

## **PVH 2017 Communication on Progress United Nations Global Compact**

### **CEO statement**

I am pleased to renew our commitment to the United Nations Global Compact ("UNGC") and confirm our continued support of its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

PVH recognizes its responsibility as an industry leader and one of the world's largest apparel companies to address its social and environmental impacts and contribute to a fair, healthy future for all. Further, we recognize the opportunity to make positive impacts throughout our value chain by empowering the people with whom we work, preserving the environment and supporting our communities. By partnering with the United Nations through our commitment to the UNGC CEO Water Mandate and Women's Empowerment Principles, we join forces with our peers in the apparel sector to drive progress in the areas that matter most to our business, our industry and society.

In this annual Communication on Progress, we describe how our holistic approach to and actions in respect of corporate responsibility ("CR") have helped us to advance and further align to the UNGC Ten Principles. Importantly, our ten PVH CR Commitments are also enabling us to fulfill the United Nations Sustainable Development Goals. We are very proud of our strategic focus on transformation, operational excellence and scale, which has allowed PVH to make significant progress on our commitments and achieve prestigious industry awards and recognition. In 2017, PVH received the Accessories Council Sustainability Award, was ranked #25 by *Forbes* and JUST Capital on their annual list of JUST companies, ranked third in the apparel industry on *Fortune's* list of the World's Most Admired Companies, and was ranked as one of the top 100 companies in Thomson Reuters' Global Diversity & Inclusion Index. We are committed to increasing the transparency and depth of our reporting, and maintaining an ongoing dialogue with all our stakeholders.



Emanuel Chirico  
PVH Chairman and Chief Executive Officer

PVH Commitments		How UNGC Principles align
1	Human rights	1, 2, 3, 4, 5, 6, 10
2	Safe workplaces	1, 2
3	Inclusion and diversity	6
4	Our associates	3,4, 5, 6
5	Responsible chemical management	7, 8, 9
6	Water	7, 8, 9
7	Sustainable packaging	7, 8, 9
8	Sustainable materials	7, 8, 9
9	Greenhouse gases	7, 8, 9
10	Communities	10

## HUMAN RIGHTS

**UNGC Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

**UNGC Principle 2:** Make sure that they are not complicit in human rights abuses.

### Our corresponding commitments

**PVH Commitment 1: Human rights:** Promote adherence to [A Shared Commitment](#), our code of conduct for business partners, and go beyond compliance to improve the lives of workers within our supply chain.

**PVH Commitment 2: Safe workplaces:** Ensure safe working conditions for workers within our supply chain.

### Our approach

We introduced [A Shared Commitment](#) to all of our suppliers in 1991. We use this code of conduct to assess their practices and partner with them to improve performance. Our Human Rights Program lays the foundation for all our efforts to identify, remediate and prevent human rights abuses in our supply chain.

In 2017, we strengthened our commitment to human rights in our supply chain program by making it truly holistic in nature - extending it to include social and environmental factors, extending to the next tier of our supply chain, evolving our CR team's approach from assessors to advisors, and implementing industry tools at scale.

We support industry efforts to standardize human rights performance measurement and remediation efforts, specifically by taking a leadership role with the Social and Labor Convergence Project to develop an industry-wide toolkit and approach to monitor and assess suppliers' human rights compliance, as well as other industry initiatives. We were a founding member of the Fair Labor Association ("FLA") and our Group Vice President of Corporate Responsibility serves on the FLA's Board of Directors. PVH is also a founding member of the Bangladesh Accord on Fire and Building Safety (the "Accord"), established in 2013, and our Group Vice President of Corporate Responsibility sits on the Accord Steering Committee.

PVH supports the Universal Declaration of Human Rights as well as the Guiding Principles for Business and Human Rights ("UNGPs") introduced by the UN Human Rights Council in 2011, and is committed to reporting in line with these Principles through our future CR reporting.

### Impact highlights

- We continued to drive performance at our direct and licensee factories and, in 2017, over 90% either met or exceeded our supplier performance expectations.<sup>1</sup>
- In 2017, we increased our focus on supplier capacity building. For our licensed businesses, we pioneered the use of Social Accountability International ("SAI") Social Fingerprint as a tool to design custom programs intended to build our licensees' capability to manage their human rights performance.
- In 2017, we finalized and piloted our Gold Accreditation Program, a supplier empowerment program designed to recognize strategic, top-performing suppliers that have taken ownership of

<sup>1</sup> Factory ratings inform our sourcing decisions and remediation actions and determine the cadence for subsequent assessments. Information on our "traffic light" rating system can be found on <http://pvh.com/responsibility/our-commitments/Human%20Rights>



upholding and improving human rights and environmental standards within their factories, and incentivize other key partners to achieve this status.

- We have remediated 95% of the safety issues identified through the work of the Accord at our Bangladesh suppliers' factories. PVH will continue to support formal, collaborative efforts to improve building safety in Bangladesh when the current Accord expires in May 2018.
- PVH joined Life and Building Safety (LaBS) together with six other brand owners in 2017. Coordinated by IDH, an international sustainable trade Initiative, LaBS aims to raise safety standards in multiple apparel production countries. By leveraging collective influence to create positive change and country-specific solutions, members of LaBS will help the whole industry reach scale and impact more rapidly.
- Promoting our global health and safety initiatives remains a top priority at Hawassa Industrial Park<sup>2</sup> in Ethiopia. The park, where we have a joint venture factory, was built to international standards for structural, fire and electrical safety.

More information on our commitments to human rights can be found on our [website](#).

## LABOUR

**UNGC Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**UNGC Principle 4** The elimination of all forms of forced and compulsory labour.

**UNGC Principle 5** The effective abolition of child labour.

**UNGC Principle 6** The elimination of discrimination in respect of employment and occupation.

### Our corresponding commitments

**PVH Commitment 1: Human rights:** Promote adherence to [A Shared Commitment](#), our code of conduct for business partners, and go beyond compliance to improve the lives of workers within our supply chain.

**PVH Commitment 2: Safe workplaces:** Ensure safe working conditions for workers within our supply chain.

**PVH Commitment 3: Inclusion & diversity:** Invest in and support PVH associates in reaching their full potential, in an inclusive environment where every individual is valued.

**PVH Commitment 4: Our Associates:** Attract and retain world class talent by making PVH a great place to work.

### Our approach

We are committed to empowering our associates and the workers in our supply chain. [A Shared Commitment](#), our code of conduct for business partners, defines the high social and labor standards we expect from our suppliers. We finalized our UK Modern Slavery Act statement in 2017 and published it as our CA Transparency in Supply Chain and UK Modern Slavery Statement in 2018. The Statement details our policies, monitoring programs and training efforts with regard to forced labor and modern slavery. It responds to the requirements of both the California Transparency in Supply Chains Act and the UK Modern Slavery Act.

At PVH, our core values embody who we are as a company, guide our decisions, and inspire us. We believe our associates are an extension of us and we ask our associates to live our [Core Values](#) — individuality, partnership, passion, integrity and accountability. Through our global Inclusion and Diversity (“I&D”) Strategy, we strive to ensure that all our associates have equal opportunities to learn and develop in an inclusive environment where every individual is valued. We promote our I&D Strategy through fair talent practices, associate training and Business Resource Groups (“BRGs”) <sup>3</sup>. We believe we are developing a strong foundation for continued success by creating a workplace that appreciates our associates and acknowledges that our people are our greatest asset.

In addition, we offer competitive pay and benefits and have a strong commitment to helping our associates improve their health and well-being.

### Impact highlights

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<sup>2</sup> We led a group of suppliers to establish operations at the Hawassa Industrial Park in addition to having the joint venture factory there.

<sup>3</sup> Business-focused groups that offer opportunities for professional growth.

- Through our partnership with Better Work, PVH was one of the first companies to pilot a ground-breaking program — Better Work Academy — that truly will move our program from assessment-focused to capability building in two ways. First, by training our former human rights auditors to take a training and advisory approach to engagement with our factories, mills and trim suppliers. Our aim is to build our suppliers' capability to improve working conditions through management-systems change at the facility-level. Second, by including the creation or strengthening of worker-management committees that will help empower and give voice to workers.
- In 2017, we launched our PVH Responsible Business Practices program to help our associates understand the human rights implications of their daily decisions. We are raising awareness among PVH associates about how good purchasing practices, including accurate planning and forecasting, as well as calendar adherence, can enable suppliers to improve working conditions.
- We expanded our "Confronting Unconscious Bias" training for senior leaders from the U.S. to Canada and will extend the training to Europe in 2018.
- Our BRGs continue to grow, with groups now representing women, our LGBTQ community, working parents and associates from an African American background.
- We began introducing flexible work policies in various regions and implemented a more progressive parental leave policy in the U.S.
- We were proud to be recognized at the Leadership Excellence and Development ("LEAD") Awards, including being ranked as a top five company for Best Corporate University.
- PVH participated in LGBTQ Pride Marches and Pink Dot celebrations in Toronto, Taiwan, Tokyo, Okinawa and Hong Kong including the NYC Pride March, where PVH was a Platinum Level Sponsor.

More information on our commitments to associates is available [on our website](#).

## ENVIRONMENT

**UNGC Principle 7** Businesses should support a precautionary approach to environmental challenges.

**UNGC Principle 8** Undertake initiatives to promote greater environmental responsibility.

**UNGC Principle 9** Encourage the development and diffusion of environmentally friendly technologies.

### Our corresponding commitments

**PVH Commitment #5: Responsible chemical management:** Practice responsible chemical management by reducing and eventually phasing out hazardous chemicals from our supply chain by 2020.

**PVH Commitment #6: Water:** Safeguard and preserve water resources to ensure the continuity and quality of water supply for our business and the community.

**PVH Commitment #7: Sustainable packaging:** Reduce the amount of packaging used for PVH products and work toward sending zero materials to landfill.

**PVH Commitment #8: Sustainable materials:** Source raw materials more sustainably to minimize social and environmental impacts along the supply chain.

**PVH Commitment #9: Greenhouse gases:** Measure and reduce PVH's greenhouse gas ("GHG") emissions by reducing energy consumption, increasing energy efficiency and utilizing clean energy both in our owned and operated facilities and across our value chain

### Our approach

2017 was an important year for the PVH CR environmental program. We set a GHG reduction target, put in place additional measures to achieve our 2020 chemical phase-out goal, launched an Animal Welfare Policy, and took a leadership role on water conservation and stewardship.

Through our holistic CR program, we have steadily expanded our environmental focus, partnering with our suppliers to raise standards and gain greater visibility of suppliers' environmental impacts beyond the first level of our supply chain.

At an industry level, we support multi-stakeholder initiatives to drive systemic change and standardize improvement efforts. For example, in 2017, PVH was one of the first apparel companies to adopt the Sustainable Apparel Coalition ("SAC") Higg Index Facility Environmental Module ("FEM") at scale, a standardized industry tool designed to capture suppliers' environmental data across seven core areas. We will use this information to better manage our suppliers' environmental impacts and establish appropriate remediation efforts.

### Impact highlights

- In 2017, we announced our global target to reduce our direct GHG emissions (Scope 1 and 2) by 35% by 2030, from a 2015 baseline. This target was developed by conducting a feasibility assessment and was calculated using methodologies from the Science-Based Targets Initiative



- In 2017, we used the Higg FEM to measure the environmental impacts of 530 strategic suppliers, including over 80 trim suppliers. All our factories provided data and nearly 60% of these assessments were independently verified.
- We were a co-founding member of the Apparel Impact Institute, an initiative of SAC that will be focused on reducing the environmental impact from mills, which includes impacts around dyeing and finishing raw materials.
- We broadened our focus on responsible chemical management in 2017 by mapping our Level 2 suppliers, globalizing our risk-based Restricted Substance List ("RSL") product testing program, and preparing to implement the Zero Discharge of Hazardous Chemical Programme's Manufacturers Restricted Substance List at a facility level.
- We announced our intention to produce and sell in 2018 25 million men's dress shirts under several of our owned and licensed brands with the STANDARD 100 by OEKO-TEX label, a worldwide chemical testing and certification system, signifying all product components are RSL compliant.
- In support of our formalized global water strategy, PVH CEO Emanuel Chirico, Tommy Hilfiger CEO Daniel Grieder, and Calvin Klein CEO Steve Shiffman have all signed the UN CEO Water Mandate. We entered into a global partnership with WWF to preserve precious water resources in key sourcing communities through water stewardship projects and a multi-stakeholder collaboration.
- We executed against our strategy to reduce and use more sustainable packaging materials, including by implementing 20 on-product packaging projects across PVH.
- We announced a Global Sustainable Materials Strategy in 2017. In line with this, we joined the Better Cotton Initiative as a global partner and announced an Animal Welfare Policy.

More information on our progress against our environmental commitments is available [on our website](#).

## **ANTI-CORRUPTION**

**UNGC Principle 10** Businesses should work against corruption in all its forms, including extortion and bribery.

### **Our approach**

We strive to maintain the highest moral, ethical and legal standards in our business. PVH Legal, led by our General Counsel, oversees compliance issues and informs us of relevant social and environmental legislation in the countries where we operate.

We require that all PVH associates, as well as PVH Board members, participate in PVH *Complies*, our compliance training program. They undertake online courses on key topics including our Code of Business Conduct and Ethics, anti-bribery and anti-corruption policies and legislation, insider trading and conflicts of interest. The program is designed to enable associates to understand and comply with all elements of these topics.

In case of grievances, we operate a global reporting hotline, *Tell PVH* is available to PVH associates and workers in our supply chain. We review any complaints in a structured way and provide regular updates to the person concerned.

### **Action and results**

- We expanded our global grievance hotline, *Tell PVH*, beyond our global associates to include all the workers in our supply chain. Since February 2018, workers employed in the factories where our goods are produced have been able to contact PVH with any issue, communicating in their own language either via a dedicated online portal or by phone. *Tell PVH* is a direct channel for open and anonymous (where allowed by law) communication to capture worker voice and more closely monitor conditions within a facility. PVH is able to work directly with management and workers to ensure that concerns are heard, addressed in a timely manner and resolutions are communicated to all relevant parties. Workers can log into the *Tell PVH* portal to monitor progress or make inquiries. The process allows for ongoing updates about the progress of grievances and workers are kept updated on the status of their inquiry.

More information on our commitment to anti-corruption is available [on our website](#).