



# Workplace



At PVH, we recognize that talented and dedicated associates are most important to the strength and stability of the company. We believe in a healthy work/life balance for our associates. We also value diversity in our workforce, respect the uniqueness of each associate and encourage openness of ideas and communication.



# Associate Engagement and Retention

Associate engagement and retention are two key metrics for gauging our workplace performance and PVH has a strong record in both of these areas – providing a stable foundation for continued growth of the organization.

Historically, PVH has had relatively low turnover rates and a long-tenured workforce, with the average associate staying for seven years of service, excluding retail and warehouse associates. Though rates differ at our various locations worldwide, our average annual turnover rates as compared to industry measures are as follows:

LOCATION	PVH TURNOVER	BENCHMARK TURNOVER
Corporate offices, Warehouses and Far East Operations	18.4%	30.6% <sup>1</sup>
Retail Stores (Full-time Positions)	42.8%	60% <sup>2</sup>
Retail Stores (Part-time Positions)	122.3%	110% <sup>2</sup>

<sup>1</sup> United States Department of Labor, Bureau of Labor Statistics, 2008 Turnover Data for Wholesale Trade sector  
<sup>2</sup> Mercer/National Retail Federation, 2008 Compensation and Benefits Survey for Retail Companies

In 2008, as we closed stores, we were able to retain a number of full-time retail associates by transferring them to our remaining stores. The turnover rate for part-time positions in our retail stores was higher in 2008 (98% in 2007) due to the store closings and related reduction in payroll hours. Part-time retail positions generally tend to have higher turnover rates because they are more seasonally affected and are often filled by a more transient population.

Our traditionally low turnover and high tenure rates are indicative of the many positive factors that contribute to associate engagement at PVH. These factors were identified in our first company-wide associate survey, conducted in October 2006 by the National Business Research Institute. The survey had an 85% response rate, which is well above average for associate surveys. PVH scored in the 71st percentile in overall associate engagement, 21 percentiles above the national average for our industry.

Among the highest-rated associate engagement categories were:

- Job satisfaction
- Management style and vision
- Company image
- Compensation and benefits programs

Associates also identified opportunities for organizational improvement. In particular, two areas emerged:

- **Communication** – Associates indicated a desire to be better informed about current developments in the company and requested more communications related to goals and plans at both the organizational and the supervisory levels.
- **Career development** – Associates also indicated the need for more information about career development issues, advancement and promotions.

As a result of the survey, we formed associate action teams, with representatives from across the organization, to review the results and make recommendations to senior management. Based on those recommendations, we have taken the following key actions:

TOPIC	ACTIONS
Communication	<ul style="list-style-type: none"> <li>• "State of the Business" meetings: Our senior management team, led by Chairman and CEO Manny Chirico, conducts a series of annual meetings with associates to inform them of business performance, updated brand information, and the company's strategic plans. The meetings include question-and-answer periods. DVDs are provided to associate groups that are not able to attend.</li> <li>• Enhancements to <i>The Thread</i> (company intranet site): Initially, we expanded our intranet site to include new content like quarterly earnings reports and associated audio content. In late 2008/early 2009, we conducted a major site redesign to promote engaging, real time communication and collaboration. The update also included new features like an enhanced associate directory, brand news updates, real time news feeds and a functional search feature. Additional ongoing enhancements are planned to maximize communications on <i>The Thread</i>.</li> <li>• Communications seminars: We created and implemented associate and manager versions of various communication skills seminars.</li> </ul>
Career Development Awareness	<ul style="list-style-type: none"> <li>• PVH Career Center: To improve associates' knowledge about career paths and opportunities within PVH, we launched an online Career Center that includes career path charts for major business functions, job descriptions, self-assessment tools, and suggested development plans. We will expand and update this site to include additional departments not currently included and to reflect updated career paths.</li> <li>• Open position emails: In addition to posting all open positions on <i>The Thread</i>, we regularly email Career Center updates to our associates about the most recent job postings available.</li> <li>• Career development workshops: Our newly designed and implemented seminars for managers and associates have become part of the company's regular curriculum.</li> </ul>

In addition to improvements at the corporate level, each PVH business unit or department developed and implemented action plans to address their own survey results. These plans included initiating periodic business unit meetings so associates could hear about the latest business developments, assessing and improving the physical work space of associates, and other actions that address individual business unit needs.

PVH plans to conduct another company-wide associate survey in 2009. Given the business climate and economic conditions that challenge our business, we are interested in getting feedback from associates about their current issues and concerns so that we may be responsive to their needs and take appropriate actions.

Other plans for associate engagement and retention in 2009 include developing more consistent turnover reporting across business units and creating a more comprehensive exit interview and reporting process to identify retention issues. In addition, we will continue to provide a high level of human resources support to managers and associates to maintain strong associate relations and ensure effective associate problem resolution, as well as continue to provide the high quality of life that PVH associates enjoy.

# Benefits, Compensation and Associate Wellness

Our success is dependent upon hardworking associates who dedicate their time and talents to making our company strong. That is why we provide competitive salaries and one of the most comprehensive benefit programs in the retail and apparel industries.



At PVH, we benchmark our total compensation program, including salary ranges, against survey data in our industry to ensure that we remain competitive. Additionally, we provide certain levels of associates with the ability to participate in bonus and equity programs so that they may share in the growth and success of the company.

In the United States, PVH provides both a 401(k) plan (with a company match) and the security of a defined benefit pension plan, funded by PVH, for associates who work more than 20 hours per week. In addition, for those who work more than 32 hours per week, PVH provides a comprehensive health care program, including medical and dental coverage, life insurance and disability income benefits. PVH health care benefits are available to all full-time associates and their families, including domestic partners, of same or opposite sex.

For 2009, we will be adding the “Health Advocate” service to our suite of benefits to assist associates in locating qualified healthcare providers, scheduling appointments, resolving insurance claims and billing issues, and getting access to other related services.

To help our associates balance work and family, we offer a child care/elder care resource and referral service, an employee assistance program, adoption benefits and several education-related benefits, including a college scholarship program for associates’ children, college coaching services and tuition assistance for associates. In our corporate and administrative offices, we offer flextime and a summer hours program.

Over the past two years, we also have worked to provide our associates with the tools to make health a priority through our state-of-the-art wellness program, HealthMatters. The PVH HealthMatters program offers rewards and incentives for walking and exercising, staying or becoming tobacco-free and making other healthy choices. In addition, associates have access to a personal health coach who can develop an exercise program, put together a customized diet plan and work with them to quit smoking. According to our associates, the program has been a great success.



### HealthMatters Testimonial

*Frank DeCicco, Deductions Analyst  
Bridgewater, New Jersey*

“Because of the PVH HealthMatters program made available to each of us through the thoughtfulness of PVH, I am much more health-conscious than I have ever been before.



One morning in February of 2007, I woke up disgusted with my weight... so I joined WeightWatchers here at work... and decided to get involved with the walking program. I received my PVH pedometer and began walking at least 10,000 steps per day. At first, 10,000 steps every day seemed like sooooo many steps... but once I started doing it consistently, it became easy. Now there are days that, in addition to walking the 10,000 steps, I get on my bicycle and ride. I am able to make time to walk because it has become a priority in my life.

Using a combination of WeightWatchers and the walking program, I lost over 30 pounds through the spring of 2008... All of this was inspired by the PVH HealthMatters program.”

### Associate Support

Our commitment to supporting our associates includes lending a helping hand in times of need. There are many examples of volunteer activities and financial assistance for co-workers that demonstrate the generous and caring spirit of PVH associates, a shared responsibility that is at the heart of our company's culture of caring.

In natural disasters, house fires, medical crises and other emergencies, affected associates have been appreciative of the speed and ease with which we are able to respond and give moral and financial support. This support for our associates reinforces the bonds that make our PVH corporate family strong.



At PVH, we are committed to helping our own team of associates when their individual lives are impacted by crises. Here is one example, told by:

*Diane Nagy, Customer Service Manager, Retail  
Bridgewater, New Jersey*



“It was one of those days that I will always remember. After just getting out of a staff meeting, the call from my husband was, ‘you need to come home now – the house is on fire.’ I made it home to find the fire department making their last walk through the house. What I had worn to work that day, and a few leftover articles of clothing in the dryer, was all that I had left of any clothing or personal items. The wonderful thing – no one was hurt or harmed by the fire. Even the cat made it out safely.

The very next morning, one of our PVH executives was on the phone asking me how PVH could help and what we needed. Later that day, I received another phone call, this time from my supervisor who told me to visit our stores in one of our centers and get what we needed. Aside from PVH management’s help, my co-workers also took up a collection to help us with our unexpected expenses, on top of taking care of business while I was out of the office.

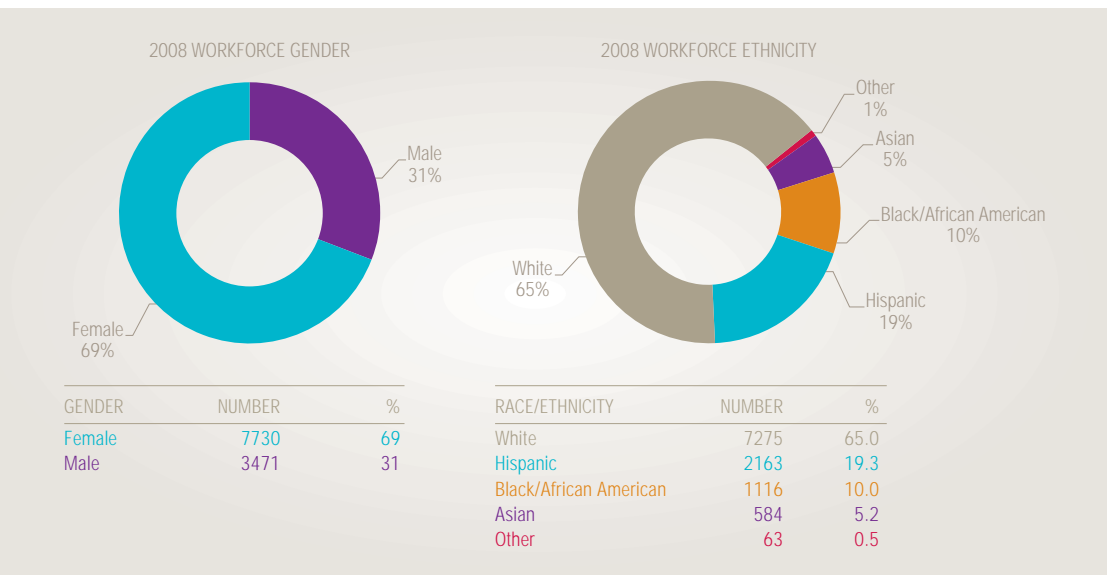
The Van Heusen Retail division did an equally amazing thing that helped to bring some normalcy back into my family’s life. Upon my return to work, I was told that twice a week they would be providing me with a home cooked meal. At that point we had been eating fast food and running all over the place, so a nice home cooked meal in our temporary living trailer was so wonderful! This went on for an amazing two months and was so very touching and much appreciated.

The generosity and thoughtfulness of all my PVH co-workers in my time of need was overwhelming and very emotional. My family and I are truly blessed to know and be associated with these wonderful people who really made a difference and helped us through our difficult time.”

# Diversity and Inclusion

At PVH, we recognize and respect the uniqueness of each individual and we believe that a diverse workforce is essential in responding to consumers' needs and to the competitive demands of the global marketplace. PVH has a growing international presence and we strive to maintain a global perspective and an appreciation of world cultures. We also value the diversity of ideas and encourage open communication that leads to more effective and innovative business strategies and problem solving.

We are committed to recruiting, training and providing career advancement opportunities to all associates without regard to race, gender, religion, age, national origin, citizenship status, disability, qualified veteran status, marital status or sexual orientation. PVH is an affirmative-action employer and we support the hiring and promotion of women and minorities in the workforce.



PVH maintains longstanding partnerships with organizations like the Black Retail Action Group (BRAG) and INROADS, organizations that help place racially and ethnically diverse interns with North American corporations, to promote the hiring and career development of minority candidates through PVH internships and regular employment.

“Common Threads” was the theme of the 38th Annual Scholarship and Awards Gala for BRAG. In the picture on the left on page 19 are PVH staff and various BRAG interns from this past year and from previous years, some of whom have joined PVH in regular full-time positions.

In 2009, we plan to improve communication of our diversity initiatives, including our ongoing partnerships and work with minority and women-owned businesses. We also plan to improve internal reporting to senior management to better highlight both successes and opportunities to maximize diversity throughout the organization. Additionally, we will continue to offer diversity training programs as part of our basic training curriculum.

# Development and Training

Continuous education and development of the PVH workforce is critically important to the growth and success of our organization.

While training varies across our locations based on specific needs, we offer a wide variety of associate training and development opportunities that help associates perform more effectively in their current roles and prepare them for taking on additional responsibilities in the future. These opportunities include:

- General business skills seminars focusing on financial, communications and other managerial skills
- New-hire orientation programs
- Management training programs
- Retail skills and operations training
- Warehouse and distribution skills training
- Computer training classes covering the latest software technology
- Diversity and legal compliance training programs to support the values of our respectful workplace
- Customized classes to meet the needs of individual department teams
- “Lunch and Learn” programs on personal life issues like Taking Care of Elderly Parents, How to Create a Living Will, and Identity Theft



In 2008, we made a major investment in an online talent management system to help with succession planning, performance management and salary planning. This system offers features such as:

- Associate career profiles (with resume-like data) to capture basic associate career information including work history, education, certifications, and more
- Salary planning that includes merit planning worksheets, individual compensation statements and other tools
- Succession planning tools to identify and manage bench strength

Over the next two years, PVH will continue to roll out additional elements of the talent management system, including tools to support performance management and productivity, such as online goal setting and tracking, and individual development planning. We will also implement leadership assessment and succession planning programs to ensure development of future leaders of PVH.

In addition to internal training and development opportunities, we also provide a generous college tuition assistance program to associates who want to earn an undergraduate or graduate college degree in a related field.



## Workplace Safety

At PVH, we take associate safety seriously. We have developed custom safety programs tailored to each of our warehouse and factory locations. At our retail stores, we have implemented strong safety policies and procedures, mandatory safety training and store self-inspections. The Risk Management Department helps develop these programs and provides guidance and resources with services such as inspections, ergonomic analysis and proper lifting technique training. To motivate our managers to promote safety, we allocate workers' compensation losses and associated costs to each business unit's budget. We support business unit heads by providing quarterly loss information, so that they can direct their efforts to issues in a timely manner. While we realize that it would be unrealistic to expect a perfect safety record with no incidents, we continuously strive to provide the safest possible working environment for all our associates.

## Challenges and Goals

This past year has presented our company, our industry and our country with many significant challenges. We believe that the global economy will continue to be difficult throughout 2009. It was necessary for us to respond aggressively to these challenges and, accordingly, during 2008 a number of restructuring activities were initiated, including the closing of our Geoffrey Beene outlet retail store division, the shutdown of domestic production of machine-made neckwear a realignment of our global sourcing organization, and reductions in warehousing capacity, as well as other initiatives to reduce travel, payroll, marketing and administrative expenses.

With these actions came a number of very difficult decisions that resulted in staff reductions throughout the organization. Approximately 250 salaried positions, representing over 10% of the company's salaried workforce, and approximately 150 hourly neckwear manufacturing positions have been eliminated. The Geoffrey Beene store closings resulted in the elimination of approximately 450 full-time and part-time retail positions. PVH attempted to treat all impacted associates with the highest level of dignity and respect. We provided these associates with generous severance packages, family medical benefits and outplacement services to support them in securing new employment.



During these difficult economic times, communication with associates is increasingly important. We will make a greater effort in 2009 to maintain timely and ongoing communications with associates, including more frequent communications from our CEO and senior management team, in a variety of formats to reach associates in all parts of our decentralized organization. Additionally, we will establish a new position, Director of Global Communications, to improve communications throughout the company. This position will be responsible for ensuring that all PVH associates have timely access to information about current developments at PVH through a variety of approaches. Methods will include creating and maintaining engaging content on the company's intranet site, publishing associate communications on brand strategies and initiatives, and implementing a year-round communications program using various electronic, media and meeting formats.

Below are some of our goals for continuous improvement of workplace issues in 2009:

Engagement and Retention	<ul style="list-style-type: none"> <li>• Conduct the 2009 associate engagement survey to assess organizational effectiveness and develop company-level and department-level action plans to address any identified areas of opportunity</li> <li>• Achieve more consistent tracking and reporting of associate engagement measures such as turnover and exit interviews across all business units. Publish periodic reports highlighting any identified issues</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>• Expand communication and awareness of company diversity strategies and initiatives</li> <li>• Expand reporting of diversity statistics for review by senior management and identify opportunities for improvement</li> </ul>
Development and Training	<ul style="list-style-type: none"> <li>• Implement leadership assessment and development programs to develop leadership talent</li> <li>• Expand the online PVH Talent Management System to provide managers and associates with enhanced tools for succession planning and career development, performance management and salary planning</li> <li>• Implement a new Change Management seminar as part of our expanding management and leadership development training curriculum to help managers lead more effectively in light of the rapidly changing business environment</li> </ul>
Associate Communications	<ul style="list-style-type: none"> <li>• Create an ongoing communications plan to keep associates informed and maintain effective two-way communication</li> </ul>
Corporate Social Responsibility Objectives	<ul style="list-style-type: none"> <li>• Incorporate reporting of CSR activities into the PVH performance review process for senior executives to encourage goal setting and performance evaluation on social responsibility issues</li> </ul>