

**PVH**

# CORPORATE RESPONSIBILITY

**SUPPLY CHAIN STANDARDS AND GUIDELINES FOR MEETING  
PVH'S *SHARED COMMITMENT***



CALVIN KLEIN

TOMMY  HILFIGER

HERITAGE BRANDS

# TABLE OF CONTENTS

<b>I. INTRODUCTION .....</b>	<b>3</b>
<b>II. PVH CODE OF CONDUCT - A SHARED COMMITMENT .....</b>	<b>5</b>
<b>III. DEFINITIONS .....</b>	<b>7</b>
<b>IV. TERMS OF ENGAGEMENT .....</b>	<b>17</b>
<b>V. FACTORY AUTHORIZATION POLICIES .....</b>	<b>19</b>
A. Licensee Initial Factory Engagement Workflow.....	30
<b>VI. NON CODE VIOLATIONS .....</b>	<b>35</b>
<b>VII. THE STANDARDS (PVH CODE OF CONDUCT).....</b>	<b>37</b>
A. Employment Relationship.....	38
B. Non-Discrimination.....	44
C. Harassment and Abuse.....	48
D. Forced Labor.....	54
E. Child Labor.....	58
F. Freedom of Association .....	62
G. Health and Safety.....	66
H. Compensation And Benefits .....	91
I. Hours of Work .....	96
J. The Environment .....	100
i. Responsible Chemical Management.....	109
<b>VIII. OTHER POLICIES .....</b>	<b>119</b>
A. Migrant Worker Policy .....	120
B. Hostel, Dormitory and Shared Spaces .....	134
C. Uzbekistan and Turkmentisan Cotton Policy.....	140
D. Responsible Retrenchment Policy.....	142
E. Abrasive Blasting.....	144
<b>XIII. APPENDICES .....</b>	<b>146</b>
A. Appendix 1: Source to Store Diagram.....	147
B. Appendix 2: Level Definitions Guidance for Accessories and Footwear Processes .....	148
C. Appendix 3: Observational Indicators of High Risk .....	149
D. Appendix 4: PVH Zero Tolerance Issues.....	151
E. Appendix 5: Non Code of Conduct Issues .....	152
F. Appendix 6: PVH Critical–Immediate Action Issues .....	154
G. Appendix 7: Guiding Principles & PVH Partnerships .....	156
H. Appendix 8: Root Cause Guidance.....	161
I. Appendix 9: Responsible Retrenchment.....	169
J. Appendix 10: Restricted Jurisdictions List.....	173
K. Appendix 11: References .....	175

# INTRODUCTION

## Dear Business Partner:

At PVH, Corporate Responsibility (“CR”) is central to how we conduct business. We recognize both the opportunity and the responsibility for business to take a lead role in addressing pressing global issues. 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. Through our collective efforts, we seek to create value for society, the environment, and our business, all while moving the industry in a positive direction.

We are committed to addressing social and environmental issues, with a focus on those that matter most to our business, our partners, associates, and stakeholders worldwide. We aim to drive fashion forward for good: reducing our negative impacts to zero, increasing positive impacts to 100%, and improving the lives of over one million people across our value chain – associates, workers, and their communities. This “Forward Fashion” approach builds on our 25-plus year commitment to responsible business (See [appendix 1: Source to Store](#)) as one of the first apparel companies to issue a Code of Conduct and build a global team to support this work.

As PVH and the apparel industry have evolved, so too has our approach to our partnerships with suppliers – from solely assessing and addressing compliance with local laws and standards to deepening our engagement with suppliers and capability building. We are committed to partnering with suppliers to address the root causes of both human rights and environmental challenges by going beyond auditing to focus more on value-added improvement initiatives, such as training our assessors to become advisors, and by building our suppliers’ own capability to improve working conditions through systems change. These initiatives include the creation of worker-management committees that will help empower and give voice to workers. We are also focused on supporting industry action through the utilization of industry tools rather than a traditional company-by-company approach. Through this evolved program, we believe we can enable sustainable, positive changes throughout both our supply chain and the apparel industry as a whole.

PVH’s **Corporate Responsibility Supply Chain Guidelines** outline standards and expectations of our business partnerships with suppliers. They provide guidance on how we will support them in achieving our standards and moving beyond compliance. This document will be updated periodically to enable continuous improvement.

In particular, the **Corporate Responsibility Supply Chain Guidelines** outline our current approach to assessing our global supply chain. They also provide clarity on our expectations related to remediating and implementing corrective actions. This document emphasizes our Code of Conduct, “A Shared Commitment,” and includes the following:

- Overview of PVH’s CR program
- Terms of engagement
- Supplier authorization policies
- Additional policies
- The Standards - PVH Code of Conduct

While these guidelines convey our expectations of our suppliers and the conditions for continued business, we recognize that our business partners also have expectations for PVH. With this in mind, we invite your engagement and a candid dialogue, and ask for feedback on how we can work together most effectively. A responsible supply chain cannot be achieved without the support, diligence and resolve of our business partners.

We are proud of the commitment we have made together to uphold the highest values and standards of respect for workers and our environment. We look forward to our continued partnership in this pledge to make continuous improvements across our supply chain. For more information on PVH’s “Forward Fashion” approach to CR and recent developments, please visit <https://responsibility.pvh.com/>.

Sincerely,



**Marissa Pagnani McGowan**

Senior Vice President, Corporate Responsibility  
PVH Corp.



**Melanie Steiner**

Chief Risk Officer  
PVH Corp.



# PVH CODE OF CONDUCT - A SHARED COMMITMENT

PVH first introduced its Code, entitled A Shared Commitment, in 1991. Our Code is informed by the United Nation's Universal Declaration of Human Rights and is based on the Core Conventions of the International Labour Organization (ILO). Our Code is also updated regularly to align with the FLA's Workplace Code of Conduct which is designed to establish industry standards through a multi-stakeholder process. Our Code encompasses 10 standards which are outlined below.

## **EMPLOYMENT RELATIONSHIP**

Our business partners are required to adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under applicable national and international labor and social security laws and regulations.

## **NON-DISCRIMINATION**

Our business partners cannot discriminate in employment, including with regard to hiring, compensation, advancement, discipline, termination and retirement, whether on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social class or ethnic origin.

## **HARASSMENT AND ABUSE**

Our business partners must treat employees with respect and dignity. No employee can be subjected to any physical, sexual, psychological or verbal harassment and/or abuse.

## **FORCED LABOR**

Our business partners are prohibited from utilizing forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise. Mental and physical coercion, slavery and human trafficking are prohibited throughout our supply chain.

## **CHILD LABOR**

Employees of our business partners must be at least 15 years old or over the age required for completion of compulsory education in the country of manufacture, whichever is higher. Our business partners are also required to observe all legal requirements for the work of authorized minors, including those pertaining to hours of work, wages, work type and working conditions.

## **FREEDOM OF ASSOCIATION**

Our business partners are required to recognize and respect the right of their employees to freedom of association and collective bargaining. Employees should be free to join organizations of their choice. Employees should not be subjected to intimidation or harassment in the exercise of their right to join or to refrain from joining any organization.

## **HEALTH AND SAFETY**

Our business partners must provide a safe and healthy workplace designed and maintained to prevent accidents, illness and injury attributable to the work performed or the operation of the facility and machinery. In doing so, our business partners must comply with all national laws, regulations and best practices concerning health and safety in the workplace, as well as provide all required and appropriate workers compensation coverage in the event of injury or fatality.

## **COMPENSATION AND BENEFITS**

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Our business partners must pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract if the compensation paid does not meet the workers' basic needs and provide some discretionary income. Our business partners are required to take appropriate actions that seek to progressively realize a level of compensation that does.

## **HOURS OF WORK**

Our business partners are prohibited from requiring their employees to work more than the regular and overtime hours permitted under the law of the country where they are employed. In no circumstance may regular hours exceed 48 hours in a week and, other than in exceptional circumstances, the sum of regular and overtime hours in a week cannot exceed 60 hours. Employees must have at least 24 consecutive hours of rest in every seven-day period.

Our business partners are not permitted to request overtime on a regular basis. All overtime must be consensual and compensated at a premium rate.

## **ENVIRONMENT**

Our business partners are required to comply with all applicable environmental laws, rules and regulations at their facilities and in the communities in which they operate, particularly with respect to water, energy, hazardous chemicals, air quality and waste. Further, we expect our business partners to incorporate environmentally responsible practices into all of their activities that relate to their business with us.

# DEFINITIONS

**Agent:** Any individual or company acting on behalf of PVH in the selection of factories to produce product for PVH branded businesses. This individual or organization provides oversight of production and delivery of PVH products.

**American Conference of Governmental Industrial Hygienists (ACGIH):** A member-based organization that advances occupational and environmental health through various activities including publication of threshold limit values (TLV) and Biological exposure indices (BEI).

**American National Standards Institute (ANSI):** As the voice of the United States standards and conformity assessment system, this institute oversees the creation, promulgation and use of thousands of norms and guidelines that directly impact businesses in nearly every sector. ANSI is the official U. S representative to the international organization for Standardization (ISO). More info can be found at [www.ansi.org](http://www.ansi.org).

**ANSI/ISEAZ308.1-2009 – Minimum Requirements for Workplace First Aid Kits and Supplies:** This standard establishes minimum performance requirements for first aid kits and their supplies that are intended for use in various work environments.

**ANSI/ISEA Z358.1-2009 American National standard for Emergency Eyewash and Shower Equipment:** This standard establishes minimum performance and use requirements for eyewash and shower equipment for the emergency treatment of the eyes or body of a person who has been exposed to hazardous materials. It covers the following types of equipment: emergency showers, eyewashes, eye/face washes, and combination units.

**Annual Leave/Vacation:** A certain number of paid days per year given to a worker, as time off from his or her occupation, for the purpose of rest or recreation and usually mandated by law or through collective bargaining.

**Apprenticeship:** A program that allows students of vocational schools and other educational institutions to gain practical work experience in their course of study. A way for young workers to be paid while learning a specific technical skill or trade a specific monitoring of apprentices is required to ensure no violation occurs in the nature of the work they perform and in their compensation.

**Asbestos:** A naturally occurring mineral, made up of long thin fibers. These fibers can be dangerous if they are inhaled as dust and are known to contribute to increased risk of lung cancer. Asbestos containing material (ACM) is generally considered to be any material that contains more than 1% asbestos by weight. Asbestos is commonly found in insulation, roof tiles/sheets, floor tile and other building materials. The import, export and use of asbestos is restricted in some countries.

**Assessor:** An external third-party vendor contracted to perform an assessment of a level 1, 2 or 3 factory or facility.

**Assessment Report:** A detailed, written record of the findings cited during a full factory assessment.

**Assessment Workflow:** The basic timing, procedures and protocol for completing an assessment of a factory.

**ASTM International (ASTM):** Globally recognized leader in the development and delivery of international voluntary consensus standards. ASTM members deliver the test methods, specifications, guides, and practices that support industries and governments worldwide.

**Denial of Access:** Any situation where a PVH associate or representative, Independent External Assessor, project partner or consultant is refused entry to the manufacturing site, access to documents or permission to interview workers.

**Discretionary Income:** The amount of a worker's wages available for spending or saving after basic needs have been met.

**Discrimination:** Any distinction, exclusion or preference based on a personal characteristic which deprives a person of access to equal opportunity or treatment in any area of employment.

**Draft Findings:** The finalized copy with all of the associated details that will be provided to the factory after the assessment and sent to PVH CR within 48 hours of the assessment.

**Emergency Action Plan:** An emergency action plan (or contingency plan) is a building or site-specific plan that takes into account all actions (e.g. evacuation), by all employees related to fire or other emergencies with a clear definition of roles and responsibilities to prevent, mitigate and recover from an event such as a workplace fire or other emergency (e.g. earthquake, flood, act or terrorism, etc.). An emergency action plan must be in writing, kept in the workplace, and available to employees for review.

**Employee:** All men and women directly employed or contracted by an employer, including executives, managers, supervisors, production workers and administrative (office) workers. All persons hired directly by the factory or hired indirectly through a third party, to work on the production or to provide support thereof.

**Ergonomics:** The applied science of equipment design, as for the workplace, intended to maximize productivity by reducing operator fatigue and discomfort.

**Evacuation Map:** Maps posted in buildings used to advise building occupants, be they employees, residents, or visitors, of the best route(s) to egress the building, or to offer temporary shelter from their location. The maps are developed from floor diagrams and include arrows that designate the exit route assignments. These maps also show locations of exits, assembly points, and equipment (such as fire extinguishers, first aid kits, and spill kits) that may be needed in an emergency. In absence of local regulations determining the design and placement of these signs, standards such as ASTM E2238 can be used as reference.

**Exposure Control Plan (ECP):** A written plan that identifies those tasks and procedures in which occupational exposure to blood borne pathogens may occur, and identifies duties of the persons involved in cases of occupational exposure.

**Mid-Cycle Check-In:** A meeting between the PVH CR team and the factory where the PVH CR team or its representative (e.g., Licensee) provides remediation or capability building activities, such as training or referral to expert resources. It can be in the form of a call or an on-site visit depending on the factory's needs.

**Extraordinary Circumstances:** Events which are extremely unusual, including natural calamities such as earthquakes and floods, fires, riots and demonstrations, and in some cases severe power failures. Events which happen frequently, such as interrupted electrical supply or late delivery of materials, do not constitute extraordinary circumstances. May also be referred to as unusual or emergency circumstances.

**Fair Wage:** Compensation sufficient to meet worker's basic needs and provide some discretionary income.

**Factory:** Supply chain partner who manufactures product.

**Fire Brigade:** An organized group of employees that are trained to help extinguish fires and assist the fire department in an emergency. The Fire Safety Management Plan will include the basic organizational structure; and the type, amount, and frequency of training to be provided to fire brigade members as well as their responsibilities in case of fire emergency.

**Fire Safety Management Plan:** A fire safety management plan is a building or site-specific plan for the prevention of fires and protection of workers and property. A fire safety management plan includes a documented risk assessment to identify all potential fire risks/hazards at the site, general fire precautions in the building, emergency contact information, location of firefighting and other emergency response equipment, basic firefighting procedures, evacuation procedures, specific duties/responsibilities of personnel and requirements for training on the above.

**Migrant Workers:** Workers who are commonly recruited to work in the factory by labor recruitment agencies (Agents) in the worker's country of origin, which can be the country where the supplier is located (an internal migrant) or a different country (a foreign migrant) for a fee. When this situation is present, the Assessor needs to be aware that this may be a problem as the recruitment fees are often times excessive, and often need to be paid back by the worker during their period of employment, creating a bonded employment situation. In addition, migrant laborers are often subjected to extremely poor working conditions such as low pay, long hours, illegal pay deductions and withholding of their travel documents.

**Forced Labor:** According to the International Labor Organization (ILO), the term 'forced labor' refers to situations in which women and men, girls and boys are made to work against their free will, coerced by their recruiter or employer. Coercion tactics include violence or threats of violence, or more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities. Human trafficking and slave labor are also forms of forced labor.

**Forced Overtime:** Overtime that is imposed under some form of penalty (dismissal, transferring to a lower grade job, no future overtime opportunities, etc.), by threat of force, by physically prohibiting from exiting by closing factory gates, or by restricting access to transportation. Workers are only obligated to work the hours agreed to in their work contracts, any work hours above and beyond that agreed schedule, must be performed on a totally voluntary basis.

**Fringe Benefits:** Remuneration in cash, kind or services in addition to payment for work done. This takes the form of holidays or leave with pay, social security benefits, medical care, health services, various allowances and bonuses, and housing, educational or recreational facilities. Additional benefits may be granted by employer, either on his/her own initiative or as a result of collective bargaining.

**Higg Facility Environmental Module (FEM):** A self-assessment tool completed by factories to assess the environmental impacts of apparel and footwear products.

**Higg Facility Environmental Module (FEM) Verification:** The Higg Index Verification is the process to evaluate the Higg Self-Assessment to ensure the answers have been fully captured and performance has accurately been measured. Higg Index verification is completed by Sustainable Apparel Coalition (SAC) designated Verifiers who engage in site visits to determine the validity of a facilities self- assessment.

**Harassment:** Unwelcome conduct that is based on race, color, religion, sex (including pregnancy), national origin, age, disability or genetic information. Harassment becomes unlawful where 1) enduring the offensive conduct becomes a condition of continued employment, or 2) the conduct is severe or pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive. Petty slights, annoyances, and isolated incidents (unless extremely serious) will not rise to the level of illegality. To be unlawful, the conduct must create a work environment that would be intimidating, hostile, or offensive to reasonable people.

Offensive conduct may include, but is not limited to, offensive jokes, slurs, epithets or name calling, physical assaults or threats, intimidation, ridicule or mockery, insults or put-downs, offensive objects or pictures, and interference with work performance. Harassment can occur in a variety of circumstances, including, but not limited to, the following:

- The harasser can be the victim's supervisor, a supervisor in another area, an agent of the employer, a co-worker, or a non-employee.
- The victim does not have to be the person harassed, but can be anyone affected by the offensive conduct.
- Unlawful harassment may occur without economic injury to, or discharge of, the victim.

**Hazardous Work:** Conditions by which work would be considered hazardous include:

- Work underground, underwater, at dangerous heights or in confined spaces.
- Work with dangerous machinery, equipment, tools, or requires heavy handling.
- Work which is performed in an unhealthy or hazardous environment, or under particularly difficult conditions.



**Hazardous Material:** Any substance or material, which presents a risk to health, safety, environment, and property when used, stored or transported. The term includes hazardous materials and hazardous wastes.

**Hazardous Waste:** Any waste or combination of wastes with the potential to damage human health, living organisms or the environment when improperly treated, stored, transported or disposed.

**Health and Safety Committee:** A committee of both worker representatives (on-managerial position typically, responsible for the hands on labor) and management representatives (i.e. manager, supervisor, or a departmental position which manages, monitors, evaluates and coordinates factory operations) equally represented that meets regularly (i.e. at least monthly) to establish procedures for investigating all health and safety related incidents, ensure workplace inspections are performed, and make recommendations for actions. The purpose of a committee is to get workers and management working together to prevent workplace injuries and accidents, ultimately producing a safer and healthier workplace.

**Home Worker:** Workers usually with no contract, or under a “self-employment” relationship working within a home. While most garment and textile workers are employed in factories or workshops, some are “homeworkers” – subcontracted workers who carry out paid work for firms/businesses or their intermediaries, typically on a piece-rate basis, usually within their own homes. The ready-made garment and cloth-related industry is the most common home-based industry in the world.

**Independent External Assessors:** An individual or organization contracted by PVH or a Licensee to conduct a PVH CR Assessment on behalf of PVH.

**Initial Assessment:** An initial assessment is conducted when a new factory is being considered for PVH production.

**Re-Evaluation Audit:** A re-evaluation assessment is conducted to verify completion or progress of the corrective action plan.

**Initial Factory Engagement Letter:** The first written communication PVH CR sends to a factory prior to an assessment that explains PVH’s values and approach to CR, as well as next steps in the authorization process.

**In-scope Facility:** PVH categorizes its global supply chain into three levels to reflect suppliers involved in: (i) Level 1 - manufacturing, assembly, or finishing of products; (ii) Level 2 - wet-processing, mills, trim facilities, and tanneries; and (iii) Level 3 - raw material or component production. Examples of Level 1 suppliers: Finishing, cut-and-sew, and vertically-integrated suppliers. These facilities may have on-site processes such as ironing, packing, embroidery, and cutting.

**International Code Council:** An association dedicated to developing model codes and standards used in the design, build and compliance process to construct safe, sustainable, affordable and resilient structures. More info can be found at <http://www.iccsafe.org/>.

**International Safety Equipment Association (ISEA):** Association for personal protective equipment and technologies – equipment and systems that enable people to do work in hazardous environments. Its member companies are world leaders in the design, manufacture, testing and application of protective clothing and equipment used in factories, construction sites, hospitals and clinics, farms, schools, laboratories, emergency response and in the home. More info can be found at <http://www.safetyequipment.org>.

**International Standards Organization (ISO):** An independent, non-governmental membership organization and the world's largest developer of voluntary International Standards. Standards can be found at [www.iso.org](http://www.iso.org).

**ISO 8995-1:2002 (CIE S 008/E:2001):** An international standard that specifies lighting requirements for indoor work places and for people to perform the visual tasks efficiently, in comfort and safety throughout the whole work period.

**ISO/FDIS 10821:** An international standard intended to provide manufacturers, users and official bodies with safety requirements which, in view of the state of the art, are to be met for industrial sewing machines, units and systems.

**ISO 23601:2009 Safety identification — Escape and Evacuation Plan Signs:** Standard that establishes design principles for displayed escape plans that contain information relevant to fire safety, escape, evacuation and rescue of the factory's occupants. These plans may also be used by intervention forces in case of emergency.

**Juvenile Workers:** Employees who are between the minimum working age and the age of 18. Typically, they need written permission to work and are restricted from working overtime and in hazardous occupations.

**Labor Broker:** Person or agency that recruits workers for companies, and typically charges recruitment fees directly to the workers.

**Legally Mandated Benefits:** Those benefits, such as annual leave social insurance and medical care which must be provided to employees by law.

**Lockout/tagout (LOTO):** Procedure to ensure that dangerous machines are properly shut off and not started up again prior to the completion of maintenance or servicing work. A 'lock' is placed on the device or the power source so that no hazardous power sources can be turned on. A 'tag' is affixed to a device indicating that it should not be turned on.

**Material Safety Data Sheet (MSDS) or Safety Data Sheet (SDS):** An informational document intended to provide workers and emergency personnel with procedures for handling or working with that substance in a safe manner and includes information such as physical data (melting point, boiling point, flash point, etc.), toxicity, health effects, first aid, reactivity, storage, disposal, protective equipment, and spill-handling procedures.

**Maternity Leave:** The period during which a worker takes leave to give birth and/or care for an infant. In most jurisdictions, maternity leave is defined and usually ranges from 3 months to 1 year.

**Minimum Wage:** Minimum sum payable to a worker for work performed or services rendered, within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement, which is guaranteed by law.

**Minimum Working Age:** The legal age requirement that is mandated by the government and/or defined by international law.

**Mistreatment of PVH Associates and Representatives:** Physically intimidating or verbally threatening a PVH associate or representative, including Independent External Assessors, project partners or consultants. The behavior is prohibited and a factory will receive sanctions as a result.

**National Fire Protection Association (NFPA):** International nonprofit with a mission to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus codes and standards, research, training, and education. More info can be found at [www.nfpa.org](http://www.nfpa.org).

**NFPA 30 Flammable and Combustible Liquids Code:** Standard developed by NFPA for fire and explosion prevention and risk control, storage of liquids in containers, storage of liquids in tanks, piping systems, processing facilities, bulk loading and unloading, and wharves.

**NFPA 72 National Fire Alarm and Signaling Code:** Standard that covers the application, installation, location, performance, inspection, testing, and maintenance of fire alarm systems, supervising station alarm systems, public emergency alarm reporting systems, fire warning equipment and emergency communications systems (ECS), and their components. Provisions are expressed in prescriptive requirements with performance based design methods and risk analysis requirements provided and essential for the proper design and integration of mass notification systems.

**NFPA 101 Life Safety Code:** Code standard that includes strategies to protect people based on building construction, protection, and occupancy features that minimize the effects of fire and related hazards. The code has provisions for all types of occupancies, with requirements for egress, features of fire protection, sprinkler systems, alarms, emergency lighting, smoke barriers, and special hazard protection.

**Night Work:** Any work done between 10 pm and 5 am is considered night work, unless there are country regulations that identify it differently.

**Non-Transparency:** The act of intentionally hiding information for the purposes of deceiving the Assessor and/or violating PVH's Code.

**Observational Indicators of High Risk:** Any issue or questionable practice observed in the PVH supply chain that has the potential to cause damage to workers' health, safety and/or well-being in the factories and surrounding communities, and/or the reputation of the brands.

**Occupational Exposure Limit:** Upper limit on the acceptable concentration of a hazardous substance in workplace air for a particular material or limit of exposure to physical hazard (e.g. noise, vibration, radiation).

**OHSAS 18001:** OHSAS 18001 is an international occupational health and safety management system. It includes criteria for a Health and Safety Management System that enables an organization to control its risks and improve its performance.

**Overtime:** Work performed in addition to regular working hours as defined by country law. In many countries, this is usually time worked over 8 hours in a day and 48 in a week.

**Overtime Wage:** Compensation for work that exceeds the basic hours established by law, paid typically at a premium rate of 25%-100% over the regular rate, as is legally required.

**Personal Protective Equipment (PPE):** Devices used to protect employees from injury or illness resulting from contact with chemical, radiological, physical, electrical, mechanical, or other workplace hazards.

**Physical Abuse:** Physical abuse is any act that includes pushing, slapping, cutting, punching, kicking, and/or tripping which is intended to inflict pain on another person.

**Powered Motor Vehicle (PMV):** Any mobile power propelled vehicle used to carry, push, pull, lift, stack or tier materials. They are commonly known as forklifts, pallet trucks, tractors, platform lift trucks, motorized hand trucks, rider trucks fork trucks and lift trucks.

**Prison Labor:** Work performed by individuals who are incarcerated by the state, military, or any other entity.

**Pre-Assessment Check-In:** Before the in-scope supplier assessment, PVH or Supply Chain Partner will arrange a meeting or call with the supplier to review the pre-sourcing assessment requirements and orientation. The check-in will review PVH's Code of Conduct and what to expect before, during and after the assessment. It will also review the Factory Datasheet (FDS) that the supplier was sent and asked to submit prior to the call.

**Prevailing Wage:** The level of wage generally paid in the relevant country or region of the country for work in the same sector and for comparable levels of responsibility and experience.

**Production Workers:** Any non-salaried employee in a factory except office employees, sales employees and drivers.

**Purchase Order:** The order documentation placed with the factory following approval by PVH CR.

**PVH:** PVH Corp., together with its subsidiaries.

**PVH Assessment Tool:** A spreadsheet based computer file used to gather and store data on compliance with PVH's Code of Conduct and non-code of conduct elements collected during an assessment.

**PVH CR:** The global PVH Corporate Responsibility department.

**PVH CR Assessment (Assessment):** A complete assessment based on PVH's Code of Conduct and non-code Zero Tolerance issues conducted at an in-scope factory by a lead Assessor on behalf of PVH or any Supply Chain Partner.

**PVH CR Short Form Assessment (Short Form Assessment):** An on-site visit by PVH CR Assessors, PVH Business Divisions or PVH quality assurance associations to identify the presence of Zero Tolerance issues at a factory. In some instances, when a factory is deemed to be low risk or in cases of low volume or one-off orders, PVH may opt to conduct a short-form assessment, which concentrates on zero-tolerance and other priority issues.

**Psychological Abuse:** Behavior that may result in psychological trauma, including anxiety, chronic depression, or post-traumatic stress disorder. For example, telling migrant or foreign contract workers that they risk being deported if they leave their employment with the factory or telling workers they will have to close if a union is formed.

**Re-evaluation Assessment:** A re-evaluation assessment is a regularly scheduled comprehensive (complete) assessment e.g. for orange-rated factories a full re-evaluation assessment will be conducted every 6 months; for yellow-rated factories an assessment will be conducted every 12–18 months; for green-rated factories an assessment will be conducted every 18–24 months).

**Recruitment:** The engagement of a person in a territory on behalf of an employer in another territory, or the giving of an undertaking to a person in territory to provide him/ her with employment in another territory; and the making of arrangements as mentioned above, including the recruitment and selection of migrants and the preparation for departure of migrants.

**Retaliation:** Any negative action or credible threat against an employee who in good faith reports problems to management, participates in worker interviews during compliance assessments, or helps in the investigation of a worker's grievance.

**Risk Assessment:** A systematic process of evaluating the potential risks that may be involved in an area task, job, or other activity.

**Sexual Harassment:** Harassment involving the making of unwanted sexual advances or obscene remarks.

**Short Term Contract:** An employment agreement that is valid for a short period of time, typically less than the amount of time in which a worker would legally be considered a permanent worker.

**Sludge:** Solid or semisolid residue that is removed during the wastewater treatment process.

**Solid Waste:** Non-hazardous, discarded materials from the consumption of goods and services and the manufacture of goods. Examples of solid waste include food and yard/garden waste, paper, cardboard, cloth, leather, product packaging, glass and metal containers.

**Subcontracting:** Refers to the process of outsourcing part of all of production under a PVH Purchase order to another supplier, factory or facility, including by not limited to sewing, cutting, embroidery, dyeing, washing, ironing, packing, screen-printing, fabric mills) to another factory or facility.

**Supplier:** any entity that supplies the Supply Chain as it relates to product execution and delivery, and may involve manufacturing in one or multiple factories.

**Supply Chain Partner:** Any agent, licensee, or other third-party business entity that sources product for any PVH brand.

**Temporary Worker:** A person with a labor contract of limited or unspecified duration with no guarantee of continuation. Unlike workers on indefinite work contracts (also referred to as permanent work contracts), temporary workers are usually not entitled to benefits that the local labor codes require such as vacation pay and leave and severance pay upon termination of employment.

**Tenement:** An unsafe factory building, particularly in Bangladesh, India, and Pakistan, which is identified as follows:

- A multi-use building (e.g. mixed purpose shared commercial, industrial, and/or residential). One example would be a factory located on the upper floors of a building with a retail bazaar on the main floor.
- A building that is not properly zoned for industrial use and is, therefore, not meant or able to support industrial manufacturing.
- A building that does not have the proper governmental approvals, duly approved by a qualified engineer or municipal authority. For example, additions are made to a building (e.g. the construction of additional floors) or additional equipment is installed (e.g. generators) without a proper load assessment from a qualified structural engineer and/or without the approval of government of municipal authorities.
- A building with an obvious or reported structural concern, integrity faults or deficiencies (e.g. cracks, sagging floors, tilts, etc.) that indicate it has significant defects, as determined by a qualified engineer.
- A multi-factory building (e.g. multiple owners, with different legal entities on different floors).

**Unauthorized Subcontracting:** The subcontracting of any part of a Purchase Order to a factory without prior written authorization from PVH CR is strictly prohibited under PVH policies. PVH reserves the right to immediately and permanently discontinue business with any in-scope factory engaging in unauthorized subcontracting, including the right to refuse delivery of the relevant products without payment and prevent the sale of those products.

**Verbal Abuse:** Behavior that includes screaming, insulting language, name calling, threatening, and/or sexually demeaning language.

**Wastewater:** Water and water-carried solids that have been used or impacted by production processes, including industrial, sanitary and storm water discharges.



# TERMS OF ENGAGEMENT

As part of our Shared Commitment, PVH expects our business partners to adhere to our Code and fulfill the terms of engagement we view as the foundation upon which our partnership and business relationship can be built and sustained. This section outlines what we believe to be critical terms of engagement for our business partners. They include commitments to:

1. Transparency
2. Accountability
3. Responsible Sourcing
4. Worker Non-Retaliation

## TRANSPARENCY

PVH expects our business partners, whether they are suppliers, factories, facilities, licensees or agents, to be completely transparent with us on their ability to adhere to our policies, processes and standards in relation to the Code, assessments or supplier /factory investigations. Transparency is a fundamental component of our business relationship. Without transparency, the business relationship may be severely impacted and may even be dissolved if appropriate corrective actions are not implemented immediately. We expect our business partners to fulfill the following terms of engagement:

1. Suppliers, factories and facilities are expected to provide Assessors complete and accurate business records (including but not limited to wages, working hours, personnel, production, permits, registrations, etc.) on site as mandated by law or for at least 12 months.

2. Suppliers, factories and facilities should supply complete access to all records and documentation relevant to the assessment. Concealed, falsified or altered records are prohibited from being presented during an assessment or investigation.
3. Suppliers, factories and facilities must provide free access to all employees including management and directly and indirectly employed workers. Coaching employees prior to or during an assessment or supplier investigation is prohibited, (Denial of Access is also referenced in the “Additional Policies” section as a Non-Code of Conduct violation.)

Any factory that becomes transparent during an assessment or immediately following will not have a finding of transparency on the assessment report. For transparency coming after the assessment, the onus will be on the factory to provide all records demonstrating the real records and conditions at the factory.

## ACCOUNTABILITY

PVH expects accountability from our business partners, meaning they assume direct or shared responsibility for non-compliance issues, address the issue immediately and implement corrective actions accordingly. Business partners should be committed to educating their management and workforce on the Code through trainings and consistent enforcement of the Code.

1. Factories are expected to take immediate responsibility for any non-compliance issues and act swiftly to correct them.
2. Factories, licensees, and agents should educate their suppliers on their responsibilities in terms of accountability and transparency.
3. Factories should train their management including supervisors on the PVH Code and instill responsibility for compliance as it relates to their job performance.
4. Factories should train their employees and managers on their rights and responsibilities regarding the PVH Code.
5. All trainings should be conducted in the languages that the employees understand. Where possible written information should be distributed to employees for retention purposes. All trainings should be documented.

## RESPONSIBLE SOURCING

PVH works 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.

## WORKER RETALIATION

Retaliation of any kind against employees who provided information during an assessment is strictly prohibited. After an assessment, supplier workers can also communicate with PVH using Tell PVH, a hotline service offered by the PVH CR department. Tell PVH is not a substitute for any existing supplier grievance mechanisms. PVH has zero-tolerance for any retaliation against workers, including punishment by termination, for disclosing certain information to PVH or PVH representatives. The supplier should not interfere with, discourage or punish workers for communicating with PVH or PVH representatives.

# FACTORY AUTHORIZATION POLICIES

All prospective (new) factories must go through a PVH CR authorization process as outlined below and receive a written PVH CR Assessment Notification indicating that the factory is approved prior to the placement of production in their facilities, including the manufacturing of samples and test orders.

The authorization process includes:

- New Factory Set-up
- Assessment Planning and Preparation
- Conducting the Assessment
- Post-Assessment
- Remediation and Capability Building

Verification through assessments is a well-established mechanism for determining whether or not a management system has been established, implemented, and is being monitored. Assessments are used to determine whether these systems result in compliance with international standards, the PVH Shared Commitment, and applicable laws and regulations.

Assessments are not intended to be a punishment or burden on business. They are a tool that can be used by both PVH and its business partners to take a critical look at systems and processes and assist in making continuous improvements.

The ultimate aim of PVH assessment requirements is to assess progress rather than merely retrospective performance. The PVH system will help to identify whether the supplier's performance has improved over time in relation to our standards as well as those established through international and local laws otherwise described as continuous improvement.

# CORPORATE RESPONSIBILITY: INITIAL FACTORY ENGAGEMENT WORKFLOW

## 1 New Factory Set Up \*

- Vendor completes Factory Evaluation Request & Profile
- Supply Team submits the Factory Evaluation Request & Profile to CR and completes CR IT Platform set up

Varies

## 2 Assessment Planning

CR team reviews paperwork and conducts Initial Risk Assessment; determines factory eligibility for the following designations:

- Gray rating: PVH-branded production will remain below 20,000 pieces in a 12-month period
- Blue rating: Factory will enroll in Better Work or ABVTEX

30 Days

- CR contacts IEM to request initial assessment
- IEM schedules on-site assessment at factory and collects payment
- CR team facilitates Factory Pre-Assessment Check-In and, where applicable, prepares for Higg Facility Environmental Module (FEM) self-assessment and verification
- If applicable, factory completes and submits Higg FEM self-assessment

## 3 Factory Assessment

- IEM conducts on-site assessment
- If verification is required, IEM conducts Higg FEM verification once a year
- During closing meeting, IEM reviews assessment findings and CAP guidance materials with factory

2 Days

15 Days

## 4 Post Assessment

- IEM submits red flag warnings within 24 hours, draft findings within 48 hours and final report within 5 days to CR team
- For specific PVH approval ratings, reference "Ratings" on page 24
- If factory is **APPROVED** for production, proceed to Step 5. If the factory is **NOT APPROVED** for production (no orders can be placed). Factory can request re-evaluation in 12 months. For an **INITIAL FACTORY** assessment, if the factory is **NOT APPROVED** a white rating will be issued and re-evaluation assessment can be requested within three to twelve months, at the CR team's discretion

## 5 Remediation & Capability Building

- CR team provides value-added activities which may include CAP development, Mid-cycle Check-In, training, and Higg FEM capability building
- If any findings are deemed no progress with alert, during the CAP remediation visit, the CR team contacts Sourcing to initiate an escalation call with the vendor and the factory

Varies

## 6 Exit for Business Reasons

- Supply Team informs the CR team of planned factory exit
- Sourcing and CR teams assess risk and manage factory exit

Varies

- Supply Team
- Vendor / Factory
- CR Team
- Independent External Monitor (IEM)

\* Set-up process may be different for Level 2 facilities. Please contact your CR representative for more details

Days indicated in workflow refer to business days

# NEW FACTORY SET-UP

The Supplier should complete the Supplier/ Factory Evaluation Request and Profile, and all necessary set-up forms, provided by the respective PVH Business Divisions, for the in-scope factory. The factory disclosure form applies to all Level

1 factories, defined as assembly and finishing factories, involved in the manufacturing of PVH product. Please see the below for the definitions of factory levels and guidance on factory disclosure requirements:

## FACTORY LEVELS

<b>LEVEL 1</b> Assembly and finishing factories <ul style="list-style-type: none"><li>• Product manufacturing units that perform cut/sew, on-site embroidery, packaging/ warehousing, ironing and other assembly processes for finished goods</li><li>• Vertically integrated factories</li></ul>	<b>LEVEL 2</b> Material suppliers, processing units for Level 1 suppliers, such as: <ul style="list-style-type: none"><li>• Fabric mills (weavers/knitters)</li><li>• Wet processing units (dye houses, printers, laundry/wash/ finishing units)</li><li>• Trim suppliers</li><li>• Embroidery units (off-site)</li><li>• Molders</li><li>• Tanneries</li></ul>	<b>LEVEL 3</b> Commodity sources and processing units for Level 2 suppliers <ul style="list-style-type: none"><li>• Cotton, polyester, leather, metals, paper, plastics</li><li>• Ginners</li><li>• Spinning mills</li></ul>
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## FACTORY DISCLOSURE

PVH CR requires any Level 1 factory involved in the making of PVH product be disclosed to PVH CR regardless of the brand or Business Division.

Updated information (e.g. supplier name, address and production process) should be provided to PVH CR before each assessment, as part of the Pre-Assessment Check In.

## FACTORY ASSESSMENTS BY LEVEL

In addition to disclosure, PVH CR requires that all Level 1 factories undergo a PVH CR assessment and receive a written PVH CR Assessment Notification indicating that the factory is approved prior to any sampling or placement of Purchase Orders. Additional assessment requirements vary by Level and business volume but PVH expects all factories to engage in ongoing remediation and capability building efforts.

- **Level 1** - All Level 1 factories will be subject to a PVH CR assessment and may be required to complete the Higg Facility Environmental Module (FEM) self-assessment and verification. A PVH CR team representative will contact Level 1 factories that are considered within scope for Higg FEM.
- **Level 2** - Strategic Level 2 factories are required to undergo a PVH CR assessment and

may be required to conduct the Higg Facility Environmental Module self-assessment and verification. A PVH CR team representative will contact Level 2 factories that are considered within scope of PVH's CR assessment program and Higg FEM requirements.

- **Level 3** – Level 3 factories are currently out of scope of PVH's CR authorization process and assessment program. The Higg Facility Environmental Module self-assessment and module are not required but are strongly encouraged.

At PVH CR's discretion, factories may be required to undergo additional assessments pending considerations such as:

- Location
- Compliance risks
- Factory Level
- Involvement in PVH or brand-specific initiatives

## ASSESSMENT PLANNING AND PREPARATION

Receipt of the completed Supplier/Factory Evaluation Request and Profile form will trigger the initiation of the PVH CR authorization process described below:

**Introductory letter:** All factories will be sent the Initial Factory Engagement Letter and the PVH's Code of Conduct (Code) to familiarize them with our values and approach to corporate responsibility (CR) and explain the pre-sourcing authorization process.

**Assessment fees:** All fees must be paid prior to the scheduling of the assessment or verification. An invoice will be issued by the IEM. In the case of licensees, the licensee will generally be charged by the Independent External Monitor.

**Assessment scheduling:** Every effort will be made to schedule the assessment as soon as possible, barring any delays in payment or paperwork from the factory or PVH Business Division. The assessment is scheduled and person-days are allocated according to total number of workers, facilities to be included in the assessment scope and the time required to travel to the factory.

**Pre-Assessment Check In:** Before the factory assessment, a PVH CR representative or Supply Chain Partner will arrange a meeting or call with the factory to review the pre-sourcing assessment requirements and orientation. The check in will include a review Code and what to expect before, during and after the assessment.

**Short Form Assessment:** In the case of production areas (e.g. building or floor) that are not involved in PVH production or fall under different business licenses, a Short Form Assessment of those areas may be conducted at a minimum. Buildings or areas onsite that are involved in any part of Level 2 or 3 manufacturing processes of PVH product, including but not limited to a washing facility or, in the case of partially or fully vertically integrated factories, mills, dye houses, and effluent treatment plants, may be considered within the assessment boundary line. Additionally, a short form assessment may be used in factories that manufacture PVH product under a certain volume threshold as determined by PVH.

**Self-Assessment:** Factories that manufacture PVH product under a certain volume threshold may be eligible to complete a self-assessment. Eligibility is determined by PVH based on production volume and risk.



## CONDUCTING THE ASSESSMENT

The initial assessment will be conducted by an Independent External Monitor and will include the review of all [10 Code elements](#) and non-code of conduct issues in all in-scope facilities.

**Scope:** PVH CR uses a factory's "Boundary Line" to determine the physical scope of an Assessment. Accordingly, any building physically located on the premises and under the business license will receive an Assessment. In the case of multiple buildings on the same compound, the Assessment will include any shared/common areas such as food service areas, childcare facilities, health clinics, dormitories, chemical storage areas, waste disposal areas, generator rooms and so forth.

**Exceptions:** There may be exceptional cases when it is not possible or allowed to include all aspects of production within the Assessment's defined Boundary Line. Such instances include but are not limited to:

- Factories on the same premise but in different buildings and under different ownership and management.
- Supplier compounds with multiple buildings under the same management and business license but with the production for brands segregated into separate buildings.

Under such circumstances, the buildings owned by different management or not associated with PVH production will be considered out of scope. All common or shared areas will be considered within scope of the Assessment.

If the lead Assessor is not permitted entry into a production or common/shared area that is involved in PVH production, this will be treated as a denial of access.

**Note:** PVH CR reserves the right to include all parts of a compound or building and all production processes within the scope of the Assessment if the country or area has been determined high risk or if there are known or perceived risks of concern.

Each assessment will include the following:

- Opening Meeting
- Assessment
- Facility Walkthrough
- Management interviews
- Worker interviews
- Documentation review
- Closing Meeting

**Opening Meeting:** At the start of an assessment, an opening meeting shall take place whereby the Assessor meets with the facility's senior management to discuss the assessment process in detail. Key factory senior management should be present in order for the Assessors to properly make introductions and explain overall assessment roles and objectives.

**Assessment:** Each assessment will include walkthrough of in-scope facilities with a factory staff manager (ideally the Health and Safety manager), a review of key documents related to human resources, factory regulations, wages, hours, benefits, health and safety and environmental practices (please see the "Documentation" list under each Code element in the Standards section) and interviews with management as well as workers.

**Closing Meeting:** A closing meeting shall be held at the end of the assessment with at least one staff member, preferably the owner or general manager that has decision-making power and the authority to sign off on the summary of findings as well as the compliance or HR manager. The Assessor will discuss all non-compliances found during the assessment and the standard they failed to meet (i.e., the Code, local laws, international standards) with senior factory management and, whenever possible, the Supply Chain Partner representative.

A copy of the Draft Findings will be left with the factory management and factory management will be asked to sign it as an acknowledgement of receipt. Management will be allowed the opportunity to explain why a finding exists or

explain why they may not agree with a finding and document the objection on the assessment report. The factory is welcome to add any comments to be included in the Draft Findings.

## POST-ASSESSMENT

The post-assessment process includes a review of the assessment findings, rating application and communication to the supplier of the final findings, rating and guidance for remediation next steps.

**Immediate follow-up:** The Independent External Monitor will review draft findings with the supplier immediately after the assessment is completed, highlight any Zero Tolerance, Critical Immediate Action and Critical issues with the supplier, and send an e-copy of the Draft Findings to PVH within 2 business days of the assessment.

**Internal CR review and rating application:** PVH CR reviews the assessment report and the rating is

generated by its assessment tool. PVH uses a color-coded rating system to indicate the CR performance status of factories.

**The table below summarizes the color ratings that will be applied to factories and what they mean from the perspective of:** (i) compliance performance; (ii) assessment prioritization and frequency; and (iii) guidance for the decision-making of PVH Business Divisions.

## RATINGS

PVH uses a color-coded rating system to indicate the compliance status of factories. A summary of the designation are found in the Table below.

RATING CATEGORY	RATING MEANING AND FOLLOW-UP SCHEDULE
GOLD	<p><b>Authorized for production (CR Accredited to Self-Manage Compliance)</b></p> <ul style="list-style-type: none"><li>Supplier is an industry leader with a formal CR program and systems in place to self-manage environmental and social performance. Supplier is accredited by PVH or another accepted accreditation program. Gold rated suppliers must submit internal or third party audits on an annual basis to the PVH CR team in lieu of PVH CR audits.</li><li>PVH Business Divisions are encouraged to pursue initiatives with these strategic suppliers.</li></ul> <p>Accreditation review to take place on a 36-month cycle. Spot check assessments may be scheduled to validate accreditation status. New factories that are wholly owned by a Gold supplier must submit either an internal or a third party audit to the PVH CR team prior to authorization for production. New factories that are either part of a joint venture with or contracted by a Gold supplier must complete a full PVH CR assessment prior to authorization for production.</p>

RATING CATEGORY	RATING MEANING AND FOLLOW-UP SCHEDULE
GREEN	<p><b>Authorized for production</b></p> <ul style="list-style-type: none"> <li>Factory meets/exceeds Code standards. Factory has systems in place to identify and manage problems emerging in the workplace.</li> <li>PVH Business Divisions are encouraged to place business.</li> </ul> <p>Re-evaluation assessment will take place on a 24-month cycle.</p>
YELLOW	<p><b>Authorized for production</b></p> <ul style="list-style-type: none"> <li>Factory meets minimum Code requirements to enter into a business relationship with PVH. There are little to no critical issues, particularly with regards to wages, building safety, working hours and industrial relations.</li> <li>Factory is transparent and is making continuous improvements.</li> <li>PVH Business Divisions are encouraged to place business.</li> </ul> <p>Re-evaluation assessment will take place on a 12-month cycle.</p>
ORANGE 1ST	<p><b>Authorized for production exercising vigilance and caution</b></p> <ul style="list-style-type: none"> <li>Factory has critical issues, which may include transparency and a lack of commitment to continuous improvement. Factory has two chances to demonstrate progress before moving to the red category.</li> <li>PVH Business Divisions may place orders while reinforcing the importance of compliance and making continuous improvements against a plan. PVH Business Divisions should consider a second source in case no improvement is made.</li> </ul> <p>Re-evaluation assessment/assessments are required within a maximum of 6 months.</p>
ORANGE 2ND	<p><b>Authorization for production maintained – strong intervention required to continue business relationship</b></p> <ul style="list-style-type: none"> <li>Factory has not shown improvement after being in orange for one cycle. Factory will be moved to the red category if no progress is made by the next assessment.</li> <li>PVH Business Divisions will exercise caution, create, and implement back-up plans for production.</li> </ul> <p>Re-evaluation assessment is required within a maximum of 6 months.</p>
RED	<p><b>Not authorized for production</b></p> <ul style="list-style-type: none"> <li>Factory has one or more Zero Tolerance Issues or has not responded to warnings and/or demonstrated a lack of commitment and transparency. See Appendix 4 for a list of <a href="#">PVH CR's Zero Tolerance Issues</a>.</li> <li>An existing Purchase Order may be completed but no new Purchase Orders will be placed.</li> </ul> <p>Factory will not be considered for future business for 12 months. On an exceptional basis, the factory may apply for a re-evaluation sooner if they can present compelling evidence of effective remediation.</p>

### Other Factory Designations

Aside from above-described factory ratings, PVH CR uses other color-coded designations for in- scope factories to indicate participation in alternative assessment types. The table below summarizes the meaning of the other color designations.

COLOR DESIGNATION	MEANING
BLUE	<p><b>Participation in formal continuous improvement program (Authorized for production)</b></p> <ul style="list-style-type: none"> <li>Factory is participating in an internal or external continuous improvement program that fulfils the following requirements: (i) develops management systems; (ii) has performance targets/ requirements; (iii) provides progress reports; and (iv) has a verification component.</li> <li>Examples include: participation in Better Work; part of PVH or another organization's supplier ownership program.</li> </ul> <p>No PVH CR assessments if (1) program assessments/progress reports are received and engagement continues; and (2) progress is made against plans.</p>
BLUE-ORANGE 1ST (BLUE-O1)	<p><b>Participation in formal continuous improvement program (Authorized for production exercising vigilance and caution)</b></p> <p>Factory is participating in an internal or external continuous improvement program that met criteria for the Blue rating.</p> <p>Factory has critical issues, which may include transparency and a lack of commitment to continuous improvement. Factory has two chances to demonstrate progress before moving to the red category.</p> <p>PVH Business Divisions may place orders while reinforcing the importance of compliance and making continuous improvements against a plan. PVH Business Divisions should consider a second source in case no improvement is made.</p> <p>No PVH CR assessments if (1) program assessments/progress reports are received and engagement continues; and (2) progress is made against plans.</p>
BLUE-ORANGE 2ND (BLUE-O2)	<p><b>Participation in formal continuous improvement program (Authorization for production maintained – strong intervention required to continue business relationship)</b></p> <p>Factory is participating in an internal or external continuous improvement program that met criteria for Blue rating.</p> <p>Factory has not shown improvement after being in Blue-Orange 1st for one cycle. Factory will be moved to the red category if no progress is made by the next program assessment.</p> <p>PVH Business Divisions will exercise caution, create, and implement back-up plans for production.</p> <p>No PVH CR assessments if (1) program assessments/progress reports are received and engagement continues; and (2) progress is made against plans.</p>

COLOR DESIGNATION	MEANING
GRAY	<p>Factory falls under the de minimis or other exemptions category (Authorized for production)</p> <ul style="list-style-type: none"> <li>Factory meets criteria that allows it to be exempt from a full CR Assessment in a particular assessment cycle, based on business volume or risk criteria.</li> <li>Exemptions must be reviewed on an annual basis to determine if factory continues to meet the criteria.</li> </ul> <p>No PVH CR assessments but factory Self-Assessments or a PVH CR Short Form Assessment is required. Factories with valid recent social compliance audit reports from reputable brands or auditing firms may submit these reports for review in lieu of completing the self-assessment or the PVH CR Short Form Assessment.</p>
WHITE	<p>Pending Authorization (Not Authorized for production)</p> <ul style="list-style-type: none"> <li>Factory did not pass initial assessment and threshold (Green, Yellow or Blue rating) to become an authorized PVH factory.</li> </ul> <p>Factory will be given a second chance to address critical issues. If the next rating is Green, Yellow or Blue, it will be authorized for production. It will otherwise not be authorized for production.</p> <p>Re-evaluation may be requested within three to twelve months.</p>

*Note: All new in-scope factories will be expected to enter production in the Yellow, Blue, or better rating category at a minimum.*

**PVH CR Assessment Notification:** Within 30 calendar days of the assessment date, the final findings with suggested actions and timelines will be provided to the factory management via email. PVH CR will send the PVH CR Assessment Notification to the in-scope factory or Supply Chain Partner and attach the corrective action plan (CAP) form as well as the Supplier Guidelines, copying the respective PVH Business Division head(s). The factory is responsible to complete the CAP form by specifying how each finding will be remediated, including a responsible individual and timeframe.

**Follow-up timeline:** As stated in the PVH CR Assessment Notification, the factory will be required

to submit a CAP to PVH CR within 14 calendar days after receiving the Assessment report (or Authorization letter) and a verification assessment must take place within the timeframe defined by the factory rating.

Factories receiving a Red or White rating will receive a PVH CR Assessment Notification stating that they are not authorized for production and will not be eligible for reconsideration for a minimum duration noted in the Assessment Notification. On an exceptional basis, the factory may apply for a re-assessment sooner if they can present compelling evidence of effective remediation.

**ADDITIONAL NOTES ON AUTHORIZATION**

**Deactivation and Reactivation:** If an in-scope factory has not been actively producing PVH orders and there are no plans for product to be placed in the coming 12 months, PVH CR will deactivate the factory in the PVH CR IT Platform.

- A factory that has been deactivated for less than 12 months can be reactivated by contacting PVH CR. Reactivation and authorization can only occur if the factory has a valid CR rating.
- A factory that has been deactivated for 12 months or more will be subject to reauthorization per this SOP.

**Relocation to a new building, premise, or change in management:**

- In cases in which an active in-scope factory moves production from an old building to a

new building on either the same premises or new premises, authorization can be maintained subject to PVH CR completing a Short Form Assessment of the new building(s). This is contingent upon management, payroll systems and policies remaining the same.

- In cases in which an active in-scope factory changes management, payroll systems and policies and procedures, authorization will be contingent upon passing the Assessment to ensure continued compliance with all PVH standards. PVH Business Divisions and Supply Chain Partners shall notify PVH CR, in a timely manner, if they plan to deactivate a factory and relocate production.

## LICENSEE FACTORY SET-UP

Licensees shall conduct business in compliance with the moral, ethical and legal standards set forth in PVH's "Statement of Corporate Responsibility" and PVH's Code of Conduct entitled "[A Shared Commitment](#)" as detailed within the Supplier Guidelines. Licensees and their manufacturers, agents, contractors, and/or suppliers involved in the manufacture of licensed products are expected to abide by these standards as well as those set forth in this document as a condition of doing business with PVH.

The Licensee should complete the Supplier/Factory Evaluation Request and Profile, provided by the CR Team for Level 1 factories.<sup>1</sup> Please see the below for guidance on requirements for factory disclosure:

**FACTORY DISCLOSURE**

PVH CR requires licensees to disclose all Level 1 factories involved in the manufacturing of PVH product. Updated information (e.g., supplier name, address and production process) must be provided to PVH CR before the assessment.

**FACTORY ASSESSMENTS**

In addition to disclosure, PVH CR requires that all Level 1 licensee factories undergo an assessment and receive a written PVH CR Assessment Notification indicating that the factory is approved prior to any sampling or placement of Purchase Orders. The assessment requirements vary by business volume, but PVH CR expects all licensee factories to engage in ongoing remediation and capability building efforts.

<sup>1</sup> For all [Level definitions](#) please see page 21



## ASSESSMENT PLANNING AND PREPARATION

Upon receipt of the Supplier/Factory Evaluation Request and Profile, the PVH CR team will determine the appropriate assessment type for the factory.

**Assessment fees:** All fees must be paid prior to the scheduling of the assessment. Assessment invoices can be paid by the licensee, factory or agent.

**Assessment scheduling:** We expect licensees to schedule all assessments in a timely manner, barring any delays in payment or paperwork from the factory. The assessment is scheduled and person-days are allocated according to total number of workers, facilities to be included in the assessment scope, and the time required to travel to the factory.

**Pre-Assessment Check In:** Before a factory assessment, PVH CR encourages licensees to arrange a meeting or call with the factory to review [PVH's Code of Conduct](#) and what to expect before, during and after the assessment. Please contact PVH CR if you are interested in learning more about how to conduct a Pre-Assessment Check In with your factory.

For more information on assessment scope and process please see pg 23 "[Conducting the Assessment](#)"

## POST-ASSESSMENT: LICENSEE FACTORY ASSESSMENT LIFE-CYCLE

Post-assessment, the licensee is expected to communicate the assessment findings, rating application and guidance for remediation to the licensee factory.

**Immediate follow-up:** A copy of the Draft Findings will be sent to the licensee within 2 business days of the assessment.

**Internal CR review and rating application:** PVH CR reviews the assessment report, and the rating is generated by the assessment tool. PVH uses a color-coded rating system to indicate the compliance status of factories. Please refer to the "[Post Assessment](#)" section (pg. 24) for information on color ratings.

**PVH CR Assessment Notification:** Within 30 calendar days of the assessment, PVH CR will send out an Authorization Letter to the licensee and attach the draft findings as well as the Supplier Guidelines. The licensee is expected to work with the factory to input corrective actions for remediating the issues described in the attached draft findings.

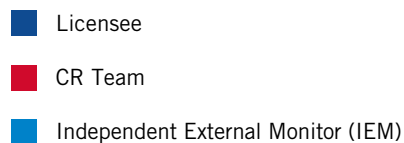
**Follow-up timeline:** As stated in the Authorization Letter, the licensee will be required to submit a CAP to PVH CR within 30 calendar days after receiving the PVH CR Assessment Notification.

Factories receiving a Red or White rating will receive a PVH CR Assessment Notification stating that they are not authorized for production and will not be eligible for reconsideration for a minimum duration noted in the Assessment Notification.

**Mid-Cycle Check-In:** PVH CR encourages licensees to hold a Mid-Cycle Check-In either in person (preferred) or via phone at least once with all Green, Yellow and Orange rated factories between assessments to review progress on the CAP. The meeting should provide support and guidance to the factory related to root cause analysis, identification of immediate and sustainable actions and guidance on policies and procedures that promote long-term compliance and continuous improvement. Please contact PVH CR for more information.

For information on deactivation, reactivation, relocation to a new building or premises and change in management, please refer to "[Additional Notes on Authorization](#)" (pg. 28).

# CORPORATE RESPONSIBILITY: LICENSEE INITIAL FACTORY ENGAGEMENT WORKFLOW



## 1 New Factory Set Up

■ Licensee completes Factory Evaluation Request & Profile and sends documents to CR

■ CR completes CR IT platform set up

■ CR reviews paperwork and conducts initial risk assessment; determines factory eligibility for the following designations:

- Gray rating: PVH-branded production will remain below 20,000 pieces in a 12-month period\*
- Blue rating: Factory is, or will be, enrolled in Better Work\*\*

2 Days

## 2 Assessment Planning

■ Licensee facilitates Factory Pre-Assessment Check-In

■ Licensee contacts (IEM) to request assessment

■ IEM issues assessment fee invoice to the responsible party

■ Responsible party sends payment for the assessment to the IEM

■ IEM schedules on-site assessment at the factory

Varies

## 3 Factory Assessment

■ IEM conducts on-site assessment

■ IEM reviews findings at closing meeting

2 Days

## 4 Post Assessment

■ IEM submits red flag warnings within 24 hours, draft findings within 48 hours and final report within **5 days**

■ CR reviews the assessment report, determines color rating, and sends the factory AC letter to the Licensee within **30 days**

37 Days

## 5a Remediation & Capability Building

■ Licensee collaborates with the factory on finalized CAP development and submits the finalized CAP Template to CR within **30 days**

■ CR reviews the CAP Template and sends CAP acceptance of rejection notification to the Licensee with comments within **7 days**

■ If a CAP for an Orange 2nd factory is rejected the Licensee must resubmit CAP to the CR team for a second review

37 Days

■ Licensee sends factory authorization letter and CAP Template to the factory

Based on color rating, factory is assessed within **6 months**. For specific PVH approval ratings, reference "Ratings" on page 24

## 5b Post Assessment Engagement Meeting (recommended)

■ Licensee conducts an engagement meeting, either in person (preferred) or via phone, with the factory to assess progress on the CAP, at least once before the next assessment

Varies

\* Please submit a recent other brand social compliance report to CR for review. If unavailable, please have the factory fill out a PVH CR self-assessment.

\*\* Submit Third Party Access Form (TPAF) to Better Work

Days indicated in workflow refer to business days

## REMEDIATION AND CAPABILITY BUILDING

Immediately after an assessment, any discovered non-compliances will result in creation of

a corrective action plan (CAP) with draft findings of non-compliance issues. The final corrective action plan (CAP) (with detailed root cause evaluation, timelines for completion, responsible parties, etc.) should be developed by the factory and provided to PVH CR within 14 calendar days and **within 30 calendar days for licensees**, unless otherwise specified after the assessment. PVH CR will approve final CAP via email.

Suppliers are expected to make progress in correction of all identified issues, with priority given to address the most serious issues first. Progress or completion of issues identified as '[Critical – Immediate Action](#)' must be immediately

communicated to PVH CR representatives within 7 business days after assessment. Completion of other corrective actions will be verified during reevaluation assessments and/or through regular communication/contact with the supplier.

PVH is dedicated to supporting the supplier's continuous improvement. PVH CR provides remediation and capability building services focused on long-term solutions created through dialogue and cooperation between management and workers. Facilities are supported through a range of services including tailored phone calls or facility visits, training customized for the facility's specific needs, or referral to expert resources.

## ANTI-TRUST CONSIDERATIONS

Whenever discussions are started regarding sharing of assessments, considerations must be made regarding anti-trust regulations. The following items must always be avoided by all parties in these discussions:

- Prices paid to Contract Manufacturers or any other terms relating to the commercial relationship between a Contract Manufacturer and PVH or another Brand / Buyer;
- Commercial discussion with Contract Manufacturers or plans relating to Contract Manufacturers, including contract negotiations or renewals, plans to continue or terminate relations with a specific Contract Manufacturer or the like;
- Commercial actions to be taken where a Contract Manufacturer refuses to remedy labor law or other worker protection compliance issue raised by an assessment or Brand / Buyer;
- Cost of production, transportation or importation of PVH products, or those of any other Brand / Buyer;
- Prices or terms at which PVH sells its products to others; or
- Relations with or details concerning any PVH customer or customer of another contracting Brand / Buyer.

## BETTER WORK

PVH originally joined the International Labor Organization's Better Factories Cambodia program in 2005, and progressively joined other Better Work country programs as they developed. PVH became an official partner of Better Work in 2012.

Better Work represents a partnership between the United Nations' International Labor Organization (ILO) and the World Bank's International Finance Corporation (IFC) and seeks to work in a tripartite manner across enterprise/industry associations, labor/ union representatives, and governments to improve the workplace conditions and industry competitiveness in key countries. Better Work Enterprise Assessments are factory assessments that create a framework for assessing compliance with core international labor standards and national labor law. Better Work Advisory Services work with the factory on an on-going basis to improve working conditions and foster better worker management communication and cooperation.

### PVH REQUIREMENT TO JOIN BETTER WORK

All in-scope factories are required to join Better Work and submit to its monitoring program and advisory services. Better Work advisory and training services can support the factory in addressing non-compliance issues in a timely and effective fashion, before and after the assessment takes place.

Factories can apply for an exemption from the Better Work Program if they meet one of the following two criteria: (1) the factory has a one-time order or has a short-term relationship with PVH, or (2) the factory self-manages a sophisticated corporate responsibility (CR) program or implements a CR strategy run by another PVH-recognized program.

PVH CR will accept Better Work Enterprise Assessment reports for an in-scope factory in lieu of Assessments. If the factory is authorized for PVH production based on the findings in the Better Work report, the factory will receive a Blue, Blue-Orange 1st or Blue-Orange 2nd rating. The Blue rating signifies that the factory is actively participating in the Better Work program and demonstrates good faith efforts to comply with Better Work standards and requirements. The Blue-Orange 1st and Blue-Orange 2nd rating signifies that the factory is participating in the program, but is considered High Risk by PVH CR due lack of commitment, non-transparency, or the severity of non-compliances.

The schedule for follow-up assessments will be set by the respective Better Work Country program, (e.g.

annually). PVH CR will then register with Better Work and pay for access to Better Work Enterprise Assessment reports. PVH CR will also work with Better Work to address any non-compliance issues.

**PVH disengagement:** PVH CR reserves the right to withdraw from any factory despite their participation in the Better Work Program due to business decision or sourcing strategy change. PVH CR will not solely disengage on compliance if progress is being made.

**Factory obligations:** The factory enrolled in this program is expected to be proactive, transparent and cooperative with Better Work and PVH CR, including supporting the work of a Performance Improvement Consultative Committee (PICC Committee). The supplier is required to address non-compliance issues through the bipartite committee and to provide regular updates on their status in the online Better Work improvement plan. The factory must allocate sufficient resources and support the worker-management committee for it to function effectively.

PVH CR will closely monitor the factory's Improvement Plan Progress Report and factory is expected to meet with PVH CR, if requested, to discuss their Improvement and Learning Plan. PVH CR reserves the right to remove or downgrade the factory from the Blue, Blue-Orange 1st or Blue-Orange 2nd rating due to lack of commitment, non-transparency, or the severity of non-compliances.

- The factory must enroll, schedule and pay the annual Better Work Program registration fee on a timely basis.
- If the in-scope factory is dismissed from the Better Work Program, the factory will automatically be placed into the Assessment program with a rating of Orange 1st.

## ADVISORY SERVICES

- **Factory engagement:** Factories are required to participate in Better Work Enterprise Advisory Services in all Better Work Countries and PVH CR will strive to participate in at least one advisory service visit per factory per year.
- **Requirement for joining:** PVH CR requires all factories to regularly participate in the Better Work Enterprise Advisory Services. Factories must present a specific reason for wanting to decline to PVH CR (Regional Representative) for their approval.

Better Work classifies factories as being in “Stage Two” if they consistently demonstrate high levels of compliance, a mature level of social dialogue, effective management systems and a commitment to learning. PVH encourages BW registered factories to work towards BW “Stage Two” status.

**Costs:** There is no additional cost to factories for Better Work Enterprise Advisory Services in any country, except for Cambodia.

## ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

In Bangladesh, assessments addressing health and safety of buildings will be performed as part of the independent inspections conducted by the Accord. We require our suppliers to participate in the Accord and meet a certain criteria of performance as defined by PVH CR. In these cases, the Accord standards will supersede or supplement any requirements of PVH. The Accord will apply its own protocol for these assessments and the findings of the Accord assessments will be accepted by PVH.

The Accord had a scheduled expiration in May 2018. In 2017, PVH signed a new three-year Accord agreement along with 175 other brand owners and retailers. The agreement, which became effective in May 2018, is designed to continue the Accord’s work while supporting the Bangladeshi government’s own capacity to oversee fire and building safety, and transition fire and building safety to them going forward. There has been a legal challenge to the continuation of the Accord beyond November 2018. Regardless of the outcome, PVH remains committed to continuing the ideals of the Accord in fostering safe workplaces and protecting workers rights in the Bangladesh ready-made garment industry, including efforts by the Bangladeshi government to assume responsibility for the oversight of fire and building safety when deemed appropriate by relevant stakeholders. More info on PVH and the Accord can be found in [Appendix 8: Guiding Principles and PVH Partnerships](#).

# NON CODE VIOLATIONS

PVH considers the following five policy positions to be corporate policies, which apply to all Suppliers and Licensees. These issues fall outside the scope of PVH's [Code of Conduct](#) and are therefore require special handling. PVH believes in a firm but fair enforcement process and will, therefore, seek to understand the context within which the violation occurred.

- Unauthorized Subcontracting
- Unauthorized Production
- Bribery
- Denial of Access
- Mistreatment of PVH Associates or Representatives
- Counterfeiting

If one of the above named violations is found, PVH will issue a warning letter accordingly. PVH may require the factory and/or Supplier/Licensee to attend and pay for trainings conducted online or in-person. The content and length of the training will be determined by PVH in collaboration with the factory and/or Supplier/Licensee. PVH may also require the factory and/or Supplier/Licensee to develop and submit a corrective action plan detailing the reason the violation occurred and subsequent remediation. Additionally non-code violations may impact factory color ratings.

## UNAUTHORIZED SUBCONTRACTING

The subcontracting of any part of a Purchase Order to a factory without prior written authorization from PVH CR is strictly prohibited under PVH policies. PVH reserves the right to immediately and permanently discontinue business with any supplier engaging in unauthorized subcontracting, including the right to refuse delivery of the relevant products, without payment and prevent the sale of those products.

PVH CR recognizes there are unforeseeable or extraordinary circumstances which may require production to be shifted to a new production site. We expect and require that the in-scope factory or Supply Chain Partner informs PVH CR of the issue and need to subcontract. We will support our partner in resolving the issue up to and including an expedited authorization of production or an alternative arrangement prior to completion of the assessment.

## UNAUTHORIZED PRODUCTION:

The practice of placing purchase orders at third party factories which have not gone through the vetting procedures of PVH CR is strictly prohibited under PVH policies. Purchase orders issued by one of the supply chain divisions of PVH or by a Licensee must be issued to a factory that has been authorized by PVH CR.

PVH CR recognizes there are unforeseeable or extraordinary circumstances that may require production to be shifted to a new production site. We expect and require the in-scope factory or Licensee informs PVH CR of the issue and need to subcontract. We will support our partner in resolving the issue up to and including an expedited authorization of production or an alternative arrangement prior to completion of the assessment, if warranted.

## BRIBERY

PVH has a strict policy prohibiting any factory from offering, promising or giving any money, gifts, meals (other than in the factory canteen), accommodations, entertainment or anything else of value to any PVH associate or Independent External Assessor. If PVH determines that a factory provided any of the above to an associate or Independent External Assessor in order to inappropriately influence their actions, PVH will likely terminate the Company's relationship with that factory. If a PVH associate or Independent External Assessor requests anything of value from a factory, the factory should report these request to [cr@pvh.com](mailto:cr@pvh.com) immediately.

Similarly, if an authorized Independent External Assessor is accused of soliciting or accepting a bribe, they and their employer can have their PVH CR accreditation revoked.

All authorized Independent External Assessors are held to an unconditional Code of professional

conduct which means they cannot, directly or indirectly, seek or accept monetary “kickbacks” or any other benefit (e.g. gifts, free products, favors, promises of future worker) in connection with an assessment or any related follow-up work.

## DENIAL OF ACCESS

Denial of access occurs when a PVH associate or representative, Independent External Assessor, project partner or consultant is refused entry to the manufacturing site, access to documents, or permission to interview workers. All these activities are required for monitoring of the workplace. If management does not permit such activities to proceed, then the supplier is obstructing the work of PVH CR. In rare cases, an emergency may genuinely preclude access, such as a workers' strike or natural disaster, and in such instances the factory would not be penalized.

## MISTREATMENT OF PVH ASSOCIATES OR REPRESENTATIVES

Physically intimidating or verbally threatening a PVH associate or representative including Independent External Assessors, project partners or consultants is prohibited and will result in sanctions being applied to the factory.

## COUNTERFEITING

PVH reserves the right to immediately and permanently discontinue business with any supplier engaging in counterfeiting or the use of counterfeit components, including the right to refuse delivery of the relevant products, without payment and prevent the sale of those products. Incidences of alleged counterfeiting will be handled by PVH's legal and brand protection team.



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# THE STANDARDS (PVH CODE OF CONDUCT)

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# EMPLOYMENT RELATIONSHIP

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## A SHARED COMMITMENT

OUR BUSINESS PARTNERS ARE REQUIRED TO ADOPT AND ADHERE TO RULES AND CONDITIONS OF EMPLOYMENT THAT RESPECT WORKERS AND, AT A MINIMUM, SAFEGUARD THEIR RIGHTS UNDER APPLICABLE NATIONAL AND INTERNATIONAL LABOR AND SOCIAL SECURITY LAWS AND REGULATIONS

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## WHAT DOES IT MEAN?

Recognized employment relationships are established through country law and practice. These laws and practices govern the terms between workers and their employers. Regular employment means that all workers are provided with a legally recognized employment relationship and that every effort is made to ensure that employment is continuous.

## WHAT DO YOU NEED TO DO?

Workers in temporary/casual working arrangements are vulnerable to abuse and therefore it's important to establish legal, well-defined employment relationships that result in regular employment. Work performed must be on the basis of a recognized employment relationship established through national law and practice. The rights of employees should be protected by:

- Providing formal employment agreements (contracts) that spell out the terms and conditions of the employment.
- Clearly, communicating the employment policies of the business.
- Providing regular employment whenever possible.
- Retaining all records pertaining to the employment relationships.

## BUSINESS BENEFITS OF REGULAR EMPLOYMENT

REGULAR EMPLOYMENT SHOULD BE THE GOAL OF ALL BUSINESS, AS IT CAN HAVE SEVERAL BENEFITS TO BOTH THE EMPLOYER AND THE EMPLOYEE. RELIEVED OF THE UNCERTAINTY OF NON-REGULAR EMPLOYMENT, WORKER SATISFACTION AND MORALE IS INCREASED. AS SATISFACTION AND MORALE INCREASES, SO DOES PRODUCTIVITY. ADDITIONALLY, WORKER RETENTION IS INCREASED RESULTING IN REDUCED COSTS OF RECRUITMENT, HIRING AND TRAINING DUE TO LESS EMPLOYEE TURNOVER.

## KEY TERMS

**Apprenticeship:** A program that allows students of vocational schools and other educational institutions to gain practical work experience in their course of study. A way for young workers to be paid while learning a specific technical skill or trade.

**Temporary Worker:** A person with a labor contract of limited or unspecified duration with no guarantee of continuation. Unlike workers on indefinite work contracts (also refer to as permanent work contracts), temporary workers are usually not entitled to benefits that the local labor Codes require such as vacation pay and leave and severance pay upon termination of employment.

**Home Worker:** Workers usually with no contract, or under a “self-employment” relationship working within a home. While most garment and textile workers are employed in factories or workshops, some are “homeworkers” – subcontracted workers who carry out paid work for firms/businesses or their intermediaries, typically on a piece-rate basis, usually within their own homes. The ready-made garment and cloth-related industry is the most common home-based industry in the world.

**Short Term Contract:** An employment agreement that is valid for a short period of time, typically less than the amount of time in which a worker would legally be considered a permanent worker.

## ACHIEVING AND MAINTAINING STANDARDS

## How do you do it?

- ✗ **NEVER** operate your business without a valid factory license/ permit to operate or evidence that a valid application has been submitted where one is required by law.
- ✓ **DO** make compliance documents available to PVH and Independent External Assessors commissioned by PVH and allow Assessors to access all areas of the business and residential facilities.
- ✓ **DO** maintain liability insurance or other commercial insurances or certificates as required by law.
- ✓ **DO** assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members.
- ✓ **DO** implement a regular review process of policies, procedures and their implementation.
- ✓ **DO** maintain all documentation needed to demonstrate compliance with the PVH requirements and required laws.



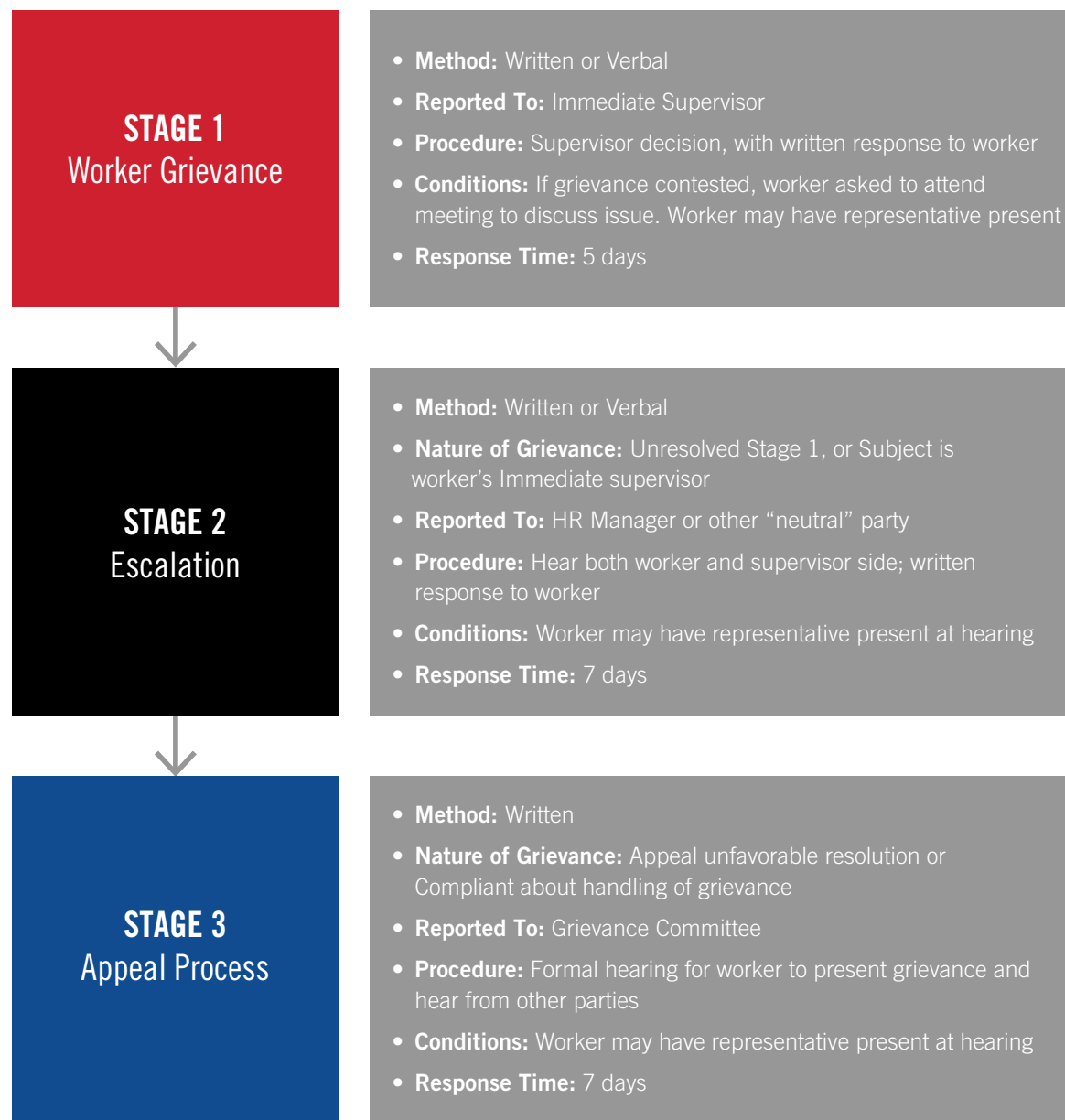
- ✓ **DO** inform workers about rights and obligations through the posting of legally required notices and the Code; and through training on general Code provisions and legal standards.

- ✓ **DO** have a mechanism that allows workers to report grievances confidentially. Employers shall have in place written procedures in place for filing, recording, and follow-up of grievances.
- ✓ **DO** provide transparency to the follow-up process and response to suggestions or complaints (e.g. posting the management responses and follow-up actions).
- ✓ **DO** ensure that the grievance procedures and applicable rules are known to workers. Post all procedures and rules in easily identified areas (e.g. near suggestion boxes).
- ✓ **DO** define the job functions or tasks that contract/contingent/ temporary workers are hired to perform and maintain information on the use of contract/contingent/ temporary workers in relation to production needs.
- ✓ **DO** ensure contract/contingent/ temporary workers receive at least the minimum wage or the prevailing industry wage, whichever is higher, and all legally mandated fringe benefits.
- ✓ **DO** ensure contract/contingent workers receive at least the same compensation as regular workers performing the same job functions or tasks with similar levels of experience or seniority.
- ✓ **DO** ensure workplace rules and regulations apply to contract/ contingent/temporary workers the same as for permanent workers.
- ✓ **DO** maintain personnel files and all relevant employment information for contract/ contingent/temporary workers at the workplace site.

- ✓ **DO** give priority to contract/contingent/temporary workers when seeking 'new' permanent employees.
- ✓ **DO** date all seniority and other fringe benefits eligibility from the first date as a contract/contingent/ temporary worker and not from the first day of permanent employment for any contract/contingent/ temporary worker who becomes a permanent employee.
- ✓ **DO** provide apprentices at least the minimum wage or the prevailing industry wage, all legal mandated fringe benefits, and subject them to workplace conditions as set by PVH Code and national laws and regulations.
- ✓ **DO** ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/ contingent/temporary, home workers, pregnant or disabled workers, are implemented.
- ✓ **DO** maintain proper and accurate records in relation to termination and retrenchment.
- ✓ **DO** develop and implement a plan that mitigates the adverse effects of major changes in production, program, organization, structure, or technology that are likely to result in temporary or permanent layoffs.
- ✓ **DO** give retrenched workers the opportunity to transfer to other owned facilities in the country at a comparable wage and make all efforts to facilitate re-employment in other enterprises in the country.
- ✗ **DO NOT** hire contract/ contingent/temporary workers if such hiring is not allowed by law.
- ✗ **DO NOT** hire contract or temporary workers unless the permanent workforce of the enterprise is not sufficient to meet unexpected or unusually large volume of orders, exceptional circumstances may result in great financial loss to the supplier if delivery of goods cannot be met on time, or work that needs to be done and is outside the professional expertise of the permanent workforce.
- ✗ **DO NOT** use contract/ contingent/temporary workers on a regular basis for the long-term or multiple short-terms.
- ✗ **DO NOT** hire contract/ contingent/temporary workers as a means to support normal business needs on a continuous basis or as regular employment practice.
- ✗ **DO NOT** make excessive use of fixed-term contracts or schemes where there is no real intent to impart skills or provide regular employment.
- ✗ **DO NOT** hire workers on a temporary basis in order to avoid paying the same wages and benefits as permanent workers.
- ✗ **DO NOT** coerce or require any employees to make use of company owned stores.
- ✗ **DO NOT** make workers sign on blank contracts or other documents.
- ✗ **DO NOT** use homeworkers in the manufacturing of PVH product without express permission from PVH.

Use the below diagram as a guide for developing specific grievance policies and procedures at your company.

## SAMPLE GRIEVANCE PROCESS



## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to Assessors and other authorized personnel:

- Copies of national and local labor codes, health and safety regulations, and environmental requirements.
- Liability insurance documents.
- Compliance record of subcontractor/recruitment agent.
- Business registrations and certificates.
- Government registrations or permits.
- Taxation and other financial records.
- Inspection records.
- Standard contracts.
- Factory guidelines, policies and workplace rules.
- Working permits for foreign employees.
- Training records on factory rules/regulations.

## BEST PRACTICES

### Training Program for New Hires

Develop a training program for new hires that includes several weeks of instruction in a training module environment (sample shop). Training should include a variety of skillsets that will enable the worker to become cross trained on a variety of jobs. Properly trained workers are more valuable and more likely to be regularly employed. This training will help the employer to find employees earlier that do not fit their needs without affecting the production lines.



Also encourage ongoing training of all categories of workers with the goal of raising or broadening

skills in order to advance in their careers within the factory or beyond.

### Hiring Priority

Install a hiring system that gives priority to contract/contingent/temporary workers when seeking 'new' permanent employees. Providing regular employment to contract/contingent/temporary workers saves money on skills and other training, offers a clear path to regular employment, and removes and suspicion that hiring of temporary workers is for the purpose of avoiding duties under the law.

### Grievance Committee

Develop a grievance committee that includes worker representatives to review the grievances and ensure that the resolution is fair and without bias. The committee should be well trained on the company's policies, rules and regulations in order to be able to judge the situation correctly.

# NON-DISCRIMINATION

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## A SHARED COMMITMENT

OUR BUSINESS PARTNERS CANNOT DISCRIMINATE IN EMPLOYMENT, INCLUDING WITH REGARD TO HIRING, COMPENSATION, ADVANCEMENT, DISCIPLINE, TERMINATION AND RETIREMENT, WHETHER ON THE BASIS OF GENDER, RACE, RELIGION, AGE, DISABILITY, SEXUAL ORIENTATION, NATIONALITY, POLITICAL OPINION, SOCIAL CLASS OR ETHNIC ORIGIN.

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## WHAT DOES IT MEAN?

Discrimination occurs when a person is treated differently, either favorably or unfavorably, due to personal characteristics such as religion, age, disability, gender, race, sexual orientation, caste, marital status, or union or political membership or affiliation. The non-discrimination standard will apply throughout the entire life cycle of the employee, for example; during the recruitment and hiring process, in making salary and promotion decisions, or in termination. The purpose of the standard is to ensure equality of treatment and opportunity for all workforces regardless of location.

## WHAT DO YOU NEED TO DO?

Discrimination can be deeply rooted in some countries or cultures, and can lead to an underclass of workers who lack opportunities to develop and improve, or to earn enough to support themselves or their families. Discrimination must be prohibited in any form and all businesses must ensure:

- All hiring, compensation, promotion, termination and retirement practices and access to training should be based solely on a person's ability to perform the job effectively.
- Compliance with law regarding designated categories of employees (e.g. special treatment of the physically impaired, veterans and protected minorities).
- Protection of women's rights.

## BUSINESS BENEFITS OF NON-DISCRIMINATORY POLICIES

Promoting a diverse workforce is good for business. Discriminatory practices restrict the available pool of workers and skills. Companies with a wide range of experiences, perspectives, and cultural understandings within the organization are typically more creative, innovative, and productive. Productivity will also be improved due to increased employee morale, job satisfaction and reduced turnover. Additionally, having a diverse workforce can increase penetration into some markets, based on the image which their workforce gives to potential and actual customers.



## KEY TERMS

**Discrimination:** Any distinction, exclusion or preference based on a personal characteristic which deprives a person of access to equal opportunity or treatment in any area of employment.

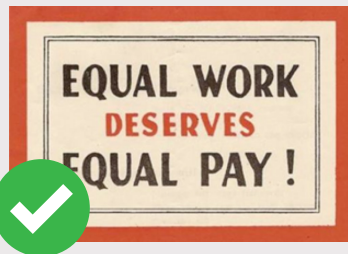
**Maternity Leave:** The period during which a worker takes leave to give birth and/or care for an infant. In most jurisdictions, maternity leave is defined and usually ranges from 3 months to 1 year.

**Blacklisting:** Creating, maintaining, using and/or communicating lists of employees or potential employees for the purpose of denying employment or other penalty based on legally protected status or non-job-related criteria.

## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

- ✓ **DO** have a written policy prohibiting discrimination. This policy should include methods for voicing grievances regarding discrimination and include a statement that no employee will be punished or retaliated against for reporting discriminatory treatment or behaviour.
- ✓ **DO** have recruitment and employment policies and practices that are free from any type of discriminatory bias, for example questions about race, marital status, or political memberships.
- ✓ **DO** have all employment and promotion decisions made solely on the basis of a person's qualifications.
- ✓ **DO** pay men and women workers equally for equal work.



- ✓ **DO** abide by all local laws and regulations benefiting pregnant workers and new mothers.
- ✓ **DO** provide training programs for new managers and supervisors and newly hired workers on your company's policies and procedures on equality and prevention of discrimination.
- ✓ **DO** make sure the employment agreement or contract is explained to all newly hired workers, including their right to protection against discrimination.
- ✓ **DO** prominently and permanently display company policies and any laws relating to equality at work in a language or languages that all workers can understand.
- ✗ **DO NOT** use pregnancy tests or the use of contraception as a condition of hiring or of continued employment.
- ✗ **DO NOT** require pregnancy testing of female workers, except as required by national law. In such cases, **DO NOT** use (the results of) such tests as a condition of hiring or continued employment.

✗ **DO NOT** require women to provide commitments (verbally or in writing) that they will not become pregnant within a certain period.

✗ **DO NOT** threaten or penalize female workers who get married or become pregnant.

✗ **DO NOT** make any employment decision on the basis of person's health status (unless such decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers).

✗ **DO NOT** blacklist based on union membership or participation in union activity.

Use the below diagram as a guide for developing specific policies and procedures for avoiding discrimination at your company.

## KEYS TO AVOIDING DISCRIMINATION

Each Step should focus on the skills and experience required and not on the personal attributes of candidates.

### JOB ANALYSIS

- Task, responsibilities, relationship, targets

### JOB DESCRIPTION

- Focus on job requirements
- No unlawful requests for information

### ADVERTISEMENT

- No discrimination
- No mention of age or gender

### INTERVIEW

- No pregnancy testing
- No questions about union membership
- Check age on original ID
- Check if migrant worker is given free night and fare to return home by recruitment agency

### APPOINTMENT

- Give workers contract
- Create personnel file for new employee with copies of all documents

### TRAINING

- Discipline and grievance procedures
- Job skills
- Factory regulations
- HSE training

### FULL EMPLOYMENT

- Equal Pay for Equal Work
- Access to training and other job benefits
- Proper job evaluations
- Documented promotion and other post-hiring decisions

### TERMINATION

- Documented performance and disciplinary records
- Documented termination decisions

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to Assessors and other authorized personnel:

- All employment agreements or contracts.
- Documentation on employment decisions such as to hire or not hire, transfer, promote or dismiss an employee.
- Transfer notices, annual leave applications or pregnancy benefits.
- Records of any grievances (and their resolution) relating to the implementation of your non-discrimination policies.
- Employment applications.
- Interview and skills tests forms, even when a candidate is rejected.
- Performance evaluations, which should be signed by the worker and manager/supervisor.
- Medical records (where permitted by law).
- Termination notices and records of disciplinary actions.
- Maternity leave register, if required by law.
- Other documents required by law.

## BEST PRACTICES

### Unified Pay Scale / Grade System

Create a unified pay scale / pay grade system where all groups are on one pay scale and are not segregated by differing terms and conditions. All workers would be advised on the type of work, the pay grade, and the pay levels for each. This type of program makes compensation transparent, non-discriminatory and motivates workers to increase productivity to achieve well defined pay grade promotion. Promotion criteria should be well defined and based on job performance ratings.

### Monitor Trends

Monitor trends and performance indicators (KPIs) to identify actual and potential problems, including:

- Review on a regular basis any suggestions from worker meetings and surveys related to equal employment policies.

- Establish and monitor key performance indicators for business processes so that you can measure their effectiveness on a continuous basis. For example, you could measure the percentage of women in supervisory positions, number of grievances about discriminatory practices, etc.

### Job Performance Ratings

Create job performance ratings based on clearly defined, objective criteria. A job performance evaluation should have both qualitative and numerical ratings such as scores for productivity, absenteeism, work quality, and other areas of job performance. Additionally, job performance evaluations should include a two-way feedback process where workers have the opportunity to explain reasons for any possible negative results of an evaluation to an impartial Human Resources officer before an evaluation is made final.

# HARASSMENT AND ABUSE

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## A SHARED COMMITMENT

OUR BUSINESS PARTNERS MUST TREAT EMPLOYEES WITH RESPECT AND DIGNITY. NO EMPLOYEE CAN BE SUBJECTED TO ANY PHYSICAL, SEXUAL, PSYCHOLOGICAL OR VERBAL HARASSMENT AND/OR ABUSE.

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## WHAT DOES IT MEAN?

Harassment and abuse is any uninvited and unwelcome conduct directed at an individual or improper or excessive treatment or discipline. This standard requires employers to be responsible for ensuring that all workers are treated with the utmost dignity and respect by management and fellow co-workers in their workplace.

## WHAT DO YOU NEED TO DO?

Harassment and abuse can be very demoralizing to a workforce. These types of activities can emotionally and/or physically scar workers. Business must ensure that employees are treated with respect and dignity by:

- Strictly prohibiting all forms of abuse and harassment and communicating this position to both managements and workers.
- Developing effective grievance systems that allow for unacceptable behaviors to be reported to management.
- Applying consistent, well understood disciplinary systems across the company.

## BUSINESS BENEFITS OF PREVENTING HARASSMENT AND ABUSE

Harassment and abuse can have a serious impact on the productivity of businesses. Harassing or abusive behavior by management can result in lower productivity, employee absences, worker unrest, and in the worst case even worker suicide. Prevention of harassment and abuse provides workers with a work environment unencumbered by fear or anxiety. A comfortable workplace, free of harassment promotes happy and productive employees, and positively affects a company's bottom-line. Additionally, worker satisfaction increases, resulting in less absenteeism and work stoppages.

## KEY TERMS

**Harassment:** Unwelcome conduct that is based on race, colour, religion, sex (including pregnancy), national origin, age, disability or genetic information. Harassment becomes unlawful where 1) enduring the offensive conduct becomes a condition of continued employment, or 2) the conduct is severe or pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive.

Petty slights, annoyances, and isolated incidents (unless extremely serious) will not rise to the level of illegality. To be unlawful, the conduct must create a work environment that would be intimidating, hostile, or offensive to reasonable people.

Offensive conduct may include, but is not limited to, offensive jokes, slurs, epithets or name calling, physical assaults or threats, intimidation, ridicule or mockery, insults or put-downs, offensive objects or pictures, and interference with work performance. Harassment can

occur in a variety of circumstances, including, but not limited to, the following:

- The harasser can be the victim's supervisor, a supervisor in another area, an agent of the employer, a co-worker, or a non-employee.
- The victim does not have to be the person harassed, but can be anyone affected by the offensive conduct.
- Unlawful harassment may occur without economic injury to, or discharge of, the victim.

**Sexual Harassment:** Harassment involving the making of unwanted sexual advances or obscene remarks.

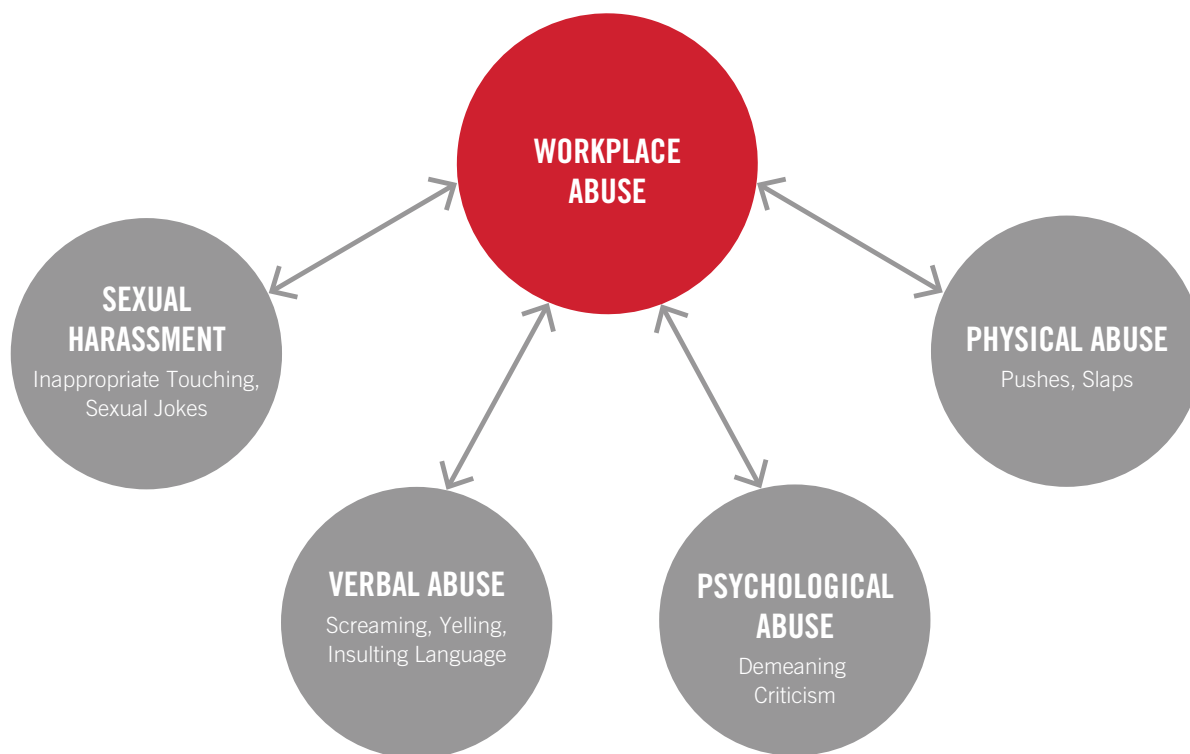
**Retaliation:** Any negative action or credible threat against an employee who in good faith reports problems to management, participates in worker interviews during compliance assessments, or helps in the investigation of a worker's grievance.

**Verbal Abuse:** Behavior that includes screaming, insulting language, name calling, threatening, and/or sexually demeaning language.

**Psychological Abuse:** Behavior that may result in psychological trauma, including anxiety, chronic depression, or post-traumatic stress disorder. For example, telling migrant or foreign contract workers that they risk being deported if they leave their employment with the factory or telling workers the factory will have to close if a union is formed.

**Physical Abuse:** Physical abuse is any act that includes pushing, slapping, cutting, punching, kicking, and/or tripping which is intended to inflict pain on another person.

The below figure summarizes the types of harassment and abuse that may be present in a workplace. All forms of abuse should be avoided.



## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

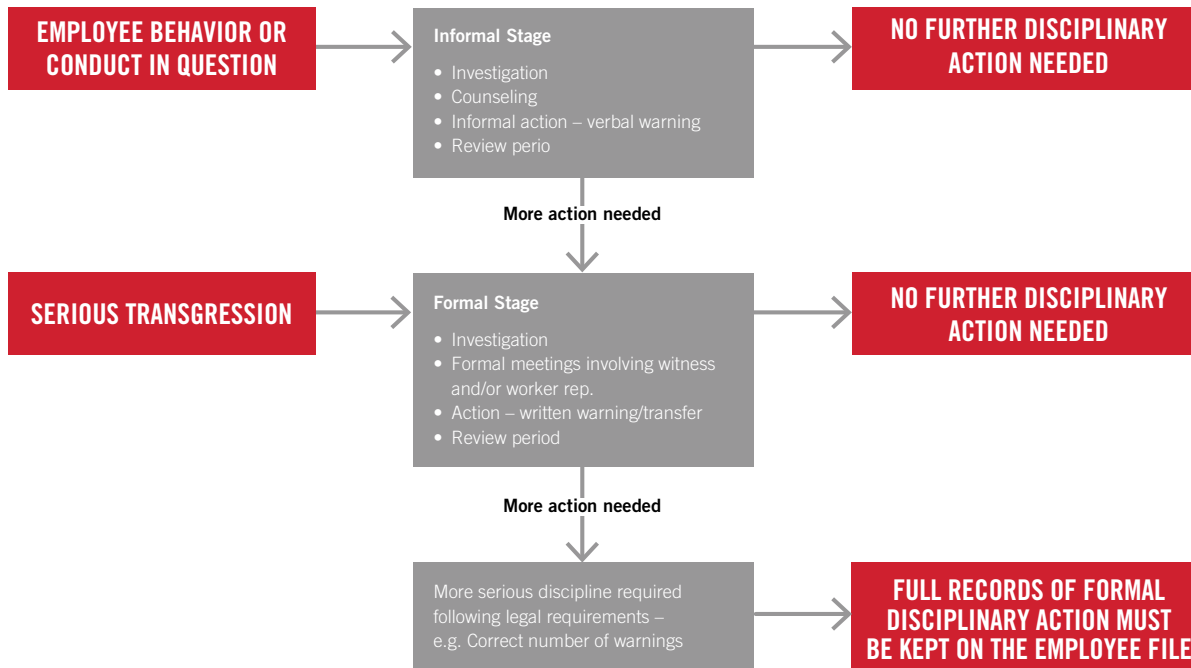
- ✗ **NEVER** knowingly permit or condone physical, sexual, or psychological harassment or abuse to persist on a systematic and repetitive basis in day-to-day running of business operations
- ✓ **DO** have a written policy strictly prohibiting harassment and abusive behavior. This policy should include protocols and procedures on how the company will deal with these types of behavior, methods by which employees can voice grievances, and a non-retaliation policy for reporting of such behavior.

- ✓ **DO** have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination)
- ✓ **DO** ensure Human Resources personnel have sufficient training on how to deal with sensitive issues such as sexual harassment.
- ✓ **DO** conduct trainings on harassment and abuse, workplace violence and bullying.
- ✓ **DO** ensure that disciplinary actions taken against workers or management are consistent across the company.

- ✓ **DO** have written Security policies regarding the use of Security Personnel (if applicable), notifying all of their role in the factory and during certain situations. Be sure that the policies include proper protocols for employee searches, crisis situations, and security services for dormitories.
- ✓ **DO** ensure that security practices are gender appropriate and non-intrusive.
- ✓ **DO** track grievances regarding harassment or abusive behavior, and ensure that they are appropriately resolved.
- ✓ **DO** ensure that there the grievance system has a way for workers to report issues confidentially and anonymously. See Employment Relationship for more info on grievance systems.
- ✓ **DO** ensure that workers are informed when a disciplinary procedure has been initiated against them, allowing them to participate and have a voice during disciplinary proceedings.
- ✓ **DO** allow workers to provide a written response to any disciplinary notice, and they acknowledge the notice by signing it. It should be stated that in the notice, that they are only acknowledging the notice not agreeing to it.
- ✗ **DO NOT** allow intrusive body searches and physical pat downs unless there is a legitimate reason to do so and upon consent of the worker, unless an officer from the state/government has been ordered the search. Searching of bags and other personal items to prevent theft is acceptable.
- ✗ **DO NOT** locate suggestion boxes in areas that could cause workers not to use the suggestion box because they may feel threatened (e.g. near the security station).
- ✗ **DO NOT** use monetary fines and penalties including withdrawal of benefits as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations or policies.
- ✗ **DO NOT** restrain freedom of movement of workers (e.g. not allowing employees to leave the premises during breaks/lunch, restricting movement in the dormitories and canteens), or deny access to water, food, or medical care as a means to maintain labor discipline.
- ✗ **DO NOT** allow force to be used by any security personnel except for self-defence or when absolutely necessary, meaning when other employees are in danger.
- ✗ **DO NOT** allow Security to administer disciplinary action against employees or to discharge workers.
- ✗ **DO NOT** force workers to sign disciplinary warning letters when they do not agree with the warning.
- ✗ **DO NOT** allow supervisors or managers to threaten workers with arbitrary threats such as dismissal to control their work and behavior.
- ✗ **DO NOT** retaliate against or interrogate workers who have been interviewed during a compliance audit.
- ✗ **DO NOT** use threats or pressure to force employee(s) to leave the factory or resign.

Use the below diagram as a guide for developing disciplinary procedures at your company.

## EXAMPLE DISCIPLINARY PROCEDURE





## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above.

You must keep the following documents on file and available to auditors and other authorized personnel:

- Termination notices and records of disciplinary actions.
- All reported grievances along with the investigation report, and resolution.
- Training materials and training records (Harassment, Abuse, Workplace Violence and Bullying - both for management and workers).
- Wages paid to employees – verification that monetary fines are not being deducted.
- Grievance committee records or union records (if applicable).
- CCTV recording of the factory to review security searches (if applicable).
- Dormitory rules and regulations.
- Management organizational charts.

## BEST PRACTICES

### Worker Hotline

Implement a workers hotline that can handle sensitive grievance such as Harassment and Abuse to gather information for the investigations. The hotline will allow workers the ability to file a grievance anonymously if so desired.



# FORCED LABOR

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## A SHARED COMMITMENT

OUR BUSINESS PARTNERS ARE PROHIBITED FROM UTILIZING FORCED LABOR, WHETHER IN THE FORM OF PRISON LABOR, INDENTURED LABOR, BONDED LABOR OR OTHERWISE. MENTAL AND PHYSICAL COERCION, SLAVERY AND HUMAN TRAFFICKING ARE PROHIBITED THROUGHOUT THE SUPPLY CHAIN.

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## WHAT DOES IT MEAN?

The use of Forced Labor has existed for centuries, primarily through the use of slave or prison labor. In today's world forced labor occurs through more sophisticated mechanisms that may be more difficult to identify. The most common type of forced labor is overtime imposed through threat of punishment, penalty or force. More severe examples occur through human trafficking of migrant laborers or the use of bonded labor. Workers are usually exploited by contractual agreement with labor brokers who end up garnishing most of the worker's wages. Forced labor is common with migrant workers. See the "[Migrant Worker Policy](#)" (pg. 120) for migrant-specific guidance.

## WHAT DO YOU NEED TO DO?

Companies should ensure that employment is freely chosen. This is accomplished by implementing mechanisms in place that:

- Ensure overtime is voluntary without the threat of penalty or dismissal.
- Workers can freely resign from their employer after the worker has been provided reasonable notice.
- Labor brokers or others are monitored to ensure they do not entice workers into compulsory arrangements, e.g. having to pay exorbitant upfront recruitment or referral fees.
- Migrant workers are treated equally to national workers.

## BUSINESS BENEFITS OF VOLUNTARY LABOR

The use of voluntary labor has many direct and indirect business benefits to companies. When workers are not forced to work overtime through penalties and threats worker morale increases which leads to improved productivity and worker retention. The stigma of producing products in a 'sweatshop' is a very real risk to buyers and therefore companies with a reputation of using forced labor are less attractive business partners.

## KEY TERMS

**Bonded Labor:** Worker who are indebted to labor brokers or companies through recruitment fees, which usually garnish most, if not all of their wages.

**Labor Broker:** Any third party involved in the recruitment, selection, hiring, transportation, and/or occasionally in the management of migrant workers. This includes sending/receiving labor brokers. Also referred to as labor recruitment agencies, recruiters or agents.

**Forced Overtime:** Overtime that is imposed under some form of penalty (dismissal, transferring to a lower grade job, no future overtime opportunities, etc.), by threat of force, by physically prohibiting from exiting by closing factory gates, or by restricting access to transportation. Workers are only obligated to work the hours agreed to in their work contracts, any work hours above and beyond that agreed schedule must be performed on a totally voluntary basis.

**Prison Labor:** Work performed by individuals who are incarcerated by either the state or military.

## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

- ✗ **NEVER** knowingly use forced labor – including prison labor, trafficking, slavery, and/or indentured or bonded labor – in which workers’ freedom of movement, ability to willingly leave work, and human rights are denied or severely restricted.
- ✓ **DO** have a written policy prohibiting the use of Forced Labor of any kind. This policy should be clear identifying the different types of situations which would be classified as Forced Labor and type of action that will be taken if any form of Forced Labor is uncovered.
- ✓ **DO** provide training to management and workers policies and procedure regarding the use of Forced Labor.
- ✓ **DO** verify that workers hired through a labor broker have not paid any recruitment fee or deposit.
- ✓ **DO** require the labor broker to provide you with copies of the labor contracts that migrant workers signed (See [Migrant Worker Policy](#)). Ensure that the contract is legal, does not have any unethical items and that the worker received a copy of the contract written in his/her own language.
- ✓ **DO** ensure all overtime hours are voluntary (not imposed under threat of penalty or force).
- ✓ **DO** verify with migrant workers that their contracts were freely signed. (See [Migrant Worker Policy](#))
- ✓ **DO** use only government registered or legally licensed recruitment agencies, either locally or from foreign countries. Maintain a database of reputable employment agencies (if using employment agencies is common practice). (See [Migrant Worker Policy](#))

- ✓ **DO** have a resignation policy in the language of workers that outlines procedures and protocols to follow upon resignation.
- ✓ **DO** verify that approved subcontractors have written policies and procedures in place to prevent incidents of forced labor.
- ✓ **DO** provide workers with appropriate benefits such as meals, beverages, rest breaks, transportation, etc., during overtime work hours as required by law or as per factory mandates.
- ✗ **DO NOT** prevent workers from resigning from employment with reasonable notice (workers can resign at any time but may face well-communicated consequences for not following company rules).
- ✗ **DO NOT** confiscate any original personal documents of workers. Ensure that migrant workers have free access to their personal documents such as passport, work visa, birth certificate, etc.
- ✗ **DO NOT** require workers to live in factory owned or controlled residences.
- ✗ **DO NOT** pay the labor brokers the worker's wages, benefits or bonuses. (See [Migrant Worker Policy](#))
- ✗ **DO NOT** impose unreasonable curfews in dormitories that restrict the movement of workers during their leisure time (curfews should be agreed to by residents to be reasonable for personal safety).
- ✗ **DO NOT** deduct from workers' wages, costs or fees associated with employment eligibility such as health check, employment registration, work permits or labor broker fees.
- ✗ **DO NOT** restrict foreign workers from joining unions.
- ✗ **DO NOT** refuse to return the worker's savings at the end of the contract or upon resignation.
- ✗ **DO NOT** restrict the amount of times a worker can use the toilets.
- ✗ **DO NOT** unnecessarily delay the granting of permission for workers to leave the workplace (workers may face reasonable penalties for not following agreed upon company rules).

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Listing of all contract workers identifying the labor broker, the date of hire, length of contract and country of origin (if applicable).
- All employment contracts/agreements.
- Agreement with labor brokers, recruitment agencies, or security agencies.
- Copies of worker visas, passports, emergency contact information.
- Worker agreement to follow factory rules and regulations.
- Evidence that workers were not responsible for the payment of recruitment fees and associated costs that may have been charged in connection with obtaining employment.

### Example of an Overtime Request Form

Overtime Request Form					
<p><b>NOTE:</b> All overtime must be performed on a voluntary basis</p> <p>We, names and signatures set out below, agree voluntarily to work overtime on the dates and at the times specified.</p>					
Day	Date	Time	Day	Date	Time
Monday			Friday		
Tuesday			Saturday		
Wednesday			Sunday		
Thursday			Holiday		
Worker No.	Name	Signature	Comment		

## BEST PRACTICES

### Social Integration Program

Develop a program of social integration to assimilate foreign workers to their host country and their working environment. The program should focus on the cultural difference of the new country, such as food, etiquette, language, etc. Also train local workers to understand the foreign workers cultural differences. This will help promote understanding to all of social tolerance.

### Worker Surveys

Survey workers periodically to ensure that workers are not being forced by their supervisors to work overtime, and their movement is not being limited either in the factory or in the dormitories. This will help to determine whether management and supervisors need more training on the policies and procedures for Forced Labor.

# CHILD LABOR

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## A SHARED COMMITMENT

EMPLOYEES OF OUR BUSINESS PARTNERS MUST BE AT LEAST 15 YEARS OLD OR OVER THE AGE REQUIRED FOR COMPLETION OF COMPULSORY EDUCATION IN THE COUNTRY OF MANUFACTURE, WHICHEVER IS HIGHER. OUR BUSINESS PARTNERS ARE ALSO REQUIRED TO OBSERVE ALL LEGAL REQUIREMENTS FOR THE WORK OF AUTHORIZED MINORS, INCLUDING THOSE PERTAINING TO HOURS OF WORK, WAGES, WORK TYPE AND WORKING CONDITIONS.

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## WHAT DOES IT MEAN?

The use of Child Labor occurs when an employer hires a worker who is either too young to work, they are below the age of required for compulsory education, or younger than the legal minimum age for employment. Juvenile employees working beyond the legal limits, under hazardous conditions and certain types of industrial work will also be classified as Child Labor violations.

## WHAT DO YOU NEED TO DO?

The use of Child Labor has negative impacts on children and consequentially all of society. Companies must protect the rights of children and young workers by:

- Implementing internal policies that prohibit the recruitment of under-age workers.
- Implementing a system of age verification.
- Ensuring young workers do not work in hazardous conditions.
- Providing financial and other support to young workers who may be found in, or forced into, the workforce.

## BUSINESS BENEFITS OF ADDRESSING CHILD LABOR

Despite the common perception that children have higher dexterity and lower cost, research indicates that these advantages are more perceived than real. Children, in general, have a shorter attention span and low-quality control appreciation resulting in higher rejection rates and therefore no net savings. Additionally, the use of child labor can reduce the upcoming pool of healthy, educated and well-motivated workers that will be needed for future growth and innovation.

## KEY TERMS

**Minimum Working Age:** The legal age requirement for employment that is mandated by the government and/ or defined by international law.

**Juvenile Workers:** Employees who are between the minimum working age and the age of 18, typically they need written permission to work.

**Hazardous Work:** Conditions by which work would be considered hazardous include:

- Work which exposes juvenile workers to physical, psychological or sexual abuse.

Work underground, underwater, at dangerous heights or in confined spaces.

- Work with dangerous machinery, equipment, tools, or requires heavy handling.
- Work which is performed in an unhealthy or hazardous environment, or under particularly difficult conditions.

**Night Work:** Any work done between 10 pm and 5 am is considered night work, unless there are country regulations that identify it differently.

## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

- ✗ **NEVER** employ child labor especially under abusive conditions such that could be considered 'worst forms of child labor,' endangering the health, safety, well-being or morals of a child. Such forms of abuse include hazardous working conditions, slavery, trafficking, sale, bondage, prostitution and so forth.
- ✓ **DO** have a written child labor policy which is communicated to all personnel and which clearly describes the procedure by which the factory will ensure it adheres to the policy.
- ✓ **DO** ensure that recruitment policies and procedures prohibit the recruitment and hiring of under aged workers and child labor.
- ✓ **DO** include a section in the Human Resources policies that focuses only on Child Labor. It should clearly identify the legal working age, types of documentation that will be accepted for age verification, legal restrictions for juvenile workers,

necessity of medical exams for juvenile workers (if required), identification of the type of permission juvenile workers need to provide and restrictions on allowing children on the premises and remediation process if child labor is uncovered.

- ✓ **DO** have mechanisms in place that can help HR or management, identify falsification of age documentation.
- ✓ **DO** have good record keeping of age verification and permission to work for juvenile workers (if applicable) on file for all personnel in their employee files.
- ✓ **DO** make emergency child intervention available if a child is found to be working in the factory. Ensure that the child receives legal schooling and payment of base wages (if in school) until reaching legal working age.
- ✓ **DO** provide training to all management/ supervisors on the legal restrictions for juvenile workers (if applicable).

- ✓ **DO** provide training to all juvenile workers on the legal restrictions they are subject to (if applicable).
- ✓ **DO** create/maintain a juvenile registry that easily identifies the workers, the jobs they perform, and their working schedule.
- ✓ **DO** follow the legal requirements when hiring and employing apprentices or vocational students. The legal requirements would include hiring age, wages, and legal restrictions.
- ✗ **DO NOT** allow juvenile workers to work night hours, to perform hazardous work, or to work overtime (if prohibited by law).
- ✗ **DO NOT** keep original age verification documents. Keep copies only.
- ✗ **DO NOT** accept any age verification documents that are copies or have been altered.
- ✗ **DO NOT** allow children onto the premises during work hours or onto any work area.
- ✗ **DO NOT** allow children under the minimum working age access to the factory work areas at any time, unless they are part of a school group or such type of event and have proper escort in the facility.

Use the below as an example of practices for avoiding unlawful use of child labor and as a guide for developing specific policies and procedures at your

## KEYS TO AVOIDING UNLAWFUL USE OF CHILD LABOR





## DOCUMENTATION

Analyzing and maintaining proper records for age verification, juvenile workers, and apprentice or vocational students is essential to ensure compliance with Child Labor standards. Keeping the following documentation on file will help resolve any allegations of Child Labor.

- Employee files should contain copies of age verification documentation such as birth certificate, driver's license, passport, etc.
- Juvenile worker files should have permission from school or legal entity allowing the juvenile worker to be able to work.
- Employer should maintain a registry for juvenile workers, apprentices, and vocational students that easily identifies all workers, their job, and working hours.

## BEST PRACTICES

### Multiple Proofs of Age

Always require at least two proofs of age/identity, preferably one with photo ID. By making this a requirement it will reduce the risk of possibly hiring underage workers.

### Training and Document Database

Provide training to hiring staff on identifying signs of falsified documents and age records and how to properly question employee or new hire regarding their age. Keep copies of the types of official documents as well as falsified proof-of-age documents found in the hiring process. Use this database as a screening tool by comparing them with the documents submitted by job applicants and to track the number of underage workers who have tried to be hired at the company.

### Workstation Risk Assessment

If juvenile workers are utilized, conduct a thorough risk assessment of all workstations. Based on this assessment maintain a list of areas and operations that are off limits to juvenile workers. These areas should be marked with appropriate signage and restricted to personnel of sufficient age.



## FREEDOM OF ASSOCIATION

Our business partners are required to recognize and respect the right of their employees to freedom of association (FOA) and collective bargaining. Employees should be free to form and join organizations of their choice. Employees should not be subjected to punishment, intimidation or harassment due to the exercise of their right to join or to refrain from joining any organization, or due to their union activities.

### WHAT DOES IT MEAN?

FOA means the employer will not interfere or retaliate, in any form, against workers who want to exercise their right to join or form unions of their own choosing. In addition, the employer engages in good faith negotiations with union(s) seeking to bargain collectively in order to protect and improve the terms and conditions of employment, and/or to regulate relations between the employer and the union. This does not mean that in order for a factory to be in compliance with FOA it must have a union, but it should have a policy affirming workers' rights to freedom of association and collective bargaining, and stating that these rights will be respected.

### WHAT DO YOU NEED TO DO?

All workers and employers have the right to establish and to join organizations of their choice to promote and defend their respective interests, and to negotiate collectively with the other party. They should be able to do this freely, without interference by the other party or the government. Worker freedoms to associate and collectively bargain are recognized in international labor standards as the basic building blocks for healthy employer-worker relations. These rights are a reflection of human dignity as they guarantee protection against discrimination, interference and harassment and promote fair employment practices. Rights of freedom of association and the right to collective bargaining must be respected. Businesses must ensure:

- There is a written FOA policy which is regularly communicated to all workers, via postings, trainings and/or inclusion in employee handbooks. The policy should recognize and affirm a commitment to uphold the rights to freedom of association and collective bargaining as part of the body of universal human rights.
- There is no discrimination against those who choose to form or join unions or who choose not to belong to a union, or against those who participate in union activities.
- There is no management interference or influence in union elections, unions drawing up their constitutions and rules, or unions organizing their administration, activities, and programs.
- When there is a union, the employer seeks to reach agreement with the union on processes for two-way communication between the union(s) and management and for union/ worker participation in workplace decision-making, in line with legal requirements.
- All negotiations between the employer and the union(s), which are part of the collective bargaining process, are made in good faith.

## BUSINESS BENEFITS OF FREEDOM OF ASSOCIATION

Healthy employer-worker relations can yield significant performance improvements. Several academic and company studies indicate that increased employee satisfaction, due to a working environment where workers rights are respected and supported, leads to higher quality products and improved productivity. Effective resolution of worker grievances results in improved trust between workers and management. Good relationships with workers and their representatives limits the potential for work stoppages due to worker dissatisfaction (e.g. strikes), which can result in delays in production, by identifying and solving issues before they escalate into conflict.

### KEY TERMS

#### Collective Bargaining Agreement (“CBA”):

Set of terms negotiated by worker (union) representatives and management regarding employment terms and conditions and/or relations between the union and the employer. The terms of the CBA are legally binding.

#### Blacklisting: Creating, maintaining, using and/

or communicating lists of employees or potential employees who have attempted to form a union, belonged to a union, or engaged in union activities, for the purpose of denying employment to, or imposing a penalty against, those on the list.

## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

- ✗ **NEVER** act deliberately to prohibit workers from exercising their rights to freedom of association and collective bargaining by taking actions such as requiring workers to sign letters agreeing to not organize, terminating or taking adverse actions against workers who demonstrate interest in organizing, or blacklisting workers based on union membership or activities.
- ✓ **DO** recognize the rights of unions to freely engage in voluntary collective bargaining, and, if a CBA is reached, honor the terms of the collective bargaining agreement.
- ✓ **DO** bargain in good faith, i.e. engage in genuine and constructive negotiations and make every effort to reach an agreement.
- ✓ **DO** ensure workers are able to raise work-related issues without retaliation or

any negative effect on their employment status. See Employment Relationship for more info on grievance systems.

- ✓ **DO** provide worker representatives all facilities necessary for the proper exercise of their functions, including access to workplaces.
- ✓ **DO** have a written policy and communicate to workers their rights relating to freedom of association and collective bargaining without reprisal.
- ✗ **DO NOT** obstruct an alternative or parallel means of worker’s association where the right to freedom of association is restricted by law, and where the alternative association does not negatively impact workers’ exercise of their rights to form and join unions, to the extent allowed by law.

- ✗ **DO NOT** interfere with the right of unions to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs.
- ✗ **DO NOT** favor one union over another.
- ✗ **DO NOT** engage in any act of anti-union discrimination, i.e., do not make any employment decisions based wholly or in part on a workers' union membership or participation in union activities.
- ✗ **DO NOT** threaten the use of presence of police or military to prevent, disrupt or break up any activities that constitute a peaceful exercise of the right to freedom of association, including union meetings, assemblies and strikes.
- ✗ **DO NOT** blacklist workers based on their union membership or participation in union activities, or engage in other forms of anti-union discrimination.
- ✗ **DO NOT** dismiss, demote or punish in other ways workers on the basis of anti-union discrimination.
- ✓ **DO** deduct union membership fees/dues from workers' wages when workers consent to the deductions in writing, in line with legal requirements.
- ✗ **DO NOT** offer severance pay in any form or under any other name as a means of contravening the right to freedom of association, or of interfering in union formation, membership or activities.
- ✗ **DO NOT** hire replacement workers in order to prevent, weaken or break up a legal strike or to avoid negotiating in good faith.

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above.

You must keep the following documents on file and available to auditors and other authorized personnel:

- Grievance records (procedures, Suggestion/Grievance box records, follow-up actions, etc.).
- Employment contracts; records of terminations and disciplinary measures.
- Collective bargaining agreements.
- Minutes of the meeting between worker representatives/unions and factory management.
- Authorization from workers on union dues deduction.
- Training record on grievance mechanisms.

## BEST PRACTICES

### Worker Participation in Setting Rules and Procedures

For rules and procedures to be effective, both management and workers need to agree to them. Therefore allow workers or worker representatives to participate in the setting or revision of workplace rules and standards. Encourage input on potential improvements to working conditions. Workers should be permitted to openly discuss issues in the factory without fear of punishment.

### Monitor Indicators of Freedom of Association

Monitor the indicators of Freedom of Association by conducting regular self-assessments or surveys that include questions such as:

- Are there collective agreements in place? What do they cover? How often are they re-negotiated? Do the CBAs provide benefits for workers that go beyond legal requirements?
- Are workers able to declare openly the fact that they are union members?
- Do union representatives have access to the workplace and the workforce?
- Are workers allowed to take part in union activities at the workplace?
- Are workplace representatives allowed time and facilities to conduct union business?
- Does management seek to interfere in union activities?
- If there is more than one union, does management treat them equally or as stipulated by national law?
- Are union members and their workplace representatives more likely to be dismissed or disciplined? Are union representatives and members only dismissed on grounds not related to their union membership or activities, and are any dismissals carried out in line with legal requirements?
- Are union members less likely to be promoted or to be recruited into certain jobs or areas?
- Are workers punished for participating in trade union activities, including strikes?

# HEALTH AND SAFETY

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## A SHARED COMMITMENT

OUR BUSINESS PARTNERS MUST PROVIDE A SAFE AND HEALTHY WORKPLACE DESIGNED AND MAINTAINED TO PREVENT ACCIDENTS, ILLNESS AND INJURY ATTRIBUTABLE TO THE WORK PERFORMED OR THE OPERATION OF THE FACILITY AND MACHINERY. IN DOING SO, OUR BUSINESS PARTNERS MUST COMPLY WITH ALL NATIONAL LAWS, REGULATIONS AND BEST PRACTICES CONCERNING HEALTH AND SAFETY IN THE WORKPLACE, AS WELL AS PROVIDE ALL REQUIRED AND APPROPRIATE WORKERS COMPENSATION COVERAGE IN THE EVENT OF INJURY OR FATALITY.

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## WHAT DOES IT MEAN?

Health and safety practices are intended to bring about conditions free from risk of injury or threat to the health and well-being of workers. This is not a natural state of affairs, therefore it must be managed. Procedures, policies, training, and other management tools must be implemented to ensure continued adherence to the highest standards of workplace health and safety and compliance with health and safety regulations.

## WHAT DO YOU NEED TO DO?

Health and safety management must be integrated in all business operations. When risks are not appropriately managed, businesses often fail to provide a healthy and safe workplace, which then results in poor productivity, worker injuries, and loss of business. In general, businesses must provide:

- A clean, hygienic, well-lit workplace free from uncontrolled hazards that could result in severe injury or illness.
- Information and knowledge to workers on the hazards that they may face and how to avoid injury or illness.
- Procedures for identifying workplace hazards and assessing their risks.
- Proper equipment for the control of hazards such as guards, locks, ventilation, alarms, personnel protective equipment, etc. that is properly maintained and available to all that require it.
- Surveillance of the health conditions of the workforce.

## BUSINESS BENEFITS OF A HEALTHY AND SAFE WORKPLACE

Studies consistently show the **business benefits** of well managed health and safety programs. **Worker productivity** has been directly linked to the perception of a healthy and safe workplace. **Productivity increases** due to worker happiness, security and less absenteeism due to illness or injury. Severe accidents resulting in injuries or incidents such as fires that cause physical damage can result in **significant business interruptions** and have **substantial negative impact**.

## KEY TERMS

**Health and Safety Committee:** A committee of both worker representatives (on-managerial position typically responsible for the hands on labor) and management representatives (i.e., manager, supervisor, or a departmental position which manages, monitors, evaluates and coordinates factory operations) equally represented that meets regularly (i.e. at least monthly) to establish procedures for investigating all health and safety related incidents, ensure workplace inspections are performed, and make recommendations for actions. The purpose of a committee is to get workers and management

working together to prevent workplace injuries and accidents, ultimately producing a safer and healthier workplace.

**OHSAS 18001:** OHSAS 18001 is an international occupational health and safety management system. It includes criteria for a Health and Safety Management System that enables an organization to control its risks and improve its performance.

**Risk Assessment:** A systematic process of evaluating the potential risks that may be involved in an area task, job, or other activity.

## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

- ✓ **DO** conduct a facility wide risk assessment of all areas, operations, tasks and processes to identify exiting or potential hazards and existing or appropriate controls for these hazards.
- ✓ **DO** have a safety program for contractors that includes a qualification process, induction training, and monitoring of activities.
- ✓ **DO** have a health and safety committee that is active, meets regularly (at least monthly), and consists of equal parts management representatives, and worker representatives from all major work activities. The committee members should be given time to attend the meeting during work hours without any form of penalty including loss of pay.
- ✓ **DO** conduct regular health and safety documented internal assessments/audits of the facility, the policies, and the procedures.
- ✓ **DO** keep a record of ALL injuries and illnesses especially those resulting in a fatality, hospitalization, lost workdays, medical treatment beyond first aid, job transfer or termination, or loss of consciousness.
- ✓ **DO** provide training for new managers, supervisors, and newly hired workers on your company's health and safety policies and procedures and provide job-specific health and safety training as needed. Training and materials should include health issues for workers.
- ✓ **DO** provide special safety training to maintenance staff including electrical safety, fall protection and ladder safety, confined spaces, hazardous energy, proper use of power tools, or other applicable maintenance safety subjects.
- ✓ **DO** provide effective training to all workers on the proper use and importance of using safety equipment, guards, and PPE and enforce the use of this equipment when necessary.
- ✓ **DO** allow workers to refuse to work under unsafe conditions with no penalty.

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Risk assessments.
- Training records for contractors and employees.
- Results of internal audit or assessments.
- Health and Safety committee meeting minutes.
- Records of worker's injuries/illnesses for at least the last 12 months (or longer if required by law).

## BEST PRACTICES

### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION

Become certified (or use the principles) of a standardized certification such as OHSAS 18001 to develop your Occupational Health and Safety Management System. OHSAS 18001 is an international occupational health and safety management system specification modeled after ISO 14001 (Environmental Management System). It includes criteria for a Health and Safety Management System that enables an organization to control its risks and improve its performance. It does not specify performance criteria, but describes system elements.

### EMPLOYEE FEEDBACK

Allow for multiple ways for workers to provide feedback on your health and safety training programs. Examples include:

- Questionnaires and surveys
- Email/Social Media
- Suggestion boxes (including anonymous feedback)
- Team meetings



## HEALTH AND SAFETY CONTINUED: FACILITY AND WORK ENVIRONMENT

### KEY TERMS

**American Conference of Governmental Industrial Hygienists (ACGIH):** A member based organization that advances occupational and environmental health through various activities including publication of Threshold Limit Values (TLV) and Biological Exposure Indices (BEI).

**Threshold Limit Values (TLVs):** The level of a chemical substance determined by ACGIH for which it is believed a worker can be exposed day after day for a working lifetime without adverse health effects.

**Biological Exposure Indices (BEI):** Values, determined by ACGIH used for guidance to assess biological monitoring results. Biological monitoring is the measurement of the concentration of a chemical marker in a human biological media (e.g. blood, urine, saliva). The detection and concentration of a marker is indicative of exposure.

**Ergonomics:** The applied science of equipment design, as for the workplace, intended to maximize productivity by reducing operator fatigue and discomfort.

**Occupational Exposure Limit:** Upper limit on the acceptable concentration of a hazardous substance in workplace air for a particular material or limit of exposure to physical hazard (e.g. noise, vibration, radiation).

**Powered Motor Vehicle (PMV):** Any mobile power propelled vehicle used to carry, push, pull, lift, stack or tier materials. They are commonly known as forklifts, pallet trucks, tractors, platform lift trucks, motorized hand trucks, rider trucks, fork trucks and lift trucks.

**Personal Protective Equipment (PPE):** Devices used to protect employees from injury or illness resulting from contact with chemical, radiological, physical, electrical, mechanical, or other workplace hazards.

**Decibel (dB):** A decibel is a measure of sound pressure level (noise). Measurements are most often made in the A-weighting scale and therefore are abbreviated as dBA.

**Lockout/tagout (LOTO):** Procedure to ensure that dangerous machines are properly shut off and not started up again prior to the completion of maintenance or servicing work. A 'lock' is placed on the device or the power source so that no hazardous power sources can be turned on. A 'tag' is affixed to a device indicating that it should not be turned on.

**International Standards Organization (ISO):** An independent, non-governmental membership organization and the world's largest developer of voluntary International Standards.

**ISO 8995-1:2002 (CIE S 008/E:2001):** An international standard that specifies lighting requirements for indoor work places and for people to perform the visual tasks efficiently, in comfort and safety throughout the whole work period.

**ISO/FDIS 10821:** An international standard intended to provide manufacturers, users and official bodies with safety requirements which, in view of the state of the art, are to be met for industrial sewing machines, units and systems.

#### ACHIEVING AND MAINTAINING STANDARDS

- ✗ **NEVER** use a building for purposes not intended in the original design (e.g. residential building) unless approved by a qualified engineer and government or municipal authorities.
- ✗ **NEVER** use a building space that is part of a multi-story building that is not designed for manufacturing and does not comply with minimum fire safety measures.
- ✗ **NEVER** allow childcare, dormitories or other living quarters within production or warehouse buildings.
- ✗ **NEVER** conduct business in a building that has structural concerns (cracks, sagging floors, tilts, etc.) that indicate it might have significant defects. Always ensure the building is free of structural deficiencies or issues with structural integrity.
- ✗ **NEVER** allow additions to buildings (such as additional floors, facilities i.e. gardens etc.) or add equipment (e.g. generators, water tanks) without proper assessment from structural engineers and the approval of government or municipal authorities.
- ✗ **NEVER** allow workers to routinely work on or under a mezzanine that has not been approved as safe by a third party structural engineer.

#### STRUCTURAL SAFETY

- ✓ **DO** ensure that all architectural and structural designs have the approval of the government or municipal authorities and a qualified civil engineer as required by law.
- ✓ **DO** conduct regular building inspections as per standard of practice or country law.
- ✗ **DO NOT** disregard or dismiss reports of potential structural deficiencies (e.g. cracks) without proper investigation by competent structural engineers.

**GENERAL CONDITIONS**

- ✓ **DO** ensure that all areas have sufficient lighting for the type of work performed. Light levels should meet local law requirements or, in absence of available law, businesses should reference ISO 8995-1:2002 (CIE S 008/E:2001) or other applicable international standards. Required lighting levels will vary based on task and personnel. General recommendations for light levels can be found on pg. 71 (guidelines only, appropriate lighting must account for glare and other factors, see local law or international standard for more info).
- ✓ **DO** ensure that all regular work areas are kept at a comfortable temperature range. Temperatures should meet local law requirements or, in absence of available law, temperatures should generally be maintained between 18.3°C and 29.5°C (65 °F and 85 °F) and should never be lower than 50°F/10°C or higher than 95°F/35°C and/or result in a significant number of workers.
- ✓ **DO** implement an ergonomics program; provide training on healthier practices such as positions, movements, etc.; provide ergonomic chairs with back support to sitting workers, and floor mats



- ✓ **DO** design and set-up workstations in such a manner as to minimize body strain and train workers in proper lifting techniques.
- ✓ **DO** ensure all stairways are safe for travel including having proper handrails/railings as required by building codes and safety regulations, minimum width of 0.56 m (22 in), treads with slip resistant surface, and uniform step height and width throughout any flight of stairs.
- ✓ **DO** keep all places of employment clean, dry and in a good state of repair
- ✗ **DO NOT** block access to electrical panels, eyewash/ shower stations and other emergency equipment. Mark (e.g. yellow lines) and maintain a minimum clearance of 0.9 m (3 ft.) at all times.

**MATERIAL STORAGE, HANDLING, LOADING,  
AND TRANSPORT**

- ✓ **DO** provide lifting devices to pick up large rolls of fabric, transport stacks of cut material, and move boxed goods on pallets.
- ✓ **DO** ensure safe stacking of materials (appropriate height, no leaning). Racking installations should display the maximum working load and be inspected at least annually.
- ✓ **DO** ensure that the areas used for lifting devices are clearly marked with appropriate caution signs displayed in and around the area.
- ✓ **DO** provide lifting devices to pick up large rolls of fabric, transport stacks of cut material, and move boxed goods on pallets.
- ✓ **DO** ensure safe stacking of materials (appropriate height, no leaning). Racking installations should display the maximum working load and be inspected at least annually.
- ✓ **DO** ensure that the areas used for lifting devices are clearly marked with appropriate caution signs displayed in and around the area.



**Daily Inspection Checklist for Forklift Truck**

(Do inspections in conjunction with the operator's manual for the forklift truck being used).

Perform pre-operating checks on equipment, loads, the location of other works and the work environment.

**ELECTRIC FORKLIFT TRUCK**

Key Off Procedures	Comments
1. The walk-around inspection <ul style="list-style-type: none"><li><input type="checkbox"/> Overhead guard and mountings</li><li><input type="checkbox"/> Hydraulic cylinders</li><li><input type="checkbox"/> Mast assembly</li><li><input type="checkbox"/> Lift chains and rollers</li><li><input type="checkbox"/> Carriage and carriage bolts and brackets</li><li><input type="checkbox"/> Forks and fork locks</li><li><input type="checkbox"/> Tires, rims and wheel bolts</li><li><input type="checkbox"/> Fire extinguisher and bracket</li></ul>	       
2. Examine the Battery <ul style="list-style-type: none"><li><input type="checkbox"/> All caps are on the battery</li><li><input type="checkbox"/> Fluid level</li><li><input type="checkbox"/> Cables are not cracked</li><li><input type="checkbox"/> Connections are all secure</li></ul>	    
3. <ul style="list-style-type: none"><li><input type="checkbox"/> Check the hydraulic fluid level</li></ul>	 
<b>Key On Procedures</b>	
1. Check the gauges <ul style="list-style-type: none"><li><input type="checkbox"/> Key switch is not defective</li><li><input type="checkbox"/> Hour meter</li><li><input type="checkbox"/> Battery discharge indicator (light or gauge)</li></ul>	   
2. Test Basic Equipment <ul style="list-style-type: none"><li><input type="checkbox"/> Steering (no more than 1/4 turn free play)</li><li><input type="checkbox"/> Brakes (foot, hand and/or seat brake if equipped)</li><li><input type="checkbox"/> Front, tail and brake lights</li><li><input type="checkbox"/> Backup warning device</li><li><input type="checkbox"/> Horn</li><li><input type="checkbox"/> Safety seat</li><li><input type="checkbox"/> Seat belt</li><li><input type="checkbox"/> Forward, Reverse, and Neutral positions</li></ul>	       



- ✓ **DO** ensure that all cargo lift operators have valid licenses.
- ✓ **DO** ensure all PMV's are inspected and operated safely by qualified, properly trained and licensed (where required) operators.
- ✓ **DO** promote safe driving practices outside of the factory.

HAZARDOUS EXPOSURES

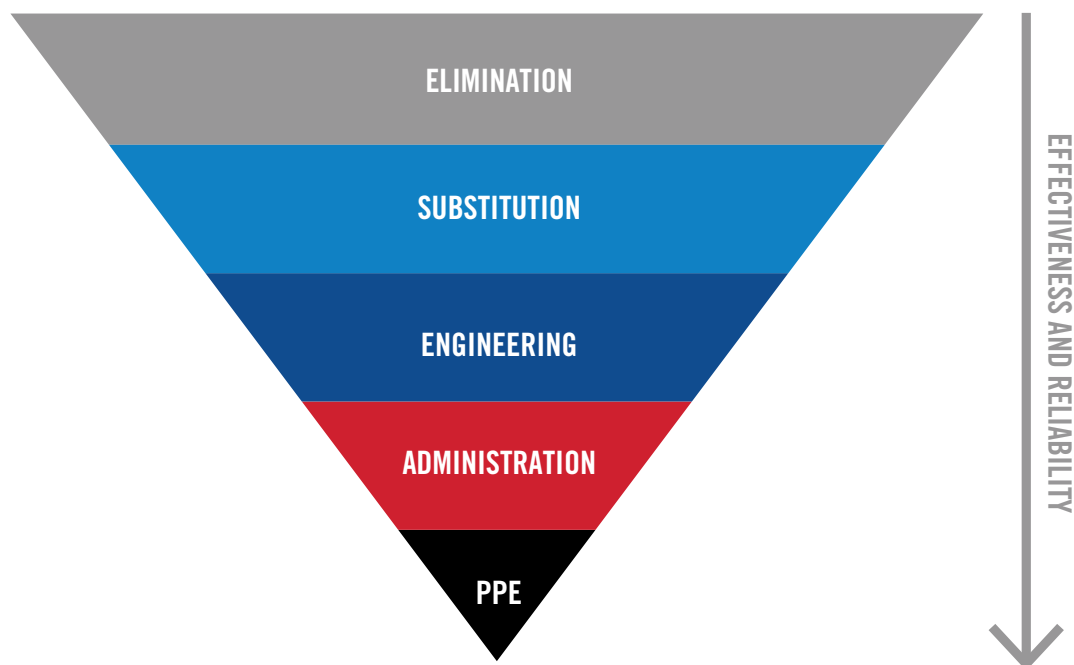
- ✓ **DO** conduct indoor air quality, exposure or risk assessments as necessary to establish levels of exposure to various physical, chemical, and biological hazards identified in the factory.
- ✓ **DO** ensure that all workers exposed to excessive noise are provided with appropriate hearing protection.
- ✓ **DO** ensure that all machinery with exposed, moving, mechanical parts, or cutting implements (e.g. lasers) are equipped with safety devices. Laser-etching machines should have barrier guards and interlocks to keep operators from opening them while the laser is on.
- ✓ **DO** ensure sewing machines, grinding equipment, and other machinery have adequate guards (e.g. eye protection, needle guards, pedal mat, etc.) in place at all times. For sewing machine requirements, refer to ISO/FDIS 10821 Industrial sewing machines– Safety requirements for sewing machines, units and systems.
- ✓ **DO** ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
- ✓ **DO** use 2-hand controlled cutting / punching machines.
- ✓ **DO** provide appropriate PPE, free of charge, for all workers who require PPE to work safely, including dust masks, needle guards, respirators, gloves (including metal mesh gloves) and hearing protection (e.g. earplugs).

- ✓ **DO** provide appropriate protections for any ionizing (e.g. x-ray) or non-ionizing radiation (e.g. Electric and Magnetic Field) producing equipment.
- ✗ **DO NOT** allow exposure to chemicals, dusts, or biological matter that exceed local occupational exposure limits or, in absence of available law, exposure limits published by internationally recognized entities such as the most current ACGIH Threshold Limit Values (TLVs) and Biological Exposure Indices (BEIs). Exposures should be controlled using elimination/ substitution, engineering (e.g. ventilation), administrative or PPE as determined necessary.

Length of Exposure	Acceptable Sound Level (dBA)
12 hours	83
10 hours	84
8 hours	85
4 hours	88
2 hours	91
1 hour	94
*Exposures above 114 dBA are not permitted for any length of time.	

The diagram below represents the hierarchy of controls. Controls should be implemented starting at the top with elimination then proceeding down the chart to PPE.

## HIERARCHY OF CONTROLS



❌ **DO NOT** allow exposure to chemicals, dusts, or biological matter that exceed local occupational exposure limits or, in absence of available law, exposure limits published by internationally recognized entities such as the most current American Conference of Governmental Industrial Hygienists (ACGIH) Threshold Limit Values (TLVs) and Biological Exposure Indices (BEIs). Exposures should be controlled using elimination/substitution, engineering (e.g. ventilation), administrative or PPE as determined necessary.

❌ **DO NOT** rely on PPE as primary control of exposure hazards. PPE should only be used as a last resort when engineering, work practices or other controls are not feasible or sufficient to reduce exposures. Factories should use the hierarchy of controls as found in the figure herein.

❌ **DO NOT** allow the use of PPE without providing proper training on the proper use, proper maintenance, and proper storage of PPE.

#### FALL PROTECTION

- ✓ **DO** restrict access or provide fall protection (e.g. fences or wall) for any accessible areas greater than 1.8 meters (6 feet) high.
- ✓ **DO** provide fall protection equipment (e.g. body harnesses, shock absorbing lanyards, deceleration devices, vertical lifelines, and anchorages) for those workers that may work at heights without sufficient walls, fences, or other barriers. This equipment must be in good condition, inspected monthly, and repaired immediately as needed.
- ✓ **DO** provide training to all workers that use ladders, moving stairs or other similar tools.
- ✗ **DO NOT** allow the use of permanently attached ladders over two meters tall that do not have a fall cage, secure attachment to the wall, and are otherwise in good condition.

#### HAZARDOUS ENERGY AND ELECTRICAL SAFETY

- ✓ **DO** ensure that only licensed electricians inspect, install and repair electrical wiring, equipment and machinery.
- ✓ **DO** conduct regular Inspection and preventive maintenance on all electrical installations and machinery.
- ✓ **DO** ensure electrical safety protections are in place such as proper grounding, suitable insulation, effective guarding to prevent contact with live and exposed parts of electrical equipment, and circuit protection devices (e.g. fuses, circuit breakers, GFCI).
- ✓ **DO** ensure all electrical distribution panels, breakers, switches and junction boxes are completely enclosed and protected from wet conditions.
- ✓ **DO** create and enforce a Lockout and Tagout (LOTO) procedure to protect employees from the dangers of accidental or unexpected startup of electrical equipment, or the release of stored energy during inspection or repairs.
- ✓ **DO** provide locks and tags for implementation of the LOTO program.
- ✗ **DO NOT** permit electrical equipment with insufficient insulation or protection. Electrical wiring should be insulated properly. Exposed conductors must be installed in an inaccessible area; otherwise, it must be equipped with safety guards and have clear warning signs.

**Illuminance Guidelines:** The below are general guidelines for lighting levels based on the processes being performed.

ILLUMINANCE GUIDELINES	
TYPE OF INTERIOR, TASK OR ACTIVITY	LIGHTING* (LUX / FOOT-CANDLES)
GENERAL	
Simple orientation for short temporary visits	50
Working spaces where visual tasks are only occasionally performed	100
Performance of visual tasks (low – high)	300 -1000
Performance of visual tasks near threshold of person's ability to recognize an image	3000-10,000
SPECIFIC INDUSTRY EXAMPLES	
Warehouse/Loading Docks	150 - 300
Office Work (Filing, copying, circulation, writing, typing, reading, data processing)	300 - 500
Ironing, Sewing, Knitting	300 - 750
Spreading & Cutting	750 - 1500
Final Inspection	1000 - 3000

\* The recommended range is +/- 10% of these values



## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Building structural and architectural designs and approvals.
- Building structural safety inspections
- Indoor air quality, lighting, and noise measurements
- Maintenance and inspection records (PMV, Electrical Installations, Machinery)
- Training records (e.g. PPE, Fall Protection, Lock Out/Tag Out)

## BEST PRACTICES

### MONITORING EQUIPMENT

Purchase equipment for regularly monitoring the conditions of the factory. Use this equipment to regularly assess the factory conditions. This may include:

- Light meters
- Noise meters
- Thermometers
- Indoor Air Quality Meters

All equipment should be properly calibrated and maintained and the operators properly train on the use of the equipment.



## HEALTH AND SAFETY CONTINUED: HAZARDOUS MATERIALS

### KEY TERMS

**Global Harmonization System (GHS):** An internationally agreed-upon system of classification of chemicals, created by the United Nations that is designed to replace the various classification and labelling standards used in different countries by using consistent criteria for classification and labelling on a global level.

**Hazardous Material:** Any substance or material, which presents a risk to health, safety, environment, and property when used, stored or transported. The term includes hazardous materials and hazardous wastes.

**Material Safety Data Sheet (MSDS) or Safety Data Sheet (SDS):** An informational document intended to provide workers and emergency personnel with procedures for handling or working with that substance in a safe manner and includes information such as physical data (melting point, boiling point, flash point, etc.), toxicity, health effects, first aid, reactivity, storage, disposal, protective equipment, and spill handling procedures.

**Asbestos:** A naturally occurring mineral, made up of long thin fibers. These fibers can be dangerous if they are inhaled as dust and are known to contribute to increased risk of lung cancer. Asbestos containing material (ACM) is generally considered any material that contains more than 1% asbestos by weight. Asbestos is commonly found in insulation, roof tiles/sheets, floor tile and other building materials. The import, export and use of asbestos is restricted in some countries.

**National Fire Protection Association (NFPA):** International non-profit with a mission to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus codes and standards, research, training, and education.

**NFPA 30 Flammable and Combustible Liquids Code:** Standard developed by NFPA for fire and explosion prevention and risk control, storage of liquids in containers, storage of liquids in tanks, piping systems, processing facilities, bulk loading and unloading, and wharves

## ACHIEVING AND MAINTAINING STANDARDS

How do you do it?

## HANDLING AND STORAGE

- ✓ **DO** assign overall responsibility for chemicals to qualified and trained personnel.
- ✓ **DO** have a master chemical inventory/list of chemicals. A good inventory includes the names of the chemical, quantity, locations, and general hazards.
- ✓ **DO** ensure that ALL chemical containers are properly labelled and are closed with tightly fitted lids/caps when not in use.
- ✓ **DO** store all chemicals in a designated, labelled, cool and well-ventilated storage area with access limited to authorized and trained personnel.
- ✓ **DO** store flammable and highly combustible chemicals properly to prevent fires. Flammable and combustibles should be stored in accordance with local law, or in absence of local law, the National Fire Protection Association (NFPA) 30 Flammable and Combustible Liquids Code. Flammable chemicals should be stored in specially designed rooms or cabinets with sufficient ventilation, and fire suppression equipment.
- ✓ **DO** provide secondary containers or other spill controls to prevent entry of chemicals into the environment. Generally, secondary containment should be able to hold 110% of the volume of the largest container.

✗ **DO NOT** store incompatible chemicals together. Incompatibilities can be found in the Safety Data Sheets or using widely available chemical compatibility charts.

✗ **DO NOT** store hazardous materials at workstations in quantities that exceed the amount needed for a work shift.



*Poor storage of flammable liquids.*



*Proper storage of flammable liquids in a designated and properly designed cabinet.*

## HAZARD COMMUNICATION

- ✓ **DO** install warning signs and chemical handling procedures in chemical storage and use areas.
- ✓ **DO** provide access to applicable and valid SDS where any chemical is stored or used.
- ✓ **DO** provide chemical safety information and product labels in local language.
- ✓ **DO** provide training to employees on proper storage, handling, use and disposal of the chemicals/materials that they work with.



Example warning sign for chemical storage area.

Chemical Compatibility Chart

Chemical Class	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1. Inorganic Acids	X																													
2. Organic Acids	X	X																												
3. Oxidizers	X	X	X																											
4. Alcohols & Aldehydes	X	X	X	X																										
5. Hydrocarbons	X	X	X	X	X																									
6. Alkynes, Glycols & Glycol Ethers	X	X	X	X	X	X																								
7. Aldehydes	X	X	X	X	X	X	X																							
8. Ketones	X	X	X	X	X	X	X	X																						
9. Saturated Hydrocarbons	X	X	X	X	X	X	X	X	X																					
10. Aromatic Hydrocarbons	X	X	X	X	X	X	X	X	X	X																				
11. Chlorine	X										X																			
12. Fluorine	X										X	X																		
13. Sulfur	X										X	X	X																	
14. Monomers & Polymerizable Esters	X	X	X	X	X	X	X	X	X	X	X	X	X	X																
15. Peroxides	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X														
16. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X													
17. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X												
18. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X											
19. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X										
20. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X									
21. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X								
22. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X							
23. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X						
24. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
25. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				
26. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
27. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
28. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
29. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
30. Alkylates	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Example chemical compatibility chart. Factory should use a chart like this to determine proper segregation of chemicals during storage.

## ASBESTOS

- ✓ **DO** assess whether asbestos containing materials are present on-site.
- ✗ **DO NOT** disturb asbestos-containing materials without proper protections or controls. If found on-site, an asbestos management plan should be created.

See the “[Responsible Chemical Management](#)” section (pg. 109) of this document for a full list of Dos and Don’ts related to chemical management.

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Chemical inventory and Management Plan.
- Safety Data Sheets for any and all chemicals on factory site.
- Training records.
- Asbestos survey and Management Plan (if necessary).

## BEST PRACTICES

### Summary SDS

Full SDS or MSDS provide very detailed information on the properties of chemicals and may be difficult to understand for most workers. Businesses can create summary information sheets on chemical use and handling that are much easier to understand. These should be written in simple language that is understandable to the workers and should be posted where the relevant chemicals are stored or used.

The photo on the left is posting of full MSDS or SDS and may be hard to read and understand for worker. On the right is an example summary information sheet which is easy to understand.

### GHS

Use the principles of the Global Harmonization System (GHS) in your hazard communications. The GHS is a global system for standardizing and harmonizing the classification and labelling of chemicals. Businesses can use the pictograms, SDS standards, and labelling standards throughout factories.

The below are GHS pictograms representing the various chemical hazards.



VS



## HEALTH AND SAFETY CONTINUED: FIRE AND EMERGENCY

### KEY TERMS

**ASTM International (ASTM):** Globally recognized leader in the development and delivery of international voluntary consensus standards. ASTM members deliver the test methods, specifications, guides, and practices that support industries and governments worldwide.

**ASTM E2238-12 Standard Guide for Evacuation Route Diagrams:** A standard intended to provide minimum guidelines for the design and placement of evacuation route diagrams (ERDs) used in buildings. It covers the evacuation of building occupants when directed by emergency response authorities in emergencies such as fire, earthquake, and bomb threat.

**ISO 23601:2009 Safety identification — Escape and Evacuation Plan Signs:** Standard that establishes design principles for displayed escape plans that contain information relevant to fire safety, escape, evacuation and rescue of the factory or facilities' occupants. These plans may also be used by intervention forces in case of emergency.

**National Fire Protection Association (NFPA):** International non-profit with a mission to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus codes and standards, research, training, and education.

**NFPA 72 National Fire Alarm and Signaling Code:** Standard that covers the application, installation, location, performance, inspection, testing, and maintenance of fire alarm systems, supervising station alarm systems, public emergency alarm reporting systems, fire warning equipment and emergency communications systems (ECS), and their components. Provisions are expressed in prescriptive requirements with performance based design methods and risk analysis requirements provided and essential for the proper design and integration of mass notification systems.

**NFPA 101 Life Safety Code:** Code standard that includes strategies to protect people based on building construction, protection, and occupancy features that minimize the effects of fire and related hazards. The code has provisions for all types of occupancies, with requirements for egress, features of fire protection, sprinkler systems, alarms, emergency lighting, smoke barriers, and special hazard protection.

## ACHIEVING AND MAINTAINING STANDARDS

## How do you do it?

## EMERGENCY PREPAREDNESS

- ✗ **NEVER** go more than one year without an emergency evacuation drill. Workers should always understand Evacuation procedures. If an emergency drill has not been conducted within one year the business must agree to conduct one prior to the placement of any PVH production.
- ✗ **NEVER** lock exit doors while the building is occupied (a single person in the building would be considered an occupied building).
- ✗ **NEVER** conduct operations in areas without sufficient and unblocked emergency exits. Generally, each area or floor should have at least two (2) sufficiently separated and unblocked emergency exits (more exits may be required based on occupancy). This includes ancillary areas that are utilized but are not continuously occupied (warehouse, outbuildings, etc.).

## STRUCTURAL SAFETY

- ✓ **DO** have a site specific emergency response plan that includes procedures that address the most likely emergencies and risks, emergency contact numbers, emergency plans/diagrams, and roles and responsibilities.

- ✓ **DO** provide fire and emergency response awareness training for all employees.
- ✓ **DO** conduct and document emergency evaluation drills (at least) twice a year (4 times a year for South Asia region; two announced and two unannounced) in both production and dormitory facilities that include all employees and all buildings.
- ✓ **DO** maintain and display an evacuation plan/diagram in strategic locations in all buildings, rooms and areas of the factory. Evacuation plans should follow local law requirements or in absence of local law, conform to ASTM E2238-12 Standard Guide for Evacuation Route Diagrams or ISO 23601:2009 Safety identification – Escape and evacuation plan signs.
- ✓ **DO** install automatic smoke and heat detectors in accordance with local law requirements or in absence of local law, in conformance with National Fire Protection Association (NFPA) 101 Life Safety Code.
- ✓ **DO** mark all exit paths with brightly colored lines and arrows indicating direction to exit.
- ✓ **DO** ensure exit signs are internally or externally illuminated with at least five foot candles (54 lux) surface intensity or be self-luminous with a minimum luminance surface value of at least .06 foot lamberts (0.21 cd/m<sup>2</sup>).



- ✓ **DO** comply with local building and fire codes for exit door, stairwell and corridor widths, or in absence of local code, comply with International Code Council – International Fire Code. At minimum, exit door width must be 32 inches (813 mm).
- ✓ **DO** ensure there are emergency lights on all exit pathways, above exits and in stairwells to provide 1 foot candle (10 lux) of light at any point in the building and 0.1 foot candle (1 lux) of light along the emergency exit path at floor level. New stairs must be equipped with illumination of not less than 108 lux.



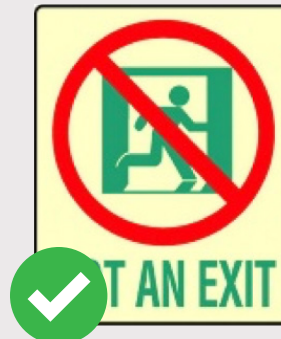
*Example of emergency lighting.*

- ✓ **DO** provide training on the proper use of fire extinguishers to at least 40% of the workforce. Training should be refreshed annually.



*Example of factory providing firefighting demonstration and training.*

- ✓ **DO** mark any door, passage, or stairway that is neither an exit nor a way of exit access located or arranged so that it is likely to be mistaken for an exit with a sign marked “Not an Exit” (this should be in local language and include pictogram).



*Example ‘Not an Exit’ sign with pictogram.*



*Examples of emergency signs and notices.*

- ✓ **DO** provide signs and notices for emergency responses. For example, signs on elevators indicating they are not to be used in case of fire, or instructions on the use of firefighting equipment.
- ✗ **DO NOT** obstruct or limit exit pathways or exits. All primary aisles should be at least 44 inches (112 centimeters) in width, and must be marked with yellow lines/tapes or other easily identifiable demarcation. Exit doors should open in the direction of travel (outwards) and should open easily and quickly.
- ✗ **DO NOT** post emergency evacuation plans at a height no greater than 1.2 meters above the floor level.



**EQUIPMENT**

- ✓ **DO** provide an alarm system with an alarm that is distinctive, recognizable, and perceivable above ambient noise and light levels. The alarm system should be inspected and tested in accordance with local law, or in absence of local law, in conformance with National Fire Protection Association (NFPA) 72 – Chapter 10.
- ✓ **DO** provide adequate and appropriate fire-fighting equipment in all areas of the factory including the canteen, child care facility, and dormitory.
- ✓ **DO** conduct regular and periodic inspections of fire extinguishers (monthly); and have extinguishers serviced by a qualified, licensed company on at least an annual basis. All extinguishers must be ready for use (inspected, no broken or missing tamper indicators, fully charged, no cracked or damaged hoses, properly labelled).
- ✓ **DO** mount extinguishers in a position between 0.15 meters and 1.5 meters above the floor or within specially designed containers.
- ✓ **DO** ensure fire hoses and/ or sprinkler system have a water supply sufficient to provide prescribed volume per minute required to fight a fire.
- ✗ **DO NOT** travel a distance of more than 75 feet (22.86 meters) to access a fire extinguisher. If the fire extinguisher is located in an area subject to Class B fires (flammable or combustible liquids, flammable gases, greases, etc.) the travel distance for the employee in this Class B (hazard) area should be no more than 50 feet (15.24 meters) from a fire extinguisher.
- ✗ **DO NOT** hide from view or obstruct access to fire extinguishers. The area in front of the fire extinguishers should be clearly marked with a “yellow box” and kept clear of obstruction.

## FIRE PREVENTION

- ✗ **DO NOT** allow dust or fibres to build up on the surface of electrical equipment, wiring or machinery. Dust should be removed through regular housekeeping and should include upper, harder to reach areas.
- ✗ **DO NOT** use naked lighting (fixtures without protective covers) where combustible materials are stored (e.g. material storerooms, fabric warehouse, etc.). Lighting in these areas must be constructed in such a way as to prevent the escape of sparks or burning materials and must operate below 165oC (equivalent of NFPA Class III, Division 2 rated).



*Example of area in front of fire equipment kept clear.*



*Example of blocking of fire equipment.*

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Training files (fire and emergency response).
- Site specific emergency response plan.
- Emergency / fire drill records.
- Equipment and alarm inspection records.
- Fire safety management plan and risk assessment.
- Others documents as required by local / country law.

## BEST PRACTICES

### PRACTICE VARIOUS SCENARIOS

Emergency drills should be used to practice various emergency scenarios. In an emergency, things seldom go exactly to plan. Anticipate various scenarios (e.g. an exit is blocked by fire)

and practice your response. Evaluate the drill in an honest manner, identifying the issues, so you can address the deficiencies of your response and provide corrective actions.

# HEALTH AND SAFETY CONTINUED: OCCUPATIONAL HEALTH AND HYGIENE

## KEY TERMS

**Bloodborne Pathogens:** Pathogenic microorganisms that are present in human bodily fluids and can cause disease in humans. These pathogens include, but are not limited to, hepatitis B virus (HBV) and human immunodeficiency virus (HIV).

**Exposure Control Plan (ECP):** A written plan that identifies those tasks and procedures in which occupational exposure to bloodborne pathogens may occur, and identifies duties of the persons involved in cases of occupational exposure.

**American National Standards Institute (ANSI):** As the voice of the United States standards and conformity assessment system this institute oversees the creation, promulgation and use of thousands of norms and guidelines that directly impact businesses in nearly every sector. ANSI is the official U. S. representative to the International Organization for Standardization (ISO).

**International Safety Equipment Association (ISEA):** Association for personal protective equipment and technologies – equipment

and systems that enable people to do work in hazardous environments. Its member companies are world leaders in the design, manufacture, testing and application of protective clothing and equipment used in factories, construction sites, hospitals and clinics, farms, schools, laboratories, emergency response and in the home.

**ANSI/ISEA Z308.1-2009 — Minimum Requirements for Workplace First Aid Kits and Supplies:** This standard establishes minimum performance requirements for first aid kits and their supplies that are intended for use in various work environments.

**ANSI/ISEA Z358.1-2009 American National Standard for Emergency Eyewash and Shower Equipment:** This standard establishes minimum performance and use requirements for eyewash and shower equipment for the emergency treatment of the eyes or body of a person who has been exposed to hazardous materials. It covers the following types of equipment: emergency showers, eyewashes, eye/face washes, and combination units.

## ACHIEVING AND MAINTAINING STANDARDS

How do you do it?

### CHILDCARE

❌ **DO NOT** locate childcare facilities within production or storage areas.

❌ **DO NOT** permit children under the minimum working age in workplace areas at any time, unless they are part of a guided school tour or other such unusual

**SANITATION**

- ✓ **DO** have one functioning (1) sink or tap for every 50 workers for the purposes of general hygiene.
- ✓ **DO** make free, safe and clean drinking water available at all times and within reasonable distance of workstations.
- ✓ **DO** provide access to individual drinking cups or bottles with available sanitary storage and cleaning areas for containers.
- ✓ **DO** have a water sampling program in place if utilizing ground (well) or surface water as a source for facility provided drinking water with samples tested at least quarterly for all parameters required by local law or in absence of local law, international standards of water quality.
- ✓ **DO** keep toilets clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations.
- ✓ **DO** segregate lavatories by sex unless it is a single stall with complete privacy and lock.
- ✓ **DO** provide toilet supplies such as soap, toilet paper, garbage pails, and towels.
- ✓ **DO** ensure the number of toilets meets the minimum number in the table below. In men's lavatories, urinals may be provided instead of water closets. However, the

number of water closets in such case shall not be reduced to less than 2/3 of the minimum water closets specified in the table below.

Number of Employees	Number of Toilets
1 to 15	1
16 to 35	2
36 to 55	3
56 to 80	4
81 to 110	5
111 to 150	6
Over 150	One additional fixture for each additional 40 employees

- ✗ **DO NOT** restrict the time and frequency workers can have drinking water or unreasonably limit access (time and frequency) to toilets.

**KITCHEN AND CANTEENS**

- ✓ **DO** ensure that all food made available to workers is prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws.
- ✓ **DO** have a hygiene certificate or other permit for the kitchen and cafeteria if required by law.
- ✓ **DO** keep valid health certificates, and provide certification or training on food hygiene and safety for the canteen staff as required by law.
- ✓ **DO** require all workers that handle food to wear an apron, gloves and hair net.
- ✓ **DO** ensure the canteen has sufficient seating to accommodate all of workers who choose to utilize this service.

**MEDICAL CARE AND FIRST AID**

- ✓ **DO** ensure medical care should be available on-site as required by law. If there is no medical care on-site, workers should have appropriate access to medical care when needed such as a nearby clinic or medical facility.
- ✓ **DO** provide one fully stocked (contents must comply with local law or in absence

of local law, international standards such as ANSI/ISEA Z308.1- 2009 - Minimum Requirements for Workplace First Aid Kits and Supplies) readily accessible (in case of emergency) first aid kit for every 100 workers. If there are multiple floors, ensure that there are enough first aid kits per production floor.

- ✓ **DO** post signs to indicate the location of first aid kits.
- ✓ **DO** have at least 2% of the workforce or 2 workers (whichever is higher) trained in CPR/ First Aid.
- ✓ **DO** provide eye and body wash stations in areas where caustic or irritating chemicals may be used in the factory. Stations should conform to local regulations and be tested regularly. In the absence of local regulations, stations should conform to ANSI/ISEA Z358.1- 2009 American National Standard for Emergency Eyewash and Shower Equipment.
- ✗ **DO NOT** limit access to the first aid kit. If kits need to be secured/locked to prevent items from being stolen, then several workers in near vicinity to the kits should be selected to have access to the keys. The names of these workers should be posted next to the first aid kits.

OCCUPATIONAL HEALTH

- ✓

**DO** have a bloodborne pathogens Exposure Control Plan (ECP) to prevent workers from contacting blood or other body fluids that may contain harmful organisms, such as HIV or HBV.
- ✓

**DO** supply sharps containers for workers to dispose of broken needles, scissors, or cutting blades and provide appropriate supplies to prevent accidental exposure to blood or other body fluids (e.g. gloves, disinfectant, etc.).
- ✓

**DO** provide free occupational health checks conducted by a qualified medical professional to workers handling hazardous materials annually or more frequently if required by law.

DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Bloodborne pathogen exposure control plan.
- Records of occupational health checks.
- Canteen hygiene certificate.
- Canteen workers health certificates.

BEST PRACTICES

WELLNESS PROGRAMS

Encourage worker’s and worker’s families to lead healthy lives. Businesses can do this by conducting various wellness programs. These programs can include:

- Nutrition programs (e.g., “healthy” cafeterias, weight control groups)

- Smoking cessation programs
  - Stress management programs
  - Courses or information sessions on health topics (e.g. women’s health)
  - Access to fitness center
- The US National Institute of Occupational Safety and Health (NIOSH) provides a model for Total Worker Health programs.

# COMPENSATION AND BENEFITS

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## A SHARED COMMITMENT

EVERY WORKER HAS A RIGHT TO GET COMPENSATION FOR A REGULAR WORK WEEK THAT IS SUFFICIENT TO MEET THE WORKER'S BASIC NEEDS AND PROVIDE SOME DISCRETIONARY INCOME. OUR BUSINESS PARTNERS MUST PAY AT LEAST THE MINIMUM WAGE OR THE APPROPRIATE PREVAILING WAGES, WHICHEVER IS HIGHER, COMPLY WITH ALL LEGAL REQUIREMENTS ON WAGES, AND PROVIDE ANY FRINGE BENEFITS REQUIRED BY LAW OR CONTRACT. IF THE COMPENSATION PAID DOES NOT MEET THE WORKERS' BASIC NEEDS AND PROVIDE SOME DISCRETIONARY INCOME, OUR BUSINESS PARTNERS ARE REQUIRED TO TAKE APPROPRIATE ACTIONS THAT SEEK TO PROGRESSIVELY REALIZE A LEVEL OF COMPENSATION THAT DOES.

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## WHAT DOES IT MEAN?

Providing payment to an individual for services rendered. Sufficient wages and benefits are essential for meeting the basic needs of employees and their families.

## WHAT DO YOU NEED TO DO?

Everyone who works has the right to just and favorable remuneration ensuring an existence worthy of human dignity. Business must ensure payment of the minimum or prevailing wages and any other legally or contractually required benefits. Businesses can do this by providing:

- Accurate recording and calculation of regular and overtime hours and payments.
- Prompt and correct payment of earned wages in compliance with local laws.
- Ensuring wage and payment information is transparent and well understood by workers.

## BUSINESS BENEFITS OR PROVIDING APPROPRIATE AND TIMELY COMPENSATION

Wages and benefits are an important component of a successful business and a viable local community. Although there is a perception that reducing wages will make a company more profitable, workers who are well compensated are typically more motivated and therefore more productive, thereby negating any potential savings. Additionally, paying sufficient wages makes it easier to attract and retain qualified, skilled, and productive workers.

## KEY TERMS

**Base Wage:** Base wage is a remuneration received for a given work period, as an hour, week or month, but not including additional pay, such as for overtime work.

**Overtime Wage:** Compensation for overtime work, typically at a premium rate as is legally required.

**Legally Mandated Benefits:** Those benefits, such as annual leave social insurance and medical care which must be provided to employees by law.

**Prevailing Wage:** Wages and benefits paid to the majority of workers within a particular area and trade. Prevailing wages are typically published by regulatory agencies such as local or national Departments of Labor or their equivalents.

**Worker's Basic Needs:** Basic needs include essential expenses such as food, clean water, clothes, shelter, transport, education and some discretionary income, as well as the workers' costs for legally required social benefits if applicable (e.g. health care, medical insurance, unemployment insurance, retirement plan, etc.).

**Fair Wage:** Compensation sufficient to meet workers' basic needs and provide some discretionary income.

## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

- ✗ **NEVER** systematically pay workers below the legally mandated minimum wage or not pay workers for work performed. All workers must be paid at least the legally mandated minimum wage, including workers who are trainees, piece rate workers, workers on probation or apprentices.
- ✓ **DO** ensure that all legally required payroll documents, journals and reports are available, complete, accurate, and up-to date.
- ✓ **DO** include ALL workers in payroll and social security records.
- ✓ **DO** compensate for overtime hours at a premium rate as is legally required or, in those countries where such laws do not exist, employees shall be compensated at the prevailing industry premium rate or

at the internationally recognized overtime rate, whichever is higher. DO pay overtime compensation within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

- ✓ **DO** pay all wages, including overtime compensation in cash, through check, wire transfer or other secure form of payment.
- ✓ **DO** provide all legally mandated paid/ public holidays, annual leave, sick leave, severance payments and 13th month payments and bonuses accurately within defined time periods.
- ✓ **DO** provide social security (insurance) to all workers as legally mandated.
- ✓ **DO** retain written consent for any voluntary deductions for saving club and loan payments.



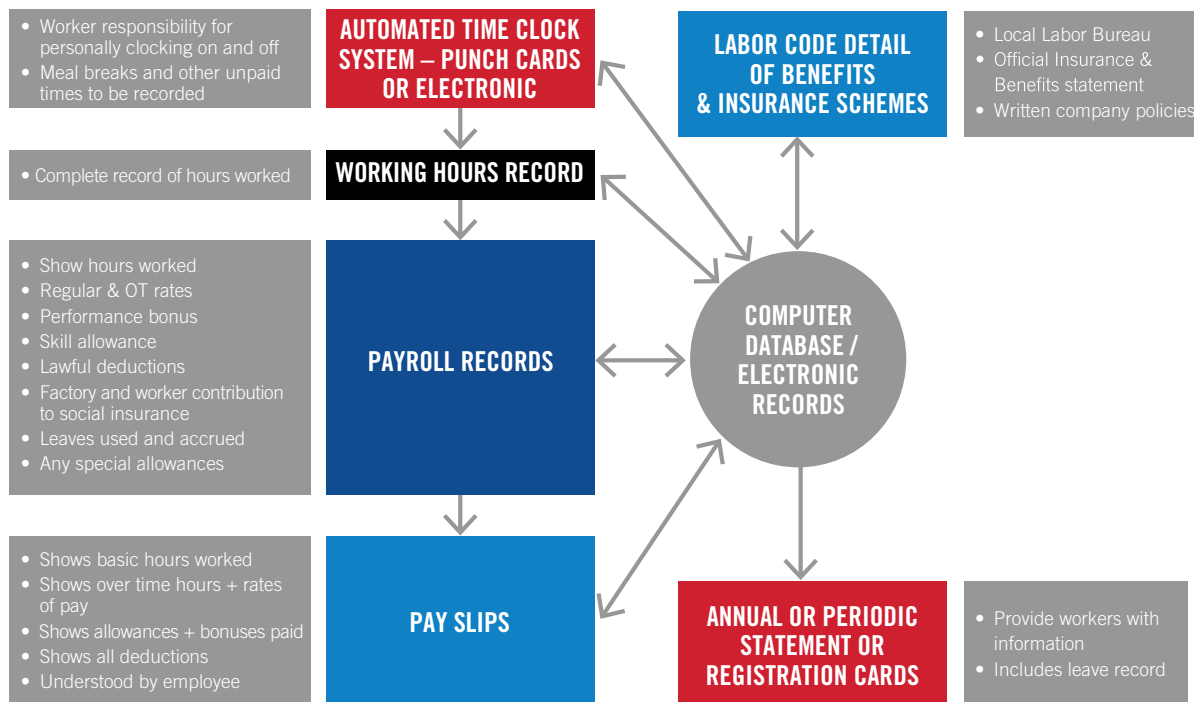
- ✓ **DO** make necessary back-payments to workers for missing wages.
- ✓ **DO** track the administration of termination payouts and packages. Ensure timely termination payouts regardless of timing of payroll.
- ✓ **DO** make correct deduction from wages required by law – such as taxation and social security – and deposit in the legally defined account or transmit to the legally defined agency.
- ✓ **DO** provide workers a pay statement/stub to show, at minimum, earned wages, wage calculations, total number of hours worked (including OT), regular and overtime pay, bonuses, all deductions, and final total wage.
- ✓ **DO** ensure workers have a right to choose to use or not to use employer provided services, such as housing or meals. Deductions for services to workers shall not exceed the cost of the service to the employer.
- ✓ **DO** post all legally required “minimum wage” or other compensation related notifications in factory work areas.
- ✓ **DO** establish a system through which workers can contest wage payments and receive clarifications in a timely manner.
- ✓ **DO** communicate to all workers and ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses.
- ✓ **DO** have a plan to progressively increase wages to meet the basic needs of workers (‘fair wage’) if the current wages do not

meet this standard. An absolute formula for calculating a fair or living wage does not exist; however, companies can use estimation techniques, consult with worker representative groups, and consult with other stakeholders (e.g. Non-Governmental Organization’s) to estimate a fair wage level.

- ✗ **DO NOT** allow working during unpaid break or lunch periods.
- ✗ **DO NOT** have probationary periods exceeding more than 3 months cumulatively.
- ✗ **DO NOT** use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.
- ✗ **DO NOT** hold voluntary deduction funds illegally or inappropriately.
- ✗ **DO NOT** hold over any legal funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods.
- ✗ **DO NOT** set production target, piece rates or any other incentive or production system at such a level that workers need to work beyond legal normal working hours (excluding overtime), in order to make the legal minimum wage.
- ✗ **DO NOT** deduct wages as a disciplinary measure.
- ✗ **DO NOT** pay wages to anybody on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so.

Use the below as a guide for developing specific policies and procedures at your company to ensure accurate recording and payment of wages and benefits.

## KEYS TO ACCURATE RECORDING AND PAYMENT OF WAGES AND BENEFITS



Employees should be allowed to check all records on request

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Remuneration policies.
- Authentic and accurate payroll records for all employees.
- Pay slips (stubs) or bank transfer documents.
- Employment contracts.
- Records of deductions deposits to legally required fund / account.
- Documentation of all payments of wages and benefits paid in cash signed by the worker.
- Attendance, work hours records, leave records.
- Termination, dismissal documents and others as required by local law.

## BEST PRACTICES

### ELECTRONIC PAYROLL REGISTERS

Use electronic payroll registers that automatically calculate payroll entries based on hours of work rather than manual or handwritten payroll registers. Electronic registers typically minimize

the possibility for errors in wage and benefits calculation. Fewer errors mean increased efficiency (less time on corrections and complaints) and increased trust from workers.

#### Example of an electronic payroll register report.

Sort/Filter

Filtering/ Selection Criteria

Partner

Employer

Payrun Type

Payrun ID

Check Date  to

View

Sorting Criteria

Sort by

☒ Ascending

☐ Descending

1 of 1 100% Find | Next Select a format Export

Payroll Register

Easy Company

Check Dates Between 10/1/2010 and 12/31/2010

Pay RunID 1355

Crouch, Paul		SSN: XXX-XX-6789				Wages: \$4,500.00				EE Taxes: \$482.74				Deductions: \$475.00				Net Pay: \$3,542.26			
Pay Codes						Employee Taxes				Deductions				Benefits				Employer Taxes			
Dept	Pay Code	Rate	Hours	Current	YTD	EE Tax	Current	YTD		Ded Code	Current	YTD		Ben Code	Current	YTD		ER Tax	Current	YTD	
	2%SCORP	\$0.00	0.00	\$0.00	\$110.00	FICA MDCR	\$65.25	\$523.45		401k Def	\$450.00	\$12,362.50		401k Er	\$157.50	\$10,257.75		FICA MDCR	\$0.00	\$0.00	
	PerVehicle	\$0.00	0.00	\$0.00	\$110.00	FICA SS	\$0.00	\$5,581.92		IRA EE	\$25.00	\$200.00		IRA ER	\$25.00	\$200.00		FICA SS	\$0.00	\$0.00	
NC	3rdPTYSK	\$1.00	0.00	\$0.00	\$650.00	PIT	\$198.12	\$41,390.21		Total	\$475.00	\$12,562.50		Total	\$182.50	\$10,457.75		FUTA	\$0.00	\$105.60	
NC	Hrs	\$100.00	45.00	\$4,500.00	\$198,500.00	NC-SIT	\$0.00	\$10,142.00										NC-SUTA	\$0.00	\$533.50	
NC	OT 1.5	\$150.00	0.00	\$0.00	\$11,880.00	NY-SIT	\$219.37	\$3,987.90										NY-SUTA	\$0.00	\$342.10	
NC	Sick	\$8.00	0.00	\$0.00	\$400.00													NY-SUTA Re-Employment	\$0.00	\$8.30	
Total																		Total	\$0.00	\$987.10	
							\$4,500.00	\$211,650.00													

# HOURS OF WORK

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## A SHARED COMMITMENT

OUR BUSINESS PARTNERS ARE PROHIBITED FROM REQUIRING THEIR EMPLOYEES TO WORK MORE THAN THE REGULAR AND OVERTIME HOURS PERMITTED UNDER THE LAW OF THE COUNTRY WHERE THEY ARE EMPLOYED. IN NO CIRCUMSTANCE MAY REGULAR HOURS EXCEED 48 HOURS IN A WEEK AND, OTHER THAN IN EXCEPTIONAL CIRCUMSTANCES, THE SUM OF REGULAR AND OVERTIME HOURS IN A WEEK CANNOT EXCEED 60 HOURS. EMPLOYEES MUST HAVE AT LEAST 24 CONSECUTIVE HOURS OF REST IN EVERY SEVEN-DAY PERIOD.

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## WHAT DOES IT MEAN?

This standard is meant to protect workers from overwork (exceeding legal or other work hour standards) and not enough rest or free time. Excessive work can lead to fatigue, higher risk of accidents, lower productivity, and possible damage to workers' health and wellbeing.

## WHAT DO YOU NEED TO DO?

Making sure that workers work a reasonable number of hours recognizes the importance of rest and providing time for other aspects of a worker's life such as family, leisure, educational and vocational pursuits.

Factories must ensure what workers are not overworked by:

- Limiting work hours to acceptable levels that are agreed to by the workers and in accordance with local law.
- Making overtime voluntary.
- Providing sufficient time off to rest and to enjoy other aspects of a worker's life

## BUSINESS BENEFITS OF LIMITING HOURS OF WORK

Multiple research studies have shown that longer working hours have an adverse effect on worker health, owing to fatigue and work stress. These effects keep labor productivity below its potential. Studies also show that high overtime levels can cause poor employee morale, which can affect productivity and absenteeism. Working when fatigued can result in mistakes and production of inferior products. Well-rested workers generally work faster and make fewer mistakes. Additionally, studies have found that long working hours can contribute to an increase in the risk of work accidents as well as damage workers' health.

## KEY TERMS

**Overtime:** Work performed in addition to regular working hours as defined by country law. In many countries, this is usually time worked over 8 hours in a day and 48 hours in a week.

**Annual Leave:** A certain number of paid days per year given to a worker, as time off from his or her occupation, for the purpose of rest or recreation and usually mandated by law or through collective bargaining.

**Extraordinary Circumstances:** Events which are extremely unusual, including natural calamities such as earthquakes and floods, fires, riots and

demonstrations, and in some cases severe power failures. Events which happen frequently, such as interrupted electrical supply or late delivery of materials, do not constitute extraordinary circumstances. May also be referred to as unusual or emergency circumstances.

**Employee:** All men and women directly employed or contracted by an employer, including executives, managers, supervisors, production workers and administrative (office) workers. All persons hired directly by the factory or hired indirectly through a third party, to work on the production or to provide support thereof.

## ACHIEVING AND MAINTAINING STANDARDS

### How do you do it?

- ✓ **DO** maintain electronic time records that accurately records worker's daily work hours in a timely manner, including overtime hours and rest days.
- ✓ **DO** comply with the requirements of country law regarding daily, weekly, quarterly and annual limits on hours of work and overtime hours. Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime) should not exceed 60 hours per week.
- ✓ **DO** have a voluntary overtime system where employees sign up to work overtime hours and are advised in advance (per contract terms, if applicable).
- ✓ **DO** provide workers with all official public holidays as required under local laws and regulations.
- ✓ **DO** communicate information to all workers on hours of work policy, including overtime hours and overtime wages.
- ✓ **DO** provide explanation for all periods when extraordinary business circumstances exceptions have been used.
- ✓ **DO** provide reasonable meals, beverage, rest breaks, transportation, and other benefits to workers for normal or overtime work hours, which, at a minimum, must comply with local laws.
- ✓ **DO** provide least 24 consecutive hours of rest in every seven-day period.
- ✓ **DO** inform workers in advance about the planned change of the rest days.

✗ **DO NOT** request workers to apply for absence from overtime work. In case of extraordinary business circumstances, employers shall make reasonable efforts to secure voluntary overtime work prior to mandating overtime (e.g. ask for volunteers to work extra time from all available staff who are working at the time; contact all qualified employees who have made themselves available to work extra time; seek qualified personnel from a contracted temporary agency when such staff is permitted by law, regulation or applicable collective bargaining agreement).

✗ **DO NOT** force any undue restrictions on workers' use of annual leave.

✗ **DO NOT** impose any undue restrictions on sick leave.

✗ **DO NOT** destroy or dispose of production records (or CCTV recordings if security camera is used).

✗ **DO NOT** interfere with the legitimate recording of working hours by the workers.

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Time records and payrolls on file for the period of time as required by law.
- Documentation on use of excessive overtime and other exceptions to normal work hour schedule caused by unexpected events, e.g., power failure, disaster etc.
- Document the training on hours of work and overtime policies and procedures.
- Leave requests and approvals.
- Voluntary overtime agreements, acknowledgements, and sign-up sheets.
- Production records and/or CCTV recordings.

## BEST PRACTICES

### CROSS FUNCTIONAL TEAM

Create a cross functional team accountable for keeping work hours under control. Involving staff from different functions within a company, provides important insight into the root causes of excessive work hours. There should be regular meetings between production staff and HR or other department that tracks work hours. This team will work on planning and balancing the workload across the facility, and implementing more efficient production processes (e.g. lean) that will reduce overtime hours and improve product quality.

The team should develop relevant Key Performance Indicators (KPIs). In developing these KPIs the following should be considered:

- How will the monitoring be done?
- What data and metrics will be monitored?
- What reports will be generated (for example, total overtime hours per month, business process root causes, recommended solutions)?
- How will the information be used to control overtime?

### VOLUNTARY OVERTIME PROGRAM

Create a voluntary overtime program that includes the following components.

- A written policy stating that workers may be asked to work overtime from time to time, but that workers can refuse overtime without fear of penalty or harassment. This policy should be posted prominently and understood by all management.
- A work plan that gives workers at least 24 hours' notice when scheduling overtime work. This gives sufficient time to make other arrangements in case some workers cannot work overtime as scheduled (for example, to find other workers who can and are willing to do the work).
- Workers sign a consent form if they are willing to work overtime each time it is requested.

A process is in place that workers can use to anonymously report violations of the working hours policy.

# ENVIRONMENT

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## A SHARED COMMITMENT

OUR BUSINESS PARTNERS ARE REQUIRED TO COMPLY WITH ALL APPLICABLE ENVIRONMENTAL LAWS, RULES AND REGULATIONS AT THEIR FACILITIES AND IN THE COMMUNITIES IN WHICH THEY OPERATE, PARTICULARLY WITH RESPECT TO WATER, ENERGY, HAZARDOUS CHEMICALS, AIR QUALITY AND WASTE. FURTHER, WE EXPECT OUR BUSINESS PARTNERS TO INCORPORATE ENVIRONMENTALLY RESPONSIBLE PRACTICES INTO ALL OF THEIR ACTIVITIES THAT RELATE TO THEIR BUSINESS WITH US.

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## OUR ENVIRONMENTAL COMMITMENTS

At PVH, Corporate Responsibility is central to how we conduct business, as we recognize both the opportunity and the responsibility for business to take a lead role in addressing pressing global issues. 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. Through our collective efforts, we seek to create value for both society and our business by focusing on the following environmental priority areas:

1. **Eliminate Carbon:** Protect our global climate by reducing energy use and powering our business through renewable sources
2. **End Waste:** Divert the waste we send to landfill
3. **Eliminate Hazardous Chemicals:** Eliminate water pollution from our wet processors
4. **Innovate for Circularity:** Foster and harness innovation to design and manufacture products that eliminate product waste
5. **Regenerate Materials:** Transition key produce and packaging materials to sustainable alternatives
6. **Source Ethically:** Expand the application of our social and environmental standards to the manufacturing of all products and materials
7. **Provide Access to Water:** Ensure access to clean water for communities in our key basins through collaborative action

## WHAT DOES IT MEAN?

Environmentally responsible practices help PVH and its suppliers identify business opportunities and protect them from risk. This is done by ensuring compliance with local laws and protecting local communities, identifying efficiencies, cost savings and added value opportunities, particularly through raw material, product and packaging innovation.

As part of our commitment to promoting environmentally responsible practices, as an active member of ZDHC, PVH has made a commitment to adopt industry tools and standards on chemical management in order to drive industry improvement and enable zero discharge of hazardous chemicals through our membership with ZDHC.



## WHAT DO YOU NEED TO DO?

To meet PVH's expectations, businesses must commit to environmentally responsible practices including, but not limited to:

- Committing to reducing your facilities' use of natural resources, such as energy.
- Ensuring that all hazardous and non-hazardous waste is properly treated, stored, transported and disposed.
- Meeting all standards for air emissions or discharge to the environment.
- Aligning your operations and practices with the Sustainable Apparel Coalition's Higg Index Facility Environmental Module (FEM).
- Maintain compliance with our Restricted Substances List and ZDHC's Manufacturing Restricted Substances List (MRSL).

## THE SUSTAINABLE APPAREL COALITION'S HIGG FACILITY ENVIRONMENT MODULE (HIGG FEM)

In 2017, PVH adopted the Sustainable Apparel Coalition's [Higg Facility Environmental Module \(FEM\)](#) as a way to engage suppliers on the environmental performance of their facilities. The Higg FEM is an industry-wide self-assessment sustainability tool designed to evaluate the environmental and social impacts of apparel and footwear products.

The Higg Index suite of tools includes several different modules, which align with PVH's environmental commitments, and enable the evaluation of environmental performance at the brand, supplier and product level. PVH has committed to supporting the Higg Index as a key tool to assess both its own social and environmental performance, and the progress of suppliers in terms of environmental sustainability.

PVH will contact suppliers who are required to complete the Higg FEM, but all are encouraged to do so (and connect with PVH on <http://www.higg.org/>) and will benefit from the improved environmental performance realized as a result.

PVH aims to partner with stakeholders throughout our supply chain to use the Higg FEM to drive improvements across facilities that produce for PVH.

As such, facilities that are required to complete the Higg FEM will be required to achieve Higg Level 1 across all impact areas by the 2021 assessment cycle (2020 reporting year). Additionally, if you operate a mill and/or have wet processing in your facility, you will be required to achieve Higg Level 2 in the Chemicals, Wastewater, and Energy modules by the 2021 assessment cycle (2020 reporting year).

Guidance on use of the Higg FEM is included throughout this document and we encourage you to use the "How to Higg" website at <http://www.howtohigg.org/> as a key resource. If you have questions about your facility's status or requirements, please contact your PVH CR representative.

## BEST PRACTICES

### APPOINT A LEAD HIGG FEM MANAGER AT YOUR FACILITY

The coordinator should identify and engage subject matter experts. For example, appoint a facility engineer for energy, maintenance manager for wastewater, a facility engineer, and a wastewater plan technician.

### DEDICATE TIME TO COMPLETE THE HIGG FEM

Time to completing the Higg FEM will vary depending on your facility type, experience and current level of effort working on environmental issues. Plan ahead and give yourself time to engage relevant stakeholders, and collect information needed to complete Higg.

### AIM TO BE ACCURATE THE FIRST TIME AS YOU COMPLETE THE HIGG FEM SELF-ASSESSMENT

If you answer “yes” to a question, you will be expected to provide relevant documents to support your answers. If you are not confident about an answer, we recommend you answer “no.” More information can be found on <http://www.howtohigg.org>.

### USE THE HOW TO HIGG MANUAL

The How to Higg manual provides practical guidance to complete the Higg FEM, including a document checklist to help complete the assessment and sample answers. The manual can be found at <http://www.howtohigg.org>. New resources will regularly become available through different forums and suppliers are encouraged to review these as they develop.

## KEY TERMS

**AFIRM:** PVH joined the Apparel and Footwear International RSL Management (AFIRM) Group in 2014 whose mission is “to reduce the use and impact of harmful substances in the apparel and footwear supply chain.” The industry group, comprised of 23 member brands, focuses on providing a forum to advance the global management of restricted substances in apparel and footwear, communicate information about chemical management to the supply chain, discuss concerns, and exchange ideas for improving chemical management. More information on AFIRM can be found at this link: <http://afirm-group.com/>.

**Air Emissions:** Anything the supplier produces that is released into the atmosphere that could potentially cause harm to people or the environment. For more information, please visit [this link](#).

**Energy Use:** Overall energy consumption patterns, including those associated with buildings and manufacturing suppliers (i.e. process heating and cooling, lighting systems, motors, pumps, fans, etc.). For more information, please visit [this link](#).

**Environmental Management System:** A management system-based approach that allows a business to better understand its operations and environmental impact, and to find the means to reduce those impacts and generate environmental improvement. For more information, please visit [this link](#).

**Global Quality Manual:** The [PVH Global Quality Manual \(GQM\)](#) is an online manual (available via html and app) used corporately by internal and external partners, effective for all product shipped from January 1st 2017 onwards. It is designed to provide associates and external partners with a clear understanding of PVH product standards and

requirements. It should be used as a reference tool for answering questions relating to the development, production, quality, and shipping of PVH products.

**Hazardous Waste:** Any waste or combination of waste with the potential to damage human health, living organisms or the environment when improperly treated, stored, transported or disposed. For more information, please visit [this link](#).

**Non-Hazardous Waste:** Discarded materials from the consumption of goods and services and the manufacture of goods. For more information, please visit [this link](#).

**Packaging:** Packaging can refer to “on-product” packaging, which is any item on a product that a consumer removes and dispose of prior to wear, or “packing”, which includes shipping items such as boxes and polybags.

**PVH RSL:** Updated and published annually, the [PVH Restricted Substance List \(RSL\)](#) applies to all products for PVH brands including, but not limited to: apparel, components, footwear, packaging, trims, home goods and accessories. The chemical substances listed within this document have been banned, restricted, or are being phased out due to either government legislation or PVH’s belief that the chemicals or materials present environmental, health, or safety risks. Supply chain partners must ensure that all products, components, or materials supplied to PVH and/or any processes used to produce products, components, or materials comply with the concentrations found in PVH’s RSL.

**Sludge:** Solid, semisolid or liquid residue that is removed during the wastewater treatment process. Also includes materials removed from septic tanks.

**Sustainable Material:** A sustainable material is a material that is produced in a way that has reduced environmental impacts or improved social impacts as compared to its traditional counterpart.

**Wastewater:** Water and water-carried solids that have been used or impacted by production processes, including industrial, sanitary and storm water discharges. For more information, please visit [this link](#).

**Water Use:** Overall water consumption patterns, including knowledge of what sources of water are used (surface water or groundwater), the purpose of its use, and the amount. For more information, please visit [this link](#).

**ZDHC:** In 2013, PVH joined the Zero Discharge of Hazardous Chemicals (“ZDHC”) Programme, a global coalition of leading international brands in the apparel and footwear sector. ZDHC’s mission is to transform the global apparel and footwear industry by improving environmental performance and chemical safety, thereby delivering a safer and cleaner environment, with the ultimate goal of achieving zero discharge of chemicals in our product life cycle by 2020. The ZDHC foundation has published many tools to aid suppliers in achieving good chemical management systems including the online gateway platform. For more information please visit <https://www.roadmaptozero.com/>.

**ZDHC MRSL:** The [ZDHC Manufacturing Restricted Substance 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. The ZDHC MRSL establishes acceptable concentration limits for substances in chemical formulations used within manufacturing facilities. Refer to the detailed explanation in the “[Responsible Chemical Management](#)” section (pg. 109) of this document.

**ZDHC Wastewater Guidelines:** [ZDHC Wastewater Guidelines](#) define a single, unified expectation for wastewater discharge quality that goes beyond regulatory compliance, not only for conventional wastewater parameters, but also for hazardous chemicals.

## ACHIEVING AND MAINTAINING ENVIRONMENTAL PERFORMANCE

## How do you do it?

Suppliers should focus their efforts on the impact areas that meet all legal and regulatory requirements, align with PVH's environmental commitments and the Higg FEM, including the below tips. For more information, please refer to [HowToHigg.org](https://www.howtohigg.org).

- Environmental Management System (EMS)
- Energy and Greenhouse Gas (GHG)
- Water
- Wastewater
- Air Emissions
- Waste
- Chemicals Management

## ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

- ✓ **DO** obtain all environmental certificates and permits in accordance with legal requirements and ensure the environmental certificates and permits are valid.
- ✓ **DO** assign individual(s) (committee, manager, etc.) to be responsible for overseeing that the environmental policies, procedures and systems are in place and functioning.
- ✓ **DO** develop a system to ensure compliance with PVH CR expectations, laws, regulations, standards, codes and other legislative and regulatory requirements.
- ✓ **DO** maximize environmental performance by setting a long-term strategy supported by the EMS that will inform decision-making on environmental management.
- ✓ **DO** consider to certify your facility to (or use the principles of) a standardized certification, such as ISO14001, which is a framework that a company or organization can follow to set up an effective EMS.

## ENERGY &amp; GREENHOUSE GAS (GHG)

- ✓ **DO** manage energy use and strive to reduce when possible.
- ✓ **DO** track the all sources and quantity used of energy such as coal, natural gas, petrol, hydro, or wind, which are owned or controlled by your facility.
- ✓ **DO** identify the factors that contribute most to on-site use of energy and set targets and an action plan for reduction.
- ✓ **DO** understand and be able to explain your sources of scope 1, 2, and 3 emissions. Refer to [HowToHigg.org](https://www.howtohigg.org) for guidance.
- ✓ **DO** Consider producing or purchasing renewable energy. Using renewable energy is an effective way to reduce a company's carbon footprint and impact on climate change and global warming. Additionally, the return on investment can be significant due to the reduction in energy costs. Businesses can install solar, wind, or other renewable power sources.



## WATER

- ✓ **DO** ensure all water extraction, use, storage, transfer, and infrastructure is in compliance with regulations and permits.
- ✓ **DO** track water sources and quantity used, including sources on site, such as machines or processes that require water use.
- ✓ **DO** establish a normalized baseline of water use and targets for water reduction with due dates.
- ✓ **DO** consider conducting a water footprint analysis that identifies water use in all stages of production and ways to identify water conservation opportunities, which can also save money for the business. A helpful tool for conducting water footprint analyses is the ISO/CD 14046 standard.

## WASTEWATER

- ✓ **DO** ensure the quantity and quality of all wastewater complies with relevant permits.
- ✓ **DO** install and maintain wastewater treatment systems or wastewater treatment suppliers as needed to meet discharge standards.
- ✓ **DO** use wastewater treatment suppliers and equipment that are in good operating condition, with the appropriate performance parameters monitored by qualified personnel.
- ✓ **DO** track the quantity of wastewater generated from your industrial and / or domestic operations.
- ✓ **DO** be prepared to report wastewater quality parameters you noted did not meet permits or industry standard(s), such as those outlined in the [ZDHC Wastewater Guidelines](#), in the most recent quality test.



Example wastewater treatment center

## AIR EMISSIONS

- ✓ **DO** track quantity of emissions from facility operations and refrigeration and type of refrigerants used (if applicable).
- ✓ **DO** track quantity of emissions from production processes (if applicable).
- ✓ **DO** install and maintain pollution control or treatment systems such as air scrubbers as needed to meet emission standards.
- ✓ **DO** use emissions treatment suppliers and equipment that are in good operating condition, with the appropriate performance parameters monitored by qualified personnel.

## WASTE

- ✓ **DO** ensure the quantity and quality of all waste discharge complies with relevant permits.
- ✓ **DO** check hazardous waste storage containers regularly for spills and provide secondary containment to capture any potential leaks or spills.
- ✓ **DO** store hazardous waste in containers that are separated from ordinary waste, clearly and properly marked, protected from the weather, protected from fire risk, stored on solid ground, in good condition, closed, and in areas that are appropriately ventilated.



Improper storage of hazardous waste.





*Properly protected hazardous waste storage area.*

- ✓ **DO** ensure non-hazardous waste disposal complies with all local legislation and international standards.
- ✓ **DO** reduce waste generation where possible and prioritize disposal mechanisms including reuse, recycle, biological treatment, and appropriately controlled incineration with energy recovery
- ✓ **DO** train applicable workers on the proper handling and storage of hazardous waste and ensure only authorized (specially trained) employees handle hazardous waste.
- ✓ **DO** maintain records on the disposal method, destination and transportation method for hazardous waste, even if it is handled by suppliers, qualified contractors, etc.



*Example of sorting of waste into different waste streams. Facilities should recycle as much waste as possible.*

## CHEMICALS

Refer to the “[Responsible Chemical Management](#)” section (pg. 109) and the [Health and Safety Continued: Hazardous Materials](#)” section (pg. 78) of this document for a full list of Dos and Don'ts related to chemicals. Key recommended practices include but are not limited to:

- ✓ **DO** maintain and comply with the updated PVH Restricted Substance List (RSL), which is required.
- ✓ **DO** maintain test records from raw materials and components (trims, buttons, zippers, labels) suppliers and/or RSL declarations.
- ✓ **DO** comply with the requirements of the ZDHC Manufacturing Restricted Substances List (MRSL), which is required.
- ✓ **DO** receive a valid Safety Data Sheet (SDS) for each chemical formulation and discuss ZDHC MRSL requirements with chemical suppliers.
- ✓ **DO** assign overall responsibility for chemicals to qualified and trained personnel.
- ✓ **DO** ensure all bulk hazardous material storage tanks are properly managed (i.e. stored in secondary containment).



*Example of discarding of polluted wastewater into the environment.*

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Documentation of energy used from on-site and purchased sources.
- Inventory of discharge points of waste and wastewater.
- Government-issued violation records (if any).
- Proof of environmental clearances (if any).
- Hazardous waste inventory and manifests.
- Hazardous and non-hazardous waste container labels.
- Safety Data Sheets (SDS).
- Wastewater and treatment plant inspection, maintenance, and monitoring results.
- Air emission monitoring results, including identification of sources on site.
- Waste storage inspection records.
- Water and energy efficiency monitoring.
- Environmental commitment and strategy documents.
- Environmental impact analysis and aspect evaluation.

Additional documentation that is required to complete Higg FEM Verification is outlined at [HowtoHigg.org](https://www.howtohigg.org) within the “How to Higg Guide” under “documentation required” specific to every section.



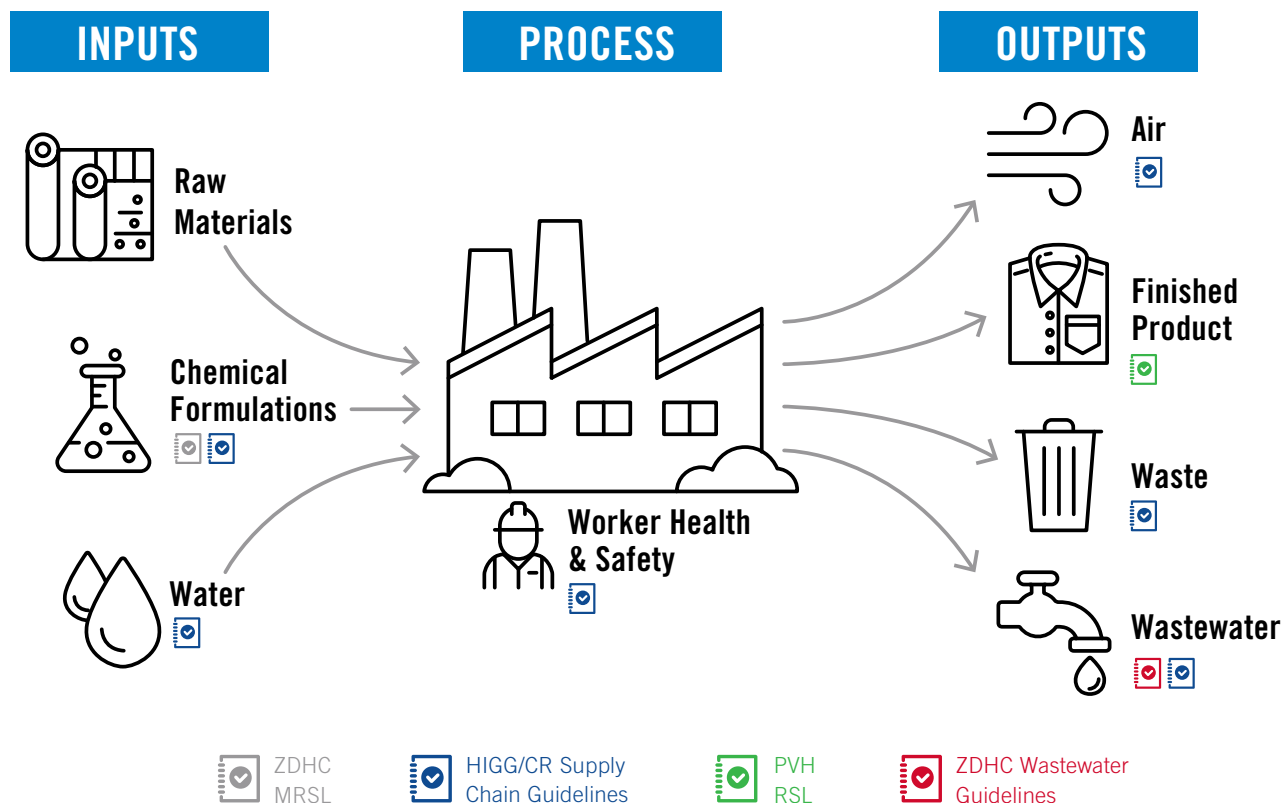
# RESPONSIBLE CHEMICAL MANAGEMENT

## WHAT DOES IT MEAN?

PVH is committed to using safer substances in materials used to manufacture our products. This includes eliminating hazardous chemicals from our products and manufacturing processes to protect the consumer, workers, sourcing communities, and the natural environment. This commitment will move us towards our ambition of eliminating water pollution from our wet processing facilities.

In order to achieve our chemicals ambition, we ask our suppliers to maintain responsible chemical management systems that manage chemical risks at the inputs, within production process, and in the outputs.

## CHEMICAL FLOW THROUGH THE MANUFACTURING PROCESS



The above diagram illustrates how chemicals flow through the manufacturing process- good chemical management addresses hazardous chemical risks at each one of the points reflected in the diagram.

To help ensure hazardous chemical impacts are effectively managed and drive consistency across the industry, we are requiring our suppliers to comply with PVH's [Restricted Substance List \(RSL\)](#), the Zero Discharge of Hazardous Chemicals (ZDHC) [Manufacturing Restricted Substance List \(MRSL\)](#). Additionally, we ask that suppliers stay apprised of PVH requirements regarding the completion and verification of the Higg FEM, as well as PVH targets set around levels of achievement in the Higg FEM.

More info can be found at: [www.pvh.com/responsibility/policy/chemical-management-action-plan](http://www.pvh.com/responsibility/policy/chemical-management-action-plan).

## WHAT DO YOU NEED TO DO?

### Manufacturing Restrict Substance List (MRSL)

Good chemical management begins with safer chemical formulations. PVH is requiring suppliers to adopt the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substance List (MRSL), which is intended to address hazardous substances potentially used and discharged into the environment during manufacturing and related processes, not just those substances that could be present in finished products. It establishes acceptable concentration limits for substances in chemical formulations used within manufacturing facilities and specifically bans hazardous chemicals from intentional use in facilities that process textile and leather materials as well as trim parts in apparel and footwear.

In order to comply with the ZDHC MRSL, suppliers purchasing chemical formulations will need to work with their chemical suppliers to ensure they receive a valid Safety Data Sheet (SDS) for each chemical formulation used for PVH products and inquire whether chemical suppliers are able to verify that chemical formulations meet the requirements of the [ZDHC MRSL](#). To aid suppliers in procuring these MRSL compliant chemistries, ZDHC has developed the ZDHC Gateway - Chemical Module, an online portal that allows you to search for formulations rated for compliance to the MRSL. All suppliers of PVH products are granted free access to this platform. Please see further details and instructions for use of the Gateway in the sections below.

PVH believes the ZDHC Gateway to be an important platform to enable the industry to demonstrate that there are non-hazardous chemicals in the supply chain and we strongly encourage suppliers to utilize the platform.

### Higg FEM - Chemical Management

PVH's supplier requirements to adopt the Sustainable Apparel Coalition's Higg Index Facility Environmental Module (FEM) enables responsible chemical management at a facility level. The Higg FEM features a chemicals module created in collaboration with the ZDHC. This module along with the wastewater module, measures chemical management performance based on facility type. Please see the [Environment](#) section pg. 100) for more information on the Higg adoption requirements, details on the tool and guidance on how to complete it.

## Restricted Substance List

PVH maintains a [Restricted Substance List \(RSL\)](#) which applies to all products for PVH brands including, but not limited to: apparel, components, footwear, packaging, trims, home goods, licensed goods and accessories. The chemical substances listed within this document have been banned, restricted, or are being phased out due to either government legislation or PVH's position that the chemicals or materials present environmental, health, or safety risks.

PVH intends to update our RSL on an annual basis with the ultimate goal of adopting the [Apparel and Footwear International RSL Management \(AFIRM\) Group's RSL](#). More information on AFIRM is provided in the [Tools and Resources For Driving Positive Impacts](#) section pg. 114 below.

PVH suppliers must ensure that all products, components, or materials produced for PVH and/or any processes used to produce products, components, or materials comply with PVH's RSL. Suppliers should visit <https://responsibility.pvh.com/> to ensure they have the most current version of the PVH RSL.

Additionally, PVH requires RSL verification testing, though testing requirements vary by brand. For more information on PVH's RSL testing program, suppliers should refer to the [PVH Global Quality Manual \(GQM\)](#) or contact their respective PVH Quality Assurance representative.

## Wastewater:

Wastewater management is an essential component of good chemical management in the supply chain. PVH suppliers are obligated to follow all legal requirements for wastewater generated and disposed. In particular, suppliers should maintain valid wastewater and waste disposal permits to ensure compliance with all applicable laws and regulations.

To manage wastewater in a way that will remove hazardous chemicals from the supply chain, we encourage suppliers to go beyond legal requirements, for example, application of the ZDHC [Wastewater Guidelines](#), and more advanced wastewater treatment technologies.

## KEY TERMS

**AFIRM:** PVH joined the Apparel and Footwear International RSL Management (AFIRM) Group in 2014 whose mission is “to reduce the use and impact of harmful substances in the apparel and footwear supply chain.” The industry group, comprised of 23 member brands, focuses on providing a forum to advance the global management of restricted substances in apparel and footwear, communicate information about chemical management to the supply chain, discuss concerns, and exchange ideas for improving chemical management. More information on AFIRM can be found at this link: <http://afirm-group.com/>.

**Global Quality Manual:** The [PVH Global Quality Manual \(GQM\)](#) is an online manual (available via html and app) used corporately by internal and external partners, effective for all product shipped from January 1st 2017 onwards. It is designed to provide associates and external partners with a clear understanding of PVH product standards and requirements. It should be used as a reference tool for answering questions relating to the development, production, quality, and shipping of PVH products.

**PVH RSL:** Updated and published annually, the PVH Restricted Substance List (RSL) applies to all products for PVH brands including, but not limited to: apparel, components, footwear, packaging, trims, home goods and accessories. The chemical substances listed within this document have been banned, restricted, or are being phased out due to either government legislation or PVH's belief that the chemicals or materials present environmental, health, or safety risks. Supply chain partners must ensure that all products, components, or materials supplied to PVH and/or any processes used to produce products, components, or materials comply with the concentrations found in PVH's RSL.

**ZDHC:** In 2013, PVH joined the Zero Discharge of Hazardous Chemicals (“ZDHC”) Roadmap to Zero Programme, a global coalition of leading international brands in the apparel and footwear sector. ZDHC's mission is to advance towards zero discharge of hazardous chemicals in the textile, leather and footwear value chain to improve the environment and people's well-being.

Our vision is widespread implementation of sustainable chemistry and best practices in the textile, leather and footwear industries to protect consumers, workers and the environment.

The ZDHC Foundation has published many tools to aid suppliers in achieving good chemical management systems including the online gateway platform. For more information please visit <http://www.roadmaptozero.com/>

**ZDHC MRSL:** The [ZDHC Manufacturing Restricted Substance 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. The ZDHC MRSL establishes acceptable concentration limits for substances in chemical formulations used within manufacturing facilities.

**ZDHC Wastewater Guidelines:** [ZDHC Wastewater Guidelines](#) define a single, unified expectation for wastewater discharge quality that goes beyond regulatory compliance, not only for conventional wastewater parameters, but also for hazardous chemicals.

## ACHIEVING AND MAINTAINING STANDARDS

## How do you do it?

Please reference the [How to Higg](#) guide and the ZDHC tools, including the [ZDHC MRSL](#) and [Wastewater Guidelines](#) for more detailed information on good chemical management systems.

- ✓ **DO** assign overall responsibility for chemicals to qualified and trained personnel. This person should be aware of the health and safety risks of chemicals as well as the MRSL and RSL requirements for products and chemical formulations.
- ✓ **DO** maintain and comply with the PVH RSL and the ZDHC MRSL.
- ✓ **DO** maintain test records from raw materials and components (trims, buttons, zippers, labels) suppliers and/or RSL declarations. (PVH testing requirements vary by brand and suppliers should contact their QA representative for requirements and more information.)
- ✓ **DO** Register for the ZDHC Gateway at <https://www.my-aip.com/ZDHCGateway/Login.aspx>.
- ✓ **DO** use the ZDHC Gateway- Chemical Module to identify MRSL compliant chemistries for apparel and footwear production compliant chemicals for production.
- ✓ **DO** receive a valid Safety Data Sheet (SDS) for each chemical formulation and discuss ZDHC MRSL requirements with chemical suppliers.
- ✓ **DO** provide training to employees on proper storage, handling, use and disposal of the chemicals/materials that they work with.
- ✓ **DO** monitor wastewater daily for permit limit requirements.

See the “[Health and Safety Continued: Hazardous Materials](#)” section (pg. 69) of this document for further Dos and Don’ts related to chemicals.

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Current PVH RSL
- RSL related test records. PVH testing requirements vary by brand and suppliers should contact their QA representative for requirements and more information.
- RSL declarations from material suppliers
- 3rd Party Certifications applicable to PVH products or facilities (ex: bluesign, Standard 100 by Oeko-tex, STeP by Oeko-tex etc.)
- Chemical Inventory List (see [Health & Safety Continued: Hazardous Materials](#) section; pg. 78) and Management Plan
- Safety Data Sheets for any and all chemicals on supplier site. [Refer to the [Health and Safety Continued: Hazardous Materials](#) section (pg. 78) for further instructions].
- MRSL compliance declarations or certificates from chemical suppliers for chemicals used in production
- Valid wastewater discharge permits
- Wastewater testing results from the latest required permit analysis.

## TOOLS AND RESOURCES FOR DRIVING POSITIVE IMPACTS:

### AFIRM Chemical Information Sheets:

AFIRM member brands have produced a comprehensive set of educational materials advising suppliers about best practices for chemical management. Each [chemical information sheet](#) covers a chemical or class of chemicals, giving an overview of the substance(s), where they are likely to be found in the material manufacturing process, and how to maintain compliance with the AFIRM RSL. The complete library of chemical information sheets is available on the AFIRM website at <http://afirm-group.com>; additionally, links to individual information sheets are embedded in each chemical group section on the RSL.

### AFIRM Toolkit

Along with the AFIRM chemical information sheets, AFIRM member brands have produced a [supplier toolkit](#) to aid suppliers in implementing an RSL testing and chemical management program. This document, translated in four languages, includes guidance on RSL chemicals, best practices, and corrective actions.

### How to Higg

The [How to Higg](#) is the guide to help you understand and successfully complete the Higg FEM. The guide includes detailed information on the intent of each question and any relevant documents needed to ensure an accurate response and verification.

### ZDHC Gateway

The [ZDHC Gateway](#) is an online tool for chemical suppliers, manufacturers, and brands. It contains two modules:

- The Chemical Module- platform that enables suppliers to find chemical formulations that meet the requirements of ZDHC's MRSL to drive better sourcing decisions.
- The Wastewater Module- an exchange platform that enables suppliers to securely share wastewater data in line with ZDHC's Wastewater Guidelines, with ZDHC brands in the textile, footwear, and leather industry.

All suppliers of PVH products are granted free access to the ZDHC Gateway portal given our brand membership. We encourage our suppliers to register by visiting <https://www.my-aip.com/ZDHCGateway/Login.aspx>.

### ZDHC Academy

The [ZDHC Academy](#) provides brands and manufacturers with ZDHC certified training to improve their knowledge and practice of responsible chemical management. Suppliers are encouraged to create a profile here to attend ZDHC in-person trainings or take online courses.

### PVH DEVELOPED TOOLS AND RESOURCES:

#### PVH RSL CHEMICAL GUIDANCE SHEETS

Suppliers are encouraged to use the PVH chemical guidance sheets to aid in understanding the chemical groups on the RSL and where they may be found along the supply chain. For more information please contact your PVH QA representative.

#### PVH RSL TESTING TOOL AND TEST REQUEST FORM TRF GENERATOR

To aid our suppliers with participation in the PVH RSL Testing Program, PVH has developed an online tool to help suppliers identify RSL testing needs based off of material type, risk, and PVH requirements. This information is used to auto-generate a testing request form (TRF) for our suppliers. As testing requirements vary by brand, please consult your PVH QA representative to see if this tool is available for your products.

## OTHER ENVIRONMENTAL COMMITMENTS

### SUSTAINABLE MATERIALS

PVH is committed to sourcing raw materials more sustainably to minimize social and environmental impacts along the supply chain. Our sustainable materials strategy focuses on sourcing materials with more environmental and social considerations in respect of all materials, including natural, synthetic and animal-based fibers.

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. PVH is taking a portfolio approach to sourcing more sustainable cotton. One of the key ways we are driving sustainable cotton is through our membership in the Better Cotton Initiative and ongoing efforts to procure Better Cotton for our products. We are also pursuing other sustainable cotton alternatives as appropriate for our business.

### ANIMAL WELFARE

We aim to source materials of animal origin in a humane, ethical and sustainable manner with respect to animal welfare, and species conservation. We refer to the "Five Freedoms" concept, promoted by the World Organization for Animal Health (OIE), as the guiding principles for our animal welfare policies. All suppliers are required to comply with PVH's animal welfare policy.

### FUR AND ANGORA:

PVH has discontinued the use of angora in our products. Additionally, animal fur, as defined by Fur Free Retailer, is prohibited and all products containing synthetic fur must be labelled appropriately.

### WOOL:

PVH believes the sheep that produce wool for our products should be treated responsibly and raised on farms that preserve land health. To ensure these standards are met, we are members of the Textile Exchange and we intend to use their Responsible Wool Standard (RWS) wool in our products moving forward. We also will explore other viable standards introduced in the market. PVH opposes the practice of mulesing. We strive to give preference to wool from non-mulesed sheep with the aim of eliminating wool from mulesed sheep from our supply chain in the future. We also have made the decision to remove all mohair products by 2020 due to concerns about its production. In addition, we will explore other standards introduced in the market.

### DOWN AND FEATHERS:

PVH does not allow down and/or feathers from birds that have been live plucked or force fed. We also require that down used in our products be certified by the Textile Exchange's Responsible Down Standard (RDS) to ensure it has been sourced responsibly.

### EXOTIC SKINS:

PVH is committed to sourcing exotic skins in a responsible manner. PVH does not source exotic skins from any endangered or threatened species, as defined by the International Union for Conservation of Nature and Natural Resources (IUCN) in its red list. We strive to improve traceability and collaborate on responsible sourcing practices for exotic skins.



#### **LEATHER:**

All leather must be a bi-product of the meat industry.

Additionally, PVH is actively exploring commercially viable substitutes to animal-based materials that meet the needs of our brands and customers. These changes will take place by the end of 2018 and will be reflected in products that will be in stores and e-commerce sites from 2019 and onwards.

#### **SUSTAINABLE PACKAGING**

Packaging is a large and visible source of waste, yet it also plays a vital role in protecting products for our consumers. In 2016, we launched a sustainable packaging initiative with a view to reduce and send zero waste to landfill. To help pursue this goal, we have created a framework and established guidelines centered on the 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).

As we look forward, we are taking steps to reduce the amount of packaging on our products and use more recyclable materials as part of our larger “Regenerate Materials” focus area. 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.

#### **GREENHOUSE GASES (GHG)**

In 2019, PVH will be building off of prior work and launching new GHG targets as a part of our “Eliminate Carbon” ambition, including,

- PVH’s offices, warehouses and stores will be powered by 100% renewable electricity by 2030
- Reduce GHG emissions in our Scope 1, 2, and 3 emissions by 30% by 2030

As discerned from our targets, our ambition to eliminate carbon extends beyond measuring and reducing energy consumed in our own operations and purchased electricity emissions. We are also committed to measuring and reducing our indirect emissions, 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.

PVH will work with facilities to eliminate carbon in the supply chain by driving adoption of industry measurement tools and scalable solutions through industry efforts and sustainable innovations.

#### **CHEMICALS**

For more information on PVH’s responsible chemical and waste management program, please see the “[Responsible Chemical Management](#)” section (pg. 109) in this document.

## WATER

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. 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 and insights into the lifecycle impacts of our products.

[For more information, please visit PVH's CR Report.](#)

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# OTHER POLICIES

PVH has other policies related to the Code that are explained below.

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# MIGRANT WORKER POLICY & GUIDANCE

## WHAT DOES IT MEAN?

PVH supports the development of an open and robust labor market and believes that migrant workers positively contribute not only to the development of their countries of destination but also to their countries of origin. As such, PVH is committed to ensuring that migrant workers are recruited ethically, live decently and are successfully integrated into the factory workforce and local communities. Due to the conditions associated with global movement of people and current recruitment systems, migrant workers can be disproportionately vulnerable to situations amounting to forced labor, harassment, discrimination, unsafe and unhealthy living conditions, and other human rights abuses. PVH recognizes that monitoring the recruitment practices and employment conditions of migrant workers can be challenging and involves a long-term ongoing commitment. Because of the global nature and complexity associated with the employment of migrant workers, issues involving migrant workers and forced labor can only be addressed through partnership and collaboration with our suppliers. PVH values the insight and cooperation in addressing these issues, and is committed to working with suppliers, factories, facilities and other key stakeholders to address the challenges faced by migrant workers to create positive sustainable impact for both workers and supply chains.

As a condition of doing business with PVH, suppliers, factories and facilities are required to comply with all applicable national and local labor laws and regulations. If the law and guidelines within this policy conflict, suppliers, factories and facilities should comply with the stricter standard. **This policy applies equally to both foreign and internal/domestic migrant workers.**

**If you have any questions about the Policy or Guidance please reach out to your PVH CR representative.**

## DEFINITIONS

**Migrant Worker:** A person who is recruited and migrates from the country he or she inhabits to another country (foreign migrant) or from another location within the same country (internal migrant) specifically for employment.

**Labor Broker:** Any third party involved in the recruitment, selection, hiring, transportation, and/or occasionally in the management of migrant workers. This includes sending/receiving labor brokers. Also referred to as labor recruitment agencies, recruiters or agents.

**Human Trafficking:** “The recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.”<sup>1</sup>

**Forced Labor:** “All work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.” Human trafficking and slave labor are forms of forced labor.<sup>2</sup>

**Bonded Labor:** Labor which involves a worker who is indebted to labor brokers and/or companies through financial debts, loans, deposits, or recruitment fees, which usually garnish most, if not all of their wages.

<sup>1</sup> <https://www.ohchr.org/en/professionalinterest/pages/protocoltraffickinginpersons.aspx>

<sup>2</sup> <https://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm>

## WHAT DO YOU NEED TO DO?

All PVH Vendors, Factories, Facilities, and/or their subcontractors that employ migrant workers are expected to take on the following responsibilities to ensure that they comply with the Code and local laws and to safeguard migrant workers' basic human rights. As part of this commitment, PVH requires factories or facilities that employ migrant workers to implement functional oversight mechanisms and create well-defined policies and/or procedures that outline specific protections for migrant workers that address the unique challenges migrant workers face and as posed by the use of labor brokers, including:

- Human Trafficking
- Forced and bonded labor.
- Recruitment fees.
- Withholding of travel and identification documents.
- Unfair and unequal treatment.
- Unfavorable working conditions.
- Long hours and low wages.
- Unreasonable and/or illegal wage deductions.
- Complying with US sanctions prohibiting the use of labor from North Korea.

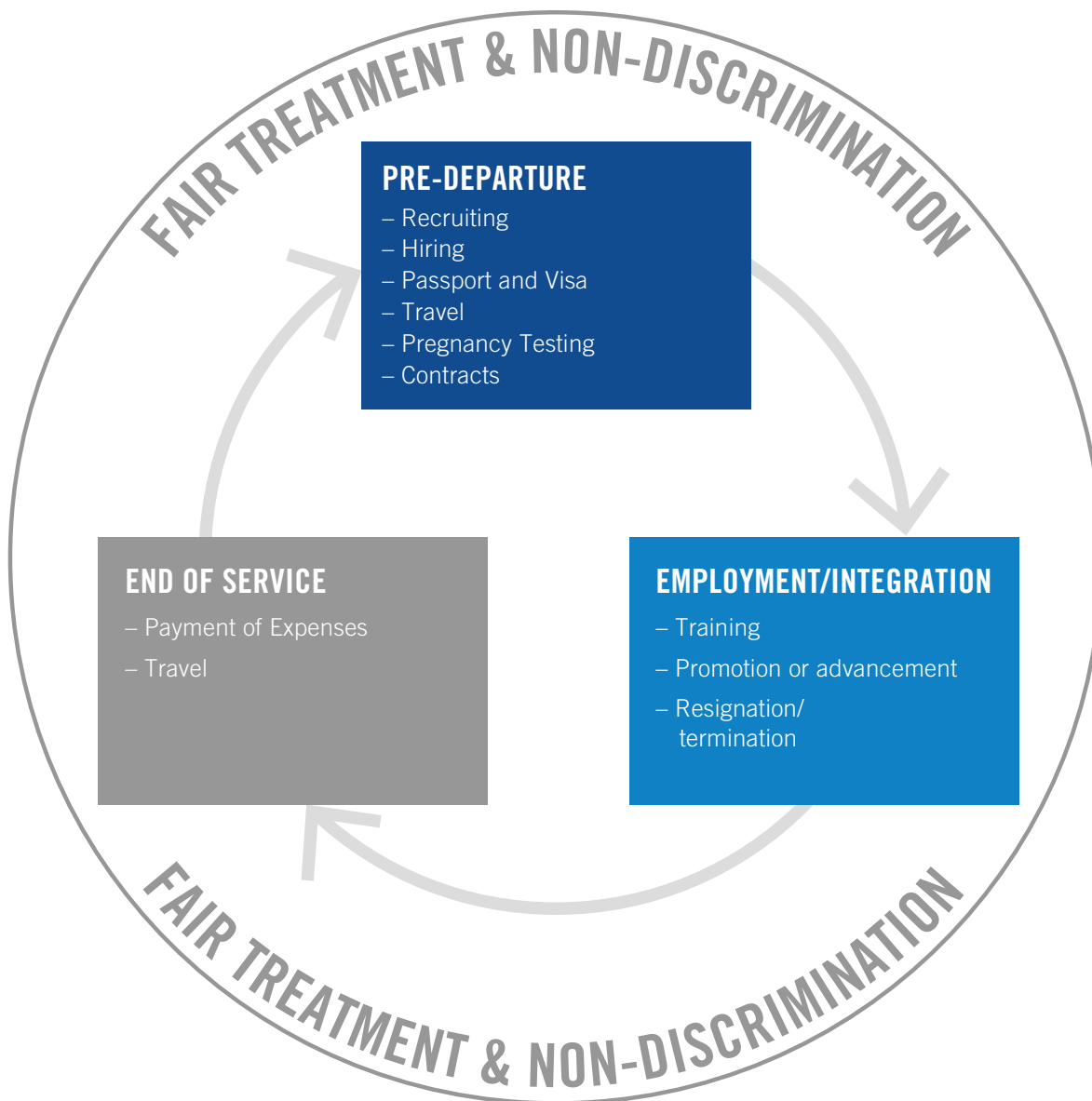
We provide below more detailed examples and instructions of how our supply chain partners can implement these critical policies and procedures throughout the worker life cycle (pre-departure, employment and end-of-service). These include:

- Requiring formal written employment agreements (contracts) that outline the terms and conditions of employment are provided to workers, in a language that workers can understand.
- Ensuring that the terms and conditions of employment meet those outlined in the contract.

Conducting proper due diligence in the selection of labor brokers is conducted to ensure workers are ethically recruited (i.e. no recruitment fees have been charged to the worker in connection with obtaining employment).

It is important to note that, in certain situations, additional protections, procedures or policies may be required to ensure compliance with this Policy.

## MIGRANT WORKER EMPLOYMENT LIFECYCLE



The above figure can be used as a guide to understand the perspective of a migrant worker and develop policies and procedures accordingly.

**FAIR TREATMENT & NON-DISCRIMINATION**

All migrant workers, irrespective of their nationality or employment status, shall be treated fairly and equally and not subject to discrimination at any point during the employment life-cycle namely during recruitment, hiring, promotion, or advancement, compensation, benefits, work assignments, training, discipline and termination.

- ✓ **DO:** Ensure that identical policies and procedures apply to migrant workers and their local counterparts
- ✓ **DO:** Ensure migrant workers have conditions of employment equal to their local counterparts. This includes but is not limited to an equal production environment, residence and eating area (if

provided), working hours, compensation, social and other insurance (except where lawfully required to be different), leaves of absence and benefits (except where lawfully required to be different), and promotion and discipline

- ✗ **DO NOT:** Treat migrant workers favorably or unfavorably due to personal characteristics such as religion, age, disability, gender, race, sexual orientation, caste, marital status, or union or political membership or affiliation.

For more information on PVH's non-discrimination policy please see the "[Non-Discrimination](#)" section (pg. 44).



## PRE-DEPARTURE

**Labor Brokers**

A labor broker is often enlisted by a supplier, factory or facility to recruit or hire migrant workers. If a labor broker is used, the factory or facility is responsible for ensuring that the labor broker fully understands and aligns with PVH's expectations and all legal requirements of the home country of the worker and the country to which they migrate.

**Selection**

- ✓ **DO:** Conduct due diligence on labor brokers involved in the recruitment of migrant workers to ensure that they have the capability and willingness to comply with all legal requirements and PVH policies prior to beginning a new business relationship. If the engagement is presently active, do a post-engagement review to ensure compliance. Due diligence activities can include ensuring that the recruitment agency is licensed in the home country, establishing monitoring systems, etc.
- ✓ **DO:** Communicate directly with the labor broker and conduct on-site reviews to ensure that they:
  - Maintain any legally required licenses and/or permits and is registered with the government, if legally required.
  - Have a history of legal and ethical practices
  - Is contractually committed to abide by PVH's policies and expectations.
- ✓ **DO:** Execute written legally binding service contracts with labor brokers used in the recruitment of migrant workers, in a language both parties can understand, that align with both PVH's policies and all legal requirements. At a minimum, a contract between the labor broker and the factory should include clauses covering:
  - Fees the factory will pay the labor broker
  - Non-discrimination in hiring

- Pre-departure briefing
- Contracts of employment
- Arrival orientation, if applicable
- Supplier/factory's right to audit, if applicable
- Record keeping
- Ethical conduct
- Wages (regular, overtime, and holiday)
- Working hours (regular, overtime and holiday)
- Job description and required job skills
- Contract term including start and end dates
- The prohibition against hiring workers directly from North Korea or through a local North Korean embassy, in violation of U.S. sanctions and our Policy on Branded Merchandise

- ✗ **DO NOT:** Engage with a new labor broker if the due diligence finds that they do not meet or are not willing to meet the requirements outlined in this Policy and Guidance.

**Training:**

- ✓ **DO:** Communicate with and train labor brokers on PVH's policies and expectations specifically with respect to standards on forced labor and ethical recruitment.

**Record-Keeping:**

- ✓ **DO:** Maintain an internal database of labor brokers that have been used.
- ✓ **DO:** Refer to the database when selecting a labor broker in an effort to continually work with those who are in compliance and align with PVH's expectations.

**Ethical Recruitment & Conduct:**

- ✓ **DO:** Have in place a mechanism to ensure that all labor brokers recruit ethically and conduct business in an ethical fashion

RECRUITMENT FEES

PVH maintains a “no fees” policy and suppliers, factories and facilities are required to ensure that migrant workers are not responsible for paying fees or expenses to secure or maintain employment with a factory or facility at any point during the employment life cycle.

Labor brokers frequently charge excessive service fees to migrant workers in exchange for employment placement. It is often required that these service fees, which represent a large and disproportionate portion of the wages paid to migrant workers, are paid by the worker in installments throughout the period of employment. If proper due-diligence is not conducted by the factory or facility throughout the recruitment and hiring process, incidences of forced labor or bonded labor, which are explicitly prohibited, can occur. Depending on the severity of the finding, a finding of recruitment fees during a PVH CR assessment may be considered a Critical Immediate Action issue.

✓ **DO:** Ensure that migrant workers are not responsible for paying fees or expenses to secure or maintain employment with the factory or facility at any point during the employment life cycle. These fees or expenses can be related to the labor broker, factory or facility and incurred as part of application, recruitment, hiring, placement, processing, transportation or re-location. Migrant workers are not responsible for paying the following recruitment fees and expenses including but not limited to:

- PRE-DEPARTURE FEES AND COSTS INCLUDING BUT NOT LIMITED TO:**
- Skills test.
  - Additional certifications.
  - Medical exams/screening/vaccinations if required by the factory, facility or law.
  - Pre-departure training or orientation.
  - Informal labor broker, agent, or intermediary fees and expenses for assistance in recruitment, both one-time and re-occurring.
  - Any other requirements to access the job opportunity.

Definition of recruitment fees is currently based of the Responsible Business Association definition of fees and may be updated upon the release of guidance on recruitment fees from the International Labor Organization (ILO)

DOCUMENTATION/ PERMITS AND ASSOCIATED COSTS OF OBTAINING SUCH DOCUMENTS AND/OR PERMITS:

- New passport/identity documents required for the purposes of obtaining employment, including renewal(s) required for the purposes of retaining employment.
- Visas (including renewals).
- Temporary work or residence permits
- (including renewals).
- Police clearance fee.
- Birth certification fee.
- Certificate of good behavior fee.
- Government fees.
- Insurance.

TRANSPORTATION AND LODGING COSTS (INCLUDING ALL TAXES AND FEES):

- Transportation and lodging costs after the employment offer has been extended and accepted, from the worker's home in the sending country to the port of departure.
- Transportation from sending country to receiving country port of entry.
- Transportation from receiving country port of entry to factory, facility or provided accommodation.
- Airport taxes and fees and border-crossing fees.
- Relocation costs if asked to move once employment has begun.
- Repatriation, or return transportation and reasonable accommodation to the worker's home country at conclusion of employment.

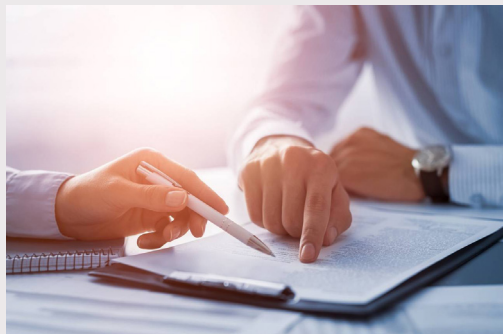
ARRIVAL/ON-BOARDING:

- New-hire training or orientation
- Medical exams/screening

OTHER REQUIREMENTS:

- Deposits and/or bonds (including non-legislated).
  - In the case of a recruitment-related fee or expense that is not outlined herein,
- the worker shall not pay anything that a local worker would not pay.

### Contractual Agreements



Clearly agreed upon and defined terms between factories or facilities and migrant workers or between labor brokers acting on behalf of the factory and migrant workers ensure that the understanding and expectations of both parties is captured in a formal way. Additionally, the execution of contracts breeds compliance as they serve as a pre-written guide on how to run a legal and ethically driven operation. This is particularly useful in the event new and unforeseen circumstances occur.

#### Contract of Employment:

- ✓ **DO:** Prior to migrant workers departing their home country or home location within a country, the factory or facility is responsible for ensuring that:
  - Migrant workers recruited by labor brokers are provided with a written legally binding contract in their native language or a language they understand.
  - Contracts for employment are discussed with the migrant worker by the labor broker on behalf of the factory to allow for clarification and questions (it shall be confirmed by the supplier, factory or facility that this occurred upon worker arrival).
  - In the case of illiterate migrant workers, the contract is thoroughly explained

verbally by the labor broker on behalf of the factory in their native language.

- Contracts are signed by the migrant worker voluntarily (this shall also be confirmed by the supplier upon worker arrival).
  - The labor broker has provided the migrant worker with a hard copy of the contract on behalf of the supplier, factory or facility.
  - Labor brokers provide copies of labor contracts signed by the migrant worker to the supplier, factory or facility and that the contract is legal and does not have any unethical components. Copies shall be readily at the factory or facility at all times.
- ✓ **DO:** Upon arrival at the factory or facility, migrant workers should be provided with a signed copy of their contract.
  - ✗ **DO NOT:** Revise the contract once it has been signed without following the guidance below.
  - ✓ **DO:** If revisions are necessary, obtain the worker's full written consent and understanding before any amendments are made.
  - ✗ **DO NOT:** Make amendments that are less favorable to the worker. In the case that the worker does not agree with the proposed amendment, the worker has the option to voluntarily end their contract without any financial penalty and be repatriated at the expense of the supplier.
  - ✓ **DO:** Ensure the contract aligns with PVH's expectations, all legal requirements, and includes, to the extent legally permissible, clauses that, at a minimum, cover the following elements:

<b>Worker:</b>	<ul style="list-style-type: none"> <li>• Full name.</li> <li>• Address in home country.</li> <li>• Birthdate.</li> <li>• Passport number or equivalent government-issued identification number.</li> <li>• Emergency contact full name, address and details of the preferred contact method of emergency contact (i.e., phone, email, Skype).</li> </ul>
<b>Supplier, Factory, Facility:</b>	<ul style="list-style-type: none"> <li>• Company Name.</li> <li>• Address.</li> <li>• National registration identification number (if legally required).</li> </ul>
<b>Labor Broker Signing the Employment Contract on Behalf of the Supplier, Factory or Facility:</b>	<ul style="list-style-type: none"> <li>• Full name of the individual managing the specific case.</li> <li>• Company name.</li> <li>• Company address.</li> <li>• Details of the preferred contact method of the labor broker signing the contract of employment on behalf of the supplier, factory or facility (i.e., home address, phone, email, Skype).</li> </ul>
<b>Employment Terms</b>	<ul style="list-style-type: none"> <li>• Period of employment/employment start and end date.</li> <li>• Nature of work and the address where it will be performed.</li> <li>• Working hours, including regular and the shift, overtime, maximum allowable working hours, and rest days.</li> <li>• Wage rates, including regular, overtime and holiday.</li> <li>• Estimate of the minimum and maximum (based on upper limit of 60 hours per week) net pay the worker can expect each month.</li> <li>• Description of all deductions including specification of the type and amount of each deductions if exists.</li> <li>• Applicable allowances, bonuses, incentives, or cash compensation.</li> <li>• Applicable leaves and holidays.</li> <li>• Description of additional benefits, including medical and social insurance, accident/injury insurance, emergency, annual leave and any others.</li> <li>• Description of line-itemed anticipated wage deductions with numerical estimates.</li> <li>• Provisions of contract renewal, if applicable.</li> <li>• Description of repatriation and costs.</li> <li>• Provisions for voluntary early termination of contract by worker with and without notice.</li> <li>• Grounds for involuntary termination by the factory.</li> <li>• Explanation of living conditions and costs (if applicable) for accommodation, meals, and transportation.</li> <li>• Description of payment practices, including methods, frequency, and pay slips.</li> <li>• Prohibition of recruitment fees.</li> <li>• Identification of document retention and safekeeping.</li> </ul>

## EMPLOYMENT AND INTEGRATION

## Identification and Travel Documents

- ✗ **DO NOT:** Maintain ownership, require the handing over of, or withhold access to personal and travel documents at any point during the employment term, except for the purpose of copying documentation for legal purposes upon initial arrival or for legally required government approvals. In the event the factory or facility does procure personal travel or identification documents upon initial arrival, the documents must be returned to the worker upon completion of the legally mandated task.
- ✓ **DO:** Ensure that migrant workers have at all times control over and ownership of personal documents, such as their passport, visa, government issued or other form of identification, travel documents and otherwise.
- ✓ **DO:** Provide optional private and lockable storage to the worker for personal and travel documents and make this storage accessible to workers at all times without restriction or notice to the factory or facility.
- ✓ **DO:** If legal requirements mandate that the factory store the documents on the worker's behalf or if the worker requests this, keep a written record where the worker grants permission and you commit to keep the documents safe and return them within 12 hours upon request. Provide a copy of the written record to the worker in their native language or a language they can understand.

## Worker Training

- ✓ **DO:** Train migrant workers upon hire and annually on factory policies and procedures.
- ✓ **DO:** Provide training (including written content or entirely verbally shared content in the case of illiterate workers) to all migrant workers in their native language unless they are fluent in the local language.
- ✓ **DO:** Cover training topics important for migrant workers to understand their specific rights, including but not limited to:
  - Forced labor
  - Use of labor brokers
  - Recruitment fees
  - Travel documents
  - Identity Documents and safekeeping
  - Working conditions
  - Contract termination and repatriation
  - Freedom of Movement
- ✓ **DO:** Clearly document training, noting attendees, date, time, and topics covered.
- ✓ **DO:** Maintain a training document with all attendee signatures acknowledging attendance and understanding of content.
- ✓ **DO:** Ensure that training documentation, as well as all training materials, can be easily accessed by PVH personnel and designated auditors.

**Freedom of Movement and Harassment and Abuse**

- ✓ **DO:** Ensure that migrants are free to return their home country during times of annual or personal leave without having to pay a deposit, threat of termination or other type of penalty.
- ✗ **DO NOT:** Restrict freedom of movement within the factory or residences (if provided).
- ✗ **DO NOT:** Allow harassment or abuse (whether physical or mental) at any time.

**Savings Programs**

- ✓ **DO:** Keep in mind that while PVH encourages workers to make responsible financial decisions, they should be made and managed independent of the supplier, factory or facility.
- ✗ **DO NOT:** Have forced worker savings programs or deposits in place for the purpose of workers saving their money, unless required to do so by applicable national or local law.
- ✓ **DO:** If savings programs are legally required, workers shall have direct control of their savings accounts and unrestricted access at all times.

**Grievance Procedures**

- ✓ **DO:** Have in place a mechanism that is written or explained in language migrant workers can understand that allows them to report grievances confidentially and anonymously without fear of intimidation or retaliation.
- ✓ **DO:** Ensure written procedures for filing, recording, and follow-up of migrant worker grievances are kept.
- ✓ **DO:** Communicate resolution of grievances to workers and permit them to appeal.
- ✓ **DO:** Be fully transparent in the follow-up process and response to worker suggestions or complaints (e.g. posting the management responses and follow-up actions).
- ✓ **DO:** Ensure that grievance procedures and applicable rules are known to migrant workers and all procedures and rules are posted in easily identified areas (e.g. near suggestion boxes).

## END OF SERVICE

## Repatriation

- ✓ **DO:** In addition to any legal requirements of the host country and country of origin regarding repatriation of migrant workers, at the completion of the employment relationship or earlier upon termination of employment, a return air ticket land transport ticket and other reasonable expenses shall be provided to migrant workers.
- ✗ **DO NOT:** charge workers any fees or penalties if the worker voluntarily terminates his/her contract and provides full notice period per local law, or if the worker terminates contract due to abuse or threat to safety.
- ✗ **DO NOT:** Pay for repatriation or related fees if the worker:
  - Is involuntarily terminated by the factory due to illegal or grossly inappropriate conduct or as per the terms of the internal disciplinary policy.
  - Obtains other legal employment within the country
- ✓ **DO:** Pay repatriation costs for the migrant worker where:
  - The supplier, factory or facility breaches a material term of the employment contract
  - Termination occurred due to supplier abuse, harassment or grossly unfair treatment



## DOCUMENTATION

Proper documentation is a key component for suppliers, factories and facilities in providing evidence of compliance with legal and PVH standards. Furthermore, keeping honest and accurate records that can be conveniently accessed confers benefits to business in that they lead to greater efficiency and effectiveness in human resource and operational management.

- ✓ **DO:** Ensure that the following files and documents are readily accessible to PVH personnel and designated auditors at any point in time:
  - A list of all migrant workers by first and last name, including a total count.
  - For every worker:
    - Country of origin.
    - Position or role of work.
    - Period of employment, including start and end date (if applicable).
    - Copies of worker visas, passports, emergency contact information.
    - The labor broker or related agency name, contact, date of hire, length of contract (if applicable)
- All worker/factory employment contracts/agreements.
- Human resources documents that incorporate the legal and PVH CR requirements, including policy and procedural guidance, an Employee Manual, and beyond.
- Accurate and honest voluntary overtime sign-up logs.
- Contracts with labor brokers and related agencies.
- Worker agreement to follow factory rules and regulations.
- Evidence of factory payment of reimbursement (if applicable) of recruitment fees and associated costs. Receipts of fees paid by workers (if applicable).

## BEST PRACTICES

- ✓ **DO:** If a worker is legally required to pay recruitment fees directly or it is not possible to avoid them paying these fees or those outlined in the Recruitment Fees section of this document, the factory should reimburse these fees as soon as possible and no later than 90 days after employment begins
- ✓ **DO:** Ensure that reimbursement payments provided are clearly documented and shared with the worker, including the conditions of payment.
- ✓ **DO:** Communicate and enforce a non-retaliation policy forbidding discrimination or retaliatory action against a worker who is transparent about any recruitment-related fees paid or requested
- ✓ **DO:** Reimbursement payments provided are clearly documented and shared with the worker, including the conditions of payment.
- ✓ **DO:** Communicate and enforce a non-retaliation policy forbidding discrimination or retaliatory action against a worker who is transparent about any recruitment-related fees paid or requested

# HOSTEL, DORMITORY AND SHARED SPACES

## WHAT DOES IT MEAN?

Hostel, dormitory and shared spaces such as bathrooms, washing and bathing facilities, cooking and eating areas, and common areas are regularly occupied and utilized by workers. These spaces serve as an extension of the factories' workplace as they are often continuously in use as a result of workers' differing schedules.

## WHAT DO YOU NEED TO DO?

Every worker has a right to clean, fair and safe living environments, including shared spaces. These spaces present unique risks that the factory must account for and manage. In general, factories must provide:

- Adequate management and maintenance to cover living and shared spaces.
- Health and safety standards that meet or exceed that of the factory as applicable.
- Suitable fire safety measures such as holding emergency evacuation drills and making fire extinguishers available in the quantity and type required.

## KEY TERMS

**Dormitory/Hostel:** A section of a building or an entire building that is used for sleeping and as a personal space for workers. This includes the toilet, washing and bathing facilities, cooking and eating areas, and common spaces contained within the building.

**Eating or Cooking Area:** A section of a building or an entire building that is used for the cooking, preparation and serving of food for workers. It can also refer to dining areas for workers.

## ACHIEVING AND MAINTAINING STANDARDS

**How do you do it?**

In order to meet requirements for living and shared facilities, factories should align their practices with the following:

- ✓ **DO** provide a supervisor and/or warden for each dormitory and shared area.
- ✓ **DO** maintain a register book in the dormitory with all worker information, contact details and other emergency contact information.
- ✓ **DO** have management post in the dormitory important contact numbers like hospital, police and fire station in a language workers can understand.
- ✓ **DO** ensure that wardens/security guards are present at the dormitory areas 24 hours a day, 7 days a week.
- ✓ **DO** provide transportation to and from the dormitory if there is reasonable concern for the personal safety of the workers.
- ✓ **DO** ensure easy and safe access to clean drinking water in the dormitory.
- ✓ **DO** have written Security policies regarding the use of Security Personnel (if applicable) at the dormitory. Be sure that the policies include proper protocols for employee searches, crisis situations, and security services for the dormitory.
- ✓ **DO** notify and train wardens/ Security Personnel (if applicable) at the dormitory, on their role and responsibilities at the housing facility, and appropriate actions during the course of their work.
- ✗ **DO NOT** impose unreasonable curfews in dormitories that restrict the movement of workers during their leisure time (curfews should be agreed upon by residents to be reasonable for personal safety).
- ✗ **DO NOT** restrain freedom of movement of workers (e.g. restricting movement within the dormitory), or deny access to water, food, or medical care as a means to maintain discipline.
- ✓ **DO** ensure that the dormitory is separated by gender. Male workers should not be allowed to enter the female floor and vice versa.

**General**

- ✓ **DO** ensure that all dormitories are located in a different building than where the supplier's production takes place. Additionally, ensure that the building is used solely as a dormitory facility.
- ✓ **DO** keep both the dormitory and surrounding location safe and clean. Specifically, ensure that all health and safety requirements outlined in the "[Health and Safety](#)" sections beginning on pg. 66 and throughout this document are met.
- ✓ **DO** maintain a building that is structurally sound. The structure should comply with applicable building code and/or laws pertaining to structural safety or this standard, whichever is stricter.
- ✓ **DO** encourage the establishment of a residential committee in factory dormitories to engage with factory management on issues impacting workers' living conditions.
- ✗ **DO NOT** store hazardous materials used in the production process in the dormitory and any connected buildings.

**Sleeping Areas**

- ✓ **DO** provide the residents with sleeping and common areas that are clean, safe, well-lit and adequate in space.
- ✓ **DO** use doors and windows for the sleeping quarters that are fitted with appropriate locking devices and mosquito screens where conditions warrant them.
- ✓ **DO** provide adequate comfort heating, ventilation or air conditioning in hot or cold climates.
- ✓ **DO** establish and maintain procedures for the sanitary collection, storage and disposal of waste.
- ✓ **DO** ensure that each worker in the dormitory has at least 30 square feet (2.8 square meters) of living space or the amount required by local law, whichever is more stringent.
- ✓ **DO** provide each worker with their own individual mats or beds with sufficient padding.
- ✓ **DO** provide workers with their own secured storage space for their clothes and personal possessions.
- ✓ **DO** provide laundry facilities.
- ✗ **DO NOT** use triple-deck bunk beds. Only double-deck bunk beds or single beds are allowed.
- ✗ **DO NOT** allow dormitory rooms to have more than eight (8) individual occupants.

**Bathroom and Shower Facilities**

- ✓ **DO** provide, at a minimum, at least one (1) toilet per ten (10) residents. Lavatories should be segregated by sex unless it is a single stall with complete privacy and lock.
- ✓ **DO** ensure that there is, at a minimum, at least one (1) shower or bathing facility per ten (10) residents. These should be segregated by sex.
- ✓ **DO** keep the bathrooms clean, well lit, stocked with toilet paper, and with a sufficient place for bathing and a wash basin.
- ✓ **DO** clean and sanitize the toilet and shower facilities at least once daily.
- ✓ **DO** make hot and cold water available for showering and washing at all times.
- ✓ **DO** ensure that the shower and bathroom floor are made of anti-slip, non-absorbent washable materials.
- ✓ **DO** maintain a maximum separation distance from living quarters to toilet/shower facilities of 165 feet/50 meters.

**Eating and Food Preparation Areas**

- ✓ **DO** keep the kitchen and cafeteria (if present) clean and safe.
- ✓ **DO** maintain a cafeteria that has sufficient seating to accommodate all employees.

**Fire Safety**

- ✓ **DO** provide at least two exits on each floor and ensure that these exits lead to a safe location.
- ✓ **DO** keep halls and exits clear of obstruction and ensure they allow for a safe and rapid evacuation in the case of fire or other emergencies.
- ✓ **DO** post in the sleeping areas directions for evacuations in the case of fire or other emergencies written in a language that workers can understand.

- ✓ **DO** make sure that Fire Extinguishers are accessible in sleeping areas and that residents do not have to travel a distance of more than 75 feet (22.86 meters) to access a fire extinguisher.
- ✓ **DO** conduct fire drills for all residents at least 4 times a year. If the dormitory is shared by other people, a joint fire drill should take place. A safe and convenient assembly point should be identified.
- ✓ **DO** provide at least 1 smoke detector per floor. If the dormitory hallway is open / not enclosed, 1 smoke detector in each dormitory room is required.
- ✓ **DO** have in place an automatic smoke detection system that activates notification alarms in the following areas:
  - Common spaces outside of sleeping and dwelling area(s).
  - Laundry room(s).
  - Room(s) with cooking and mechanical equipment.
  - Storage room(s).
  - Interior corridors of sleeping and dwelling area(s).
- ✓ **DO** inspect, test and maintain the smoke detection system according to local law or in accordance with [National Fire Protection Association \(NFPA\) 72: National Fire Alarm and Signaling Code](#), Chapter 10 in the absence of local law. All systems should be inspected and tested at least annually unless they require different inspection or testing frequency.
- ✓ **DO** install and maintain single or multiple-station smoke alarms on the ceiling or wall outside of each sleeping area in the immediate vicinity of bedrooms and in every room used for sleeping purposes.

- ✓ **DO** interconnect the fire and smoke alarm systems in such a manner that the activation of one alarm will activate all of the alarms in the individual unit (applicable where more than one smoke alarm is required to be installed within a unit by law or code).
- ✓ **DO** ensure that smoke alarms are primarily powered by building wiring served by a commercial source and are equipped with a battery backup.
- ✓ **DO** inspect and test at least monthly single or multiple-station smoke alarms in accordance with the manufacturer's instructions.
- ✓ **DO** have in place an audible fire alarm (interconnected to a centralized alarm system if applicable/required) that can notify all impacted persons.
- ✓ **DO** inspect and test the alarm system in accordance with local law, or in absence of local law, in conformance with [National Fire Protection Association \(NFPA\) 72 – Chapter 10](#).
- ✓ **DO** have in place emergency lighting in all exit pathways including stairways and illuminated exit signs that are located at each exit.
- ✓ **DO** ensure that all emergency pathway and exit lighting has a back-up power source (i.e. battery) that will keep them illuminated in the event of a power outage.
- ✓ **DO** provide at least one (1) properly stocked First Aid kit for every 50 workers.
- ✓ **DO** train workers in first aid to handle emergencies within the dormitory.
- ✓ **DO** post “No smoking” signs in the dormitory.
- ✗ **DO NOT** allow smoking in the dormitory.
- ✗ **DO NOT** store hazardous and combustible materials or other chemicals near or in the dormitory or the building connected to sleeping quarters.

Dormitory electrical safety should meet the requirements of the “[Hazardous Energy and Electrical Safety](#)” standards for facilities outlined in these guidelines.

## DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. Suppliers must keep the following documents on file and available to auditors and other authorized personnel:

- PVH hostel or dormitory policies.
- A register book with all worker information, contact details and other emergency contact information.
- Postings with important contact numbers like hospital, police and fire station
- Policies regarding the use of Security Personnel (if applicable) at the dormitory.
- Valid building permits or required certificates.
- Building maintenance and cleaning records.
- Smoke detector and fire alarm testing records.
- Fire drill records, including date, time, attendee names and total time it took for complete evacuation.
- Fire drill and emergency training policies.
- Fire drill and emergency evacuation instruction postings.

## BEST PRACTICES

- Provide common area and recreational space in dormitories in hostels.
- Implement a worker hotline that can handle sensitive grievances such as harassment and abuse. The hotline should allow workers the ability to file a grievance anonymously if so desired.
- Survey workers periodically to ensure that their movement is not being restricted in dormitories. This will help to determine whether management needs more training on Forced Labor policies and procedures.

# UZBEKISTAN AND TURKMENISTAN COTTON POLICY

## WHAT DOES IT MEAN?

In September 2011, PVH made an ongoing public commitment through the Responsible Sourcing Network, to not knowingly source cotton from Uzbekistan in effort to stop the use of child labor and forced labor in the country's cotton fields. PVH requires that its suppliers (mills and factories) also adhere to this commitment by not using Uzbekistan cotton in any product produced for PVH brands – Calvin Klein, Tommy Hilfiger, Van Heusen, Izod, Arrow, Speedo, Olga and Warner's. PVH along with more than 60 U. S. and European brands have committed to maintain the pledge until the elimination of these practices in the cotton industry of Uzbekistan is verified by the International Labour Organization.

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## THE PVH PLEDGE

WE, THE UNDERSIGNED COMPANIES ARE WORKING TO ENSURE THAT FORCED CHILD AND ADULT LABOR DOES NOT FIND ITS WAY INTO OUR PRODUCTS. WE ARE AWARE OF REPORTS DOCUMENTING THE SYSTEMIC USE OF FORCED CHILD AND ADULT LABOR IN THE HARVEST OF COTTON IN UZBEKISTAN. WE ARE COLLABORATING WITH A MULTI-STAKEHOLDER COALITION TO RAISE AWARENESS OF THIS VERY SERIOUS CONCERN, AND PRESS FOR ITS ELIMINATION.

AS A SIGNATORY TO THIS PLEDGE, WE ARE STATING OUR FIRM OPPOSITION TO THE USE OF FORCED CHILD AND ADULT LABOR IN THE HARVEST OF UZBEK COTTON. WE COMMIT TO NOT KNOWINGLY SOURCE UZBEK COTTON FOR THE MANUFACTURING OF ANY OF OUR PRODUCTS UNTIL THE GOVERNMENT OF UZBEKISTAN ENDS THE PRACTICE OF FORCED CHILD AND ADULT LABOR IN ITS COTTON SECTOR. UNTIL THE ELIMINATION OF THIS PRACTICE IS INDEPENDENTLY VERIFIED BY THE INTERNATIONAL LABOR ORGANIZATION, WE WILL MAINTAIN THIS PLEDGE.

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**WHAT DO YOU NEED TO DO?**

As we continue our pledge to ban Uzbekistan cotton from our products, PVH mandates that our business partners act responsibly and ensure that the origin of their cotton is sourced outside of the country of Uzbekistan. We understand that the cotton supply chain is complex and that tracing the origin of cotton in finished products is very difficult. However, we are asking our suppliers to make their best efforts to trace their cotton sources and ensure that Uzbek cotton is not used in any PVH product.

PVH will investigate thoroughly any allegations of Uzbekistan usage in our products. Confirmed use of Uzbekistan cotton in any of our products will have a serious impact on the business relationship and may lead to termination of the business relationship.

PVH is committed to maintaining a supply chain that is free of both child labor and forced labor.

More info is available here: [sourcingnetwork.org/cotton/](https://sourcingnetwork.org/cotton/)

In addition to this restriction on cotton sourced from Uzbekistan suppliers shall not incorporate cotton sourced from Turkmenistan or textiles produced using Turkmen cotton into any PVH products or components thereof. In addition, suppliers shall not invest in the cotton sector in Turkmenistan or purchase any textiles for PVH products or components thereof from a mill that sources cotton from Turkmenistan without PVH's prior approval. To the extent that other countries present similar issues, PVH CR reserves the right to apply this policy to other relevant countries.

# RESPONSIBLE RETRENCHMENT POLICY

## WHAT DOES IT MEAN?

Retrenchment occurs when the employer has bona fide economic, technological, structural or similar reasons to reduce the size of the workforce or close altogether. PVH requires suppliers to have a formal policy regarding all aspects and modes of termination and retrenchment in order to alleviate any adverse impact on workers.

## WHAT DO YOU NEED TO DO?

Retrenchment involves a unique set of challenges and potential negative impacts that must be mitigated wherever possible. In general, suppliers must:

- Have in place a formal written policy governing all aspects and modes of termination and retrenchment.
- Maintain proper and accurate records in relation to termination and retrenchment.
- Consult any worker representatives accordingly in advance of making final decisions.
- When factories are faced with major changes in production, program, organization, structure, or technology and those changes are likely to result in temporary or permanent layoffs, employers shall communicate any alternatives to retrenchment that have been considered and consult any workers' representatives as early as possible with a view to averting or minimizing layoffs.
- Where temporary or permanent layoffs are unavoidable, a plan should be developed, implemented, communicated and posted that mitigates the adverse effects of such changes on workers and their communities.
- The plan should be clearly communicated and posted, and include feedback channels for workers to ask questions and clarifications.

ACHIEVING AND MAINTAINING STANDARDS

How do you do it?

- ✓ **DO:** When PVH CR, PVH sourcing and the supplier have come to a general mutual agreement on the exit strategy/timeline, the following general information should be shared with PVH CR and sourcing:
- Determination and a report regarding impacts of exit on workforce (i.e., partial terminations, full closure, etc.).
  - Report on whether the supplier will look for new customers to fill the space.
  - If a closure is anticipated, provide the estimated date of closure.
  - If terminations only, disclosure of number of workers that will be terminated.
  - A retrenchment plan regardless of terminations vs. full closure. Note: This is not the same as a production exit strategy – this is specific to workers.

- Timeline for notification of the workers.
- Determination of financial implications of terminating the workers legally (exact amounts on what the workers are entitled to and/or owed).
- Determination whether the supplier has the financial capacity to meet all requirements.
- Report on whether the supplier owner will agree to have regular updates with the PVH CR and Sourcing point persons on whether the strategy is working or not. This includes being proactive about challenges they are facing.
- Report on whether the supplier owner will agree to an exit interview with the PVH CR team about the supplier's relationship with PVH.
- Confirmation that all amounts due to workers have been paid.

All suppliers should review and follow the guidance found in the “[Responsible Retrenchment](#)” appendix (pg. 142).

PVH COMMITMENT TO RESPONSIBLE EXIT

PVH reserves the right to exit a factory in circumstances of reasonable commercial considerations. In the event that a decision is made to exit a factory for business reasons, PVH will engage with the factory to exit responsibly so as to mitigate potential adverse impacts to workers in accordance with PVH RESPONSIBLE EXIT STANDARD OPERATING PROCEDURE. To exit responsibly, PVH will provide adequate notice of the exit plan and timeline, based on an analysis of the PVH business as a percentage of the factory's production capacity, so that the factory has sufficient time to identify other business partners to fill production lines and minimize the possibility of retrenchment. If applicable, PVH will also endeavour to support the factory to enable them to conduct retrenchment in a responsible manner.

# ABRASIVE BLASTING

## WHAT DOES IT MEAN?

Abrasive blasting is a finishing technique used to give garments, in particular denim, a used or worn-out look. When abrasive blasting is used, rigorous work practices must be in place to protect workers from potentially serious harm resulting from exposure to silica (a compound found in sand and in trace amounts in other abrasives).

PVH is committed to eliminating harmful exposures in the manufacturing of PVH products. Due to the fact that these rigorous practices to control the exposure to silica may not be uniformly applied in the supply chain and due to the serious nature of the health effects of exposure to silica, PVH has banned all forms of abrasive blasting for its suppliers.

## WHAT DO YOU NEED TO DO?

Suppliers must remove all equipment and abrasive materials from manufacturing sites as well as ensure that no subcontractor's uses abrasive blasting in manufacturing of PVH products.

ACHIEVING AND MAINTAINING STANDARDS

How do you do it?

- ✓

**DO** have a written policy stating that abrasive blasting is not permitted.
- ✓

**DO** identify, dismantle and make non-operational all abrasive blasting equipment.
- ✗

**DO NOT** allow subcontractors to use abrasive blasting as a finishing technique. Factory should have a process to verify subcontractors are not using abrasive blasting.

KEY TERMS

- Abrasives:** A solid substance that may contain crystalline silica, even in trace amounts. Common abrasives include sand, aluminum oxide, garnet, aluminum silicate, copper slag, iron slag, etc.

**Abrasive Blasting:** One of a number of finishing techniques used to create a worn look for denim and other apparel products. This process is characterized by using compressed air to accelerate a solid abrasive.
- Abrasive Blasting Equipment:** Machinery and tools used in the abrasive blasting process, including blasting cabinets, hopper bins, and spray hoses.

DOCUMENTATION

Proper documentation is important for providing evidence of compliance with the law and the standards above. You must keep the following documents on file and available to auditors and other authorized personnel:

- Declarations or other evidence from subcontractor’s that they do not use abrasive blasting in finishing processes.

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# APPENDICES

**APPENDIX 1: SOURCE TO STORE DIAGRAM.....147**

**APPENDIX 2: LEVEL DEFINITIONS GUIDANCE FOR  
ACCESSORIES AND FOOTWEAR PROCESSES .....148**

**APPENDIX 3: OBSERVATIONAL INDICATORS OF HIGH RISK.....149**

**APPENDIX 4: PVH ZERO TOLERANCE ISSUES.....151**

**APPENDIX 5: NON CODE OF CONDUCT ISSUES .....152**

**APPENDIX 6: PVH CRITICAL – IMMEDIATE ACTION ISSUES .....154**

**APPENDIX 7: GUIDING PRINCIPLES & PVH PARTNERSHIPS .....156**

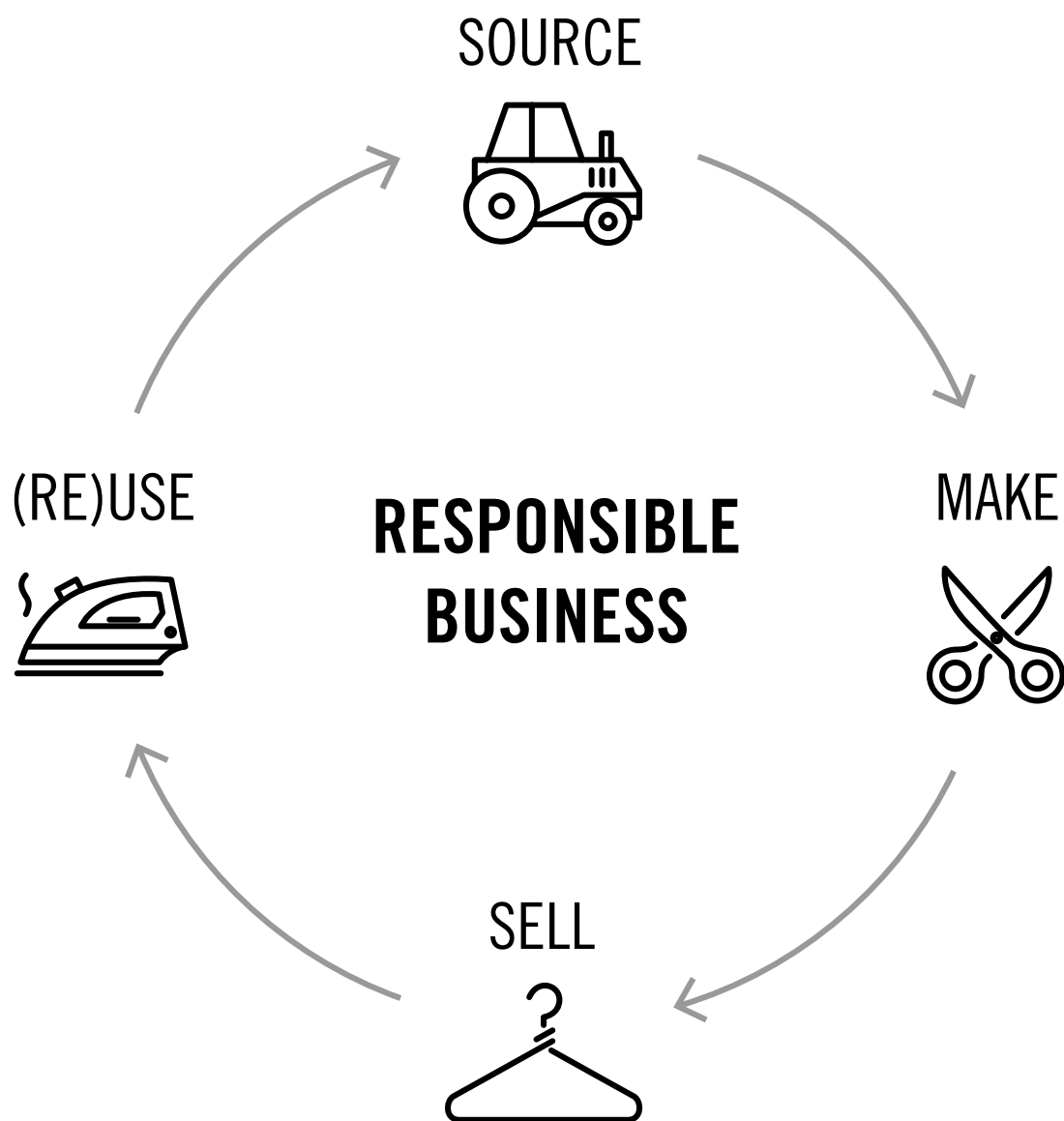
**APPENDIX 8: ROOT CAUSE GUIDANCE .....161**

**APPENDIX 9: RESPONSIBLE RETRENCHMENT .....169**

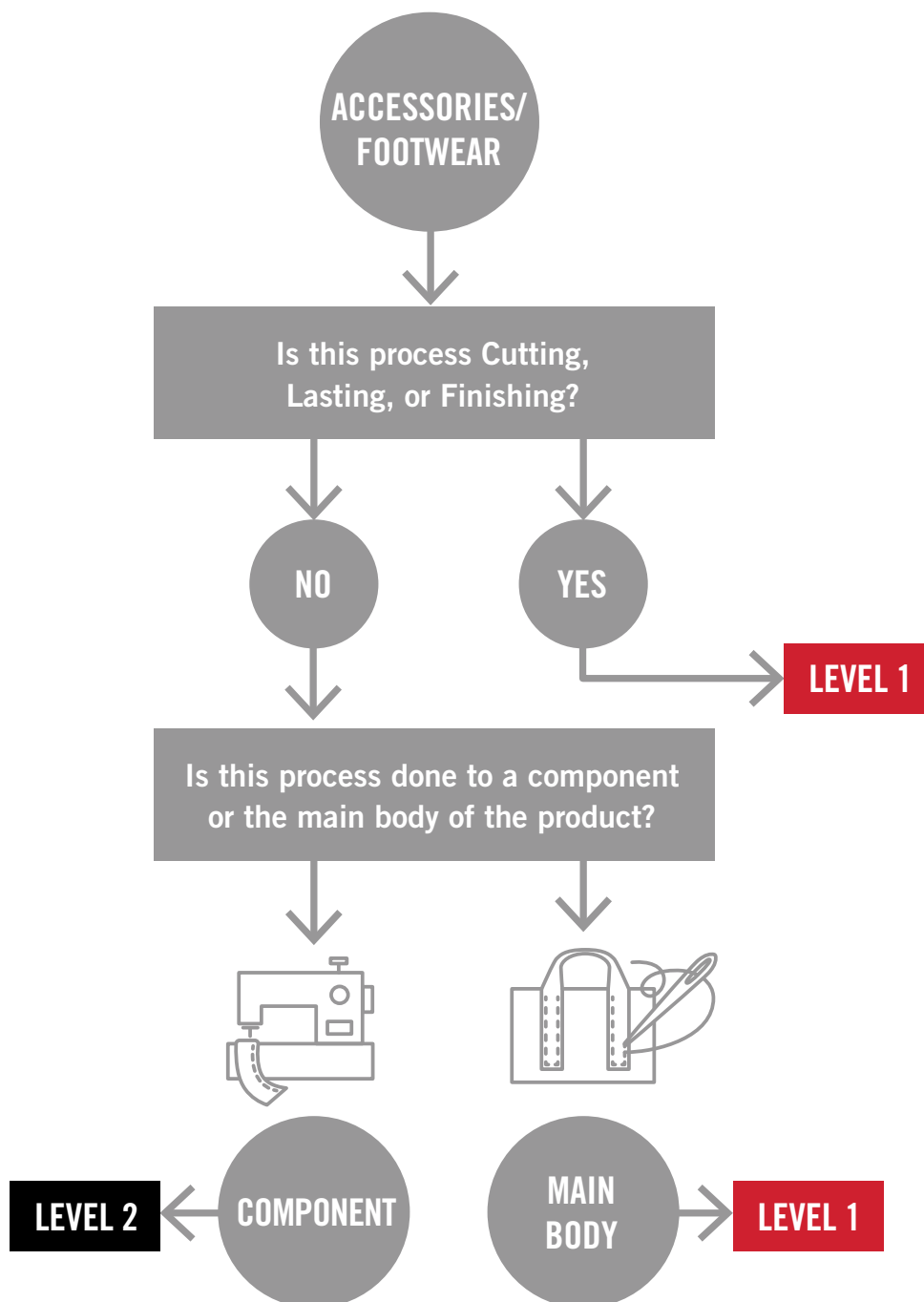
**APPENDIX 10: RESTRICTED COUNTRY LIST .....173**

**APPENDIX 11: REFERENCES .....175**

## APPENDIX 1: SOURCE TO STORE DIAGRAM



## APPENDIX 2: LEVEL DEFINITIONS GUIDANCE FOR ACCESSORIES AND FOOTWEAR PROCESSES



**Note:** A PVH CR representative will review and determine the scope of assessment and level definitions as relevant during the factory onboarding process



## APPENDIX 3: OBSERVATIONAL INDICATORS OF HIGH RISK

Human rights abuses and other ethical violations are difficult to detect by sight alone. The issues listed below, however, serve as visual and auditory cues of the presence of a potentially serious problem. This list is not exhaustive. Therefore, PVH associates and representatives of Supply Chain Partners must use their own judgment and also raise any additional issues that in their view represent instances of unsafe or unethical behavior.

### Subcontracting and Homework:

- Unfinished garments in bags or boxes that do not contain information of their source or ultimate destination.
- Workers packing large bags into their car or simply walking out of the factory or facility with them.
- Absence of work areas within the factory that is necessary for manufacturing of the product (for example, no cutting area, no pressing area, no washing or embroidery in instances where these are needed).
- Producing beyond its perceived production capacity.

### Child Labor:

- Younger looking employees viewed on the work floor and in the dormitory.
- Children present with parents on the work floor (working or not).
- Separate or unmarked rooms filled with young looking workers.
- Young looking workers running out of a room or out of factory when PVH representatives arrive.

### Forced Labor and Restricted Freedom of Movement:

- Armed guards present in the factory.
- Workers working during breaks and working late at night (e.g. after midnight).
- Instances of migrant workers paying recruitment fees in connection with obtaining or maintaining employment at the factory or facility.
- Passports and other personal documents are being withheld from workers and workers do not have free access to them.

### Discrimination:

- Posted policies that are discriminatory in nature.

### Hostile Work Environment:

- Supervisors yelling or using derogatory language to address employees.
- Posters with threatening language.
- Employees appearing to be unduly nervous or scared (e.g. avoiding eye contact with you, leaving their work stations when you approach them).
- Physical penalties observed, such as workers made to stand or otherwise reprimanded for poor work quality or making mistakes.

### Freedom of Association and Right to Collective Bargaining:

- Postings discouraging workers to organize or speak to the union representative.
- Workers striking outside.
- Any strikes that have occurred since the last assessment or for new factories, within the last two years.<sup>3</sup>
- Terminating workers for attempting to form a union or generally exercising their right to freedom of association.

### Wages and Work Hours:

- Signs that workers may be working excessive hours include tired looking employees, employees found sleeping on the work floor, working late at night and/or weekends, or working through lunch or rest breaks.
- Factories asking for advanced payments implying financial issues.
- Factories bidding unusually low rates for contracts implying financial issues.

### Occupational Health and Safety:

- Potential risks to life and limb.
- Locked or inaccessible exit doors preventing egress and constituting a potential fire hazard.
- Factories located in an unsafe building, such as a tenement.
- Evidence of a serious accident in the factory, e.g., an employee dying while at work, or suffering a serious amputation while operating one of the machines, or suffering from exposure to chemicals.
- A fire in the factory or visible evidence of structural damage.
- Products being manufactured in a building that also contains dormitory facilities.
- Workers sleeping in the factory.
- Experiencing a burning sensation in the eyes while walking through the factory.
- Incidents of mass fainting.

### Environment:

- Burning waste, including plastic material, onsite.
- Absence of a water drainage or waste management plan.
- Direct discharge of untreated water into sewers or waterways.
- Hazardous waste not properly marked or stored away from the production area.

### Other observations:

- Reported or observed corrupt or illicit practices, including bribery.
- Political or social upheaval in the country, e.g. coup, workers striking, brink of conflict/war, danger of guerrilla activities or endemic street violence and protests.
- Natural disasters (e.g., earthquake, flood, fires, hurricane, typhoon, etc.) in the country or region where our factory is located that could potential disrupt PVH business.
- Work or non-work related fatality on or off factory premises.
- Reported or observed public information/media report on sub-standard working conditions or, illegal activities in any facility where PVH production is alleged to be taking place.
- Media and/or activists interviewing workers/ management or filming in or around the factory.
- Reports of violence against workers.
- Factory is locked or closed upon arrival.

<sup>3</sup> Better Work factories must follow Better Work policy on strikes.

## APPENDIX 4: PVH ZERO TOLERANCE ISSUES

The below is a list of findings that are considered Zero Tolerance issues which are extremely serious and will impact supplier CR ratings. PVH reserves the right to immediately and permanently discontinue business with any supplier that is found to have zero tolerance issues.

- Factory does not have a valid factory license/ permit (provided by appropriate government authorities) to operate where one is required by law, or appropriate evidence has not been provided indicating that an application has been submitted.
- Factory employs workers below the age required for compulsory education or younger than the legal minimum age or international standard (whichever is stricter).
- Factory uses forms of forced labor – including prison labor, trafficking, slavery, and indentured workers – in which workers' freedom of movement, ability to willingly leave work, and human rights are denied or severely restricted.
- Factory management permits or condones, in its day-to-day running of business operations, sexual, physical or psychological harassment or abuse.
- Factory acts deliberately to prohibit workers from exercising their rights to freedom of association or collective bargaining by taking actions such as requiring workers to sign letters agreeing to not organize, terminating or taking adverse actions against workers who demonstrate interest in organizing, or blacklisting unionized workers.
- Factory is using a building space that is part of a multi-story building that is not designed for manufacturing and/or is used for other commercial purposes and does not comply with minimum fire safety measures.
- Childcare, dormitories or other living quarters are not clearly separated from production or warehouse buildings.
- The building has obvious or reported (from structural engineer) structural concerns, integrity faults or deficiencies (e.g. cracks, sagging floors, and tilts) that indicate significant defects.
- The factory has allowed additions to buildings (such as additional floors, facilities i.e. gardens etc.) or added equipment (e.g., water tank etc.) without a proper load assessment from structural engineers and the approval of government or municipal authorities.
- The factory has a shed with space for storage that occupies more than twenty- five percent of the top floor of a factory and a proper load assessment from a third party structural engineer has not been conducted.
- Factory operates under extremely hazardous conditions which may pose an immediate threat or irreversible damage to the workers, environment and local communities. Note: An example would be direct discharge of dyes or wastewater without treatment.
- The factory discharges wastes or pollutants (including wastewater, air emissions, solid waste, hazardous wastes, etc.) in a manner that poses an immediate threat or irreversible damage to the workers, environment and local communities.

## APPENDIX 5: NON-CODE OF CONDUCT ISSUES

PVH considers the following five policy positions to be corporate policies, which apply to all suppliers and Licensees. These issues fall outside the scope of PVH's Code of Conduct and are therefore require special handling. PVH believes in a firm but fair enforcement process and will, therefore, seek to understand the context within which the violation occurred.

If one of the below named violations is found, PVH will issue a warning letter accordingly. PVH may require the factory and/or Supplier/Licensee to attend and pay for trainings conducted online or in-person. The content and length of the training will be determined by PVH in collaboration with the factory and/or Supplier/Licensee. PVH may also require the factory and/or Supplier/Licensee to develop and submit a corrective action plan detailing the reason the violation occurred and subsequent remediation. Additionally non-code violations may impact factory color ratings.

**Unauthorized Subcontracting:** The subcontracting of any part of a Purchase Order to a factory without prior written authorization from PVH CR is strictly prohibited under PVH policies. PVH reserves the right to immediately and permanently discontinue business with any factory engaging in unauthorized subcontracting, including the right to refuse delivery of the relevant products, without payment and prevent the sale of those products.

PVH CR recognizes there are unforeseeable or extraordinary circumstances which may require production to be shifted to a new production site. We expect and require that the in-scope factory or Supply Chain Partner informs PVH CR of the issue and need to subcontract. We will support our partner in resolving the issue up to and including an expedited authorization of production or an alternative arrangement prior to completion of the assessment, if warranted.

**Unauthorized Production:** The practice of placing purchase orders at third party factories which have not gone through the vetting procedures of PVH CR is strictly prohibited under PVH policies. Purchase orders issued by one of the supply chain divisions of PVH or by a Licensee must be issued to a factory that has been authorized by PVH CR.

PVH CR recognizes there are unforeseeable or extraordinary circumstances that may require production to be shifted to a new production site. We expect and require the in-scope factory or Licensee informs PVH CR of the issue and need to subcontract. We will support our partner in resolving the issue up to and including an expedited authorization of production or an alternative arrangement prior to completion of the assessment, if warranted.

**Bribery:** PVH has a strict policy prohibiting any factory from offering, promising or giving any money, gifts, meals (other than in the factory canteen), accommodations, entertainment or anything else of value to any PVH associate or Independent External Assessor. If PVH determines that a factory provided any of the above to an associate or Independent External Assessor in order to inappropriately influence their actions, PVH will likely terminate the Company's relationship with that factory. If a PVH associate or Independent External Assessor requests anything of value from a factory, the factory should report these request to [cr@pvh.com](mailto:cr@pvh.com) immediately.

PVH CR Assessors and all authorized Independent External Assessors are held to an unconditional code of professional conduct which means they cannot, directly or indirectly, seek or accept monetary “kickbacks” or any other benefit (e.g. gifts, free products, favors, promises of future work) in connection with an assessment or any related follow-up work.

**Denial of Access:** Denial of access occurs when a PVH associate or representative, Independent External Assessor, project partner or consultant is refused entry to the manufacturing site, access to documents, or permission to interview workers. All these activities are required for monitoring of the workplace. If management does not permit such activities to proceed, then the supplier is obstructing the work of PVH CR. In rare cases, an emergency may genuinely preclude access, such as a workers’ strike or natural disaster, and in such instances the factory would not be penalized.

**Mistreatment PVH Associates and Representatives:**

Physically intimidating or verbally threatening a PVH associate or representative including Independent External Assessors, project partners or consultants is prohibited and will result in sanctions being applied to the factory.

**Counterfeiting:** PVH reserves the right to immediately and permanently discontinue business with any supplier engaging in counterfeiting or the use of counterfeit components, including the right to refuse delivery of the relevant products, without payment and prevent the sale of those products. Incidences of alleged counterfeiting will be handled by PVH’s legal and brand protection team.

## APPENDIX 6: PVH CRITICAL – IMMEDIATE ACTION ISSUES

The below is a list of findings that are considered Critical-Immediate Action issues which are serious and will directly impact supplier CR ratings. PVH expects these issues to be corrected immediately.

- Factory is not transparent in their policies, processes, standards and practices which govern their operations and which are related to their compliance with laws and standards. This includes maintaining complete records and information (including CCTV records or production records) and making it available so that compliance can be effectively assessed.
- Factory coaches workers to provide false, misleading or incomplete information to Assessors.
- Workers are forced to sign on blank contracts or other documents.
- Factory discriminates or penalizes based on practices such as requiring pregnancy testing as a condition of employment (or where testing is required by law, using the results of said testing), requiring employees to provide commitments (verbally or in writing) that they will not become pregnant or marry within a certain period, failing to maintain the job position and seniority following pregnancy / maternity leave, failing to provide full legal dues for wage and benefits of women during their pregnancy and maternity leaves, or failing to provide full maternity leave or payments per legal requirements.
- Factory withholds workers' original personal documents (e.g., passport, national ID card, etc.) and does not allow workers to keep their personal documents or grant free access to them. This includes free access to documentation on wages earned.
- Recruitment fees were paid by migrant workers (foreign or domestic) in connection with obtaining or maintaining employment at a factory. (Note: Depending on the severity of the recruitment fees finding, this may be considered as a Critical Immediate Action Issue)
- Factory does not pay workers at least the legally mandated minimum wage. Note: All workers must be paid at least the legally mandated minimum wage, including workers who are trainees or apprentices.
- Factory has not had an emergency evacuation drill in over one year (12 months).
- Factory does not have a fire alarm system that is audible and visible throughout all sections of the factory, is used only for fire and evacuation notification purposes, and has alarm switches that are easily identified and accessible.
- Designated emergency exit doors in factory and dormitories are locked at times when the building is occupied.
- Factory does not have a valid fire certificate, and there is no evidence that one has been applied for.
- If structural issues are observed (cracks, exposed rebar, sagging floors, etc.) the factory has not conducted appropriate inspections or evaluations by qualified building professionals or structural engineers to confirm it is not a significant defect.

- The building is not being used for purposes intended in the original design (e.g. residential building) or the use has not been approved by a qualified engineer and government or municipal authorities for the current use.
- Building plans, or other proof of building structure soundness, is not appropriate, has not been appropriately signed and does not follow the country standard for approval.
- The factory has a mezzanine and a load assessment from a third-party structural engineer has not been conducted.
- Banned chemicals are used in the factory (e.g. banned by regulation or according to PVH Manufacturing RSL) or stored on-site.

## APPENDIX 7: GUIDING PRINCIPLES & PVH PARTNERSHIPS

### ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

PVH is a signatory of the Accord on Fire and Building Safety in Bangladesh (Accord). The Accord is an independent and legally binding agreement between international unions IndustriALL and UNI Global, Bangladesh unions, and international brands and retailers (Companies). The aim of the Accord is the implementation of a program for health and safety measures to ensure a safe, healthy and sustainable Bangladeshi Ready Made Garment industry.

The Accord had a scheduled expiration in May 2018. In 2017, PVH signed a new three-year Accord agreement along with 175 other brand owners and retailers. The agreement, which became effective in May 2018, is designed to continue the Accord's work while supporting the Bangladeshi government's own capacity to oversee fire and building safety, and transition fire and building safety to them going forward. There has been a legal challenge to the continuation of the Accord beyond November 2018. Regardless of the outcome, PVH remains committed to continuing the ideals of the Accord in fostering safe workplaces and protecting workers rights in the Bangladesh ready-made garment industry, including efforts by the Bangladeshi government's to assume responsibility for the oversight of fire and building safety when deemed appropriate by relevant stakeholders. <http://bangladeshaccord.org/about/>.

**BETTER COTTON INITIATIVE (BCI):** PVH joined BCI in 2017 and is working to source Better Cotton throughout our business and have set targets to measure our progress. BCI is a not-for-profit organization leading a global movement to make "Better Cotton" -cotton produced by farmers in a

way that is measurably better for the environment and farming communities- mainstream. BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future, by developing Better Cotton as a sustainable mainstream commodity.

### BETTER WORK

PVH originally joined the International Labor Organization's Better Factories Cambodia program in 2005, and progressively joined other Better Work country programs as they developed. PVH became an official partner of Better Work in 2012. In 2017, PVH expanded its partnership by joining the Better Work Academy (BWA). BWA is a program designed to facilitate supplier self-ownership by supporting brands to work hand-in-hand with suppliers to create system change by focusing on workplace cooperation and industrial relations at the factory level. Better Work– a collaboration between the United Nation's International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group – is a comprehensive program bringing together all levels of the garment industry to improve working conditions and respect of labor rights for workers, and boost the competitiveness of apparel businesses.

### BUSINESS FOR SOCIAL RESPONSIBILITY (BSR):

PVH is an active member of BSR multi-stakeholder cross-industry collaborative initiatives aimed at promoting responsible sourcing practices, worker engagement, and women's empowerment across supply chains. PVH also engages with BSR to monitor sustainability trends and thought leadership within corporate responsibility.



**ELLEN MACARTHUR FOUNDATION:** The Ellen MacArthur Foundation has been focused on working with businesses, government and academia to accelerate the transition to a circular economy. Positioned as a global thought leader, its work focuses on five interlinking areas including: learning, business and government, insight and analysis, systemic initiatives and communications. The Foundation's Make Fashion Circular Initiative brings together stakeholders in the fashion industry to adopt a circular vision that reimagines the current take-make-dispose model. As a core partner and member of the Initiative's Advisory Board, PVH collaborates with the Ellen MacArthur Foundation to address issues that lead to preventable pollution and waste in the industry, and deliver solutions to meet the changing global demands and societal expectations.

#### **FASHIONFORGOOD**

Fashion for Good is a global initiative working to make all fashion good. It is a global platform for innovation, made possible through collaboration and community. With an open invitation to the entire apparel industry, Fashion for Good convenes brands, producers, retailers, suppliers, non-profit organizations, innovators and funders united in their shared ambition. PVH will play an important role in setting Fashion for Good's innovation agenda, including by defining focus areas, participating in the selection of new innovators and providing expertise and mentorship to the selected startups.

**GIZ/iWasp:** PVH in partnership with GIZ's IWaSP launched Protecting Lake Hawassa, a multi-stakeholder collective action initiative that aims to improve water security for the residents, businesses and the environment surrounding Lake Hawassa. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH works to develop lasting solutions for sustainable development. On behalf of the German Federal Ministry for Economic

Cooperation and Development (BMZ) and the UK Department for International Development (DfID), GIZ manages the International Water Stewardship Programme (IWaSP), which focuses on managing water risks for people, businesses and ecosystems. By facilitating partnerships between the public sector, private companies and civil society, IWaSP combines global best practices in water stewardship with local know-how.

**GLOBAL FASHION AGENDA:** The Global Fashion Agenda is a leadership forum on fashion sustainability. Anchored around the world's leading business event on sustainability in fashion, Copenhagen Fashion Summit, Global Fashion Agenda advances a year-round mission to mobilize the global fashion system to change the way we produce, market and consume fashion, for a world beyond next season.

#### **INTERNATIONAL LABOR ORGANIZATION'S (ILO) FUNDAMENTAL CONVENTIONS**

The ILO has identified eight conventions as "fundamental", covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation. We are committed to alignment with the ILO fundamental conventions.

**LEATHER WORKING GROUP (LWG):** PVH brand Tommy Hilfiger has been a member of LWG since 2014. The LWG is a multi-stakeholder initiative that aims to develop and maintain an environmental auditing protocol that assesses the environmental stewardship and compliance of leather manufacturers, while promoting sustainable and environmental business practices.

**LIFE AND BUILDING SAFETY (LaBS):** PVH joined LaBS (Life and Building Safety); together with six other brands in 2017 to ensure that, the learnings from the Bangladesh Accord have a global reach. The Life and Building Safety (LaBS) program strives to make the apparel and footwear supply chain safe from life safety risks related to structural, electrical, and fire safety and evacuation. Coordinated by IDH, an international sustainable trade initiative (learn more about IDH at [pvh.com/cr/partnerships](http://pvh.com/cr/partnerships)), LaBS aims to raise safety standards in multiple apparel production countries including Vietnam, India, Pakistan and Cambodia.

**NEST:** In 2015, PVH joined the Nest Artisan Steering Committee – a coalition of fashion and home design retailers and brand owners committed to addressing the industry’s sustainability issues relating to craft, artisans and homeworkers. Nest is a nonprofit building a new handworker economy to increase global workforce inclusivity, improve women’s wellbeing beyond factories, and preserve important cultural traditions around the world.

**RESPONSIBLE LABOR INITIATIVE:** In 2018, PVH joined the Responsible Labor Initiative, a multi- industry, multi-stakeholder group committed to ensuring that the rights and dignity of workers vulnerable to forced labor in global supply chains are consistently respected and promoted through responsible recruitment and employment practices.

## SUSTAINABLE APPAREL COALITION

PVH is a member of the Sustainable Apparel Coalition (SAC). The SAC is an alliance of brands, manufacturers, civil society and academia working toward sustainable production in the apparel, footwear and home textile industry. The Coalition develops the Higg Index, a set of standardized measurement tools for all industry participants. The Higg Index includes facility, brand, and product tools that measure environmental and social labor impacts across the supply chain. With the Higg Index, the industry is addressing inefficiencies, resolving damaging practices, and working to achieve the environmental and social transparency consumers are demanding. PVH works with our factories to help them evaluate their environmental sustainability performance using the [SAC’s Higg Index Facility Environmental Module](#) (“FEM”) -- a standardized tool for measuring apparel suppliers’ environmental impacts and monitoring progress. We also complete the Brand Module and have piloted the Product tools within PVH to begin to understand the impacts of our design decisions. Additionally, we sit on many working groups, including the Brand Module and Facility Social Labor Module Steering Teams.

## SUSTAINABLE PACKAGING COALITION (SAC):

The [Sustainable Packaging Coalition](#) (SPC) is an industry working group, and a project of GreenBlue, a membership-based nonprofit driving industry to make packaging more sustainable. The SPC is the leading voice and resource on sustainable packaging, committed to encouraging innovation and best practices to strengthen and advance the business case for packaging that is sourced responsibly, optimizes renewable or recycled source materials, and meets the industry expectations on performance and cost.

**TEXTILE EXCHANGE:** PVH participated in the Textile Exchange's working group to develop a [Responsible Wool Standard](#). [Textile Exchange](#) is a global non-profit that works closely with our members to drive industry transformation in preferred fibers, integrity and standards and responsible supply networks.

#### **THE AMERICAN APPAREL AND FOOTWEAR**

**ASSOCIATION (AAFA):** The American Apparel and Footwear Association (AAFA) is the public policy and political voice of the apparel and footwear industry. As a member of the AAFA, PVH attends various events throughout the year as well as monitors relevant public policy topics.

#### **THE APPAREL AND FOOTWEAR INTERNATIONAL RSL MANAGEMENT GROUP (AFIRM):**

PVH is participating in AFIRM to help our industry develop a shared RSL so that suppliers are subject to one standard for the industry. Established in 2004, AFIRM Group (AFRIM) has developed tools to assist the supply chain in implementing restricted substance lists (RSLs), presented live training on chemicals management to thousands of apparel and footwear suppliers, and developed an industry best-practice RSL that has been adopted by multiple leading companies within AFIRM and across the industry.

**THE CEO WATER MANDATE:** To underscore our commitment to water stewardship, members of the PVH, Tommy Hilfiger and Calvin Klein executive teams signed the UN CEO Water Mandate. [The CEO Water Mandate](#) is a UN Global Compact initiative that mobilizes business leaders to advance water stewardship, sanitation, and the Sustainable Development Goals through the Mandate's six elements, direct operations, supply chain & watershed management, collective action, public policy, community engagement, and transparency.

#### **THE SOCIAL AND LABOR CONVERGENCE PROJECT**

**(SLCP):** SLCP is a multi-stakeholder project within the apparel industry that aims to develop a unified industry-wide assessment framework, thereby reducing audit fatigue among suppliers and better enabling apparel companies to focus on improving performance and capability building. PVH has taken up a leadership role in joining the Project Management Team of the SLCP. Along with over 100 other signatories, PVH plans to adopt the SLCP as its social and labor assessment tool, furthering our commitment to using industry-wide tools to scale positive impact.

**UNITED NATIONS GLOBAL COMPACT (UNGC):** The UNGC is the world's largest corporate sustainability initiative, based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals, including the Sustainable Development Goals.

#### **UNITED NATIONS GUIDING PRINCIPLES FOR BUSINESS AND HUMAN RIGHTS**

Our Code reflects our commitment to and alignment with the United Nations Guiding Principles for Business and Human Rights. These principles are: the Stated Duty to Protect against human rights abuses by third parties, including business; the Corporate Responsibility to Respect human rights; and the need for Effective Access to Remedies. Recognizing their importance, we have aligned our program with these principles and report on our efforts.

#### **UNITED STATES COUNCIL FOR INTERNATIONAL**

**BUSINESS (USCIB):** PVH is one of more than 300 global corporations, professional firms and industry associations that consult the USCIB. USCIB advances the global interests of American business through advocacy that calls for an open system of world trade, finance and investment, where business can flourish and contribute to economic growth, human welfare and environmental protection

**WORLD WILDLIFE FUND:** PVH and WWF currently work together to help conserve freshwater resources in Ethiopia's Lake Hawassa and India's Cauvery River basins. [World Wildlife Fund](#) is the world's leading conservation organization, working 100 countries with over one million members in the United States and close to five million globally. For more than 50 years, WWF has worked to conserve nature and reduce the most pressing threats to the diversity of life on Earth.

#### **ZERO DISCHARGE OF HAZARDOUS CHEMICALS ("ZDHC") PROGRAMME**

[The Zero Discharge of Hazardous Chemicals](#) ("ZDHC") Programme is global coalition of leading international brands in the apparel and footwear sector working to advance toward zero

discharge of hazardous chemicals in the textile, leather and footwear value chain. ZDHC's mission is to transform the global apparel and footwear industry by improving environmental performance and chemical safety, thereby delivering a safer and cleaner environment, with the ultimate goal of achieving zero discharge of chemicals in our product life cycle by 2020. PVH aims to address chemicals in the manufacturing process by using ZDHC's 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.

## APPENDIX 8: ROOT CAUSE GUIDANCE

### GETTING TO THE ROOT OF THE PROBLEM

“Root Cause Analysis (RCA) is a methodology that helps us find the real causes of a problem to be able to correct. By using the methodology, we are able to identify the root causes of a problem so the corrective actions put in place to eliminate the problem are directed not only at the symptoms but also at the root causes and therefore corrective efforts yield permanent results.”

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### OVERVIEW

Root Cause Analysis (RCA) is a popular and often-used technique that helps people answer the question of why the problem occurred in the first place.

Root Cause Analysis seeks to identify the origin of a problem. It uses a specific set of steps, with associated tools, to find the primary cause of the problem, so that you can:

1. Determine what happened.
2. Determine why it happened.
3. Figure out what to do to reduce the likelihood that it will happen again.

RCA assumes that systems and events are interrelated. An action in one area triggers an action in another, and another, and so on. By tracing back these actions, you can discover where the problem started and how it grew into the symptom you are now facing.

They are usually three basic types of causes:

1. **Physical causes** – Tangible, material items failed in some way (for example, a damaged machine guard failed and resulted in an injury to the worker).
2. **Human causes** – People did something wrong, or did not do something that was needed. Human causes typically lead to physical causes (for example, no one checked the machine, which led to the incident).
3. **Organizational causes** – A system, process, or policy that people use to make decisions or do their work is faulty (for example, no one person was responsible for machine guard maintenance, and everyone assumed someone else had ensured the guard was in good working order).

Root Cause Analysis looks at all three types of causes. It involves investigating the patterns of negative effects, finding hidden flaws in the system, and discovering specific actions that contributed to the problem. This often means that RCA reveals more than one root cause.

You can apply Root Cause Analysis to almost any situation. Determining how far to go in your investigation requires good judgment and common sense. When conducting a RCA it is important to consider the scope of the analysis and the identified causes that can effectively be controlled. Theoretically, you could continue to trace root causes back to factors that are outside the organization’s control, but the effort would serve no useful purpose. Be careful to understand when you’ve found a significant cause that can, in fact, be changed.

**SCOPE**

This root cause analysis (RCA) procedure provides several models and methods for finding the root cause of unexpected or negative outcomes, incidents, or events that require corrective or preventive actions. This procedure applies to all PVH suppliers, and users performing root cause analysis.

**PROCEDURE**

Root Cause Analysis has five identifiable steps.

**Step One:** Define the Problem

- What do you see happening?
- What are the specific symptoms?

**Step Two:** Collect Data

- What proof do you have that the problem exists?
- How long has the problem existed?
- What is the impact of the problem?

You need to analyze a situation fully before you can move on to look at factors that contributed to the problem. To maximize the effectiveness of your Root Cause Analysis, get together everyone – experts and front line staff – who understands the situation. People who are most familiar with the problem can help lead you to a better understanding of the issues.

**Step Three:** Identify Possible Causal Factors

- What sequence of events lead to the problem?
- What conditions allow the problem to occur?
- What other problems surround the occurrence of the central problem?

During this stage, identify as many causal factors as possible. Too often, people identify one or two factors and then stop, but that's not sufficient. With RCA, you don't want to simply treat the most obvious causes – you want to dig deeper.

Use these tools to help identify causal factors:

- **5 Whys** – Ask “Why?” until you get to the root of the problem.
- **Drill Down** – Break down a problem into small, detailed parts to better understand the big picture.
- **Appreciation** – Use the facts and ask “So what?” to determine all the possible consequences of a fact.
- **Cause and Effect Diagrams** – Create a chart of all of the possible causal factors, to see where the trouble may have begun.

**Step Four:** Identify the Root Cause(s)

- Why does the causal factor exist?
- What is the real reason the problem occurred?

Use the same tools you used to identify the causal factors (in Step Three) to look at the roots of each factor. These tools are designed to encourage you to dig deeper at each level of cause and effect.

**Step Five:** Recommend and Implement Solutions

- What can you do to prevent the problem from happening again?
- How will the solution be implemented?
- Who will be responsible for it?
- What are the risks of implementing the solution?

Analyze your cause-and-effect process, and identify the changes needed for various systems. It's also important that you plan ahead to predict the effects of your solution. This way, you can spot potential failures before they happen.

## KEY POINTS

- Root Cause Analysis is a useful process for understanding and solving a problem.
- Figure out what negative events are occurring. Then, look at the complex systems around those problems, and identify key points of failure. Finally, determine solutions to address those key points, or root causes.
- You can use many tools to support your Root Cause Analysis process. Cause and Effect Diagrams and 5 Whys are integral to the process itself.
- As an analytical tool, Root Cause Analysis is an essential way to perform a comprehensive, system-wide review of significant problems as well as the events and factors leading to them.

## PERFORMING THE INVESTIGATION

### DEFINE THE PROBLEM AND COLLECT DATA

Define the problem by developing a clear, complete and concise Problem Statement which includes what the problem is, who was involved (not attributing blame), where it occurred or was identified, when it occurred or was identified and the magnitude (e.g., frequency, impact). Operating conditions or precursor information which may provide additional details for consideration might also be required.

This problem statement will become more refined and detailed as the analysis is conducted. To define the problem, we will have to collect data, such as the ones listed in the following table, through interviews, review of documents, observation, statistical data sources, surveys, or other sources. Always remember that during an investigation, people can forget, overlook, or misinterpret information. Therefore, the more thorough we can be, the better.

## DESCRIPTIVE FACTS ABOUT A PROBLEM

CATEGORY	QUESTIONS
What	What is happening? What undesirable behavior or situation is occurring? What is NOT the problem?
Who	Who is involved? Who does it affect? Who is not involved? Who does it not affect?
Where	Where is it happening? What unit area, department...? Where is it not happening?
When	When is it happening? When is it not happening? With what frequency? How long does it last? When is it a problem? When is it not a problem?
How	How does the situation manifest itself? How does it affect the “what” and the “who” or other working situation, relationships, etc.? What other elements are derived from it?
How much/ How many	What are the costs associated with the situation? Intangibles? How much is it costing?

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EXAMPLE

Management identifies that workers not wearing their Personal Protective Equipment (PPE) is resulting in poor performance on customer audits. After collecting further information, a clear problem is defined: “Not using PPE is impacting worker health and reducing audit performance.”

IDENTIFY POSSIBLE CAUSES—CAUSE AND EFFECT ANALYSIS (FISHBONE DIAGRAM)

Follow these steps to solve a problem with Cause and Effect Analysis:

Step 1:

First, write down the exact problem you face. Where appropriate, identify who is involved, what the problem is, and when and where it occurs. Then, write the problem statement in a box on the right-

hand side of a large sheet of paper, and draw a line across the paper horizontally from the box. This arrangement, looking like the head and spine of a fish, gives you space to develop ideas.

Next, identify the factors that may be part of the problem. These may be systems, equipment, materials, external forces, people involved with the problem, and so on. Then draw a line off the “spine” of the diagram for each factor, and label each line.

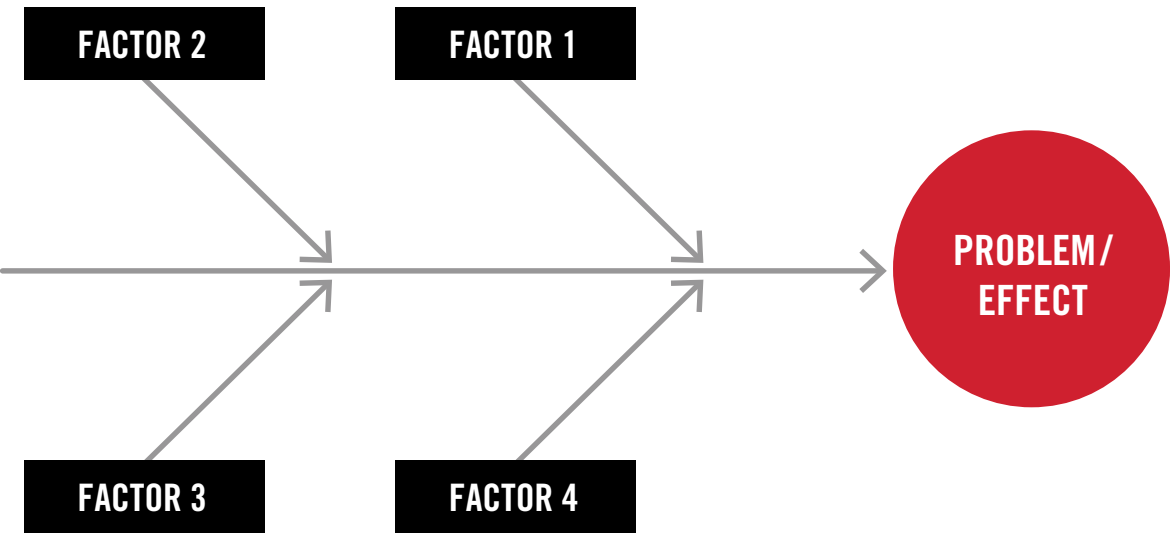


Figure 1 – Cause and Effect Analysis Example Step 1

EXAMPLE

Management identifies three main factors affecting PPE use in the supplier as Workers, Supervisors and Machines.

Step 2:

Identify possible causes for each of the factors you considered in step 2, brainstorm possible causes of the problem that may be related to the factor. Show these possible causes as shorter lines coming off the

“bones” of the diagram. Where a cause is large or complex, then it may be best to break it down into sub-causes. Show these as lines coming off each cause line.

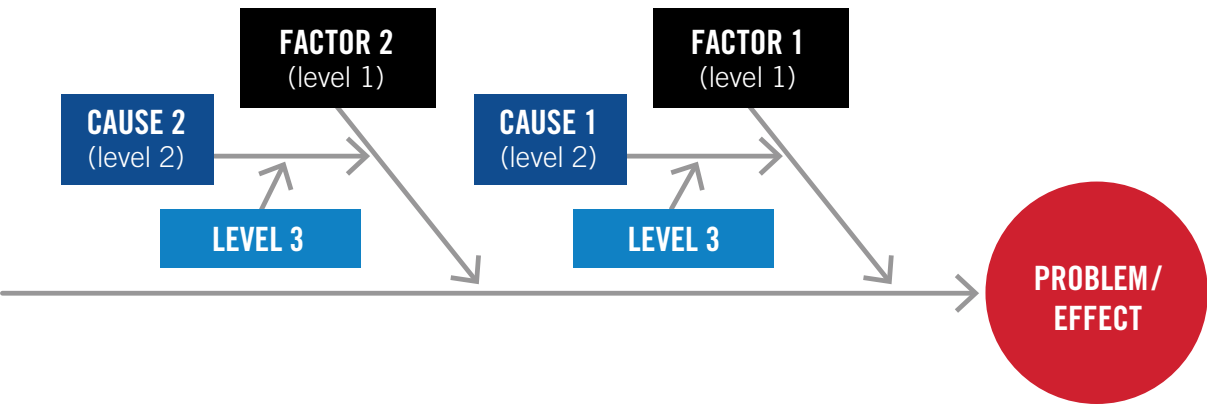


Figure 2 – Cause and Effect Analysis Example Step 2

EXAMPLE

Based on further data collection, surveys and interviews, management identifies that workers feel that the PPE is uncomfortable and that not all workers have had appropriate PPE training or thought the PPE training was boring. It was also found that not all supervisors are enforcing the factories or facilities PPE rules and some supervisors do not fully understand the principles of PPE use and think it is not needed. Additionally, it was noted that the machines do not have appropriate safety guards.

When the problem is large or very complex, it is likely that each of the factors may have several causes. In these instances, it might be good to break factors down into another level. We can do this by asking the question “why?” The answer to this “why” will probably uncover one or more reasons and generate other “whys.” How far to drill down? The more the better, but generally five iterations of asking why is sufficient to get to a root cause. The

last “why” of our list could be a root cause under that factor. Be careful though, the answers to your “whys” should be:

- Based on facts or actual conditions as determined by the teams further investigation, not on opinions or assumptions
- Be looking for a deeper cause
- Making a mistake in any question or answer can produce false or misleading results.

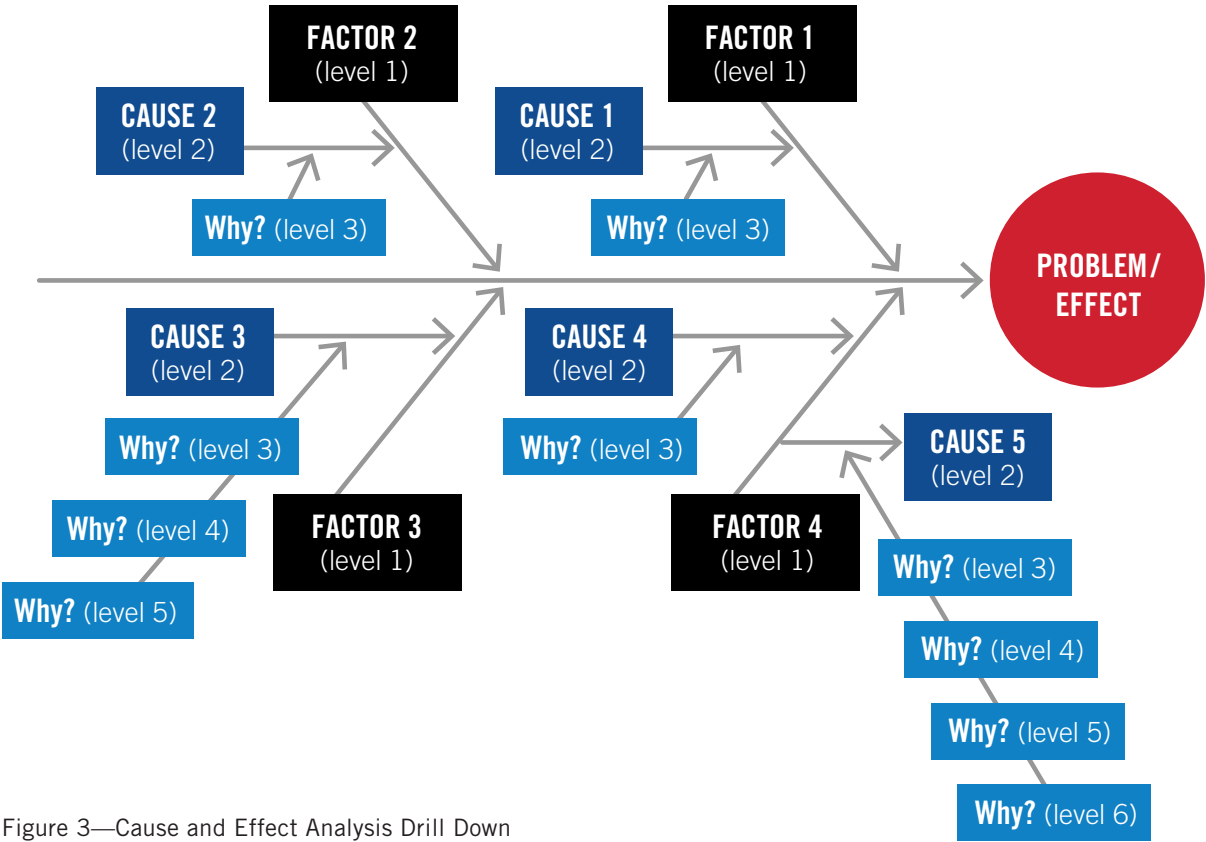


Figure 3—Cause and Effect Analysis Drill Down

**Step 3:**

Analyze Your Diagram. By this stage you should have a diagram showing all of the possible causes of the problem that you can think of. Depending on the complexity and importance of the problem, you can now investigate the most likely causes further. This may involve setting up investigations, carrying

out surveys, and so on. These will be designed to test which of these possible causes is actually contributing to the problem. If the diagram gets too complicated, this could be a sign that there is more than one problem. If needed, the diagram can be split to focus on specific factors or causes.

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**EXAMPLE**

Again, further data collection and interviews identified several underlying factors such as; Management's training schedule did not appropriately cover all workers and supervisors, the factory's health and safety trainer does not have any formal training/education on PPE or conducting effective training and no one ever evaluates machine safety to determine if hazards can be sufficiently controlled without PPE before beginning production.

Don't Stop Here! The causes above begin to look at deeper issues within the company and to continue the RCA the team should look deeper into these causes by asking "Why" again ( i.e. The reason the factory's health and safety trainer does not have formal training or education on PPE is because he was promoted from a floor supervisor). By asking "Why" again and investigating further, it was found that the factory does not have a job requirement for health and safety trainers to have formal health and safety education.

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**IMPLEMENT SOLUTIONS**

It is likely that once the fishbone diagram is completed, there will be multiple underlying or root causes identified. It will be important to determine priority areas or causes that are likely to produce the most beneficial results.

Develop an implementation plan including actions, responsible personnel, timing/milestones, and performance metrics. Performance metrics should include both short and long-term measures along with a communications component to specify what information should be communicated, to whom, and frequency (to report progress and effect). These items should be input in to a corrective action system.

If required, revise related policies, procedures and other system management documents and provide appropriate training on the changes. Implement the changes and monitor results.

Once success has been achieved, results should be communicated within the organization to share lessons learned about both root causes of the problem as well as how to perform effective investigations.

A report of the investigation should be created which includes, at a minimum, the original problem definition, actual causes found and supporting discussion / evidence, solutions selected and rationale for their selection.

## APPENDIX 9: RESPONSIBLE RETRENCHMENT

Retrenchments include a wide range of dismissals/ downsizing/redundancy/or closure based on operational requirements due to economic, technological, structural or similar reasons to reduce the size of the workforce. This does not necessarily relate to the conduct or capability of the workers. So, the effective cause of the retrenchment is one or more external or internal factors related to the employer's business situation. These include the closure of a plant, supplier workplace, with the total or near total loss of jobs arising from a reduction in staffing requirements due to efficiency gains or falling demand for the company's products or services.

### THE OBLIGATIONS OF AN EMPLOYER IN THE RETRENCHMENT PROCESS

1. **Reason for retrenchment:** Provide sufficient documentation showing that redundancy was the real reason for retrenchment. If an employer fails to do so, the retrenchment is deemed unfair.
2. **Notice/Communication to necessary stakeholders:** The employment relationship should be governed by a set of written policies and procedures backed by necessary training, communication and appropriate controls. Give employees, employee representatives where applicable, and the relevant governmental authorities as much advance notice and relevant information regarding the redundancies/ retrenchment as is possible under the circumstances.
3. **Consultation:** In the event affected employees are represented by a union or worker organization, fully comply with all applicable notice, consultation, payment of severance, outplacement or other benefits provided for in the current collective bargaining agreement or otherwise agreed to between the employer and such union or employee representatives.
4. **Fair treatment:** Ensure that all possible alternatives to retrenchment are explored and that those workers to be dismissed are treated fairly. The employer should ensure that the worker(s) to be retrenched are selected objectively.
5. **Severance pay:** The employer should also ensure that severance pay and other benefits are paid according to law.

6. **Grievance mechanism:** The process should be transparent and completed promptly. Grievance mechanisms should also be in place to deal with any claims if appropriate procedures were not followed.

### CRITERIA FOR SELECTING WORKERS FOR RETRENCHMENT

Criteria that are generally accepted as fair in retrenchment situations include:

- Length of service;
- Skills and qualifications; and
- Implementation of policies of affirmative action.

The most common principle for selecting who should be dismissed should be last in – first out, meaning that, as a rule, the workers with least time with the company should be the first to be dismissed on grounds of redundancy. If the criteria of skills and qualifications are used they have to be objectively determined and operationally justified.

### DON'Ts:

Do not retrench workers due to characteristics including but not limited to the following:

- Association with union membership or activity
- Race, sex, age, color, political opinion or affiliation, national and social origin or religion
- Pregnancy
- HIV positive status
- Contractual status

## KEY STEPS IN PLANNING AND MANAGING RETRENCHMENT

1. **Ensure retrenchment is necessary:** Check if retrenchment is really necessary and also look for alternatives to job losses.
2. **Finding alternatives to job losses:** Options to consider include a freeze on new hiring, enforcement of retirement ages, reduction in hours worked by existing staff, outsourcing of articular activities, an end to using agency and contract workers, internal transfers, redeployment transfer of employees to third party organizations, or reduction in salaries.
3. **Obtain information on worker's rights and obligations:** Gather information to answer:
  - a. What are the workers' rights and obligations in relation to job loss with respect to collective agreements and local and international rules?
  - b. What are the opportunities available in the job market to match the skill set his/her workers possess?
  - c. From what areas and groups of workers will the cuts come?
4. **Communication with key stakeholders:** Begin consultation with key stakeholders early. Engage workers and the unions or other representatives. Consultation may also include local, regional, or national government agencies. Reach an agreement with stakeholders on process for consultation. Form a committee or group within your organization to manage the process of retrenchment.

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## RETRENCHMENT CHECKLIST

While planning retrenchment, employers are encouraged to co-operate with independent third parties to verify compliance with local law and any additional agreements. Below are questions to keep in mind during the retrenchment process.

- Is governmental permission required to proceed?
  - What are the requirements for consultation with unions or other employee representative's over retrenchment and downsizing?
  - Is voluntary severance/early retirement a possible legal alternative?
  - How are minimum severance payments to be calculated?
  - How much notice must be given to each employee?
  - What are the individual requirements that must be complied with in relation to each worker's dismissal?
  - What legislation, if any, covers unemployment insurance and other aspects of social security, and regulates joint welfare funds, pension funds, and other such systems of workplace-social supports.
  - What rights do workers have in the event of transfers of employment to other employers and outsourcing?
  - What state agency procedures exist that relate to disputes resolution, including arbitration, conciliation, and mediation?
  - What laws are in place relating to the rights of workers including temporary, part-time and piece rate workers?
  - What is the position in relation to public and private pension arrangements?
  - Are there any rules that require preferential treatment for retrenched employees in respect to any future employment?
-

**SEVERANCE ALLOWANCE and OTHER INCOME PROTECTION**

**Severance:** Fully pay all severance, social security and other separation benefits to which employees being retrenched are entitled under country law. This, however, is a minimum established by the law, and where possible consensus should be reached through consultations as to other factors which could be included to calculate the severance pay. Any salary or wages owed to the workers on termination of employment should be fully paid. Payments are to be received by the employee on his or her last day of work.

- **Release of claims:** Management shall not require that employees sign any declaration of

good health, waivers or releases of other rights as a condition of receiving legally entitled severance pay or other benefits.

- **Notice period:** Employees should be fully compensated for their notice period. If not required to work during this time, workers should receive payment that reflects the wages they would have earned if they had been working.
- **Unused paid/earned leave:** Payment should be made for any holiday leave that has been earned by workers but not taken prior to termination of employment.

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**RECOMMENDED GOOD PRACTICE**

While planning retrenchment, employers are encouraged to co-operate with independent third parties to verify compliance with local law and any additional agreements. The below are ideas to keep in mind during the retrenchment process.

- Help employees in setting up “job banks” or otherwise help employees find re-employment opportunities.
  - Develop training programs to provide the employee with new skills and opportunities.
  - Providing financial counseling.
  - Check for the opportunity to transfer to other owned suppliers.
  - If employer plans to re-hire, Workers dismissed for operational requirements should be given preference.
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### PVH COMMITMENT TO RESPONSIBLE EXIT

PVH RESERVES THE RIGHT TO EXIT A FACTORY IN CIRCUMSTANCES OF REASONABLE COMMERCIAL CONSIDERATIONS. IN THE EVENT THAT A DECISION IS MADE TO EXIT A FACTORY FOR BUSINESS REASONS, PVH WILL ENGAGE WITH THE FACTORY TO EXIT RESPONSIBLY SO AS TO MITIGATE POTENTIAL ADVERSE IMPACTS TO WORKERS IN ACCORDANCE WITH **PVH RESPONSIBLE EXIT STANDARD OPERATING PROCEDURE**. TO EXIT RESPONSIBLY, PVH WILL PROVIDE ADEQUATE NOTICE OF THE EXIT PLAN AND TIMELINE, BASED ON AN ANALYSIS OF THE PVH BUSINESS AS A PERCENTAGE OF THE FACTORY'S PRODUCTION CAPACITY, SO THAT THE FACTORY HAS SUFFICIENT TIME TO IDENTIFY OTHER BUSINESS PARTNERS TO FILL PRODUCTION LINES AND MINIMIZE THE POSSIBILITY OF RETRENCHMENT. IF APPLICABLE, PVH WILL ALSO ENDEAVOUR TO SUPPORT THE FACTORY TO ENABLE THEM TO CONDUCT RETRENCHMENT IN A RESPONSIBLE MANNER.

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## APPENDIX 10: RESTRICTED JURISDICTIONS LIST<sup>4</sup>

PVH Corp. prohibits or restricts business activities in jurisdictions that pose legal, compliance, human rights or other risks to our Company or undermine our commitment to Corporate Responsibility. This includes, but is not limited to, countries or regions currently under economic sanctions by the United States, European Union or other applicable jurisdictions, countries that pose undue risks for human trafficking, modern slavery, or unsafe working conditions, and countries that the Company determines at its discretion, should be included in this list for other reasons, such as the safety of associates. This list is subject to change from time to time; the current non-approved jurisdictions list is found below:

### **Tier 1: No Direct or Indirect Business**

- Crimea Region (including Sevastopol and as defined by the U.S. Government)
- Cuba
- Iran
- North Korea
- Syria

Tier 1 includes countries and regions that are currently under country-wide economic sanctions by applicable regulators, including those in the United States and European Union.

Direct and indirect business activities without exception in all Tier 1 countries, even if such activities are the result of an existing relationship. This includes but is not limited to:

- Direct operations, such as retail, wholesale and e-commerce sales
- Licensee, franchisee, and distributor arrangements that by their terms permit sales in or shipments into the region, even if no such activity takes place
- Direct or indirect sourcing of product by PVH, a PVH licensee or other authorized user of a PVH trademark and
- Exploratory visits to the region or meetings with third parties from or with respect to doing business in the country/region

**Tier 2: No Sourcing, All Other Business Needs Approval**

- Afghanistan
- Burundi
- Belize
- Belarus
- Central African Republic
- China (Dandong city and Xinjiang province only)<sup>5</sup>
- Comoros
- Democratic Republic of Congo
- Democratic Republic of Timor-Leste
- Eritrea
- Iraq
- Lao People's Democratic Republic (Laos)
- Liberia
- Libya
- Lebanon
- Myanmar/Burma
- Mauritania
- Papua New Guinea
- Republic of Congo
- Saudi Arabia
- Somalia
- Sudan (North)
- Sudan (South)
- Uzbekistan
- Turkmenistan
- Venezuela
- Yemen
- Zimbabwe

Tier 2 includes countries and regions in which the manufacturing industry pose undue CR risks (as defined by “A Shared Commitment,” the PVH Code of Conduct), associate safety and security risks, or have a significant number of individuals or entities under economic sanctions.

No direct or indirect sourcing is permitted. Any new business activity (e.g., license or distribution arrangements) must be approved by Legal and CR. Existing business activities are allowed but cannot be expanded or renewed without Legal and CR approval.

4. Formally Restricted Country List and also referred to as Restricted Country Policy.

5. The restriction on Dandong city and the Xinjiang province of China applies only to direct and indirect sourcing. New and expanded commercial relationships may proceed without receiving pre-approval.

## APPENDIX 11: REFERENCES

### **ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH**

<https://bangladeshaccord.org/>

### **APPAREL AND FOOTWEAR INTERNATIONAL RSL MANAGEMENT (AFIRM)**

<http://afirm-group.com/>

### **CHEMICAL MANAGEMENT**

<https://responsibility.pvh.com/wp-content/uploads/2019/07/chemical-management-commitment-and-action-plan.pdf>

### **ILO CONVENTIONS**

<https://www.ilo.org/global/standards/lang--en/index.htm>

### **INTERNATIONAL CODE COUNCIL**

<https://www.iccsafe.org/>

### **INTERNATIONAL SAFETY EQUIPMENT ASSOCIATION (ISEA)**

<https://safetyequipment.org/>

### **INTERNATIONAL STANDARDS ORGANIZATION (ISO)**

<https://www.iso.org/home.html>

### **NATIONAL FIRE PROTECTION ASSOCIATION (NFPA)**

<https://www.nfpa.org/>

### **PVH GLOBAL QUALITY MANUAL**

<https://pvh.be.rs/>

### **PVH RESTRICTED SUBSTANCES LIST**

<https://responsibility.pvh.com/wp-content/uploads/2019/07/restricted-substance-list.pdf>

### **SUSTAINABLE APPAREL COALITION**

<https://apparelcoalition.org/the-higg-index/>

<http://www.howtohigg.org>

<https://apparelcoalition.zendesk.com/hc/en-us/articles/360027998251-Air-Emissions>

<https://apparelcoalition.zendesk.com/hc/en-us/articles/360027998191-Energy-Use-GHG>

<https://apparelcoalition.zendesk.com/hc/en-us/articles/360027719232-Environmental-Management-System-EMS->

<https://apparelcoalition.zendesk.com/hc/en-us/articles/360027998311-Waste>

<https://apparelcoalition.zendesk.com/hc/en-us/articles/360027998231-Wastewater>

<https://apparelcoalition.zendesk.com/hc/en-us/articles/360027719272-Water-Use>

**UN DECLARATION OF HUMAN RIGHTS**

<http://www.un.org/en/universal-declaration-human-rights/index.html>

**ZERO DISCHARGE OF HAZARDOUS CHEMICALS (“ZDHC”) PROGRAMME**

<https://www.roadmaptozero.com/>

**ZERO DISCHARGE OF HAZARDOUS CHEMICALS (“ZDHC”) ZDHC MANUFACTURING RESTRICTED SUBSTANCE LIST (MRSL)**

<https://mrsl.roadmaptozero.com/>

**ZERO DISCHARGE OF HAZARDOUS CHEMICALS (“ZDHC”) ZDHC WASTEWATER GUIDELINES**

[https://uploads-ssl.webflow.com/5c4065f2d6b53e08a1b03de7/5db70334bd2f007e2fbc8577\\_ZDHC\\_WastewaterGuidelines\\_V1.1\\_JUL19\\_compressed%20\(1\).pdf](https://uploads-ssl.webflow.com/5c4065f2d6b53e08a1b03de7/5db70334bd2f007e2fbc8577_ZDHC_WastewaterGuidelines_V1.1_JUL19_compressed%20(1).pdf)

