

Introduction



We are proud to introduce PVH's initial CSR Report and we are pleased to have taken this important step to increase transparency. This report will serve as the foundation of our CSR communications and we look forward to building upon this effort and refining our report process in the coming years.



About this Report

To guide the development of this report, PVH formed a global, cross-functional task force of key associates that identified and prioritized the CSR topics that are most relevant to our business. To learn from the best practices of other companies' reporting efforts, we engaged Business for Social Responsibility (BSR), a non-profit global business network and consultancy focused on sustainability, to work with us on the development of this report. For the past 14 years, PVH has been an active member of BSR.

Materiality

We began our 2008 reporting process by conducting an assessment of the economic, social and environmental issues that impact our business. We considered the following information:

- PVH's business objectives and strategies
- External industry benchmarking
- Internal and external stakeholder dialogue and feedback
- PVH's current CSR disclosures

After reviewing these sources, we compiled a list of issues and prioritized them based on the importance to PVH and our stakeholders. The areas most material to PVH fall into four categories:

- Workplace
- Community
- Human Rights
- Environment

Scope

This report covers all operations performed by PVH, as well as all operations under our direction. The information in this report covers the calendar year 2008, except where noted. Since this is our first report, we have also included relevant historical information on some of our key activities.

In this report, we discuss forward-looking targets and goals. We believe that goal-setting is important and it is part of how we manage our business. However, targets and goals are based on our current business environment and are subject to uncertainties of the market. There is no assurance that all goals will be achieved.

Data and Metrics

This report contains metrics illustrating certain baselines, quantitative goals and key performance indicators (KPIs). However, it is clear to us that there is a need for improved data collection systems so that we can better measure current performance and track our progress. PVH has taken steps to address this issue and we expect our future CSR Reports will contain more comprehensive quantifiable data. The reporting process also shed light on the need for better coordination of CSR efforts throughout the company and for improved performance evaluation systems.

Our reporting was influenced by the Global Reporting Initiative's (GRI) G3 Guidelines in determining relevant content and performance metrics to include. Please see the GRI index at the end of this report.

Business Profile

PVH is one of the largest apparel companies in the world, with a history dating back more than 125 years. Our portfolio of brands includes our owned brands – *Calvin Klein*, *Van Heusen*, *IZOD*, *ARROW*, *G.H. Bass & Co.* and *Eagle*. We also produce products under licensed brands – *Timberland*, *Geoffrey Beene*, *BCBG Max Azria*, *CHAPS*, *Sean John*, *Donald J. Trump Signature Collection*, *Joseph Abboud*, *Kenneth Cole New York*, *Michael Kors Collection*, *DKNY*, *Tommy Hilfiger*, *Nautica*, *Ted Baker*, *Ike Behar*, *Jones New York* and *J. Garcia*, among others. At PVH, our various branded businesses are organized by business unit – Dress Furnishings, Sportswear, Retail and Calvin Klein – which takes advantage of operational and product synergies. Further, we leverage our corporate infrastructure across all of our business units to gain the greatest efficiency and operating effectiveness. For our fiscal year 2008 (year ended February 1, 2009), our total revenues were approximately \$2.4 billion.

Headquartered in New York City, PVH currently employs approximately 10,400 domestic associates, as well as over 600 associates spread throughout the Far East and Europe. The company operates approximately 650 stores under the *Van Heusen*, *IZOD*, *Bass* and *Calvin Klein* names. The majority of our stores are located in outlet malls throughout the United States.

Governance and Ethics

Board of Directors

At PVH, good corporate governance starts with our Board of Directors. We aim to build a board with individuals whose characteristics strengthen our company's direction-setting with diversity of input, perspectives and leadership. Our Board includes three women and two members of minority groups. Only independent directors may serve on our board committees: Audit, Compensation, Performance Evaluation, Corporate Social Responsibility and Nominating & Governance. Nine of our 10 directors are independent.

With public reporting comes a need for greater accountability and oversight. Moreover, our Board of Directors shares management's concern for transparency and corporate responsibility. Consequently, in January 2009, our Board established a new CSR Committee whose purpose is to oversee the reporting process and review future CSR reports, as well as to monitor and evaluate management's progress with respect to policies and strategies that affect PVH's role as a socially responsible organization.

Code of Business Conduct and Ethics

Based on our belief that strong governance and ethics are instrumental to a successful business, we recognize that we have inherent responsibilities to our stockholders, associates, business partners and the general public. These responsibilities go beyond the mere reporting of operating results and include high standards of corporate ethics and integrity. To ensure these standards, our Board of Directors has adopted a Code of Business Conduct and Ethics, which is based on the following general principles of conduct:

PVH will:

- Maintain high moral and ethical standards that reflect honesty, integrity and reliability in every situation
- Respect the dignity and rights of all persons, regardless of race, color or creed
- Properly balance the interests of all groups in the conduct of its business



PVH's Code of Business Conduct and Ethics covers a wide range of business practices and procedures. All of our associates, officers and directors must conduct themselves in accordance with its requirements and seek to avoid even the appearance of improper behavior. This Code is also provided to and followed by our agents and representatives. It does not cover every issue that may arise, but it sets out basic principles to guide all of our constituencies.

Associates are introduced to the Code of Business Conduct and Ethics at our new-hire orientation – PVH's "Brand New Start" program. When hired, every associate signs an acknowledgement that he or she has read and will abide by this Code. This Code is distributed annually and the acknowledgement is recertified every two years by all associates.

Stakeholder Engagement

PVH interacts with its many constituent groups in different ways. We consider our associates, investors, customers and business partners (such as suppliers, contractors, licensors and licensees), as well as the non-governmental organizations (NGOs) and the communities in which we operate, to be our primary stakeholders. We engage these groups to ensure that we hear and incorporate their concerns and are able to be transparent with them about our efforts and progress.

"We applaud PVH for taking an important step by publishing its first Corporate Social Responsibility Report. The company has been a leader in promoting and monitoring human rights compliance in its supply chain. Innovative initiatives, like the Critical Engagement and Impact Program, have helped to build the capacity of factories to improve the lives of workers, contributing to the sustainability of their communities. Moving forward, we expect the company to continue its commitment to CSR strategies even in tough economic times."

Rev. David M. Schilling, Program Director for Human Rights, Interfaith Center on Corporate Responsibility



Ongoing Collaboration

We understand that important progress in confronting various business challenges is often realized through collaboration with other organizations. Over the years, we have worked with NGOs, business partners and industry associations to achieve significant improvements in the supply chain that could not have been accomplished working alone. The current economic crisis has heightened the need for such collaboration, as human and financial resources are increasingly limited while universal challenges are mounting.

Our Global Human Rights team regularly conducts outreach on key business issues to NGOs concerned with human rights such as the Fair Labor Association (FLA), the Interfaith Center on Corporate Responsibility (ICCR) and regional NGOs from around the world. We have engaged BSR and Great Forest on environmental topics. For workplace diversity issues, we partner with organizations like the Black Retail Action Group (BRAG) and INROADS. Similarly, for community engagement, we have partnered with organizations like the United Way, Safe Horizon and EarthShare, and engaged Changing Our World in helping us further develop our community investment strategy.

This Report

In order to cover CSR issues that are important to our key stakeholders, we gathered input from various constituency groups during the reporting process. This included meetings with ICCR, FLA and Great Forest.

Our associates are a critical stakeholder group. We conducted an associate focus group to discuss CSR matters in September 2008, drawing participants from across functions in our U.S. operations. This group provided recommendations that contributed to our overall CSR strategy and communications. One consistent piece of associate feedback was the need for clear, upfront and ongoing communication of PVH's global CSR activities. We also surveyed our PVH interns on CSR issues. The results overwhelmingly demonstrated that a company's commitment to social and environmental responsibility is an important consideration for the next generation when choosing an employer.

We appreciate that all of the stakeholders consulted gave honest and valuable input on the issues selected for inclusion in this report.



Corporate Responsibility

We are guided by the principle that success in business is dependent on putting people first. Indeed, we know that our company would not have grown as it has if we were not committed to making a genuine contribution to improving the quality of life and upholding the basic rights of our associates, their families and the communities in which we operate.

Workplace

Our long-term success depends on our capable and enthusiastic workforce. Over the years, PVH has enjoyed relatively low associate turnover rates and a long-tenured workforce. To build on our successes in associate engagement and retention, we are focused on promoting diversity, work/life balance, career development and training, and workplace safety. PVH provides associates with a competitive compensation package and a comprehensive benefits program. In addition to standard health insurance and retirement plans, some examples of company benefits are an employee assistance program, tuition reimbursement and college scholarship programs, adoption benefits and assistance with personal health concerns such as weight-loss and smoking cessation.

Community

Community stewardship is an important aspect of PVH's corporate identity and culture. Our efforts to involve ourselves with our communities occur on many fronts and at all levels. Associates, from senior management to hourly workers, are active with local, national and foreign organizations that support hundreds of worthy causes, offering time, enthusiasm and energy, as well as personal and company resources. Our community engagement activities include company-wide initiatives, direct community involvement by business units and grass-roots participation by individual associates. Although these efforts can be effective, we see a need for a more cohesive corporate focus and message with regard to our community and philanthropic activities. We are currently working to concentrate our community stewardship efforts in order to have a more significant impact on issues that are important to our associates and the communities in which we operate.

Human Rights

By the early 1990s, PVH, along with virtually the entire apparel industry, was transitioning from a North American manufacturing operation to a global sourcing platform – a change that tested our commitment to fair labor practices and human rights. At the time, the prevailing attitude in the industry was that factory owners were responsible for any human and labor rights violations related to their workforce.

Early in this period, PVH took some of the first steps to ensure the protection of human rights and fair working conditions in our supply chain. We took these steps because they were in line with the company's principles and because it was important to protect brand reputation. Our initial human rights code of conduct for suppliers, contractors and business partners was developed in 1991.

During the 1990s, PVH operated several company-owned manufacturing facilities in Central America. The company faced significant criticism from various activists and interest groups about the conditions at these factories. We listened to our critics and did our best to integrate their suggestions into our developing Global Human Rights program. Our experience with these facilities was an important factor in formulating and shaping our approach to workers' rights issues. We continue to operate under the belief that treating people fairly and with respect is paramount in creating and maintaining a successful business and, as a result, our Global Human Rights program has become an integral component of all sourcing and manufacturing decisions.

Environment

PVH is also committed to the execution of a responsible environmental strategy. Although there have been programs put into practice by our individual business units to confront environmental issues, it has only been over approximately the last year that we have begun to address these concerns with company-wide efforts. PVH established an environmental task force in 2007, inviting interested associates throughout the company to get involved. This task force's recommendations resulted in the following initiatives:

- We partnered with the environmental consulting firm Great Forest to conduct a detailed environmental assessment of our three largest U.S. corporate/administrative offices
- We established working groups at each office to review and implement the recommendations arising from the assessment
- We held meetings with landlords, product and service vendors, and other groups to establish initiatives and collect data



Management of CSR at PVH

PVH's commitment to CSR can be seen throughout the company, starting at the top. The internal management of CSR has direct ties to our CEO, ensuring that CSR efforts are linked to all parts of our business. The Global Human Rights & Social Responsibility Department is responsible for protection of human rights and fair labor conditions in our supply chain. Responsibility for environmental issues is divided into three functional areas: facilities are managed by Human Resources and Office Services; transportation and distribution are managed by Logistics; and supply chain environmental issues are managed by the Global Human Rights & Social Responsibility Department. Workplace issues are managed by Human Resources and community engagement is managed by the PVH Foundation for contributions and across business units for associate-related activities. The CSR Task Force will continue to manage the annual CSR report process and will monitor progress and performance related to PVH's CSR efforts.

In Summary

PVH has spent considerable time and utilized the efforts of multiple internal and external stakeholders to ensure that we continue to strive to maintain the principles of good corporate citizenship. As a company, we are moving towards a centralized, more cohesive strategic approach to CSR. We see this report as a major step toward increasing transparency and accountability to the public so that we may share our successes and open the door for our internal and external stakeholders to offer new ideas and constructive criticism.

The years ahead will be uniquely challenging as businesses and governments struggle to overcome the effects of the current global economic crisis. We recognize that in a world of increasingly constrained resources (both financial and natural) there are limits to what can be accomplished by one corporation. More than ever, there is a need for organizations to collaborate to find solutions to our shared challenges. We pledge to not only pursue our business in a responsible fashion, but also to engage our associates, NGOs, customers, investors, vendors and other stakeholders around the world as part of that commitment.

We welcome all questions, comments and concerns. Please contact us at csrreport@pvh.com.

