (or PLN 15,000 if the transfer of funds is connected with business activity of an entrepreneur) into or out of Poland, the funds must be transferred via a bank account. Participant is required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred. *Participant should consult his/her personal legal advisor to ensure compliance with applicable reporting requirements.*

Portugal

Terms and Conditions

Language Acknowledgement. Participant hereby expressly declares that Participant has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Agreement.

Conhecimento da Língua. *Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

Singapore

Terms and Conditions

Restrictions on Sale and Transferability. Participant hereby agrees that any Shares acquired pursuant to the Awards will not be offered for sale in Singapore prior to the six-month anniversary of the grant date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

Notifications

Securities Law Information. The grant of Awards is being made in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Participant with a view to the Awards being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Reporting Information. If Participant is a director, associate director or shadow director of a Singapore Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act, regardless of whether Participant is a Singapore resident or employed in Singapore. Among these requirements is an obligation to notify the Singapore Affiliate in writing when Participant receives an interest (*e.g.*, Awards, Shares) in the Company or any related companies. In addition, Participant must notify the Singapore Affiliate when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired pursuant to the Awards). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming a director, associate director or shadow director.

Spain

Terms and Conditions

Labor Law Acknowledgment. By accepting an Award, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan document.

Participant understands and agrees that, unless otherwise provided in the Plan, the Award Agreement, the Terms and Conditions for Non-U.S. Participants or any other Award document, the Awards will be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of Participant’s employment or service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with Cause, disciplinary dismissal adjudged or recognized to be without Good Reason (*i.e.*, subject to a “despido improcedente”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute and/or Article 50 of the Workers’ Statute, and unilateral withdrawal by the Employer under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees or other service providers of the Company or an Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, Participant understands that the Awards are granted on the assumption and condition that the Awards and the Shares underlying the Awards shall not become a part of any employment or service contract (either with the Company, the Employer or any other Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the Awards would not be granted to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award shall be null and void.

Notifications

Securities Law Notification. The Awards described in the Award Agreement do not qualify under Spanish regulations as a security. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of an Award. The Plan, Award Agreement or any other grant materials have not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and none of those documents constitute a public offering prospectus.

Exchange Control Information. If Participant acquires Shares issued pursuant to an Award and wishes to import the ownership title of such Shares (*i.e.*, share certificates) into Spain, or sell or dispose of such Shares, Participant must

declare the importation, ownership and disposition of such securities to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds the applicable threshold (currently €1,502,530), the declaration must be filed within one month of the acquisition or sale, as applicable.

Foreign Asset/Account Reporting Information. Participant is required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired under the Plan) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. Once the €1,000,000 threshold has been surpassed in either respect, Participant will generally be required to report all foreign accounts, foreign instruments and transactions with non-Spanish residents, even if the relevant threshold has not been crossed for an individual item. Generally, Participant will only be required to report on an annual basis (by January 20 of each year).

In addition, to the extent Participant holds Shares, and/or has bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31 (or at any time during the year in which Participant sells or disposes of such asset), Participant will be required to report information on such assets on Participant’s tax return for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported Shares or accounts increases by more than €20,000.

Sweden

There are no country-specific provisions.

Switzerland

Notifications

Securities Law Information. Because the offer of the Awards is considered a private offering in Switzerland, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

Foreign Asset/Account Reporting Information. Participant is required to declare all of his or her foreign bank and brokerage accounts in which he or she hold cash or securities, including the accounts that were opened and/or closed during the tax year, as well as any other assets, on an annual basis on in his or her tax return. This includes Awards granted to Participant under the Plan which should not be subject to the net wealth tax, but must be reflected “pro memoria” in the statement on bank accounts and securities (Wertschriftenverzeichnis) that Participant is required to file with his or her tax return.

Taiwan

Notifications

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries and Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The acquisition or conversion of foreign currency and the remittance of such amounts (including proceeds from the sale of Shares) to Taiwan may trigger certain annual or periodic exchange control reporting. If the transaction amount is TWD500,000 or more in a single transaction, Participant may be required to submit a Foreign Exchange Transaction Form and provide supporting documentation to the satisfaction of the remitting bank. Participant should consult his or her personal legal advisor to ensure compliance with applicable exchange control laws in Taiwan.

Turkey

Notifications

Securities Law Information. Under Turkish law, Participant is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of "RL" and Shares acquired under the Plan may be sold through this exchange.

Exchange Control Information. Participant acknowledges that any activity related to investments in foreign securities (e.g., the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. Participant is solely responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

United Kingdom

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 1 of the Terms and Conditions for Non-U.S. Participants:

Without limitation to Section 1 of the Terms and Conditions for Non-U.S. Participants, Participant agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on Participant' behalf (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant as it may be considered a loan. In this case, the amount of any income tax not collected from or paid by Participant may constitute a benefit to Participant on which additional income tax and national insurance contributions may be payable. Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from Participant by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

CERTIFICATION

I, Patrice Louvet, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ralph Lauren Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PATRICE LOUVET

Patrice Louvet
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

CERTIFICATION

I, Jane Hamilton Nielsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ralph Lauren Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JANE HAMILTON NIELSEN

Jane Hamilton Nielsen
Chief Operating Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 3, 2021

**Certification of Patrice Louvet Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Ralph Lauren Corporation (the "Company") on Form 10-Q for the period ended September 25, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrice Louvet, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ PATRICE LOUVET
Patrice Louvet

Date: November 3, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ralph Lauren Corporation and will be retained by Ralph Lauren Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Jane Hamilton Nielsen Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Ralph Lauren Corporation (the "Company") on Form 10-Q for the period ended September 25, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jane Hamilton Nielsen, Chief Operating Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JANE HAMILTON NIELSEN
Jane Hamilton Nielsen

Date: November 3, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ralph Lauren Corporation and will be retained by Ralph Lauren Corporation and furnished to the Securities and Exchange Commission or its staff upon request.