

# Living Wage Strategy

## PVH's Commitment to Living Wage

PVH believes that every worker has a right to a wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country's circumstances and calculated for the work performed during regular working hour limits without the necessity to work overtime.

As part of our Forward Fashion strategy, PVH seeks to advance human rights by creating conditions for living wage agreements through industry-wide collective bargaining, linked to PVH responsible 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.

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 advancing 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 that is necessary to afford a decent standard of living for workers and their families. 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](#)).
  - **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](#)).

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-compliance 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. PVH enables strategic vendors to deliver Personal Advancement & Career Enhancement (P.A.C.E.) trainings to better empower women to manage their finances and plan for the future.
- **We measure definitive wage compliance as part of our factory authorization program** whereby we assess our suppliers using the Social & Labor Convergence Program (SLCP) Converged Assessment Framework (CAF). While the SLCP CAF provides performance against wage compliance, it currently does not provide enough granular data on wages to report performance beyond minimum wage compliance, prevailing wage rates or living wage benchmarks. In 2022, we began to supplement our wage data collection approach by utilizing the FLA Wage Data Collection tool and conducted a pilot in in four key sourcing countries to collect additional quantitative wage data. The pilot outcomes will provide insights into how our suppliers perform beyond the legally-mandated minimum wages and living wage benchmarks. We have also advocated for more granular wage data through updates

to the SLCP CAF and expect to see those changes implemented in 2024, at which point we will be able to provide more granular reporting on wages. We are committed to transparency and reporting wage data as available.

### **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 brands 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 an agreement on what constitutes a pathway to earning 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 Responsible Purchasing Practices**

PVH believes that responsible purchasing practices can positively impact suppliers' abilities to promote safe working conditions and advance living wage payments. As an ACT member, PVH has made global responsible 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 contributes to making it possible for our suppliers to advance wages paid to workers. 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.