

KNOWTHECHAIN | QUESTIONS REGARDING FORCED LABOUR RISKS IN YOUR COMPANY'S LEATHER SUPPLY CHAIN

In countries including but not limited to Pakistan, Bangladesh and India, leather processing is characterised by hazardous and poor working conditions, which may be early indicators or eventually lead to forced labour.¹ In countries including India and China forced labour risks have been documented. Through this questionnaire, KnowTheChain would like to get a better understanding of how your company is addressing risks related to forced labour specifically in its leather supply chain.

In answering these questions, please indicate where your company's policies or practices specifically apply to cattle sourcing, leather processing or leather goods manufacturing countries at risk of forced labour and human trafficking such as Brazil, China and India² or other countries where you might have identified forced labour risks.

Please note the information in blue indicates relevant existing information identified for your company.

Sources:

- 2015 CSR report: https://www.pvh.com/~media/PVH/Files/corporate-responsibility/2015_cr_report.ashx
- Sustainable Sourcing: <https://www.pvh.com/responsibility/preserving-environment/Sustainable%20Materials>
- [Response to 2016 KnowTheChain questions](#)
- [PVH Supplier List](#)
- [PVH Supplier Guidelines](#)

Traceability:

1. Leather goods manufacturing:
 - a. In which countries does your company and/or your suppliers manufacture leather goods (option to indicate percentage or volume of supply from each country)?

Please see PVH 2015 CR Report.

In July 2017, PVH 2016 CR Report will go live. In that report, we will state that leather constitutes less than 2% of our supply chain. We also completed a mapping of all of our level 2 suppliers. Information regarding level 2 of our supply chain will be available in that report.

In an effort to move towards greater transparency, PVH has also recently disclosed our direct [Supplier List](#).

Level 2 is our internal reference for wet processors including tanneries and dye houses.

¹ Associated Press (2017) - [Report examines grim Bangladesh leather trade, links to West](#); India Committee of the Netherlands (2017) - [Do leather workers matter?](#); Undark (2017) - [Skin Deep: Feeding the Global Lust for Leather](#); SOMO (2016) - [Hell-bent for leather. Labour conditions in the leather industry in Pakistan](#); Human Rights Watch (2012) - [Toxic tanneries](#).

² The [US Department of Labor](#) identified risk of forced labour in the cattle industry in Brazil, the leather industry in China, as well as related to sourcing leather goods / accessories from India.

What are the names and addresses of your company's and/or your suppliers' leather goods manufacturers? Please indicate the nature of your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition (e.g. percentage of informal/migrant/female workforce) or rate of unionisation). What are the names of the persons legally responsible for the production facilities?

Please see [PVH 2015 CR report](#).

In July 2017, PVH 2016 CR Report will go live. In that report, we will state that leather constitutes less than 2% of our supply chain. We also completed a mapping of all of our level 2 suppliers. Information regarding level 2 of our supply chain will also be available in that report. Additionally, approximately 13% of tanneries used by Tommy Hilfiger are accredited by the Leather Working Group, a multi-stakeholder group that establishes and promotes sustainable business practices with the leather industry.

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2. Leather processing / tanneries:
 - a. In which countries does your company and/or your suppliers process and produce leather?

Please see. Additionally, please see [PVH's 2015 CR report](#) pg. 37 for specific information on our leather supply chain initiatives

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- b. What are the names and addresses of your company's and/or your suppliers' tanneries? Please indicate the nature of your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition (e.g. percentage of informal/migrant/female workforce) or rate of unionisation). What are the names of the persons legally responsible for the production facilities?

Please see [PVH 2015 CR report](#). Additionally, please see [PVH's 2015 CR report](#) pg. 37 for specific information on our leather supply chain initiatives

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Purchasing practices:

3. How does your company use its leverage to influence its leather supply chain with regards to labour practices and/or reward suppliers with good labour practices?

Below please find information on our initiatives as they relate to our Level 1 (cut and sew) suppliers, which include leather cut and sew.

PVH strives to reward suppliers with good labor practices through its Operational Excellence KPI Overview for the PVH's Global Supply Chain division. The Human Rights Percentage Approved KPI drives the division to issue POs to suppliers that received green or yellow ratings from their social compliance assessment. For more information on PVH's factory rating system, please see [PVH Supplier Guidelines](#), pg. 25-27.

PVH is also piloting an approach to implement a gold standard which contains rigorous entry criteria to evaluate vendor level management systems with the objective of accrediting suppliers that self-manages their social and labor practices. Those suppliers approved as Gold will be able to conduct audits in lieu of PVH assessments and engage in strategic partnerships with PVH CR.

Additionally, please see the Fair Labor Associations' Reaccreditation [report](#) for information on PVH's responsible sourcing practices, pg. 14.

4. How does your company ensure its labour standards are cascaded down its leather supply chain beyond tier 1 suppliers?

PVH requires any factory involved in the making of PVH product to be disclosed to PVH regardless of the factory level, production process, brand or Business Division. Please see [PVH Supplier Guidelines](#) pg. 20-27 for more information on our Factory Authorization process.

Additionally, all companies entering into a business partnership with PVH are required to sign our Policy on Branded Merchandise. This policy includes a requirement that companies attest to receiving and understanding [PVH's A Shared Commitment](#), which includes provisions addressing forced and child labor. Furthermore, the agreement states that:

[A]ll Suppliers which manufacture any Products, or from whom Company obtains Products or materials for the manufacture of Products, to abide by the Standards. To ensure such compliance, Company must provide PVH a certification... and have each of its Suppliers sign such certification, certifying that all materials used in the manufacture of any Products, whether acquired by Company or such Supplier directly or indirectly, have been produced in compliance with the Standards, including, but not limited to certification that the provision of such material and Products, as applicable, is free from the use of slave labor and human trafficking.

Worker voice:

5. Grievance mechanisms: Does your company ensure workers in its leather supply chain have access to grievance mechanisms? If yes, please explain what mechanisms are available for workers in both owned and third party leather goods production facilities and tanneries. Please also explain how your company ensures those mechanisms fulfil the [effectiveness criteria under the UN Guiding Principles for Business & Human Rights](#), e.g., they are trusted and used by workers.

PVH undertakes a number of actions to ensure that grievance mechanisms are functional and available to workers in the supply chain. Specifically, PVH encourages the establishment of grievance procedures at supplier facilities, provides channels for company employees and workers at those facilities to contact the company directly and confidentially if warranted, and ensures the channel is secure, so workers are not punished or prejudiced for using it. Additionally, we have confidential grievance mechanisms in place for violations to be reported to PVH outside of factory audits, and we track, review and respond to the grievances we receive. Proper documentation is important for providing evidence of compliance with the law and the relevant standards. Thus, assessors must review documents relating to grievances filed by employees as well as the factory's grievance policy. Furthermore, the assessor must review whether workers are trained on the grievance policy. Additionally, criteria relating to the communication of grievance procedures in factories are incorporated into our assessment tool. Issues received by PVH are channelled through the appropriate reporting lines in order to determine next steps.

Furthermore, PVH actively participates in the FLA's third-party complaint mechanism, through which issues raised by workers, unions or NGOs are addressed by partner brands.

Currently, all Level 1 facilities, which includes leather cut and sew, have access to grievance hotline where issues can be reported directly to the company via the hotline.

6. Worker engagement and empowerment: How does your company ensure that workers in its leather supply chain know about, and can exercise their rights (e.g. freedom of association or, where there are regulatory constraints for freedom of association, alternative means of organising)?

As human rights issues in our industry become more complex, we are taking a proactive approach to protecting the rights, dignity and livelihoods of the nearly one million workers in our supply chain. As such, our factory assessment program is central to managing risks in our supply chain and addressing any human rights violations. At the core of our approach is partnering with suppliers to improve performance, in line with A Shared Commitment.

In our work with factories, we aim to empower workers to voice concerns, and we encourage them to raise potential labor violations by speaking with factory managers, contacting us directly, or through the assessment process. We work in partnership with our suppliers to help them develop the knowledge and skills they need to protect workers' rights, provide safe working conditions, and boost productivity.

In accordance with our A Shared Commitment, our business partners are required to recognize and respect the rights of their employees which include but are not limited to the right to freedom of association (FOA) and collective bargaining. With respect to FOA, employees should be free to join organizations of their choice. Employees should not be subjected to intimidation or harassment in the exercise of their right to join or to refrain from joining any organization. In an effort to

communicate this expectation to suppliers and ensure understanding of how to abide by this requirement, PVH's Supplier Guidelines outlines guidelines on this issue. Furthermore, our assessment tool contains various criteria which allow us to evaluate and benchmark performance against our Shared Commitment elements.

Furthermore, in order to ensure suppliers understand and are abiding by PVH policies, PVH conducts engagement meetings with factories prior to conducting an initial assessment. These engagement meetings function as a forum where suppliers are introduced to and are familiarized with PVH policies, including the Supplier Guidelines. Additionally, these meetings allow us to learn about potential issues, which may include risk factors of forced labor & freedom of association. Additionally, PVH will also arrange engagement meetings prior to follow-up assessments on an as needed basis. In 2015 PVH conducted 834 engagement meetings. Freedom of association indicators are also incorporated into our assessment tool. This allows PVH to gain visibility to any potential issues, including issues relating to freedom of association.

Monitoring / certification:

7. Do you participate in sustainable leather sourcing / certification?

Tommy Hilfiger is a member of the Leather Working Group. In 2015, Tommy Hilfiger also convened a multi-stakeholder summit in Amsterdam to collaborate with industry peers on improving traceability in the leather supply, please see pg. 37 of [PVH 2015 CR Report](#) for additional information on these initiatives. This initiative, now named *Responsible Leather Stakeholder Group* which is working with industry multi stakeholders to develop joint solutions and global standard and certification for responsible leather has now been taken up by Textile Exchange. PVH (including Tommy Hilfiger) continues to be a key participant. The scope of this work has not currently been finalized.

Additionally, approximately 13% of tanneries used by Tommy Hilfiger are accredited by the Leather Working Group, a multi-stakeholder group that establishes and promotes sustainable business practices with the leather industry.

8. If yes, how does the verification initiative/certification address labour rights, and how does your company ensure labour standards are adequately covered?

While there is currently no certification specifically addressing labor standards, in our 2015 CR report you will see our plan to extend our social and environmental program including our human rights audit and SAC Higg Index to key level 2 suppliers, including tanneries.

Stakeholder engagement:

9. Does your company actively participate in one or more multi-stakeholder or industry initiatives focused on forced labour and human trafficking or work with peer companies to address risk in high risk regions/clusters of tanneries or manufacturers?

The pressing social and environmental issues facing the apparel industry are too great for any one company to address alone. In addition to partnering with suppliers at a factory level to improve performance, we collaborate with suppliers and stakeholders to address endemic issues at an industry level. We work with a number of global and local organizations to help empower suppliers to raise their standards and drive industry-wide change. For more details on our work with various stakeholders, please see pg. 20 of our CR Report. Additionally, please see pg. 4, 5 of our [KnowTheChain Disclosure](#).

If so, please specify who you work with and how you address forced labour risk related to leather sourcing.

Please see pg. 20 of our CR Report and pg. 4, 5 of our [KnowTheChain Disclosure](#) for information on our work with various stakeholders.

Additional information

Please provide any additional information regarding how your company addresses forced labour risks in its leather supply chain (e.g. related to risk assessment and due diligence, supplier training, recruitment) or regarding your company's supply chain structure which you think is relevant.

While leather is less than 2% of PVH's supply chain, as one of the largest global apparel companies, we are guided by our values and committed to addressing social and environmental issues.

For more information about PVH's CR Program please see [PVH's 2015 CR Report](#).