



PVH

CR
REPORT
2016



ABOUT OUR 2016 CR REPORT

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Corporate Responsibility (“CR”) is central to how we conduct business. We are committed to making a true impact on the people, the environment and the communities where we work and live, and communicating our progress transparently with stakeholders. This, our ninth annual CR report, provides information and performance data on our operations during our 2016 fiscal year.

In this report, we share our progress against the ten CR commitments we introduced in 2016. We explore the importance of addressing social and environmental challenges in a connected manner, share our challenges and impacts, and highlight the next steps on our journey.

We report our performance under the Global Reporting Initiative’s (“GRI”) G4 framework under the “Core” option and in line with the ten principles of the UN Global Compact (“UNGC”). We continue to engage with the GRI GOLD Community, a multi-stakeholder network dedicated to developing a more sustainable global economy. Please see our GRI index online at www.pvh.com/cr

ABOUT PVH CORP.

With a history going back over 135 years, PVH Corp. has excelled at growing brands and businesses with rich American heritages, becoming one of the largest apparel companies in the world. We have approximately 35,000 associates operating across over 40 countries and over \$8 billion in annual revenue. We own the iconic *CALVIN KLEIN*, *Tommy Hilfiger*, *Van Heusen*, *IZOD*, *ARROW*, *Speedo**, *Warner’s* and *Olga* brands, marketing a variety of goods under these and other nationally and internationally known owned and licensed brands.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

We have included on pages 63 and 64 a glossary of acronyms and abbreviations for organizations and tools referred to throughout the Report. Please refer to this section if you are not familiar with one of the acronyms or abbreviations included in this report.

For further details on our company, visit:
www.pvh.com/Company.

*The Speedo brand is licensed for North America and the Caribbean in perpetuity from Speedo International, Limited



AUGUST 2016
PVH launches ten CR commitments, including five environmental commitments

- 1 HUMAN RIGHTS
- 2 SAFE WORKPLACES
- 3 INCLUSION & DIVERSITY
- 4 OUR ASSOCIATES
- 5 RESPONSIBLE CHEMICAL MANAGEMENT
- 6 WATER
- 7 SUSTAINABLE PACKAGING
- 8 SUSTAINABLE MATERIALS
- 9 GREENHOUSE GASES
- 10 COMMUNITIES

JANUARY 2016
PVH University Launch:
Offering on-demand leadership and development classes



MARCH 2016
PVH signs United Nations Women's Empowerment Principles



SEPTEMBER 2016
PVH directs \$1 million to support programs in Sub-Saharan Africa as part of its \$5 million multi-year commitment to Save the Children

OCTOBER 2016
Emanuel Chirico receives Lifetime Achievement Award from CR Magazine



NOVEMBER 2016
PVH associates raise funds for charity through the annual PVH Cares Campaign



OCTOBER 2016
PVH is reaccruited by the FLA for the third consecutive time



DECEMBER 2016
PVH signs UN Global Compact and CEO Water Mandate

CR HIGHLIGHTS 2016

A LETTER FROM OUR CHAIRMAN & CEO

During a year of continued volatility in the retail environment, PVH delivered a strong underlying financial performance in 2016, while we continued to evolve our business model. We empowered our teams to think creatively, capitalize on new product and business opportunities, and find innovative ways to engage consumers, while maintaining our unwavering commitment to CR.

Importantly, as one of the world's largest apparel companies, we recognize both the opportunity and the responsibility for business to take a lead role in addressing pressing global issues. As such, in 2016 we continued to evolve and strengthen our approach to CR by launching our enhanced CR strategy. The strategy consists of ten commitments that represent a holistic, interconnected approach to creating positive impacts across three key focus areas: empowering people, preserving the environment and supporting communities. Our steadfast approach to these principles has been continuous even as we made several transformative acquisitions, dealt with significant macroeconomic issues, and focused on the rapid evolution going on in our industry.

Beyond our financial performance, I am most proud of the many accomplishments that we achieved across our organization and in the communities in which we work and live. We partnered with the United Nations on several initiatives, including signing the Women's Empowerment Principles, which promote gender equality in the workplace, as well as the UN Global Compact, which is focused on implementing universal sustainability principles. This is in addition to our successful initiatives on CR within our businesses and through our associates' company-sponsored community service and philanthropic activities.

While we are optimistic about our future, we are aware that global companies like PVH continue to face the realities of geopolitical volatility, trade, tax and regulatory changes, foreign currency pressures and shifts in consumer consumption patterns. These challenges have required us to adapt how we think and manage our businesses to stay ahead of our competition. However, I believe that our organization has emerged stronger than ever. Our financial performance together with our firm commitment to CR demonstrates that our efforts to date have been successful.

As we continue to embrace change and position our company for long-term success, we believe that CR will help us achieve sustainable growth by managing risk, maximizing efficiency and driving value.

Powered by our extraordinary team, innovative mindset and global brand stewardship, I have never been more confident in the future we are creating. I look forward to another year of executing on our strategic initiatives, including driving progress in the areas that matter most to our business, our industry and the world more broadly. We will continue to deliver value to our stockholders, while successfully navigating the continued uncertainty of the retail environment.

Emanuel Chirico

Emanuel Chirico
Chairman & Chief Executive Officer

EMANUEL CHIRICO
Chairman & Chief Executive Officer



OUR LEADERSHIP

A LETTER FROM CR LEADERSHIP

As the global population increases and the world's cities expand, conserving natural resources, creating a fair, healthy future for all and mitigating the impacts of climate change have never been more important. Increasingly, business is playing a critical role in the global sustainability agenda. Business leaders across the world must unite in support of the United Nations' Sustainable Development Goals ("SDGs") and take action to adopt cleaner energy, in line with the Paris Agreement. This must take place amid global political shifts that could signal economic uncertainty and political backsliding, potentially posing a barrier to positive change.

Our \$2.5 trillion industry has an important role to play. We still see worker unrest, poor safety and labor conditions, and political instability in sourcing countries. Separately, the apparel industry contributes 20% of industrial water waste and 10% of global carbon emissions.¹ As a global leader in our industry, with approximately 35,000 associates and approximately one million workers in our supply



Melanie Steiner
Senior Vice President, Chief Risk Officer

chain, we have a real opportunity to work toward a cleaner, fairer world. It is not only the right thing to do; it is essential to our future business success and critical to meeting our stakeholders' expectations.

At PVH, we are committed to helping lead our industry's progress by harnessing innovation, collaborating with like-minded stakeholders and increasing transparency in our supply chain and across our industry. We want to empower our associates, suppliers and workers in our supply chain to succeed. In particular, we believe that sustainable innovation will be a key factor in delivering our strategic priorities. We continuously seek to understand how we can create higher quality products while using less energy and fewer natural resources. As an example, our Speedo business, in partnership with Aquafil, has already created the swimwear industry's first fabric take-back program, closing the loop on production by using fabric scraps to create new swimsuits made from 100% regenerated Econyl® nylon. We are also exploring waterless dyeing and carbon-negative packaging and fibers across our business.

Working in partnership with our stakeholders sits at the heart of how we establish, act upon and evaluate our progress. Inclusive partnerships are central to supporting positive social, economic and environmental change at the pace required to meet the SDGs by 2030. Our approach to stakeholder engagement reflects our commitment to SDG 17: revitalizing



PVH Corporate Responsibility Global Team

the global partnership for sustainable development. Among the many social and environmental partnerships we engage in, we are especially proud of our contribution to the Accord on Fire and Building Safety ("the Accord") in Bangladesh. We were a founding member of the "Accord" and, in 2016, PVH was named as its top remediator, in recognition of the progress we made in addressing safety violations in our Bangladeshi suppliers' factories.

We took several important steps in 2016 to improve the quality and transparency of our reporting. We reported on our environmental commitments for the first time, and set a global greenhouse gas ("GHG") reduction target for our direct operations. We also completed our first CDP Climate and Water Questionnaires and obtained Fair Labor Association ("FLA") re-accreditation for the third time.

We continue to invest significantly in creating a responsible, best-in-class manufacturing operation at Hawassa Industrial Park ("HIP") in Ethiopia, where we have supported a group of our top suppliers in establishing factories and a fabric mill, and formed a joint venture in a woven shirt factory. We have sought to create positive impacts for workers, the environment and the wider Hawassa community from the outset, drawing on the lessons we have learned in other sourcing countries. For example, we helped to create a Code of Conduct for park tenants and commissioned rigorous independent building safety assessments. We also helped ensure that HIP housed a zero liquid discharge effluent facility to recycle approximately 90% of the park's water. Additionally, we allocated \$1 million of our \$5 million multi-year commitment to Save the Children to support programs providing employment skills for disadvantaged young people.

¹Glasgow Caledonian University Fair Fashion Center

Above all, we see our CR commitments – social and environmental – as interconnected. Addressing each of these issues in a coordinated manner, from building safety to chemical management, is the only way in which we truly will be able to succeed on our CR journey and achieve maximum impact. We are strengthening our human rights program, bringing new emphasis to our environmental efforts by assessing our suppliers' environmental performance and expanding into deeper levels of our supply chain for greater transparency.

Looking forward, we will continue to empower our associates and suppliers to take further action to drive positive impacts, and collaborate across our industry to help create a cleaner, fairer fashion future.

ABOVE ALL, WE SEE OUR CR COMMITMENTS – SOCIAL AND ENVIRONMENTAL – AS INTERCONNECTED. ADDRESSING EACH OF THESE ISSUES, FROM BUILDING SAFETY TO CHEMICAL MANAGEMENT, IS THE ONLY WAY IN WHICH WE WILL TRULY BE ABLE TO SUCCEED ON OUR CR JOURNEY AND ACHIEVE MAXIMUM IMPACT.

Marissa Pagnani
Group Vice President, Corporate Responsibility



MAKE POSITIVE IMPACTS

At PVH, we aim to drive positive impacts throughout our value chain – from Source to Store – empowering people, preserving the environment and supporting the communities where we work and live.

SOURCE
TO STORE

OUR CR STRATEGY

To drive positive impacts from Source to Store, our CR strategy consists of ten commitments. These commitments align with the UN's Sustainable Development Goals, covering issues such as clean water and sanitation (SDG 6), affordable and clean energy (SDG 7), and inclusion and diversity (SDG 5). Further, our strategy places a strong emphasis on the need to move beyond compliance to achieve sustainable protection of the rights, dignity and livelihoods of the nearly one million workers in PVH's supply chain (SDG 8). Increasing our focus on our environmental footprint and partnering with our suppliers to reduce environmental impacts across our supply chain is a top priority. As the world continues to change rapidly, we maintain our unwavering commitment to CR, as we believe that we can better drive progress in the areas that will have positive business, industry, and global impacts.

Mapping our strategy to the UN Sustainable Development Goals

The UN's Sustainable Development Goals, agreed upon by 193 countries in 2015, will help guide global efforts to achieve sustainable development over the next 15 years. We have developed our new CR strategy to support the SDGs, as we renew our efforts to achieve positive impacts across our value chain.

	HUMAN RIGHTS	
	SAFE WORKPLACES	
	INCLUSION & DIVERSITY	
	OUR ASSOCIATES	
	RESPONSIBLE CHEMICAL MANAGEMENT	
	WATER	
	SUSTAINABLE PACKAGING	
	SUSTAINABLE MATERIALS	
	GREENHOUSE GASES	
	COMMUNITIES	

COMMITMENTS

-  **1 HUMAN RIGHTS**
-  **6 WATER**
-  **2 SAFE WORKPLACES**
-  **7 SUSTAINABLE PACKAGING**
-  **3 INCLUSION & DIVERSITY**
-  **8 SUSTAINABLE MATERIALS**
-  **4 OUR ASSOCIATES**
-  **9 GREENHOUSE GASES**
-  **5 RESPONSIBLE CHEMICAL MANAGEMENT**
-  **10 COMMUNITIES**



EVOLVING OUR CR PROGRAM

We recognize our responsibility, as one of the world's largest apparel companies, to address the social and environmental impacts of our industry and contribute toward a fair, healthy future for all. We believe that CR helps strengthen our organization by managing risk, maximizing efficiencies and driving value in a rapidly changing world.

We have continuously evolved our CR program, even as we have grown our company significantly and faced major macro-economic challenges around the world. In 2016, we celebrated 25 years of *A Shared*

Commitment, our code of conduct for suppliers and business partners. We have continued our leadership on human rights, and expanded our philanthropic efforts, which are focused on supporting women and children, building upon our longstanding partnership with Save the Children.

In 2013, we embraced a more holistic approach to CR by developing our Source to Store vision to create positive impacts across our value chain, with a focus on empowering people, preserving the environment and supporting communities. In 2014, we laid the foundation to put

this approach into action and, in 2015, we began to optimize our CR program. In 2016, we enhanced our CR strategy, defining ten commitments to address the social and environmental issues that matter most to our business and our stakeholders.

We have been collaborating with teams across the company and partnering with our suppliers to put our ten commitments into practice – from design and materials sourcing to manufacturing, distribution and retail. We are proud of how our CR efforts evolved in 2016.

Evolution of CR at PVH



RECOGNIZING STRONG LEADERSHIP

Strong leadership on CR, and senior sponsorship of our CR efforts, is central to our ability to create positive change. At PVH, oversight of our CR program begins at the highest level – with the PVH Board of Directors and the PVH leadership team. Our Chairman and Chief Executive Officer, Emanuel Chirico, demonstrates his support by placing CR at the heart of everything we do. In 2016, *CR Magazine* recognized his commitment by awarding him its

Responsible CEO of the Year – Lifetime Achievement Award.

In an interview with *CR Magazine*, Mr. Chirico, who has been with PVH for over 20 years and has served as our CEO since 2006, describes his "light bulb moment," when he realized that building CR into our sourcing strategy and business processes – and holding ourselves accountable – would be vital to remaining commercially successful. The business case for CR is clear, he believes. "Our brands are our most important assets," he said, adding that doing business in the

right way creates a "virtuous circle," whereby our ongoing financial success is strengthened by a CR strategy that makes commercial sense.

Mr. Chirico highlights the importance of "walking the talk" and has further embedded CR together with the company's core values and our corporate culture. This began with the founders, the Phillips family, who set a powerful precedent for our focus on human rights and supporting communities.

STRENGTHENING CR IN OUR SUPPLY CHAIN

PVH's CR factory assessment program has been the cornerstone of our CR work for over 25 years. To continue to drive positive, enduring change within our supply chain, we are making two important enhancements to our assessment program:

- Increasing our focus on environmental sustainability**
 Much of our environmental impact arises in our supply chain. We are, therefore, beginning to work with our suppliers to help them evaluate their environmental sustainability performance using the Sustainable Apparel Coalition ("SAC") Higg Index Facility Environmental

Module ("FEM") -- a standardized tool for measuring apparel suppliers' environmental impacts and monitoring progress. In 2017, we will launch the Higg Index FEM with our strategic Level 1 (cut and sew) and Level 2 (mills and trim) suppliers. Suppliers can complete one Higg Index FEM self-assessment per year that can be reviewed by multiple brand owners, helping to reduce the auditing burden on suppliers and allowing us to focus more on partnering with suppliers to help them improve their environmental sustainability performance.

- Expanding our assessment program to Level 2 suppliers**

We are also beginning to expand our assessment program deeper into our supply chain for greater transparency, starting with our Level 2 suppliers. These include fabric mills, trim facilities and wet processing facilities. In 2017, we will begin assessing our Level 2 suppliers' performance on human rights and inviting them to complete the Higg Index FEM, beginning with our key mills and trim suppliers. In preparation for our expanded efforts, we mapped all of our Level 2 suppliers in 2016, and gained greater visibility into their practices and current impacts. This will better allow us to help them improve their effectiveness moving forward.

Supply Chain Level Definitions



ASSEMBLY AND FINISHING FACTORIES, INCLUDING CUT AND SEW AND VERTICALLY INTEGRATED FACTORIES.



RAW MATERIAL SUPPLIERS AND WET PROCESSING UNITS, INCLUDING FABRIC MILLS (WEAVERS/KNITTERS), DYE HOUSES, PRINTERS, LAUNDRY/WASH/FINISHING UNITS, TRIM SUPPLIERS, EMBROIDERY UNITS, CONVERTERS/AGENTS, MOLDERS AND TANNERIES.



COMMODITY SOURCES (COTTON, POLYESTER, LEATHER, METALS, PAPER AND PLASTICS SUPPLIERS) AND PROCESSING UNITS FOR LEVEL 2 SUPPLIERS (GINNERS AND SPINNING MILLS).

SUPPORTING COLLECTIVE ACTION TO ACCELERATE PROGRESS

Expanding our participation in collective action is a meaningful way for business to further influence positive change amid global political shifts. It is also the next natural step in the evolution of our CR efforts. Acting together should accelerate progress toward our goals and amplify our own positive impacts from Source to Store. In 2016, PVH committed to support three major UN-led initiatives that seek to harness the power of business as a force for positive change:

- Joining the UNGC**

The UNGC is the world's largest corporate sustainability initiative, supported by more than 9,000 companies. As a member, we have committed to respect its ten core principles across human rights, the environment and business ethics, and help lead change on sustainable development.

- Aligning with the CEO Water Mandate**

Water is a valuable natural resource for the apparel industry and is used significantly in cotton growing and wet processing. Aligning our water strategy with the CEO Water Mandate will help us safeguard and preserve water resources.

- Signing the Women's Empowerment Principles**

Signing the Women's Empowerment Principles and supporting the UN's HeForShe campaign reinforces our commitment to cultivating an inclusive and diverse workplace, where every individual is valued, and to creating more women leaders in our organization.

Importantly, we believe that creating a sustainable business can only be achieved through a holistic, interconnected approach. By joining the global movement of companies, governments, NGOs and citizens supporting the UN's SDGs, we can better effect change. Our CR strategy supports 14 of the UN's 17 SDGs, from responsible water use to building safety, greenhouse gases, improved labor conditions, supporting women and providing education to all children. Addressing social, environmental and economic issues together will deliver better, more long-lasting solutions for the communities we touch.

This concept of interconnection is central to our Source to Store vision. For example, by improving chemical management in factories, our suppliers' wastewater does not pollute local ecosystems and workers are less likely to be exposed to hazardous chemicals. We look to further draw these connections across our commitments.



LOOKING AHEAD

As we evolve our CR program, we will continuously strive for greater transparency within our supply chain, promote strong leadership and empower our teams, suppliers and partners to promote and drive positive change. In particular, we will build upon our historical commitment to human rights, strengthen our environmental commitments and continue to give back to the communities where we work and live. Increasingly, we will seek opportunities to lead collective efforts on the social and environmental issues where we stand to make the greatest positive impact.



1 HUMAN RIGHTS



Our commitment: Promote adherence to our code of conduct for business partners, *A Shared Commitment*, and go beyond compliance to improve the lives of workers within our supply chain.

As a leading global apparel company with nearly one million workers in our supply chain, we have an opportunity and obligation to uphold the rights of the people making our products and help improve their lives. The competitive nature of our industry can cause distinct challenges for workers, who may face unacceptable risks including working in unsafe buildings, poor labor conditions and insufficient wages. Since 1991, we have required all of our suppliers to adhere to *A Shared Commitment*. We take a proactive approach to lowering risks and driving value by assessing our suppliers' practices, addressing any violations and partnering with them to remediate and improve

performance. Increasingly, we are moving beyond compliance by empowering our suppliers to make changes that improve workers' lives and providing guidance and tools to support such efforts.

EVOLVING OUR SUPPLY CHAIN CR PROGRAM TO BETTER MANAGE RISK

We aim to strengthen our supplier partnerships, drive operational excellence and promote remediation and capacity-building. This starts with gaining deeper visibility into our supply chain by continuously evolving the scope and scale of our assessment program. Our assessment program underpins all our efforts to manage risk and make progress on our CR commitments. Increasingly, we are building suppliers' management capability on human rights and environmental sustainability. We explore the root causes behind recurring challenges, including the role of our business practices, and provide tools to improve or remediate any issues.



OUR ASSESSMENT PROGRAM

Our factory assessment is the first step on a journey to achieve continuous improvement with our suppliers. We currently evaluate finished goods factories against comprehensive human rights and environmental criteria, with ratings based on a traffic light-like system.

Factory ratings inform our sourcing decisions and remediation actions and determine the cadence for subsequent assessments. Better rated factories receive "green" or "yellow" ratings. An "orange" rating indicates that immediate action is required for the factory to maintain its authorization as a PVH supplier. If a supplier receives a "red" rating, we end our business relationship, making a responsible exit.

Throughout the assessment process, we look beyond the scope of typical audits by partnering with our suppliers to address shared goals. We share our expectations at the outset, conduct thorough factory inspections and seek workers' views in confidence. We engage factory managers in an open discussion on the findings, exploring root causes, and support them in developing corrective action plans ("CAPs"). We meet with our suppliers between assessments to review their progress in implementing remediation activities and provide further guidance.

PROMOTING RESPONSIBLE BUSINESS PRACTICES

We work in partnership with relevant cross-functional teams to help them adopt responsible practices that enable our suppliers to plan production effectively and improve working conditions. By enhancing our business processes and maintaining an open dialogue with suppliers, we aim to improve transparency and working conditions while minimizing risk in our supply chain. For example, by improving the accuracy of our supply forecasting, we can better ensure that suppliers have sufficient time to meet our delivery dates. This reduces the risk of suppliers contracting work to unauthorized companies or subjecting workers to excessive working hours or other unfair treatment. We raise awareness of these issues with relevant internal teams, support them with training materials, and work with them to create a culture of transparency and accountability within our company and with our suppliers.



BUILDING SUPPLIERS' CAPACITY

- Delivering training on working conditions and employment practices**
 We share practical strategies and deliver training to support our suppliers in developing systems to better manage human rights and environmental risks in their factories. With a focus on driving positive change in working conditions and employment practices, our training sessions cover topics including fire safety, human rights implementation, worker-management dialogue, chemical management, assessment practices and data management.

- Improving licensees' human rights performance**
 Similarly, we train our licensees to build their internal capacity to manage human rights performance in their supply chains. Many of our licensees participate in the Social Accountability International ("SAI") Social Fingerprint program to identify both strengths and areas for improvement in their social compliance systems. Using these results, we then train our licensees to strengthen their policies, processes and procedures to more effectively address health, safety and labor issues.

- Raising standards at an industry level**
 We participate in multi-stakeholder efforts to improve labor conditions and raise supply chain transparency across our industry, such as the FLA. We were a founding member of the FLA, and our Group Vice President of CR currently serves on the FLA's Board of Directors. The FLA evaluates our supplier programs, assesses a percentage of our supply chain against its Code of Conduct and Compliance Benchmarks, and discloses

the results publicly, along with any CAPs. We also encourage our suppliers to take part in continuous improvement programs, such as the Better Work program, a partnership between the United Nations' International Labor Organization and the International Finance Corporation, a member of the World Bank Group. Many factories in our supply chain participate in Better Work programs in Cambodia, Haiti, Indonesia, Jordan, Nicaragua, Vietnam and Bangladesh.

2016 HIGHLIGHTS

In 2016, we built upon our existing human rights program by taking steps to further integrate responsible business practices across our company and continuing to strengthen supplier relationships. Importantly, we enhanced our assessment program and focused on moving beyond compliance by partnering with our suppliers to better understand the root causes of recurring issues and build their capacity to better manage non-compliance issues.

RECOGNITION FOR OUR HUMAN RIGHTS EFFORTS

We are proud that PVH was recognized with the #2 ranking in the "Human Rights" category of *CR Magazine's* top 100 "Best Corporate Citizens" list in 2016, and recognize that we need to continue to improve upon our efforts.

REACCREDITATION BY THE FAIR LABOR ASSOCIATION

We were re-accredited by the FLA for the third time in 2016. Re-accreditation involved a two-year, in-depth due diligence process, including factory and headquarter visits, interviews with PVH supply chain senior management, data and systems analysis, and shadowing of training. Our re-accreditation by the FLA affirms that we have the systems and procedures required to uphold fair labor standards throughout our supply chain.

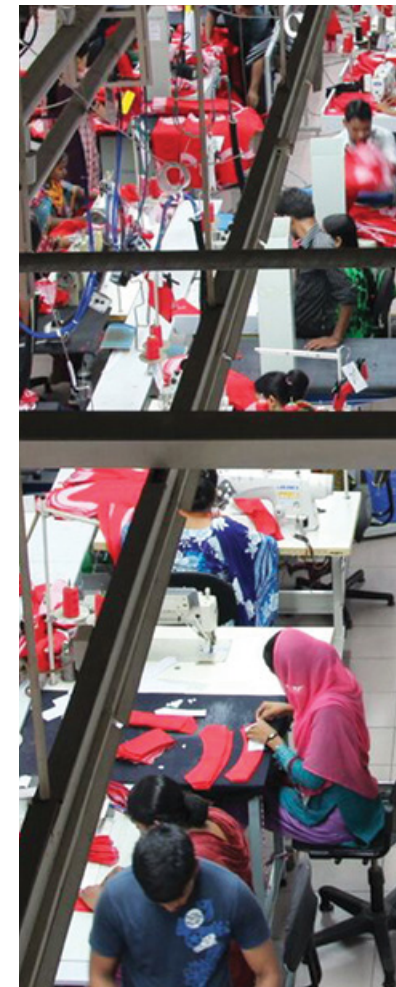
STRENGTHENING OUR CR SUPPLY CHAIN PROGRAM

We conducted approximately 2,150 CR assessments of Level 1 suppliers in 2016. Building on this foundation, we are evolving our assessment program in 2017. In particular, we will expand our assessment program to include a greater focus on environmental impacts by implementing the SAC's Higg Index FEM. We will also begin to dive deeper into our supply chain by assessing key Level 2 suppliers.

We are rolling out the Higg Index FEM to begin measuring suppliers' environmental impacts and monitoring progress. Suppliers can share the results of their

Higg Index FEM assessment and verification with other apparel companies, reducing audit fatigue and assessment costs. In the future, we plan to use the results from the Higg Index FEM assessment to better inform our strategy around other CR commitments, including water, chemicals and greenhouse gases.

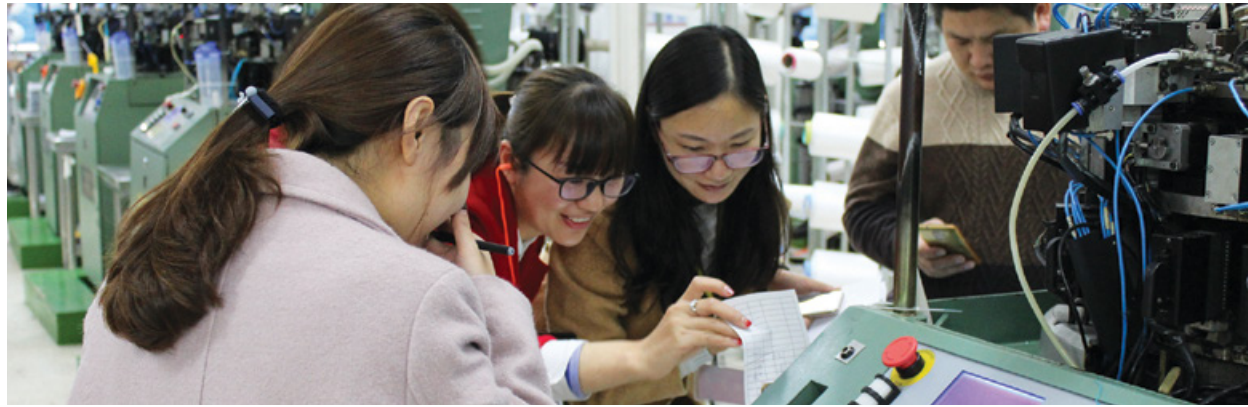
The extension of our assessment program to Level 2 suppliers will bring our social and environmental improvement goals to a greater portion of our supply chain, creating positive impacts for an increasing number of workers. We conducted an extensive mapping exercise of our Level 2 suppliers in 2016 to determine how best to incorporate these facilities within our program.



Our Progress in 2016

CATEGORY	SUBCATEGORY	NUMBER
Assessments	Total (Not Subcategory)	2,147
	Long-form assessments	1,122
	Equivalencies	122
	Short-form/Self-assessments	229
	Better Work ABVTEX ¹	141 533
Non-Assessment CR Engagement	Total (Not Subcategory)	509
	CAP Remediation	74
	Factory-Specific Capacity Building or Investigative Visit Engagement Meetings	203 232
Training: Person-Hours	Total (Not Subcategory)	11,825
	Internal	3,693
	External	8,132
Training: Attendees	Total (Not Subcategory)	3,350
	Internal	1,171
	External	2,179

¹ The Brazilian Association of Textile Retail (ABVTEX) conducts independent social compliance audits for apparel and textile suppliers in Brazil through its Suppliers Certification Program



ENHANCING OUR ASSESSMENT TOOL – WORKING HOURS AND BEST PRACTICES

In 2016, we introduced two new features to our assessment tool based on feedback from key stakeholders and testing with a pilot group of suppliers.

First, we now are evaluating working hours in greater depth in order to better distinguish between special circumstances and workers systematically working overtime. By tracking working hours during peak, normal and low-production months, we can better recognize factories with poor management systems and provide them with appropriate tools for improvement.

Second, we have started rewarding suppliers who create positive impacts (beyond the scope of the assessment), by capturing best practices during assessments, rather than simply penalizing non-compliances. Examples of best practices might include providing free transportation or professional development opportunities for workers. We are tracking these supplier best practices on key social issues, including freedom of association, compensation and benefits and health and safety, and now share them with other factories to use as a resource.

EMPOWERING OUR TEAMS THROUGH RESPONSIBLE BUSINESS PRACTICES

Improving the way we plan and manage our orders means partnering with multiple teams, including merchandising, design, planning and sales to ensure that we make realistic requests of our suppliers. By adopting more disciplined business practices internally, we aim to enable our suppliers to plan production and manage capacity more effectively.

This in turn will help prevent unauthorized subcontracting and potential mistreatment of workers. It will also benefit our business performance by improving on-time deliveries and product quality. To achieve this, we have mapped every aspect of the ordering process, from design vision to finished product, and identified the key decision-makers at each stage. Through training sessions with over 400 associates in the U.S., our CR team highlighted the importance of accurate forecasting, adhering to product development calendars and communicating regularly with suppliers. In particular, the team focused on how internal decision-making can impact our suppliers' ability to adhere to our *A Shared Commitment* code of conduct.

PARTNERING TO IMPROVE SUPPLIERS' PERFORMANCE

We continued our focus on remediation and capacity building by completing over 500 capacity building activities and remediation visits. These "beyond compliance" efforts accounted for approximately 20% of our supplier visits in 2016.

We piloted a capacity-building program with a small group of high-risk, orange-rated accessories factories and were able to identify effective practices that led to distinct performance improvements in working hours and compensation practices. We established clear expectations for remediation and provided Key Performance Indicator ("KPI") tracking tools to help these suppliers identify risk proactively and make positive changes. All of the participating factories have addressed their most critical issues and moved from an "orange" to a "yellow" rating. Importantly, we outsourced the assessment process, allowing our CR team members to focus on collaborating with suppliers to identify and resolve issues, build capacity and follow up on progress. We now plan to apply these proven strategies across our supply chain.

Additionally, ten of our key licensees (representing approximately 40% of our licensees' factories), participated in the SAI Social Fingerprint program to identify both strengths and areas for improvement in their social compliance management systems. We used these results to help our licensees strengthen their approach to promoting health, safety and labor issues in their supply chains. We currently rate 75% of our licensees' factories as yellow, green or blue.² We plan to roll out the Social Fingerprint program to 20 more licensees, (representing an additional 35% of our licensees' factories,) by the end of 2017 and also incorporate environmental criteria for a more comprehensive approach.

We also invited six top-performing suppliers to take part in our gold accreditation pilot program, through which we aim to help key strategic suppliers take a leadership role in upholding and improving CR standards in their factories. By helping suppliers adopt practices that go beyond compliance with our code of conduct, we aim to increase positive impacts for workers, catalyze further innovation and collaborate with suppliers toward shared goals.

Finally, we deepened our involvement in Better Work programs by introducing measures to gain further visibility of participating suppliers' progress, with a view to directing more business to better performing suppliers.

SUPPORTING INDUSTRY ACTION ON IMPROVING LABOR CONDITIONS

We joined the Project Management Team of the apparel industry's multi-stakeholder Social and Labor Convergence Project in order to expand our positive impacts for workers.³ Signatories are taking steps to create an industry-wide approach to measuring progress on human rights issues, thereby reducing audit fatigue among suppliers and better enabling apparel companies to focus on improving performance and capacity-building.

² A blue rating indicates that a factory is participating in a formal continuous improvement program, such as Better Work
³ <http://slconvergence.org/>



Women working in PVH's joint-venture woven shirt factory in Hawassa Industrial Park, Ethiopia



2 SAFE WORKPLACES



Our commitment: Ensure safe working conditions for workers within our supply chain.

At PVH, we see the workers in our supply chain as an extension of our own workforce and it is vital that they work in a safe environment. We support our suppliers in raising health and safety standards, particularly in production countries where workers are most at risk in the workplace.

We became founding members of the Accord, in the wake of the Rana Plaza building collapse in Bangladesh in 2013 to help stop further tragedies and develop a culture of health and safety in garment factories. The Accord is a legally binding commitment to improve fire and building safety in Bangladesh over five years. Our Group Vice President of Corporate Responsibility is a member of the Accord Steering Committee, representing us at a strategic level.

Through the Accord, we collaborate with multiple stakeholders to identify and address fire, electrical and structural risks, and drive positive change. Importantly, we recognize the pressing need to empower workers to formally voice their health and safety concerns with factory managers.

In factories producing goods for PVH, we both assess our suppliers and coordinate safety improvement efforts on behalf of our fellow Accord members purchasing from those factories. Our CR and supply chain teams work closely with our Bangladeshi suppliers to identify the root causes behind any safety issues and partner with suppliers to develop lasting solutions.

PVH has signed onto a second Accord on Fire and Building Safety in Bangladesh, which will take effect for a period of three years once the current Accord expires in May of 2018. The new agreement extends the fundamental elements of the first Accord, including independent inspections, safety committee training and an enhanced commitment to worker empowerment.

Increasingly, we are seeking ways to take the safety lessons we have learned in Bangladesh and apply them in other production countries, including India and Ethiopia.



INTERCONNECTION: OUR CR EFFORTS IN BANGLADESH INCLUDE PROMOTING WORKER SAFETY THROUGH THE ACCORD AND ALSO PROVIDING EDUCATION AND CHILDCARE TO THE CHILDREN OF GARMENT WORKERS THROUGH OUR PARTNERSHIP WITH SAVE THE CHILDREN.

PVH assessor conducting a safety assessment in a factory in Bangladesh

2016 HIGHLIGHTS

LEADING THE WAY ON REMEDIATION

As of January 31, 2017, the Accord had completed over 1,800 factory inspections and more than 1,400 corrective action plans.⁴ Among Accord members, including over 200 apparel companies, PVH has consistently demonstrated leading performance in remediation. Our local assessors visited all 83 of PVH's Bangladeshi suppliers to monitor progress, understand challenges and deliver training. Overall, we have addressed nearly 90% of the 6,500 issues uncovered to date at our suppliers' factories through the assessment process. This means that our current level of remediation stands at nearly 90%, compared to the Accord average of 74%.



COLLABORATING TO IMPROVE SAFETY PERFORMANCE

Decisive internal action and collaboration were central to maintaining a strong pace on Accord remediation in 2016. We developed and implemented stringent internal procedures to oversee our remediation efforts, reviewing remediation reports on a weekly basis. This includes reviewing the number of issues addressed, in progress and pending verification, and recording the length of and reasons for delays. For example, the factory may have had difficulty in seeking the necessary technical expertise or procuring fire safety equipment, or key stakeholders may have caused administrative delays.

We shared weekly updates with our supply chain teams on the number of issues each factory addressed and how it compared to the Accord remediation average. We also prepared an "escalation" checklist of all outstanding issues and delays, highlighting where factories present a higher level of risk. Our CR and supply chain teams held joint meetings with suppliers to help understand the root causes of safety issues, warn of the consequences, encourage progress and identify solutions.

While there is still more work to do, we are pleased that this targeted, collaborative approach is helping us to accelerate progress on outstanding issues.

EMPOWERING WORKERS

Factory inspection is just one of the three pillars of the Accord, sitting alongside establishing Occupational Safety and Health in Accord factories and providing health and safety training for workers. All of our Bangladeshi suppliers' factories currently have Occupational Safety and Health worker committees.

In 2016, we supported the verification of properly constituted worker committees, which we believe is the key to empowering workers to manage their own safety. Moving forward, we will increasingly focus on helping workers to raise health and safety concerns in a productive way by promoting worker-management dialogue.

BEYOND BANGLADESH

At HIP in Ethiopia, we held multiple meetings with suppliers to reinforce the importance of adopting a Code of Conduct consistent with our *A Shared Commitment* code of conduct. Importantly, we also focused on the quality of the roofing and the structural integrity of the buildings, as well as fire safety equipment and procedures. Before each supplier set its production lines in motion, rigorous health and safety assessments were conducted to identify any issues for remediation.

We have continued to apply the building and fire safety lessons we have learned in Bangladesh throughout our supply chain. In 2016, we supported the FLA's Fire Safety Initiative, which seeks to reduce fire risks and prevent injuries by empowering factories in countries beyond Bangladesh to develop a culture of safety. We collaborated with other companies, including Nike, Patagonia and Columbia Sportswear on a training program for fire and safety trainers in China and India.

As we move forward in 2017, we will continue to analyze reasons for remediation delays, push for progress on remediation and apply the lessons we learn throughout our supply chain to promote safe working conditions for the people making our products.



⁴ Bangladesh Accord Quarterly Aggregate Report, January 1, 2017. <http://bangladeshaccord.org/wp-content/uploads/Quarterly-Aggregate-Report-March-2017.pdf>



INCLUSION & DIVERSITY



Our commitment: Invest in and support PVH associates in reaching their full potential, in an inclusive environment where every individual is valued.

Our focus on Inclusion and Diversity (“I&D”) is rooted in our Core Values: individuality, partnership, passion, integrity and accountability. These values embody who we are as a company, guide our decisions and

inspire us. Our I&D Councils support our drive to be the employer of choice in our industry by attracting and retaining talented individuals from a wide range of backgrounds and perspectives.

We promote fair talent practices that are free from bias, help associates learn about the benefits of I&D and develop diverse future leaders through our Business Resource Groups (“BRGs”). Led by our associates and open to all, these business-focused affinity groups offer associates an opportunity to

network with each other, gain visibility and grow professionally. We launched the Women’s Leadership Council (“WLC”), our first BRG, in 2015.

More broadly, we focus on equality and women’s advancement in the workplace through our commitment to the UN’s Women’s Empowerment Principles and our support for initiatives such as the United Nations’ HeForShe initiative and Human Rights Campaign.



More than 1,200 leaders have completed our “Confronting Unconscious Bias” training, introduced in 2016 to help senior leaders identify and address deeply ingrained biases in their decision-making and interactions with others. Our program was recognized in 2017 by HR.com as a finalist in the Best Use of Classroom Training category. All new and recently promoted leaders are required to take the course.

Building on this success, we have expanded PVH University’s I&D-related content to include two new courses. The first is on the topic of microinequities and the second is focused on generational differences.

2016 HIGHLIGHTS

In 2016, we expanded our focus on I&D by establishing an I&D Council in Asia to enable a regionally relevant approach to interpreting our global I&D strategy.

PVH Associates participate in a “Power Breakfast” with Chairman & CEO, Emanuel Chirico, organized by the Women’s Leadership Council

PROMOTING FAIR TALENT PRACTICES

We analyze key diversity data by job level, and perform regular audits to ensure that our pay, promotion, development and hiring practices are fair and free of bias. Additionally, we support our business leaders in implementing an inclusive talent review and succession planning process.

PROMOTING I&D THROUGH BUSINESS RESOURCE GROUPS

In 2016, the WLC, provided new learning experiences and opportunities for associates, recommended enhanced associate benefits and helped emerging leaders gain more visibility to senior management through initiatives like the Power Breakfast.

Importantly, drawing inspiration from an extensive benchmarking study,

the WLC, in partnership with our Human Resources team, presented a proposal for an enhanced parental leave policy and more flexible working options to our Chief Executive Officer, Chief Operating and Financial Officer and Chief Human Resources Officer.

In January 2017, we adopted our expanded parental leave policy in the U.S. and will introduce more flexible working options in 2017. These policies have been developed in line with our focus on fostering an inclusive culture. They include more consistent pay and extended paid and

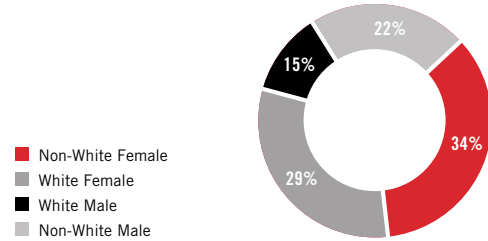
unpaid maternity leave, as well as a broader definition of parental leave.

STANDING UP FOR LGBTQ RIGHTS

In 2016, PVH associates in the U.S. and Hong Kong supported major LGBTQ events for the first time under PVH's banner. With the support of The PVH Foundation, our I&D team worked with associates to organize a coordinated presence at New York's Pride March. Over 150 supporters attended the march, wearing PVH-

U.S. Diversity Analysis – 2016

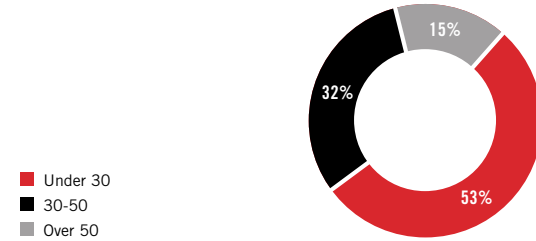
TOTAL ASSOCIATES 15,460



U.S. only. Includes retail store population. Excludes temporary associates.

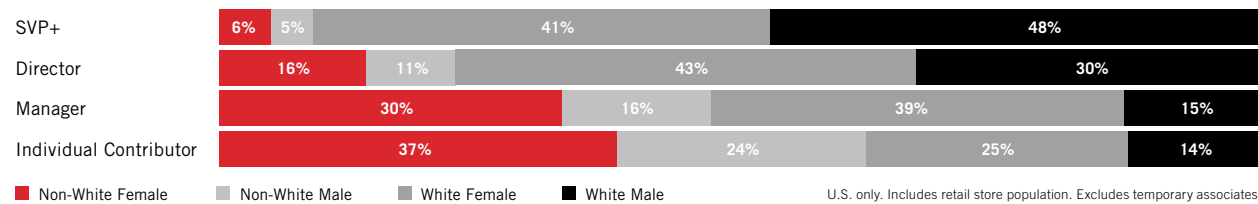
U.S. Associates (%) By Age – 2016

Total Associates 15,460



U.S. only. Includes retail store population. Excludes temporary associates.

U.S. Diversity Representation: By Level - 2016



U.S. only. Includes retail store population. Excludes temporary associates.

branded T-shirts designed by Tommy Hilfiger associates and sourced by Calvin Klein associates. They also wore pins in memory of a Calvin Klein associate who was killed in the Orlando nightclub shooting in June 2016.

In Hong Kong, more than 80 PVH associates showed support for LGBTQ rights by participating in the 2016 Pink Dot event, a free outdoor carnival and concert celebrating inclusion and diversity. PVH also sponsored the event, becoming Pink

Dot Hong Kong's first retail fashion sponsor. Our Regional Design, Calvin Klein Asia Sourcing, and U.S. Corporate Communications teams also collaborated to produce PVH Pink Dot T-shirts for our participants.

Following our participation in New York's 2016 Pride March and Hong Kong's Pink Dot event, a group of associates formed a BRG, called WERK, focused on LGBTQ issues. WERK will play a key role in furthering our support of the UN's Human Rights Campaign.

EXPANDING LEARNING & DEVELOPMENT OPPORTUNITIES

We continuously expand the development opportunities available to associates, taking an inclusive approach to learning and offering our associates the opportunity to create tailored learning plans. We align our curriculum to our business strategy, in order to optimize the learning and development options available.

We launched PVH University ("PVH U"), our corporate university, globally in 2016. PVH U helps associates around the globe build core competencies through engaging and impactful learning content. PVH U was recognized as one of the top three corporate universities in HR.com's LEAD Awards.

PVH U is organized into four Academies: Leadership; Inclusion and Diversity; Systems and Applications; and Professional Skills. In 2016, PVH U offered more than 200 classroom courses, adapted by region, as well as custom courses designed by our Talent Development Team. PVH U OnDemand, the portal for elearning content, offers more than 2,000 online courses and videos, which are available to all corporate associates globally in 13 languages.

Engaging PVH's senior leaders as faculty is a key driver of PVH U's success. In 2016 we built on the success of our Leaders as Teachers series, in which senior leaders share their experience and knowledge directly with associates, by introducing a Leaders Who Lunch series. In these informal and conversational sessions, associates have the opportunity to discuss current business topics with a senior leader. In 2016, we hosted sessions with our Chief Operating & Financial Officer, Michael Shaffer, who addressed the changing retail landscape. In 2017, speakers will include senior leaders from our Calvin Klein Retail and Investor Relations teams and the Marketing Group for our Heritage Brands.

Our Global Leadership Program for senior leaders marked its third year in 2016. The six-month development program is designed to promote greater internal collaboration and understanding of our global business, as well as enhance leaders' strategy, business and leadership skills. As our flagship program for senior leaders, the PVH Global Leadership Program was designed in partnership with the University of Pennsylvania's Wharton School and was recognized by HR.com as a best-in-class senior leadership development program.

To strengthen our leadership pipeline and further support our front-line and mid-level leaders, we broadened the range of development opportunities we offer through PVH U's Leadership Academy. In early 2017, we introduced two new certificate programs: PVH U Leadership Foundations and PVH U Leadership Impact. Both programs focus on core areas such as business acumen, strategic thinking and relationship building. We will introduce a Coaching Skills Certificate Program later in 2017.

LOOKING AHEAD

We will continue to optimize PVH U, both through the development and roll-out of our latest PVH Academies, and PVH U OnDemand. Additionally, to support the development of our retail associates, we will host a global PVH U retail training summit in New York to discuss learning needs and best practices, and establish retail learning "champions."



Participants in PVH's 2016 Global Leadership Program for senior leaders



Our commitment:
Attract and retain world class talent by making PVH a great place to work

We are committed to providing our most important asset – our approximately 35,000 associates around the globe – with a great place to work and the opportunities to develop personally and professionally. In addition, we offer competitive pay and benefits, tailoring our offerings to the countries and regions where we work.

OUR BENEFITS

We continuously strive to improve the benefits we offer. In 2016, we evaluated and focused on improving our benefit offerings in our sourcing hub countries. Specific benefits vary by associate grade, type of facility and region and may include:

- Health, dental, and vision insurance
- Life and Accidental Death & Dismemberment insurance
- Disability insurance
- Retirement plan benefits
- Domestic partner benefits
- Employee Assistance Program (EAP)
- Financial planning and college scholarships for U.S. associates' children
- Flexible working arrangements
- Paid time off
- Parental leave benefits
- Employee product discounts program.

Through our health and wellness platform, PVH HealthMatters, available to associates in the U.S. and Canada, we give associates the opportunity to take part in fitness, nutrition and health-oriented seminars and activities. We also support them with personal coaching and free mobile fitness apps. In the U.S., we offer subsidized rates for health clubs and, around the world, we promote team sports to enable associates to pursue active lifestyles.

We provide for the safety of our associates through our Business Continuity Program, which involves associate preparedness, local site preparations, crisis management and business recovery. In addition, PVH Complies, our compliance training program, includes “Violence in the Workplace,” which explains our Workplace Violence Policy and, through a video, provides guidance on what to do in the event of an active shooter or imminent threat in the workplace. The video was a mandatory part of our annual training in 2016 and is available in our library of courses on PVH U OnDemand.

2016 HIGHLIGHTS

EMPOWERING OUR ASSOCIATES TO MAKE SMART BENEFITS CHOICES

In 2016, we took steps to give our associates the tools and resources to navigate our robust range of benefits and make the right choices for themselves and their families. For example, we created a customized benefits portal for all U.S. associates with interactive tools to help them research and select medical plans. Through this portal, we were able to offer associates online benefits enrollment for the first time.

We have also launched a new global human resources and payroll solution (Workday) in the U.S. and Canada that will be rolled out to the rest of our offices globally, starting in Asia in 2017. The customized benefits portal connects directly to Workday, where associates can access all of their data, including pay and benefit information, in one location.

Additionally, we developed comprehensive benefits for PVH associates working at HIP in Ethiopia. We have developed a new medical plan for associates in Hawassa, and proposed an on-site health clinic for workers in our joint venture.

ENHANCING OUR PARENTAL LEAVE POLICIES

Drawing inspiration from an extensive benchmarking study, the WLC, in partnership with our HR team, presented a proposal for an enhanced parental leave policy for the U.S.

In line with our focus on fostering an inclusive culture, we replaced our maternity, paternity and adoption leave policies with a comprehensive parental leave policy. Our new, broader policy covers any parent who adopts or fosters a child, as well as any partner or spouse of a birthing mother. The policy includes a more consistent salary over an extended period for eligible associates.

As part of our new parental leave policy, we also implemented a Flex Back To Work Program that allows a more gradual transition back to work following parental leave through an abbreviated work schedule for a period of time. Our new parental leave policy and Flex Back To Work Program went into effect in the U.S. in January 2017.

EXPANDING THE REACH OF PVH HEALTHMATTERS

In January 2017, we expanded PVH HealthMatters to our 500 retail associates in Canada. Nearly 2,900 associates participated in HealthMatters initiatives in 2016.

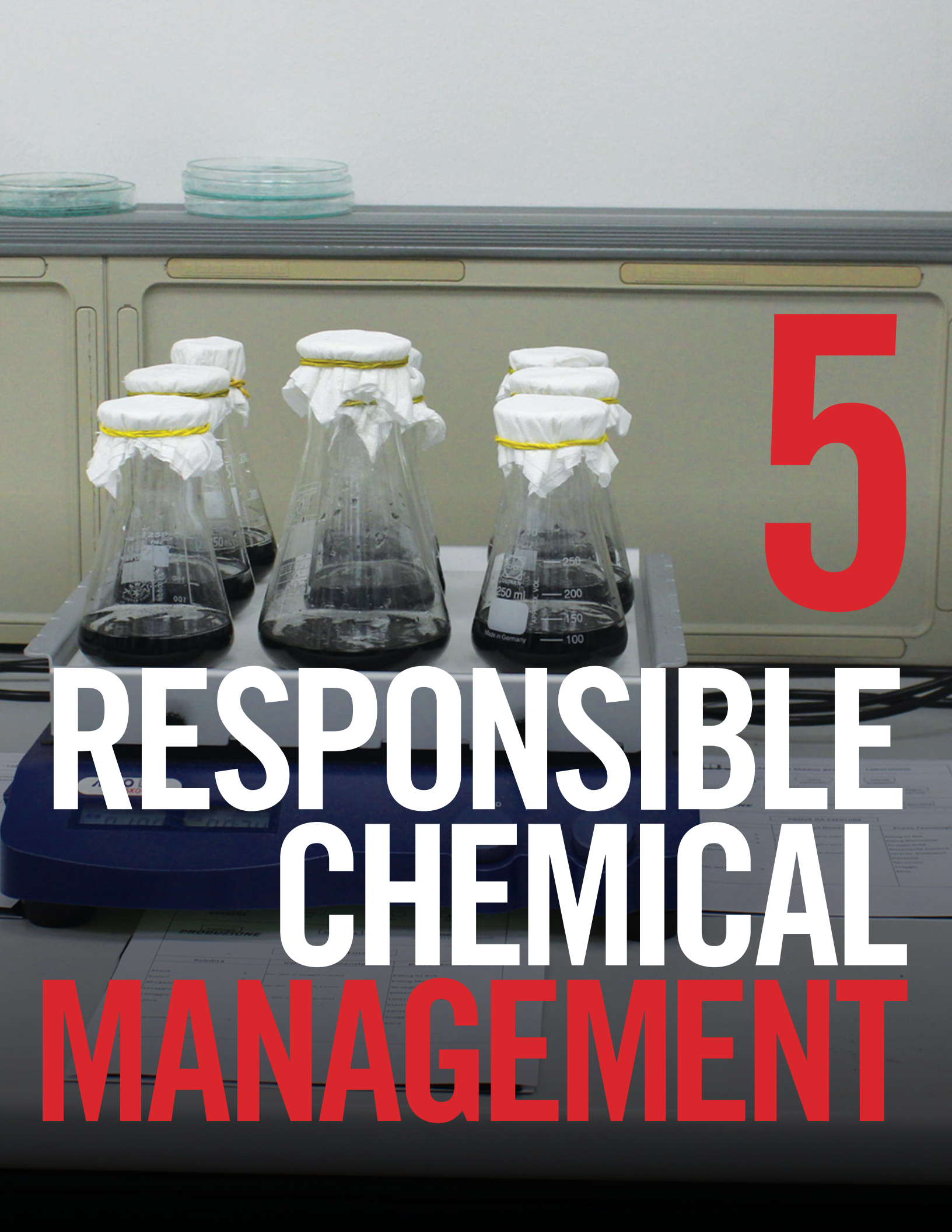
We also linked our PVH HealthMatters rewards program (for associates who demonstrate healthy behaviors each quarter) with our environmental goals by offering associates the opportunity to select rewards online. Approximately 90% of qualifying associates selected this option, allowing us to save nearly 8,000 paper and plastic rewards cards. Overall, we saw an 8% increase in the number of associates who qualified for rewards in 2016 versus 2015.

January 2017 marked the tenth anniversary of PVH HealthMatters. Over the past decade, we have enhanced the program to expand the range of activities we offer and make it more attractive to associates with varied interests and abilities. Our anniversary celebrations will include a number of wellness-focused activities. For example, we will invite associates to take part in a tenth anniversary “10k a day” step challenge, encourage associates to share their health success stories and honor PVH

HealthMatters veterans. We will also hold a PVH HealthMatters Day and run competitions to raise awareness of the program. In addition, associates will have the opportunity to earn double rewards by participating in events such as the NYC Pride March and Ronald McDonald House Walk for Kids.

Looking ahead, we will continue to refine the tools we provide to associates to help them personalize their benefits package effectively and become better health care consumers.





Our commitment: Practice responsible chemical management by reducing and eventually phasing out hazardous chemicals from our supply chain by 2020.

Chemicals are used throughout the apparel manufacturing process. Managing these chemicals effectively and identifying safer substances is central to protecting human health and the environment. PVH is committed to using safer substances in materials used to manufacture our products and within the manufacturing processes themselves to protect the consumer, workers, sourcing communities, and the natural environment. This commitment will move us towards zero discharge of hazardous chemicals across our supply chain by 2020. We will start by focusing on zero discharge of 11 chemical classes that we, along with others in our industry, have prioritized. Our journey to manage chemicals responsibly is guided by our Chemical Commitment and Action Plan.

We manage chemicals within our products through our Restricted Substance List (“RSL”), which sets concentration limits for substances found in our finished products. Our RSL covers the 11 priority chemical classes and serves to phase-out intentional use of these chemicals by our suppliers.

We also aim to address chemicals in the manufacturing process by using the Zero Discharge of Hazardous Chemicals (“ZDHC”) Programme’s Manufacturing Restricted Substances List (“MRSL”) and Wastewater Guidelines. Adopting and rolling out the ZDHC MRSL and Wastewater Guidelines, will further ensure the elimination of unintentional traces

of the 11 priority chemical classes in our supply chain. To monitor compliance with our chemical management program, we take a risk-based approach to auditing suppliers and testing products, focusing on the 11 priority chemical classes. We are increasingly requiring our suppliers at Level 2 of our supply chain (where the most significant chemical impacts occur) to raise their standards on chemical management and are expanding the scope of our environmental assessments to include these suppliers. We encourage suppliers at all levels to achieve sustainability certifications such as Standard 100 by Oeko-Tex, STeP or Bluesign. These certifications are fundamental indicators of performance and we take them into consideration when identifying which suppliers are the highest priorities for undergoing our chemical management testing.

To reinforce our supplier efforts, we also deliver training for our design, product development and supply chain teams on managing chemicals responsibly, improving their knowledge of the impacts of restricted chemicals, as well as best practices.

To help raise standards at an industry level, we collaborate with industry stakeholders to address challenges such as developing shared goals, guidelines and measurement tools. We support the ZDHC’s roadmap for eliminating the discharge of hazardous chemicals by 2020. We are also participating in AFIRM Group (“AFIRM”) to help our industry develop a shared RSL so that suppliers are subject to one standard for the industry. Finally, we are working collectively with our peers and other responsible businesses to share best practices through our commitment to the UN’s CEO Water Mandate and our participation in the SAC.

11 PRIORITY CHEMICAL CLASSES

1. APs and APEOs
2. Azo Dyes
3. Chlorinated Paraffin's
4. Chlorophenols
5. Chlorinated Solvents
6. Chlorinated Benzenes
7. Heavy Metals
8. Organotins
9. Per- and Poly-Fluorinated Chemicals (including PFOS and PFOA)
10. Ortho-phthalates
11. Halogenated Flame Retardants

Recently dyed fabric from a Level 2 dyehouse – Level 2 is the most chemical-intensive stage of apparel production.



2016 HIGHLIGHTS

Addressing the chemical impacts of our products at both Level 1 and 2 is integral to our commitment to eliminating discharge of hazardous chemicals from our supply chain by 2020.

TRAINING 100% OF OUR DIRECT SUPPLIERS

In 2016, we completed our program of chemical management training for all our Level 1 suppliers and supply chain teams and began to train some of our Level 2 suppliers, providing a total of approximately 6,300 hours of training. In particular, we covered our approach and goals for responsible chemical management, how to use our most recently updated RSL and why it is important to limit and phase out certain chemicals. We provided guidance on best practice in both phasing out hazardous chemicals and introducing safer alternatives. All our suppliers are now following the latest version of our RSL.

GAINING GREATER VISIBILITY OF OUR LEVEL 2 SUPPLIERS

Importantly, we took steps to gain greater visibility of our Level 2 suppliers by conducting a global supplier mapping exercise. Level 2 is the most chemical-intensive stage of apparel production, so it is critical that we map, train and support these suppliers on responsible chemical management. We will use this mapping exercise to inform our approach to managing chemical risk and our environmental practices at this level in our supply chain.

ADOPTING A STANDARDIZED, RISK-BASED APPROACH TO TESTING

We are partnering with our business divisions to help them adopt a standardized approach to chemical compliance testing. We have developed a global, risk-based testing methodology to confirm whether suppliers are complying with our RSL. This methodology focuses initially on the 11 priority chemical classes. We piloted this approach in 2016 and are working to roll it out across all of our business divisions in 2017. The same method can be used to test components (such as fabric and trims), as well as finished products.

We will determine the level of testing required according to the level of risk posed by the supplier and its processes, and based upon product categories. In particular, we will consider whether the supplier has third party certifications (such as Oeko-Tex), whether they are implementing ZDHC's MRSL and to what extent they are involved in finishing and wet processing. We will also consider which chemicals are likely to be present per material and in the case of Level 2 suppliers, whether the supplier is selected by our Level 1 supplier or by us.

Our Level 1 suppliers will be responsible for conducting the testing on finished products, supported by the tools and guidelines we have provided. We will also conduct verification tests to ensure that our risk-based testing process is effective.

CHAMPIONING ETHICAL STANDARDS

Oeko-Tex is a global association of textile testing institutes dedicated to product safety and sustainable production. The Standard 100 by Oeko-Tex certification focuses on the chemicals used in all levels of processing, from raw material to finished product. It confirms that components are free from hazardous chemicals and comply with our RSL. As of January 2017, we started the process of requiring key Level 2 suppliers to have Standard 100 by Oeko-Tex certification. Additionally, we have advised all our Level 1 suppliers who select their own raw material sources to use Oeko-Tex or Bluesign-certified suppliers. Where suppliers do not seek certification, we will reconsider our business relationship. These efforts provide a starting point from which we can begin to understand more about suppliers' production processes in order to best determine product risk and testing requirements, and how they may need to evolve.

EXPANDING OUR CHEMICAL MANAGEMENT JOURNEY

Our focus is not limited to hazardous chemicals in our products. We are also expanding our program to require our suppliers to manage chemicals responsibly in the manufacturing process.

Looking ahead, we plan to continue training and partnering with our Level 2 suppliers on our chemical management requirements. We also will push for greater transparency in our supply chain, mapping our Level 3 suppliers (commodity sources) and gaining improved visibility of our key licensees' suppliers' chemical management practices. We are committed to refining our roadmap to phasing out hazardous chemicals and developing our products using safer substances. We are also leveraging our resources together with industry groups to do so over time.



INTERCONNECTION: HELPING TO ENSURE THE USE OF SAFER CHEMICAL SUBSTANCES IN OUR SUPPLY CHAIN SUPPORTS OUR COMMITMENTS TO PROMOTE WORKER HEALTH AND SAFETY, SOURCE RAW MATERIALS MORE SUSTAINABLY AND SAFEGUARD WATER.



CR presenting on responsible chemical management



Comparing samples of treated versus untreated wastewater – Responsible chemical management is critical to safeguarding water and supporting worker health and safety.

6 WATER



Our commitment: Safeguard and preserve water resources to ensure the continuity and quality of water supply for our business and the community.

Water is used at every stage of our product lifecycles – from growing raw materials (such as cotton) to dyeing, tanning, printing and finishing garments, to the way consumers launder clothes. It is vital that we take steps to safeguard water resources in our sourcing countries, especially as the global population expands, increasing pressure on the world's available freshwater supplies.

Access to safe water is a human right, and water and sanitation are essential for communities to thrive. Currently, an estimated 663 million people – one in ten – lack access to safe water.⁵ The United Nation's SDG 6 sets a target for achieving safe, sustainably managed water for all by 2030.⁶ In support of this, we are developing a global water strategy to safeguard and preserve water resources in the communities where we manufacture. We aim to ensure continuity and quality of water supply for community members and our business.

We are using a number of different resources, insights and tools to develop a comprehensive global water strategy. Our strategy will be informed by our UN CEO Water Mandate commitment, a global water risk analysis conducted by WWF International (formerly World Wildlife Fund International) and insights into the lifecycle impacts of our products. Additionally, we are leveraging the ZDHC Programme's work, notably its new MRSL and Wastewater Guidelines. We are also taking steps to gain greater insight into our Level 1 and 2 suppliers' water use, particularly through the Higg Index FEM.

Our water strategy focuses on reducing water use in our own facilities, across our supply chain, at the product level (by introducing technologies such as waterless dyeing) and within our sourcing communities. It builds on our Tommy Hilfiger business's water stewardship efforts and the steps we have already taken to improve our water impact, such as participating in multi-stakeholder and industry groups. It also includes further exploration of ways best to conserve water at the newly constructed HIP in Ethiopia.

2016 HIGHLIGHTS

SIGNING THE CEO WATER MANDATE

To underscore our commitment to water preservation, Our Chairman and CEO, Emanuel Chirico, signed the UN CEO Water Mandate, as did Daniel Grieder, CEO, Tommy Hilfiger Global and PVH Europe.

By signing the CEO Water Mandate, we have joined a movement of 130 major businesses committed to addressing the global water challenge and innovating toward sustainable water management. Member companies voluntarily commit to respecting and reporting progress against the Mandate's six core principles:

- Water use and management in direct operations;
- Water use and management in supply chain and watershed management;
- Collective action;
- Public policy;
- Community engagement; and
- Transparency on strategy, investments and actions taken.⁷



Lake Hawassa in Ethiopia – We plan to prioritize Ethiopia for collective action initiatives to protect water resources in this region

⁵ World Health Organization and UNICEF Joint Monitoring Programme (JMP). (2015) Progress on Drinking Water and Sanitation, 2015 Update and MDG Assessment

⁶ <http://www.un.org/sustainabledevelopment/water-and-sanitation/>

⁷ ceowatermandate.org

UNDERSTANDING OUR WATER FOOTPRINT

WWF has assessed the extent to which our Level 1 and 2 suppliers are exposed to water risks using its Water Risk Filter tool. WWF took into consideration our global water commitment, our CEO Water Mandate membership, Tommy Hilfiger's existing water stewardship initiatives and our focus on Ethiopia. The analysis demonstrated that water is a serious risk in some of our sourcing communities and has provided recommendations on how we can refine our water strategy and develop target-driven goals.

Drawing on this analysis and WWF's recommendations, we are developing water reduction and stewardship initiatives for our facilities, supply chain, product design and sourcing communities. We plan to prioritize Ethiopia, Bangladesh and southern India for collective action initiatives to protect water resources in these communities.

In 2017, we also aim to roll out wastewater initiatives through our chemical management program and benchmark the water footprint of our facilities. As we evolve our factory assessment program, we will begin to capture information on water use in Level 1 and key Level 2 suppliers' facilities by helping them to complete the Higg Index FEM. This will be an important step toward better understanding water impacts across our supply chain. Finally, we will explore waterless design and product innovations, and develop KPIs for water.

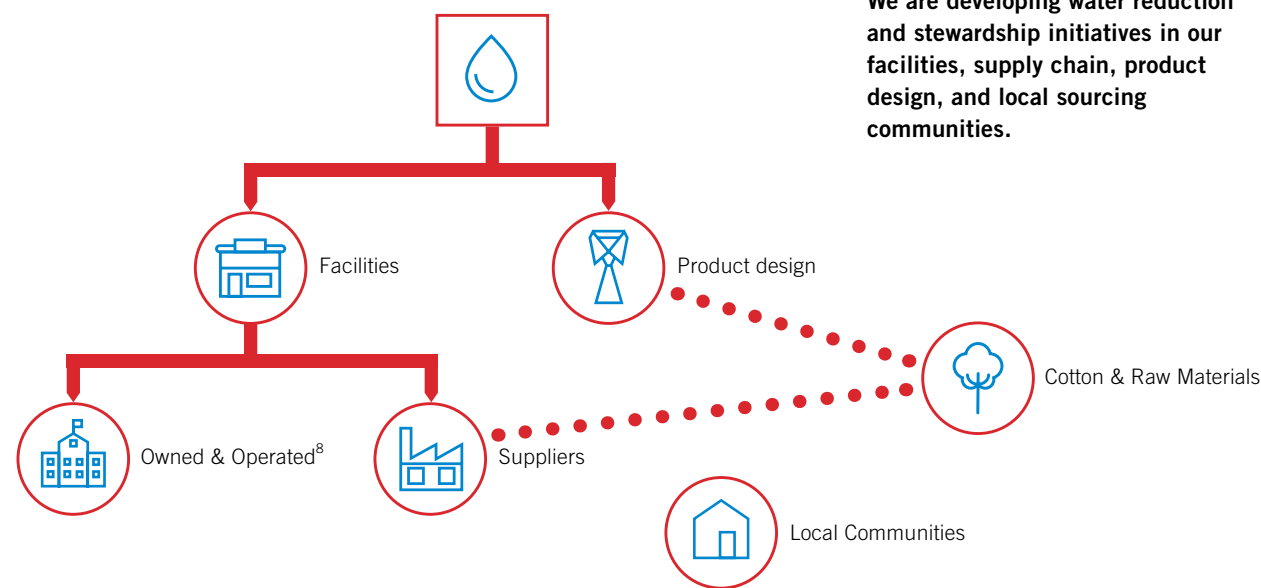
⁸ May include offices, warehouses, distribution centers, stores, and factories
⁹ Gesellschaft für Internationale Zusammenarbeit ("GIZ") is a Germany-based sustainability development consultancy that provides organizations and governments, including the German government, with support and advice on social and environmental issues

CONSERVING WATER AT HAWASSA INDUSTRIAL PARK IN ETHIOPIA

In 2015, we commissioned an independent hydrology report, along with the other local tenants, at HIP in Ethiopia. This report informs our water conservation efforts at HIP, including the installation of closed-loop, zero liquid discharge ("ZLD") technology within the park to protect local water supplies. We expect this ZLD system to recycle approximately 90% of water, with the remaining 10% treated or evaporated.

In the spring of 2017, we also initiated collective action work to preserve nearby Lake Hawassa by co-hosting a multi-stakeholder roundtable with GIZ's ⁹ International Water Stewardship Programme and the Rift Valley Lakes Basin Authority. We look forward to taking further action to preserve the lake in the coming year and beyond.

Where does PVH use water?



This ZLD Effluent Treatment Plant in HIP, Ethiopia is expected to recycle approximately 90% of water used in the park



© John E. Newby WWF

SUPPORTING ZDHC'S WASTEWATER GUIDELINES

We prepared in 2016 to implement ZDHC's MRSL and Wastewater Guidelines. By helping our suppliers adopt these guidelines, we aim to both preserve water resources and prevent environmental pollution by ensuring that hazardous chemicals are not released into the environment during the manufacture of our products.



INTERCONNECTION: ACCESS TO SAFE WATER IS A HUMAN RIGHT, AND WATER AND SANITATION ARE ESSENTIAL FOR OUR LOCAL SOURCING COMMUNITIES TO THRIVE.

TOMMY HILFIGER WATER STEWARDSHIP PROGRAM

Tommy Hilfiger's water stewardship program has three key tenets: (i) collective action with stakeholders in high risk areas; (ii) improving key factories' water practices; and (iii) reducing the water impact of our products. Tommy Hilfiger continues to partner with WWF on water stewardship projects in the high risk Taihu and Mekong river basins and with the Better Cotton Initiative, which supports (among other areas) cotton farmers in reducing their water use.

In 2016, Tommy Hilfiger collaborated with H&M to provide training for suppliers operating in the Taihu river basin and to deliver a workshop for Industrial Park ("IP") managers in the region, as part of its Eco-Industrial Park project. Approximately 120 Level 1 and 2 suppliers attended the training session in Shanghai to learn how to address the textile

industry's water challenges and best comply with the latest Chinese water regulations. Meanwhile, the IP workshop presented an opportunity for IP managers across the region to collaborate on water challenges and opportunities related to IP operations, such as addressing wastewater discharge and developing appropriate infrastructure to provide clean water for production.

In the Mekong river basin, Tommy Hilfiger is continuing to work with local stakeholders to raise awareness of the importance of the Mekong river to the people, wildlife and economy of Vietnam. In 2017, Tommy Hilfiger will also continue to partner with WWF in conducting in-depth research on the water risks and opportunities for the textile sector in Vietnam.



SUSTAINABLE PACKAGING



Our commitment: Reduce the amount of packaging used for PVH products and work toward sending zero materials to landfill.

In the apparel industry, waste occurs throughout the product lifecycle, from the design stage through to consumer use. Packaging is a large and visible source of waste, yet it also plays a vital role in protecting products for our consumers. To optimize our use of packaging materials and preserve the environment, we are taking steps to reduce the amount of packaging on our products and use more recyclable materials. This has a significant potential to conserve

natural resources. For example, 78 million tons of plastic packaging is produced globally each year, yet only 14% is collected for recycling. Plastics production also uses as much oil as the airline industry annually.¹⁰ Meanwhile, preventing one ton of paper waste can save up to 17 trees.¹¹ Further, we have also identified areas where sustainable packaging initiatives could generate a few million dollars in savings for our business.

In 2016, we launched a sustainable packaging initiative with a view to reduce and send zero waste to landfill. In particular, we assessed our on-product packaging material footprint and raised awareness of the importance of packaging reduction and recyclability across our company. We also began collaborating with

our suppliers and other apparel companies on innovative packaging solutions, through groups like the Sustainable Packaging Coalition.

Increasingly, we will expand our focus to include packing materials, such as cardboard cartons, used to protect products while in transport, and in our store and e-commerce operations. To help guide our business teams with sustainable packaging decisions, we have created a framework and established guidelines, centered on three “Rs” of sustainable packaging: reducing packaging (to cut waste to landfill), switching to recyclable packaging materials (to cut waste and give materials a second life) and rethinking the materials we use (innovating to find sustainable alternatives).

The three “Rs” of sustainable packaging

As we start our journey toward zero waste to landfill, we are using the following packaging design principles:

REDUCE

Removing excess packaging means less packaging sent to landfills.

RECYCLABLE

Recyclable materials divert waste from landfills and give materials a second life.

RETHINK

Changing to materials with certifications or recycled content improves the overall sustainability of the packaging.



On-product packaging

2016 HIGHLIGHTS

2016 was a foundational year for our sustainable packaging initiatives. We began analyzing our global on-product packaging footprint (based on 2015 data), which is already proving valuable in clarifying the quantities and types of packaging materials we use, and will be integral to further evaluating our performance.

¹⁰ <https://www.ellenmacarthurfoundation.org/publications/the-new-plastics-economy-rethinking-the-future-of-plastics>

¹¹ <https://archive.epa.gov/epawaste/conserve/smn/wastewise/web/html/factoid.html>



On-product packaging

To date, we have launched 20 packaging projects to begin reducing the environmental impacts of packaging used on our products. We also ran a series of important pilots that will inform our broader packaging efforts as we begin to include packing materials. We estimate that as a result of our packaging initiatives to date, we have already saved approximately 2,600 trees—equal to more than 10% of all trees in New York City's Central Park.¹² In addition, 825,000 pounds (over 400 tons) of our plastic packaging materials are now recyclable.¹³

CONVENING PVH ASSOCIATES ON SUSTAINABLE PACKAGING

In 2016, we held our first Sustainable Packaging Summit to explore insights, resources and solutions that stand to help our businesses reduce their packaging and send zero waste to landfill. Approximately 90 associates from around the world participated. They exchanged knowledge and best practices, learned about the latest PVH sustainable packaging initiatives and heard from external stakeholders including the Sustainable Packaging Coalition, the Closed Loop Fund and the Fashion Institute of Technology.

Since the Summit, we have seen increasing evidence of our businesses integrating sustainable packaging decision-making into their daily activities, along with further dialogue and collaboration among PVH leaders and associates. Additionally, the event prompted department-specific presentations on packaging and further engagement with suppliers to recruit their help in addressing industry wide-sustainable packaging challenges and opportunities.

¹² <http://www.npr.org/2011/07/07/137340619/mapping-almost-every-tree-in-central-park>

¹³ Plastic packaging was converted from non-recyclable PVC to PET.

DRIVING SUSTAINABLE PACKAGING INITIATIVES

The Underwear Group (“TUG”), the Dress Furnishings Group and the Calvin Klein Accessories business have made particular progress in respect to on-product packaging, and Tommy Hilfiger North America ran a pilot to streamline packing materials.

- In 2016, TUG collaborated with suppliers to re-think packaging with an environmental sustainability lens. In particular, this collaboration resulted in the use of underwear window boxes that contain less acetate (plastic) and paper, saving the equivalent of 808 trees and 822,696 plastic bottles.
- The Dress Furnishings Group is moving away from non-recyclable PVC (polyvinyl chloride, also known as vinyl, a widely used, oil-based plastic), which is considered harmful for people and the environment, to recyclable PET (polyethylene terephthalate, a type of polyester). Beginning with products for Fall 2017, all new plastic trims will be made from recyclable PET. The new PET trims will use 57% less water and take 51% less energy to make than PVC.



- Calvin Klein Accessories decreased the size of protective plastic sheets for a line of leather folios, saving the equivalent of approximately 3,875 plastic water bottles to date. It also identified and eliminated a redundant piece of packaging, reducing paper-stock use.
- Tommy Hilfiger North America collaborated with one of its key suppliers on a pilot to streamline the cardboard cartons it uses for packing products while in transport. It discovered that converting from a triple wall to a single wall carton could deliver equally good protection for products and has the potential to reduce the average weight of the carton boxes by 33%. Through the pilot, the business is also investigating other packing efficiencies and how best to reduce the overall number of boxes per shipment by, for example, changing the size of the boxes and stacking them more efficiently.

Looking ahead, we are focused on building upon the momentum the sustainable packaging initiatives have generated across the company, taking advantage of material innovations and creative ways to pack products for transport, while remaining sensitive to consumers' needs. One way we seek to advance internal and industry-wide conversations is through our new membership in the Sustainable Packaging Coalition. By engaging with this group, we seek to stay up-to-date on emerging sustainable solutions and help drive industry-wide conversations and action for waste reduction and further encouragement to recycle and reuse materials.



8 SUSTAINABLE MATERIALS



Our commitment: Source raw materials more sustainably to minimize social and environmental impacts along the supply chain.

Sourcing high-quality raw materials is essential to our business and we are seizing the opportunity to do so in a way that generates more positive social and environmental impacts. Our sustainable materials strategy focuses on sourcing with more environmental and social considerations in respect of all materials, including natural, synthetic and animal-based. We are taking action in relation to each of these three categories based on volume,

risks and new market opportunities and work with each business division to determine which initiatives make the most sense for its business priorities.

Sourcing cotton more sustainably for the environment and farming communities is a particular global focus for PVH. Cotton represents nearly 70% of PVH's raw material use, so we have a great need and opportunity to invest in sourcing more sustainable cotton.

In terms of synthetic fibers, several of our divisions, including our Dress Furnishings Group and our Speedo business, are taking a lead on initiating the procurement of recycled or upcycled fibers with a view to scale these efforts, where appropriate. We are also continuously identifying

opportunities for all our divisions to feature products made with recycled polyester, with the aim of eventually sourcing recycled polyester whenever possible.

Responsible sourcing of animal-based materials has become an increasingly important issue to our company and stakeholders. Although these materials represent a very small portion of our global material footprint, we plan to roll-out a global animal welfare policy in 2017. The policy will address animal-based materials across seven categories, including wool, leather and down.



Cotton field in Turkey

2016 HIGHLIGHTS

DEVELOPING A SUSTAINABLE MATERIALS STRATEGY

We conducted a global materials mapping exercise to inform our sustainable materials strategy. Considering the volumes of various raw material types, as well as business risks and opportunities, we identified priority areas of focus within natural, synthetic and animal-based raw material categories. To implement this strategy, we are introducing new resources, tools and trainings to our raw materials and design teams to enable them to incorporate sustainability considerations into their daily activities.

LAUNCHING OUR GLOBAL SUSTAINABLE COTTON PROGRAM

In 2016, we prepared to launch a global effort to source more sustainable cotton, which is produced in a way that:

- Minimizes harmful impacts of crop protection practices
- Uses water efficiently and responsibly
- Cares for the health of the soil
- Conserves natural habitats and local ecosystems
- Preserves the quality of the fiber
- Promotes fair and decent treatment of workers
- Allows for verification of sustainable farming and production practices.

We are taking a portfolio approach to sustainable cotton by procuring and supporting the market growth for a variety of more sustainable cotton sources.

A core component of our global sustainable cotton program is sourcing Better Cotton, which is produced by farmers in a way that is measurably better for the environment and farming communities. Our Tommy Hilfiger business has been a member of the Better Cotton Initiative (“BCI”) since 2013 and is working toward a goal of 100% more sustainably sourced cotton by 2020. During 2016, Tommy Hilfiger procured more than 10,000,000 kg of Better Cotton, equaling 27% of its cotton volume, more than three times higher than in 2015. This placed Tommy Hilfiger within the Top 10 apparel companies.¹⁴ In total, more sustainable cotton (including BCI and organic) accounts for 29% of its cotton volume, surpassing its 2016 target.

During the year, Tommy Hilfiger also directly engaged over 20 Level 1 suppliers, and 25 Level 2 mills and spinners to encourage uptake of Better Cotton. The team plans to build on this success by engaging with suppliers further up the supply chain.

¹⁴ <http://bettercotton.org/find-out-which-bci-retail-and-brand-members-procure-the-most-better-cotton>



Female gin workers in India

MOVING TO RECYCLED POLYESTER FOR DRESS SHIRTS

Our Dress Furnishings Group is creating a range of dress shirts made from recycled polyester to be incorporated into its 2018 product lines. This builds on Speedo’s existing efforts to upcycle nylon fabric scraps from within its supply chain to produce the *Powerflex Eco* swimwear collection with Econyl® nylon from yarn maker Aquafil. This initiative established one of the first fabric take-back programs in the swimwear industry.

IMPROVING ANIMAL WELFARE

We made significant progress on developing our animal welfare policy by examining our most material animal welfare impacts, our existing commitments (such as our angora policy), stakeholder concerns and respected guidelines such as the Five Freedoms of animal welfare.¹⁵ We intend to roll-out the policy in 2017 and engage a variety of stakeholders to address industry-wide solutions for more responsible sourcing of animal-based materials. For example, we participated in the Textile Exchange’s working group to develop a Responsible Wool Standard (launched in 2016). Additionally, we certified all down and feather products according to the Responsible Down Standard for our *CALVIN KLEIN* and *Tommy Hilfiger* Fall 2017 collections in Europe.

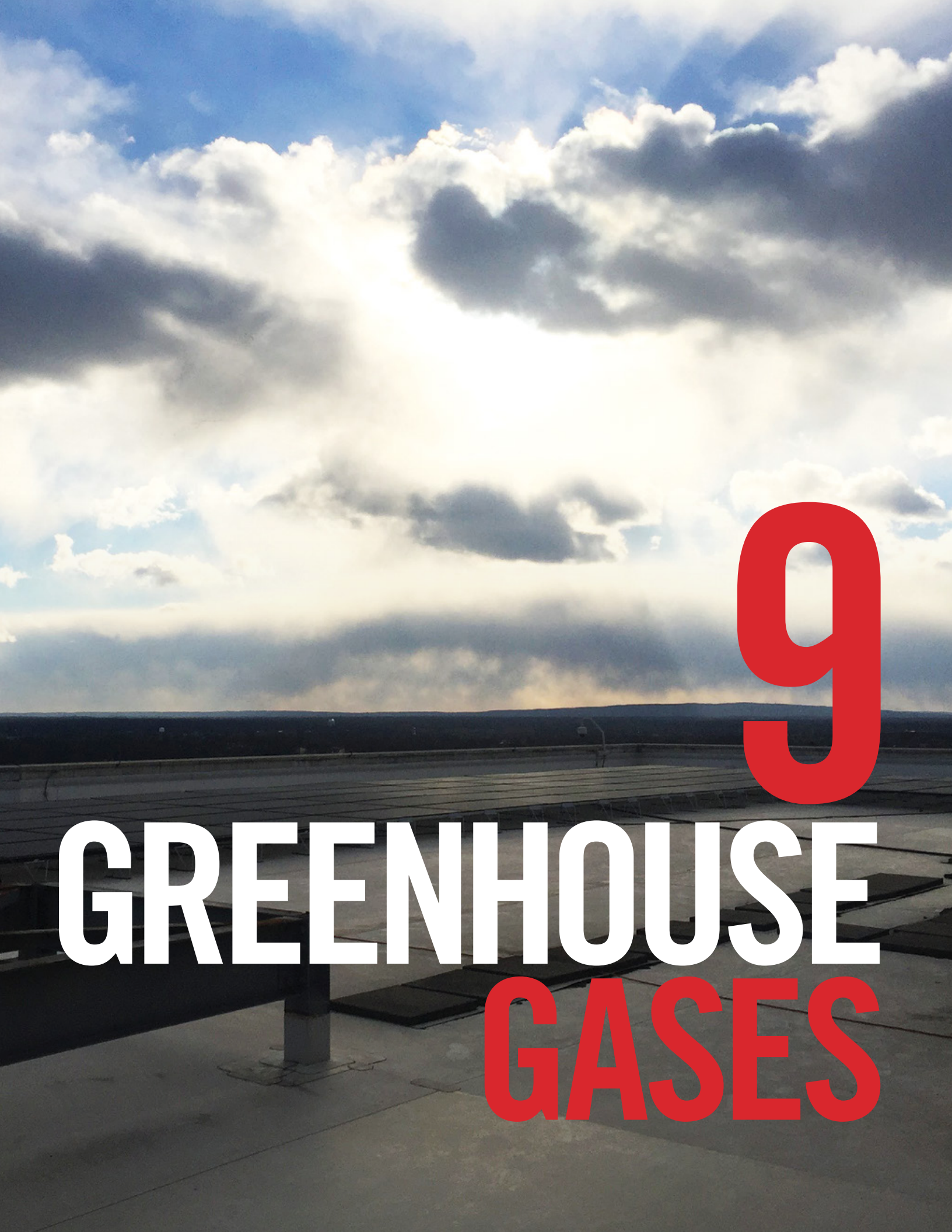
¹⁵ The Five Freedoms of animal welfare, as defined by the Farm Animal Welfare Council, are: (1) freedom from hunger and thirst; (2) freedom from discomfort; (3) freedom from pain, injury or disease; (4) freedom to express normal behavior; (5) freedom from fear and distress. <http://web.archive.nationalarchives.gov.uk/20121010012427/http://www.fawc.org.uk/freedoms.htm>

HARNESSING INDUSTRY-WIDE TOOLS

We are using a number of industry tools, including piloting the SAC’s Materials Sustainability Index and Design Development Module to engage design and supply chain colleagues throughout the business to help them embed sustainability into day to day decisions. We are also working with industry groups, such as Textile Exchange and Business for Social Responsibility’s Responsible Luxury Initiative, as well as the Leather Working Group, on responsible sourcing challenges across a range of raw material categories.



Speedo swimsuit from the Powerflex Eco swimwear collection made with Econyl® nylon



GREENHOUSE GASES

9



Our commitment: Measure and reduce PVH's GHG emissions by reducing energy consumption, increasing energy efficiency and utilizing clean energy both in our owned and operated facilities and across our supply chain.

Climate change is one of the greatest challenges facing us today. At PVH, we are committed to playing our part in reducing GHG emissions and combating climate change, in line with the UN Framework Convention on Climate Change Paris Agreement. We are taking steps to lower our GHG footprint by cutting energy consumption, increasing energy efficiency and using more renewable energy at our facilities and across our supply chain.

Our commitment extends beyond measuring and reducing energy consumed in our own operations (Scope 1) and purchased electricity (Scope 2) emissions. We are also committed to measuring and reducing our indirect emissions (Scope 3), including emissions generated through third-party logistics and distribution of goods, business travel, and those arising through purchased goods and services, including impacts from our supply chain and procurement.

We measure our GHG reduction progress against our global 2015 baseline, which reflects data provided by approximately 1,700 PVH facilities (including offices, stores and warehouses) in 43 countries. We also measure it against our global reduction target- to reduce emissions by 35% by 2030 for our direct operations. We will begin to calculate our global Scope 3 footprint in 2017.

Associates from our facilities around the world, including facility managers, office administrators, IT teams and travel coordinators, play a critical role in helping to monitor, report and analyze energy use. These associates also champion local GHG reduction efforts. Through our multi-year energy reduction strategy, we aim to generate both environmental and financial savings, focusing initially in North America and Europe, and prioritizing energy reduction and efficiency in our retail stores. We also participate in industry collaborations, such as the Retail Industry Leaders Association's Sustainability Committee to measure and compare performance, as well as share best practices, in areas such as building energy use.

2016 HIGHLIGHTS

SETTING OUR REDUCTION TARGETS AND STRATEGY

We set a global GHG reduction target for PVH's direct operations—to reduce Scope 1 and Scope 2 emissions by 35% by 2030, against our 2015 baseline of 134,459 metric tons of CO2e. We calculated this reduction target by conducting an energy reduction feasibility study,

which included an assessment of potential energy reduction and efficiency initiatives at 40 PVH facilities (including offices, stores and warehouses) in 16 countries. We also drew on methodologies from the Science-Based Target Initiative, developed by the UN Global Compact, World Resource Institute, WWF International, and CDP. This methodology supports the IPCC's goal of keeping global warming below 2°C.

Our GHG reduction initiatives center on reducing consumption (e.g., by controlling temperature and lighting at all our stores), improving energy efficiency (e.g., by switching to LED lighting and updating air conditioning), and sourcing more renewable energy. We also plan to implement a centralized energy management system, starting with North America Retail, to measure and manage our building energy use.

As we launch our GHG reduction initiatives, we will continue to foster the global, cross-departmental collaboration that was integral to establishing our global GHG baseline, which includes associates from procurement, HR, facilities, store operations, store design, real estate, IT and legal.



Solar panels on the roof of PVH's offices in Bridgewater, New Jersey

35% BY 2030

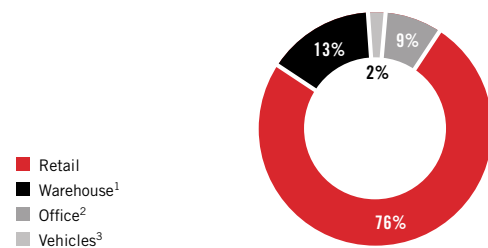
Our global GHG reduction target for PVH's direct operations.

MEASURING OUR 2016 PERFORMANCE

We calculated our second annual GHG footprint for Scope 1 and 2 emissions, which totaled 148,726 metric tons. The overall increase from 2015 is due to increased electricity consumption and shifts in facilities

across regions. This includes the addition of stores in China to our portfolio through the 2016 acquisition of our Tommy Hilfiger joint venture in China. Notably, we reduced our Scope 2 emissions in offices by increasing electricity efficiencies through lighting measures and controls.

2016 GHG Emissions – By Source



1 Warehouses include emissions from Distribution Centers and from PVH Neckwear Factory
 2 Offices include emissions from showrooms
 3 Includes fugitive emissions from vehicle refrigerants
 4 Year on year changes in GHG inventory are due to opening and closing of facilities globally and enhanced data collection.

Global Greenhouse Gas Inventory

MT CO ₂ e – GHG EMISSIONS BY SCOPE	2015	2016
Scope 1 Emissions	41,293	37,323
Scope 2 Emissions	93,166	111,403
Total GHG Emissions	134,459	148,726

MT CO ₂ e – EMISSION SOURCE	2015	2016
Office ¹	16,194	13,909
Retail	97,240	112,123
Warehouses ²	18,800	19,874
Vehicles ³	2,225	2,820
Total GHG Emissions⁴	134,459	148,726

MEASURING GHG EMISSIONS ACROSS OUR SUPPLY CHAIN

A significant opportunity to reduce our global GHG footprint lies within our supply chain. As such, we are beginning to measure our wider GHG impact. We will begin calculating our Scope 3 emissions, with a goal to establish a baseline in 2018, in part by rolling out the Higg Index FEM to collect environmental performance data from strategic suppliers. This data will inform our broader energy reduction, efficiency and clean energy efforts as we work to reduce our global GHG footprint. The use of the Higg Index FEM also ensures we are aligning with common industry standards to measure environmental performance. This expansion of Scope 3 data collection will build on Tommy Hilfiger’s previous efforts to calculate inbound and outbound logistics and business travel emissions (Scope 3) for its business.

SHARING OUR GHG FOOTPRINT WITH CDP

In 2016, we reported our GHG footprint, management approach, and risks and opportunities through the CDP Climate Change Questionnaire for the first time to increase transparency to external stakeholders and present opportunities for improvements. CDP (formerly the Carbon Disclosure Project) is a non-profit that provides a global disclosure system for investors, companies and regions to manage their environmental impacts. It represents approximately 800 institutional investors managing more than \$100 trillion in assets. PVH received a B score in 2016, which indicates a sufficient management approach to addressing climate change-related issues. Companies disclosing their impacts via CDP’s surveys have also seen a link between financial and sustainability performance.¹⁶

TOMMY HILFIGER TAKES SUSTAINABLE STORES TO THE NEXT LEVEL

Our Tommy Hilfiger business is focusing on energy use and energy efficiency in its retail stores as part of its plans to reduce GHG emissions across its operations, including company-operated stores, transport and business travel, by 20% compared to its 2014 levels. Energy is a key part of this, along with water, waste, building materials and air quality.

PVH Europe has also identified opportunities for environmental improvements and financial savings at four *Tommy Hilfiger* stores in London, Amsterdam, Wrocław (Poland) and Noventa (Italy). Based on these findings, it is developing sustainable store guidelines to use for all its European stores.

Additionally, PVH Europe is exploring the training and investments required to help stores and warehouses achieve globally recognized sustainable building certifications that enable significant energy reductions: BREEAM and LEED. For example, its new *Tommy Hilfiger* store in the UK city of Leeds has achieved a BREEAM Very Good status. The business is also exploring LEED certification for its flagship *Tommy Hilfiger* store on London’s Regent Street. Additionally, the new PVH Europe warehouse in central Europe has achieved a BREEAM Very Good certification. At a corporate level, we will consider how best to leverage PVH Europe’s experience across our global network of stores and warehouses.

At an office level, PVH’s New York City headquarters and its Bridgewater, New Jersey offices received ENERGY STAR certifications. In addition, PVH’s Distribution Center in Montreal was certified BOMA Best Silver.



Tommy Hilfiger store in the UK city of Leeds has achieved a BREEAM certification

¹⁶ Based on the most recent CDP Climate Change Report, A-rated companies produced on average 6% higher returns compared to a global benchmark. CDP Climate Change Report 2016

BREEAM

The Building Research Establishment Environmental Assessment Method (“BREEAM”) is the world’s longest standing approach to assessing, rating and certifying the sustainability of buildings. It was published and is overseen by the Building Research Establishment.

LEED

Leadership in Energy and Environmental Design (“LEED”) is a sustainable building certification program that recognizes best-in-class building strategies and practices. It was developed by the U.S. Green Building Council.

ENERGY STAR

ENERGY STAR is a certification awarded by the U.S. Environmental Protection Agency for buildings with superior energy performance.

BOMA BEST

BOMA Best is Canada’s largest environmental assessment and certification program for existing buildings. It is managed by the Building Owners and Managers Association of Canada.



Our commitment: Support the needs of women and children around the world.

At PVH, giving back is embedded in our culture and we are committed to creating positive change in the communities where we work and live. Our mission is to support the needs of women and children around the world by creating safe spaces, improving access to education and enhancing quality of life.

The PVH Foundation is a non-profit corporation that supports our global philanthropic campaigns and initiatives, as well as our contributions to disaster relief efforts.

Designed to align, strengthen and expand global strategic programming and philanthropic partnerships, The PVH Foundation team fosters a combined effort between our corporate and business team initiatives to achieve a greater impact worldwide.

PVH Cares serves as the global “call to action” for our approximately 35,000 associates to donate their time, talent and resources through volunteering in their local communities.

PROMOTING EARLY EDUCATION WITH SAVE THE CHILDREN

We began our partnership with Save the Children in 2005, strengthening our relationship in 2014 by making a \$5 million multi-year commitment to the charity’s early education programs. We have since engaged all our businesses, regions and divisions in supporting this important cause. Our Chairman and CEO, Emanuel Chirico, joined Save the Children’s Board of Trustees in 2015. We support Save the Children’s early education programs in many of the countries where we produce goods and have offices. We also encourage our associates to participate in Save the Children’s Child Sponsorship Program.

2016 HIGHLIGHTS

INCREASING OUR SUPPORT OF SAVE THE CHILDREN’S EARLY EDUCATION PROGRAMMING

Through our global partnership with Save the Children, we help to expand our support of the charity’s early education programming in our sourcing countries.

- **Providing childcare and parenting advice for workers in Bangladesh**

In Bangladesh, we partner with Save the Children and key suppliers to provide childcare and early education for children in our garment factory communities in Gazipur, Dhaka and Chittagong districts. We now support 33 pre-schools and 16 early learning centers, as well as three parenting resource centers. In 2016, we partnered with our suppliers to provide school uniforms for over 2,200 children enrolled in these programs. Our PVH office in Bangladesh also donated educational toys and games, as well as stationery and coloring books. Meanwhile, approximately 3,900 parents, including pregnant mothers, attended sessions on parenting.



The PVH Foundation Team travels with Save the Children to Bangalore, India as part of our expanded commitment to Save the Children in India.

Delivering high quality education to underprivileged children in China

In China, our largest sourcing country, we support Save the Children's Early Education Development program for underprivileged children in Shanghai's Jiading District, including the children of migrant workers, who often lack access to consistent, high quality education. Through their work in local kindergartens, Save the Children is engaging with parents, raising awareness of the importance of education in the community, training teachers and providing learning materials. In 2016, they reached nearly 1,600 children and approximately 3,200 parents through the program's early reading efforts. Importantly, Save the Children is also working with the Chinese government to incorporate their approach into wider early education programs.

EXPANDING OUR SAVE THE CHILDREN PARTNERSHIP TO INDIA

In 2016, we expanded our Save the Children commitment to India. The next phase of our multi-year grant will support early education for underprivileged children in Bangalore, the city where PVH's India offices are located. We aim to help more children attend government-run pre-schools ("Anganwadi Centers") and improve the quality of education they receive, giving them a better start in life.

As part of this effort, we will support Save the Children in establishing a dedicated training program and space for Anganwadi workers and teachers, and empowering mothers and caretakers through organized monthly "Parenting Sessions." Additionally, we will help Save the Children to advocate for higher educational standards for Anganwadi Centers with local government officials.

Team members from The PVH Foundation and Tommy Cares Amsterdam were excited to have the opportunity to see firsthand how our grant supports children's education in Bangalore. The teams also met with associates at PVH India and learned more about how they support local community initiatives.

MAKING A \$1 MILLION COMMITMENT TO CHILDREN'S EDUCATION IN ETHIOPIA

In connection with our commencement of manufacturing in Ethiopia, we allocated \$1 million to support programs in Sub-Saharan Africa as part of our \$5 million multi-year commitment to Save the Children. In particular, our funding will support programs providing employability skills for future work for disadvantaged young people aged 15 to 24. These efforts will complement Ethiopia's national drive to boost youth employment, entrepreneurship and skills by supporting vulnerable young people.



Women participating in parenting session at an Angawadi Center in Bangalore, India

"TODAY'S CHILDREN WILL BE OUR FUTURE CEOS, EMPLOYEES AND CUSTOMERS, AND THIS INVESTMENT ALLOWS US TO BETTER SUPPORT SAVE THE CHILDREN'S EFFORTS TO CREATE LASTING CHANGES IN THE LIVES OF CHILDREN IN NEED."

Emanuel Chirico, Chairman & Chief Executive Officer, PVH

SUPPORTING UNDERPRIVILEGED CHILDREN IN THE U.S.

In the U.S., we have joined with other companies to support two Save the Children early education programs. The Early Steps to School Success ("ESSS") helps young children in underprivileged communities with language development and pre-literacy initiatives. The Early Childhood Education Campaign engages with the public, the media and high profile government officials to keep high quality early learning in the spotlight. In 2016, the ESSS program reached over 7,425 children in 14 states.

"PVH HAS BEEN A COMMITTED PARTNER TO SAVE THE CHILDREN FOR MORE THAN A DECADE. WE ARE SO GRATEFUL FOR THEIR SUPPORT OF CHILDREN FROM PRESCHOOLERS TO YOUNG ADULTS."

Carolyn Miles, President and CEO of Save the Children



Free Arts Event – PVH associates pair up with children in New York City for a day of arts and crafts

EMPOWERING OUR BUSINESSES TO COLLABORATE FOR GREATER IMPACT

All Brand Engagement Opportunities

The PVH Foundation continued to facilitate and promote collaborative action among our businesses to achieve greater impact. Building on the Free Arts NYC events held by our Tommy Hilfiger, Calvin Klein and our Heritage Brands businesses in 2015, we held two Free Arts events in 2016 to engage underprivileged children. Approximately 150 associates each paired up with one or two children for a day of arts and crafts. We also expanded our prom dress event for teens from Big Brothers Big Sisters and the New York Department of Homeless Services. We invited 150 teens who had the opportunity to choose from over 700 dresses and some 200 accessories donated by our associates. Approximately 80 PVH volunteers participated in the event, helping to make it a truly special occasion.

PVH Cares Associate Volunteer Service Trip

In 2016, twelve PVH associates took part in our 2nd Annual PVH Cares Volunteer Service Trip, visiting an elementary school in West Virginia that participates in Save the Children's SummerBoost Program. The program, based in the rural community of Calhoun County, helps underprivileged children stay active and continue their learning during the summer months. The associate volunteers participated in learning activities for children and joined Save the Children employees for home visits, gaining an insight into how the charity empowers parents to support their children's development.

They also renovated the school library, creating a colorful, safe and inviting environment for the children to relax and read. PVH donated book shelves, books, work stations, comfortable seating, a smartboard and interactive tablets for the renovation.

"Think Global, Act Local"

In the U.S., our Tommy Hilfiger and Calvin Klein New York City offices both celebrated the PVH Cares Annual Campaign by selecting Save the Children, Child Sponsorship as their spotlight charity. Together, they raised over \$100,000 in support of the Child Sponsorship Program. In 2016, through the efforts and generosity of our associates, we contributed nearly \$25 million in cash and in-kind donations to charitable causes.

"THE SUMMERBOOST PROGRAM PROVIDES AN OUTLET FOR THESE CHILDREN THAT FOCUSES ON READING AND CREATIVITY."

Kelly Molloy, Vice President of Store Operations at Tommy Hilfiger

Charitable Giving – Dollar amounts in thousands

	2013	2014	2015	2016
PVH Foundation	\$ 5,684	\$ 4,888	\$ 4,782	\$ 5,172
Associate Contributions/Fundraising	\$ 736	\$ 670	\$ 826	\$ 1,096
Retail Customer Contributions	\$ 1,690	\$ 1,283	\$ 1,827	\$ 1,038
PVH Product Contributions	\$ 9,801	\$ 6,029	\$ 10,225 ¹	\$ 17,627
Total	\$ 17,911	\$ 12,870	\$ 17,660	\$ 24,933

¹ This chart excludes additional product contributions from our Warnaco acquisition

CREATING COMMUNITY INVOLVEMENT COMMITTEES

Guided by The PVH Foundation team, our associates establish Community Involvement Committees ("CICs") to organize local events and volunteer initiatives, support charitable causes, and encourage their co-workers to get involved. We have established CICs in the US and Canada and, in 2016, we formed the first CIC in the Asia Pacific Region. This CIC will help to support the community work of our sourcing offices in Bangladesh, China, Hong Kong, Indonesia, Sri Lanka and India.



PVH associates visit an elementary school in rural West Virginia as part of Save the Children's SummerBoost Program to help children continue their learning during the summer months



PERFORMANCE SUMMARY

U.S. DISTINCTIONS ONLY

Our 2016 performance summary is summarized in the tables below. In preparing this report, we have been guided by the GRI G4 framework. The report meets the GRI's level "Core" option. It underwent a structured review process by our Accounting and Legal teams, as well as by relevant partners within our business divisions. Please see our GRI Index online at pvh.com/cr.



EMPOWERING PEOPLE

Human Rights

TOTAL NUMBER OF FACTORIES ASSESSED	2,147
LONG-FORM ASSESSMENTS	1,122
EQUIVALENCIES	122
SHORT-FORM/SELF-ASSESSMENTS	229
BETTER WORK	141
ABVTEX ¹⁷	533
TOTAL NON-ASSESSMENT CR ENGAGEMENT	509
CAP REMEDIATION	74
FACTORY-SPECIFIC CAPACITY BUILDING OR INVESTIGATIVE VISIT	203
ENGAGEMENT MEETINGS	232
TOTAL PERSON-HOURS OF TRAINING	11,825
INTERNAL	3,693
EXTERNAL	8,132
TOTAL TRAINING ATTENDEES	3,350
INTERNAL	1,171
EXTERNAL	2,179
HUMAN RIGHTS GRIEVANCES	
RECEIVED	4
RESOLVED	3



¹⁷ The Brazilian Association of Textile Retail (ABVTEX) conducts independent social compliance audits for apparel and textile suppliers in Brazil through its Suppliers Certification Program

Inclusion and Diversity

DIVERSITY ANALYSIS, U.S. ASSOCIATES (%)		NON-WHITE FEMALE	34
		WHITE FEMALE	29
		NON-WHITE MALE	22
		WHITE MALE	15
<hr/>			
DIVERSITY REPRESENTED BY LEVEL, U.S. ASSOCIATES (%)		SENIOR VICE PRESIDENT & ABOVE	
		NON-WHITE FEMALE	6
		WHITE FEMALE	41
		NON-WHITE MALE	5
		WHITE MALE	48
<hr/>			
		VICE PRESIDENT & DIRECTOR	
		NON-WHITE FEMALE	16
		WHITE FEMALE	43
		NON-WHITE MALE	11
		WHITE MALE	30
<hr/>			
		MANAGER	
		NON-WHITE FEMALE	30
		WHITE FEMALE	39
		NON-WHITE MALE	16
		WHITE MALE	15
<hr/>			
		INDIVIDUAL CONTRIBUTOR	
		NON-WHITE FEMALE	37
		WHITE FEMALE	25
		NON-WHITE MALE	24
		WHITE MALE	14
<hr/>			
U.S. ASSOCIATES BY AGE (%)		UNDER 30	53
		30-50	32
		OVER 50	15



PRESERVING THE ENVIRONMENT

Greenhouse Gas (GHG) Emissions (MT/CO2E)

GHG EMISSIONS BY SCOPE		TOTAL SCOPE 1 EMISSIONS	37,323
		TOTAL SCOPE 2 EMISSIONS	111,403
		TOTAL GHG EMISSIONS	148,726
<hr/>			
GHG EMISSIONS BY SOURCE (%)		RETAIL	76
		WAREHOUSE ¹⁸	13
		OFFICE ¹⁹	9
		VEHICLES ²⁰	2
<hr/>			
GHG EMISSIONS BY REGION AND FACILITY TYPE²¹		NORTH AMERICA	
		FACTORY	582
		OFFICE	5,933
		RETAIL	74,229
		WAREHOUSE/DISTRIBUTION CENTER	14,189
		VEHICLE	1,459
<hr/>			
		EUROPE	
		OFFICE	5,654
		RETAIL	20,606
		WAREHOUSE/DISTRIBUTION CENTER	4,926
		VEHICLE	1,361
<hr/>			
		EASTERN ASIA	
		OFFICE	1,559
		RETAIL	15,119
<hr/>			
OTHER		OFFICE	763
		RETAIL	2,169
		WAREHOUSE/DISTRIBUTION CENTER	177

¹⁸ Warehouses include emissions from distribution centers and from PVH Neckwear Factory

¹⁹ Offices include emissions from showrooms

²⁰ Includes fugitive emissions from vehicle refrigerants

²¹ Offices include showrooms; warehouses include distribution centers; factory is PVH Neckwear

Waste And Recycling

TOTAL WEIGHT OF BETTER COTTON PRODUCED BY TOMMY HILFIGER (MILLIONS OF KG)	10,100,184
TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD (MT)	
RECYCLING	10,063
COMPOSTING	19
RECOVERY/REUSE	23
LANDFILL	994
E-WASTE/UNIVERSAL WASTE	4
WASTE TO ENERGY/BIOGAS	42

Water Usage

TOTAL WATER WITHDRAWN FROM MUNICIPAL WATER SUPPLIERS AND OTHER WATER UTILITIES (IN CUBIC METERS)	201,782
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SUPPORTING COMMUNITIES

Charitable Giving (USD Amounts in Thousands)

PVH FOUNDATION	5,172
ASSOCIATE CONTRIBUTIONS/FUNDRAISING	1,096
RETAIL CUSTOMER CONTRIBUTIONS	1,038
PVH PRODUCT CONTRIBUTIONS	17,627
TOTAL	24,933



GLOSSARY OF ACRONYMS AND ABBREVIATIONS

Accord

The Accord on Fire and Building Safety in Bangladesh (“Accord”) is an independent, legally binding agreement between apparel brands and trade unions designed to work towards a safe and healthy Bangladeshi Ready-Made Garment Industry. <http://bangladeshaccord.org/about/>

AFIRM Group

AFIRM Group provides a forum to advance the global management of restricted substances in the apparel and footwear industry. It is organized by a group of apparel and footwear brands. <http://afirm-group.com/afirm-rsl/>

BRG

A Business Resource Group (“BRG”) is a business-focused affinity group that offers associates an opportunity to network with each other, gain visibility and grow professionally. PVH’s first BRG was the Women’s Leadership Council (“WLC”), established in 2015. <https://pvh.com/responsibility/empowering-people/Inclusion%20and%20Diversity>

CDP

Formerly the Carbon Disclosure Project, CDP is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. <https://www.cdp.net/en>

CICs

Community Involvement Committees (“CICs”) are guided by The PVH Foundation and established by PVH associates to organize local events and volunteer initiatives and support charitable causes.

FLA

The Fair Labor Association (“FLA”) is a collaborative effort of universities, civil society organizations and socially responsible companies dedicated to protecting workers’ rights around the world. <http://www.fairlabor.org/>

GIZ

Gesellschaft für Internationale Zusammenarbeit (“GIZ”) is a German-based sustainability development consultancy that provides organizations and governments, including the German government, with support and advice on social and environmental issues. <https://www.giz.de/en/html/index.html>

Higg Index FEM

The Sustainable Apparel Coalition’s Higg Index Facility Environmental Module (“Higg Index FEM”) is a self-assessment tool that suppliers can use to measure the environmental performance and impacts of their facilities. <http://apparelcoalition.org/facility-tools/>

HIP

Hawassa Industrial Park (“HIP”) is an Industrial Park in Hawassa, Ethiopia, where we have led a contingent of our top suppliers in establishing factories and a fabric mill, and have also formed a joint-venture in a woven shirt factory.

RSL

PVH’s Restricted Substances List (“RSL”) sets concentration limits for substances found in our finished products. Our RSL covers the 11 priority chemical classes and serves to phase-out intentional use of these chemicals by our suppliers.

SAC

The Sustainable Apparel Coalition is an alliance of brands, manufacturers, civil society and academia working toward sustainable production in the apparel, footwear and home textile industry. Its main focus is building the Higg Index, a standardized supply chain measurement tool for the apparel industry to understand its social and environmental impacts. <http://apparelcoalition.org/the-coalition/>

SDG

The UN’s Sustainable Development Goals (“SDGs”) are a set of seventeen goals agreed upon by 193 countries in 2015, in order to guide global efforts to achieve sustainable development by 2030. www.undp.org/content/undp/en/home/sustainable-development-goals.html





GLOSSARY OF ACRONYMS AND ABBREVIATIONS CONTINUED

Social and Labor Convergence Project

The Social and Labor Convergence Project is a multi-stakeholder project within the apparel industry that aims to develop a unified industry-wide assessment framework to measure social and labor conditions.
<http://slconvergence.org/>

WWF International

Formerly known as World Wildlife Fund International, WWF International is a global conservation organization whose mission is to conserve nature and reduce the most pressing threats to the diversity of life on Earth.
<https://www.worldwildlife.org/>

UNGC

The UN Global Compact (“UNGC”) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals, including the Sustainable Development Goals.
<https://www.unglobalcompact.org/>

ZDHC

The Zero Discharge of Hazardous Chemicals (“ZDHC”) Programme is a multi-stakeholder initiative working to support safer chemical management practices and advance toward zero discharge of hazardous chemicals in the textile, leather and footwear value chain.
<http://www.roadmaptozero.com/>

ZDHC’s MRSL

ZDHC’s Manufacturing Restricted Substances List (“MRSL”) is a list of chemical substances banned from intentional use in facilities that process textile materials and trim parts in apparel and footwear. It sets acceptable concentration limits for substances in chemical formulations used within manufacturing facilities.
<http://www.roadmaptozero.com/programme/manufacturing-restricted-substances-list-mrsl-conformity-guidance/>

ZLD

We partnered with the other local tenants at Hawassa Industrial Park in Ethiopia to install Zero Liquid Discharge (“ZLD”) technology within the park to protect local water supplies. The ZLD system is expected to recycle approximately 90% of the water used in the park, with the remaining 10% treated or evaporated.





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**WE
ARE
PVH**