

Living Wage Strategy

PVH's Commitment to Living Wage

PVH believes that every worker has a right to compensation that is sufficient to meet basic needs and provide some discretionary income. We are committed to ensuring that fair labor practices and safe working conditions are upheld throughout our supply chain. As part of our *Forward Fashion* strategy, PVH seeks to advance the payment of living wages by creating conditions for national living wage agreements through industry-wide collective bargaining, linked to PVH purchasing practices. Our target is that 100% of our key suppliers in two key production countries by 2025, and in four by 2030, will proactively support industry-wide collective bargaining to achieve living wages. See Diagram A on page 4 for a visual representation of the PVH Living Wage Strategy.

PVH is committed to strictly complying with all applicable laws, conventions and regulations. Additionally, we follow global guidance provided by the following organizations:

- [United Nations Universal Declaration of Human Rights \(UN UDHR\), Article 23 & 24](#)
- [United Nations Global Compact \(UNGC\), Principles 3, 4, 5, and 6](#)
- [International Labour Organization \(ILO\) Fundamental Conventions](#)

Our Approach

Upholding Business Partners to our Code of Conduct

PVH's commitment to living wage is rooted in our code of conduct, [A Shared Commitment](#).

- **Factory Assessments:** All our suppliers' factories are required to undergo Corporate Responsibility ("CR") assessments that measure compliance with international standards, the PVH *A Shared Commitment*, and applicable laws and regulations. These assessments include specific metrics tied to the following standards:
 - **Compensation and Benefits:** Suppliers are required to take action to ensure compensation for a regular workweek is sufficient to meet the worker's basic needs and provides some discretionary income. Our business partners must pay at least the legally mandated minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract ([PVH CR Supply Chain Guidelines](#), p. 91-95).
 - **Freedom of Association:** Suppliers are required to recognize and respect the right of their employees to freedom of association and collective bargaining ([PVH CR Supply Chain Guidelines](#), p. 62-65).

While factory assessments are a critical and necessary component to monitor factory compliance with international standards and applicable laws, PVH recognizes that assessments alone are insufficient to advance living wages in a sustainable way.

- **Remediation and Capability Building:** If an assessment reveals any non-compliances against the PVH code of conduct or applicable laws related to compensation and benefits, we partner with suppliers on corrective actions to remediate the issues. We engage factory managers in an open discussion on the findings, explore root causes, and support them in developing corrective action plans (CAPs). PVH supports suppliers between assessments through a range of services to monitor remediation progress including tailored phone calls or facility visits, training customized for the facility's specific needs, or referral to expert resources. To further the impact of living wages, PVH is also involved in collaborations to support suppliers working towards digital wage payments and delivering Personal Advancement & Career Enhancement (P.A.C.E.) trainings to better empower women to manage their finances and plan for the future.

Using wage data collected through our factory assessments, PVH conducts an annual exercise for our top sourcing countries to analyze 1) whether PVH's suppliers are complying with legally-mandated minimum wages; 2) how average wages paid by these suppliers compare to prevailing industry wage levels; and 3) how PVH and industry prevailing wages map against living wage benchmarks. This benchmarking exercise has enabled PVH to prioritize programs in specific segments of our supply chain to ensure legal compensation, engagement in industry initiatives, and improvements in our purchasing practices.

Achieving Living Wages Through Collective Bargaining

PVH acknowledges that many workers in the global apparel industry do not achieve a level of income that many would consider commensurate to a living wage. As a primary means of addressing this complex problem, PVH firmly believes that engaging with stakeholders in a meaningful way, including through collective bargaining agreements, is the most effective approach to achieve living wage payments.

In 2018, PVH became a member of [ACT](#) (Action, Collaboration, Transformation) and is working alongside other global brand owners and [IndustriALL](#) to support industry-wide collective bargaining agreements at a national level to establish living wages. In joining ACT, PVH is supporting the principle that employers and worker representatives should reach agreement on what constitutes a living wage through collective bargaining at the industry level, with assistance from the national government.

“The ACT initiative is an example of how companies have been working together with trade unions, governments, and others to address some of the most severe and systemic labor rights abuses in their supply chains. It illustrates the promise of collective action to leverage change. Importantly, initiatives like ACT are not just about voluntary philanthropic contributions to development, but also the product of a recognized responsibility of companies to address severe human rights risks in their supply chains. In meeting this responsibility, ACT makes a critical contribution to sustainable development as well.”

– John Ruggie, Former Special Representative of the UN Secretary-General on Business and Human Rights

Supporting Living Wages Through our Business Practices

PVH believes that business practices can positively impact suppliers' abilities to promote safe working conditions and uphold living wage payments. As an [ACT](#) member, PVH has made [global purchasing practices commitments](#) across five key areas that have impacts on working conditions and wages:

1. Negotiated wages as itemized costs in purchasing prices
2. Fair terms of payments
3. Better planning and forecasting
4. Training global associates on responsible sourcing and buying
5. Responsible exit strategies

PVH believes embedding these commitments across our company helps make it possible for our suppliers to pay workers the agreed upon living wage in a given country. To evaluate progress against these commitments, ACT member brands have adopted the [Accountability and Monitoring framework](#) with indicators and instruments including a brand self-assessment and supplier survey to monitor progress on an annual basis.

Journey Toward Achieving Living Wages

<p>1992 Supplier Code of Conduct to Protect Human Rights</p>	<p>PVH establishes its Supplier code of conduct, <u><i>A Shared Commitment</i></u>. Our code is informed by the United Nation’s Declaration of Human Rights and is based on the core conventions of the International Labor Organization (ILO).</p>
<p>2009 Board Level Commitment to CR</p>	<p>PVH establishes the CR Committee of the Board of Directors. The Committee advises the Board and PVH leadership on policies and strategies that affect and strengthen our ability to act as a socially responsible organization.</p>
<p>2017 Internal Trainings on Responsible Business Practices</p>	<p>PVH begins piloting workshops for internal associates on responsible business practices. The training focuses on a real case study developed in partnership with Hirdaramani, one of PVH’s strategic suppliers, to highlight the effects of forecast accuracy on factory utilization and worker pay.</p>
<p>Workplace Cooperation Program to Promote Worker Engagement</p>	<p>PVH expands our global partnership with <u><i>Better Work</i></u> through a Workplace Cooperation Program to educate suppliers about how workers can play an active role in improving working conditions. This work complements Better Work Advisory services in countries where Better Work programs exist.</p>
<p>2018 ACT Membership</p>	<p>PVH becomes a member of <u><i>ACT</i></u> (Action, Collaboration, Transformation) where we work alongside other global brand owners and <u><i>IndustriALL</i></u> to support industry-wide collective bargaining agreements at a national level to establish living wages. By joining ACT, PVH supports the principle that employers and worker representatives should reach agreement on what constitutes a living wage through collective bargaining at the industry level, with assistance from the national government.</p>
<p>Living Wage Strategy</p>	<p>PVH publishes its Living Wage Strategy.</p>
<p>2019 Living Wage Target</p>	<p>PVH launches our <u><i>Forward Fashion</i></u> strategy which includes 15 targets aimed to deepen our level of ambition, keep us accountable, and ensure confidence in our approach. One of our targets is to “Advance Living Wages”. Specifically, 100% of our key suppliers in two key production countries by 2025 and four by 2030 will proactively support industry-wide collective bargaining to achieve living wages.</p>
<p>Business Practices Improvements to Support Living Wage Payment</p>	<p>PVH pilots industry surveys through ACT and Better Buying to collect anonymous feedback about how we do business and how to improve our purchasing practices. PVH is committed to participating in purchasing practices surveys on an annual basis to benchmark progress and better enable our suppliers to uphold a living wage.</p>

DIAGRAM A: PVH Living Wage Strategy

