

CORPORATE ENVIRONMENTAL POLICY

OVERVIEW

At Kate Spade & Company we are committed to a long-term sustainable approach to caring for and safeguarding the environment. Specifically, "sustainability" means that we constantly endeavor to balance environmental considerations and social responsibility with our business goals. As a result, we strive to evolve and implement our Corporate Environmental Policy – in addition to complying with environmental laws and regulations. Over the long-run, only a sustainable approach will benefit the consumers, customers, shareholders, associates and communities we serve by both meeting our business goals and protecting and improving the quality of the environment in which we all live.

In 2010 the Company conducted a Carbon Footprint analysis (for the year 2009) with the assistance of Clean Agency. The analysis of our footprint was done following the criteria in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute and the World Business Council for Sustainable Development. Our analysis covered our operations in the United States (including offices, distribution centers and stores), as well as the transport of our goods from manufacturers (domestic and abroad) to distribution centers and stores in the US.

Our intent is to use the findings to inform and continue to evolve our corporate environmental strategy, as well as provide a benchmark for our future efforts.

POLICIES

Our environmental policy includes two major components to help minimize our impact on and achieve our objectives around the environment:

WASTE REDUCTION AND RECYCLING

Helping to preserve the environment by using the principles of reducing, reusing, and recycling.

RESOURCE CONSERVATION

Focusing on improving energy efficiency in building design and construction, energy conservation best practices in existing and future facilities, reducing energy costs through environmental controls and identifying opportunities in new and innovative programs offered through utility companies and with local, state and national agencies.

WASTE REDUCTION AND RECYCLING

The Company's Environmental Policy pertaining to waste reduction, recycling, and resource conservation programs shall be reviewed annually.

Corrugated Cardboard – The Company's Distribution Centers shall recycle corrugated cardboard via a dedicated compactor or baler.

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Paper Recycling – The Company's locations shall recycle office paper.

Old Growth Forest Conservation – The Company proactively does business with vendors that abide by an Old Growth Forest Program, which states that the vendor does not supply paper products made from an Old Growth Forest. The Company will undertake to deal only with suppliers that agree not to use materials derived from pulp or wood that comes from clear cutting ancient rain forests, unless such products are certified by the Forest Stewardship Council (or similar organization). Vendors are required to submit certification that they are in compliance with the grades of paper that are used in the products that they supply to determine if they are in compliance with the foregoing standard.

The Company is committed to work towards reducing our overall consumption of paper through conservation and efficiencies – key elements of a sustainable approach.

Lamp Recycling – Lamps which contain hazardous metals such as mercury shall be recycled in accordance with EPA guidelines.

Computer Monitors – Monitors that are designated by the Company's Information Services (IS) Department as obsolete or are non-operational shall be picked up for recycling by a company specializing in computer equipment recycling.

Other Items - In addition to the above the company recycles several materials on an ongoing basis including bottles and cans, plastic bags, pallets, metal and hangers, among other substances.

RESOURCE CONSERVATION PROGRAMS

Energy Conservation – The Company has a centralized energy management system in place to encourage energy conservation. As needed, old lamps, ballasts and light switches at US Distribution Centers and Office locations are being replaced with high efficiency lighting such as "green" lamps and ballasts. As needed, light switches are being replaced with energy saving motion detector switches that will automatically turn off the lights with a timer after the last person leaves a room.

Energy saving features built into computer hardware, programs and equipment to automatically shut down computer monitors and other peripherals when not in use shall be installed on computer equipment.

All Distribution Centers and Office locations shall employ building management systems and/or setback thermostats to control environmental conditions based on occupancy and time of day.

Water Conservation – Conservation of water shall be done in a variety of manners across the company including, but not limited to, by installing spring loaded faucet handles in bathrooms on the hot and cold water valves as needed. Whenever possible low flush toilets should be installed.

Use of High Carbon Fuels – With regard to our transportation network, we are particularly concerned about the risks that climate change poses to the global economy and to our individual businesses. While we are taking many steps to reduce our carbon footprint, we are concerned that this progress could be thwarted by the

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increasing carbon intensity. We are concerned about the growing trend toward higher 'embedded' energy consumption and larger environmental footprints of transportation services and fuels due to the escalating use of high carbon fuels, such as those linked to Canada's Tar Sands. Use of high carbon fuels is inconsistent with our values and objectives. We are encouraging our service providers, to eliminate such fuels from our transportation footprint, reduce overall fuel use, and shift our transportation services toward lower carbon modes wherever feasible.

Construction Sustainability Practices – The Company will utilize energy saving designs in new building construction wherever possible. This might include installing high efficiency metal halide lighting, specifically designed to reduce energy consumption and heat generation and fluorescent lamps in hallways and stockrooms. For locations with exterior storefront systems, specialized window tints and low-E glass will be used to prevent heat gain during the summer months.

Wherever possible, the Company shall utilize contractors that specialize in the disposal and recycling of construction debris to minimize the impact to local landfills. Special attention is used in sourcing materials within 500 miles of the project to reduce transportation costs and emissions to the environment.

This policy applies to all Kate Spade & Company Operations and shall be communicated to all associates.

THIRD-PARTY VENDORS

Throughout the globe, Kate Spade & Company is committed to working with third-party vendors and service providers who, at a minimum, uphold the relevant environmental laws, regulations and policies of the countries in which they do business.