Risk Factors Comparison 2024-04-02 to 2023-03-28 Form: 10-K

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The following risk factors should be read in conjunction with the other information set forth **herein** ~~in this Annual Report on Form 10- K~~ when evaluating our business and the forward- looking statements **made herein** ~~contained within this report~~ . The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may occur or become material and also may adversely affect our business, financial condition or results of operations. Business and Operational Risks ~~The COVID- 19 pandemic has had a significant impact on us and may continue to impact us in the future. The COVID- 19 pandemic has had a significant impact on our business, results of operations, financial position and cash flows from operations. The extent of the impact of the pandemic on our business in the future, if any, will depend, in part, on the duration, severity, and location of any resurgences of infections. Virtually all of our retail stores were temporarily closed for varying periods of time during the first quarter and into the second quarter of 2020 due to governmental orders and concern for the health and safety of our associates, consumers and communities. Broad shutdowns under government orders, particularly in Europe and Canada, were put in place again at the end of 2020, resulting in temporary store closures there that remained in place into 2021. Infection rate surges throughout 2021 resulted in temporary store closures for varying periods of time throughout the year, primarily in Europe, Australia and Asia. COVID- related pressures continued into 2022, although to a much lesser extent than in 2021 in all regions except China. Strict lockdowns in China resulted in extensive temporary store closures and significant reductions in consumer traffic and purchasing throughout 2022, and impacted certain warehouses, resulting in a temporary pause of deliveries to our wholesale customers and from our digital commerce business in the first half of 2022. COVID- related restrictions in China were lifted at the end of the fourth quarter of 2022. Our brick and mortar wholesale customers and our licensing partners also experienced significant business disruptions as a result of the pandemic. Our wholesale customers and franchisees globally generally experienced temporary store closures and operating restrictions and obstacles in the same countries and at the same times as us. The impact of the pandemic on some of our brick and mortar wholesale customers resulted in them closing their stores, with several of our wholesale customers in North America filing for bankruptcy in 2020. Certain of our wholesale customers have also been subject to activist shareholder campaigns that can distract management, upset business plans and drain funds that could be invested in business operations. The pandemic has impacted our supply chain partners, including third party manufacturers, logistics providers and other vendors, as well as the supply chains of our licensees. The vessel, container and other transportation shortages, labor shortages and port congestion globally, as well as slowdowns in factory production in some of our key sourcing countries delayed product orders, particularly during the second half of 2021 and throughout 2022, and, in turn, deliveries to our wholesale customers and availability in our stores and for our directly operated digital commerce businesses. These supply chain and logistics disruptions impacted our inventory levels and our sales volumes. We also incurred higher freight and other logistics costs in connection with these disruptions, which negatively impacted our gross margin. Consumers have also been affected, and may continue to be affected, by the pandemic, resulting in adverse impacts on us. Concerns about the health risks in traveling, as well as consumers' illness or unwillingness to shop in stores out of fear of exposure, has adversely affected traffic in our stores and our wholesale customers' and franchisees' stores. Consumer spending has been, and may continue to be, negatively impacted by job losses and reduced earnings power, inflationary pressures, and other factors. All these factors have negatively impacted, and might continue to negatively impact, our direct sales to consumers and our sales to our wholesale customers, due to lower sales of our products, and those of our licensees, through their sales channels. Any or all of the foregoing could have a material and adverse impact on our results of operations, financial condition and cash flows from operations.~~ A significant portion of our revenue and gross profit is derived from a small number of large wholesale customers and the loss of any of these customers or significant financial difficulties in their businesses could substantially reduce our revenue. A small number of our customers account for ~~significant~~ **a meaningful** ~~portions~~ - **portion** of our revenue. Sales to our five largest customers were **13. 3 %,** 14. 1 % ~~,~~ **and** 15. 0 % ~~and 16. 3 %~~ of our revenue in **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. No single customer accounted for more than ~~10~~ **5** % of our revenue in **any such year** ~~2022, 2021 or 2020~~ . We do not have long- term agreements with any of our customers and purchases generally occur on an order- by- order basis. A decision by any ~~of our~~ major ~~customers~~ - **customer** , whether motivated by marketing strategy, competitive conditions, financial difficulties, climate impacts or otherwise, to decrease significantly the amount of merchandise purchased from us or our licensing or other partners, or to change their manner of doing business with us or our licensing or other partners for any reason, including due to store closures, reduced traffic and consumer spending trends, or product delivery delays, such as those that resulted from the COVID- 19 pandemic, could reduce substantially our revenue and materially adversely affect our profitability. ~~Traditional brick and mortar retailers have experienced the same significant business disruptions as a result of the COVID- 19 pandemic as we have. Several of our customers in North America filed for bankruptcy since the onset of the pandemic, including J. C. Penney Corporation, Inc., which was one of our ten largest customers in 2019.~~ The retail industry ~~' s recent history~~ has seen a great deal of consolidation ~~, particularly in the United States,~~ and other ownership changes, as well as store closing programs, restructurings, reorganizations, management changes and activist shareholder campaigns **. We** ~~, and we~~ expect these disruptions to be ongoing, particularly as **omnichannel strategies** ~~consumers continue to transition away from traditional brick~~ and ~~mortar retailers to~~ digital commerce **continue to grow** . In the future, retailers also may reposition their stores' target markets or marketing strategies. Any of these types of actions could result in a further decrease in the number of stores to which we can sell, to which we want to sell or which want to carry our products and there can be no assurance that these sales can be fully offset by sales ~~into~~ **through** digital channels. Additionally, stores may purchase a smaller amount of our products and reduce the retail floor space designated for our brands. These changes could decrease our opportunities in the market, increase our reliance on a smaller number of customers or decrease our negotiating strength with our customers. These factors could have a material adverse effect on our financial condition and results of operations. We may not be able to continue to develop and grow our Tommy Hilfiger and Calvin Klein businesses. **Our** ~~A significant portion of our~~ PVH Plan strategy involves growing our Tommy Hilfiger and Calvin Klein businesses. Our achievement of revenue and profitability growth from **these businesses** ~~Tommy Hilfiger and Calvin Klein~~ will depend largely upon our ability to: • continue to maintain and enhance the distinctive brand identities of the TOMMY HILFIGER and Calvin Klein brands; • continue to maintain good working relationships with **our** ~~Tommy Hilfiger' s and~~ **brand** ~~Calvin Klein' s~~ licensees and enter into new, or renew or extend existing, license agreements and successfully transition licensed businesses in house, including ~~the~~ **our announced** plan ~~we announced in November 2022~~ to bring in ~~-~~ house over time most of the ~~Calvin Klein and TOMMY HILFIGER~~ product categories currently licensed to G- III **, our largest licensee of both brands,** and directly operate those businesses ~~upon expiration of the licensing agreements~~ ; and • continue to strengthen and expand the Tommy Hilfiger and Calvin Klein businesses. We cannot assure you that we can execute successfully any of these actions ~~or our growth strategy for these businesses~~ , nor can we assure you that the launch of any additional product lines or businesses by us or our licensees or that the continued offering of these lines will achieve the degree of consistent success necessary to generate profits or positive cash flow. Our ability to carry out our growth strategy successfully may be affected by, among other things, our ability to enhance our relationships with existing customers to obtain additional selling space or add additional product lines, our ability to develop new relationships with retailers, economic and competitive conditions, changes in consumer spending patterns and changes in consumer tastes and style trends. If we fail to continue to develop and grow ~~the Tommy Hilfiger or~~ **our** ~~Calvin Klein~~ businesses, our financial condition and results of operations may be materially adversely affected. ~~The~~ **Our** success ~~of our Tommy Hilfiger and Calvin Klein businesses~~ depends on the value of our " TOMMY HILFIGER " and " Calvin Klein " brands and, if the value of either of those brands were to diminish, our business could be adversely affected. Our success depends on our brands and their value. The TOMMY HILFIGER name is integral to the existing Tommy Hilfiger business, as well as to our strategies for continuing to grow and expand the business. Mr. Hilfiger, who continues his role of Principal Designer, is closely identified with the TOMMY HILFIGER ~~brand~~ **brands** and any negative perception with respect to Mr. Hilfiger could adversely affect the ~~TOMMY HILFIGER~~ brands. In addition, under Mr. Hilfiger' s employment agreement, if his employment is terminated for any reason, his agreement not to compete with the Tommy Hilfiger business will expire two years after such termination. Although Mr. Hilfiger could not use any TOMMY HILFIGER trademark in connection with a competitive business, his association with a competitive business could adversely affect the Tommy Hilfiger business. We also have exposure with respect to the Calvin Klein brands, which are integral to the existing Calvin Klein business and could be adversely affected if Mr. Klein' s public image or reputation were to be tarnished. In addition, brand value and **reputation, and consumer** patronage could diminish significantly due to **numerous** ~~a number of~~ other factors, including consumer attitudes regarding social and political issues ~~and~~ **,** consumer perceptions of our position on these issues, the positions taken by celebrities, athletes and others who promote our products (and our response to the same) ~~or~~ **,** a belief that we or our business partners have acted in an irresponsible or unacceptable manner **, or environmental impact or sustainability claims made in regard to products under our brands** . Negative claims or publicity regarding the TOMMY HILFIGER or Calvin Klein brands, stores or products, including stores operated by business partners and licensed products, or regarding celebrities, athletes and others who promote our products, as well as our treatment of employees and customers, particularly when made on social media, which has the potential to rapidly accelerate the timing and reach of negative publicity, also could adversely affect the ~~reputation of the~~ brands **' reputations** and **our** sales even if the subject of such publicity is unverified or inaccurate and we seek to correct it. Increased regulation and stakeholder scrutiny regarding our environmental, social and governance (" ESG ") matters, could result in additional costs or risks and adversely impact our reputation. There is an increased focus **from** ~~, including by regulators, legislators,~~ consumers, investors, our associates and other stakeholders on ESG matters, ~~including~~ **which has led to** increased pressure to expand our disclosures, ensure labor and other sustainability ~~aspects~~ **standards** within our ~~supply~~ **value** chain, make and establish corporate responsibility goals **,** and take actions to meet them, which could expose us to regulatory, legal, market, operational and execution costs or risks **. The emergence of legislation and regulation regarding marketing of goods, business practices, and public reporting and disclosures related to issues under the ESG umbrella could also lead to risks associated with non- compliance** . We seek to comply with all applicable laws, rules and regulations and ~~also~~ have established focus areas and targets under our Fashion Forward corporate responsibility strategy in respect to many ESG measures, including in ~~regards~~ - **regard** to ~~diversity,~~ greenhouse gas emissions, water usage and usage of more ~~sustainable~~ **environmentally preferred** materials and packaging **, human rights, diversity, and more** . There can be no assurance that we can achieve compliance without significant impact on our business or results of operations or that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. ~~This also~~ **Our targets are ambitious and inability to achieve them or comply with ESG reporting regulations** could adversely affect our reputation and the reputation of our brands, sales and demand for our products, retention of our associates, willingness of our suppliers to do business with us, and investor interest in our securities. Our business is heavily dependent on the ability and desire of consumers to travel and shop. Reduced consumer traffic and purchasing, whether in our own retail stores ~~,~~ **or** the stores **operated by** ~~of our wholesale customers or~~ **our business partners** ~~in our franchisees' stores~~ , could have a material adverse effect on our financial condition, results of operations and cash flows. Reductions could result from economic conditions, fuel shortages, increased fuel prices, travel restrictions, travel concerns and other circumstances, including adverse weather conditions, **such as droughts and extreme heat,** natural disasters, terrorist attacks or the perceived threat of terrorist attacks. Disease epidemics and other health- related concerns, such as the COVID- 19 pandemic, also could result in (and, in the case of the pandemic, ~~has~~ **had** resulted in) closed stores, reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure, or governments impose mandatory business closures, travel restrictions, vaccine mandates or the like to prevent the spread of disease. War, such as the current war in Ukraine **and the Israel- Hamas war** , or the perceived threat of war, also could result in (and, in the case of the war in Ukraine **and the Israel- Hamas war** , has resulted in) closed stores (both those operated by us and by our business partners), and reduced consumer traffic and purchasing. Additionally, political or civil unrest and demonstrations also could affect consumer traffic and purchasing. Our U. S. retail store operations are a material contributor to our revenue. The majority of our United States stores are located away from major residential centers or near vacation destinations, making travel **and tourism** a critical factor in their success. These retail businesses historically also have had a significant portion of their revenue attributable to sales to international tourists and, as such, have been negatively affected by the decrease in international tourists coming to the United States as a result of **lingering negative impacts on travel and tourism as a result of** the **COVID- 19** pandemic ~~, resurgences of infections,~~ and **other issues** ~~pandemic- related travel restrictions~~ . In addition to the factors discussed above, international tourism to the United States could be reduced, as could the extent to which international tourists shop at our stores, during times of a strengthening United States dollar, particularly against the euro, the Brazilian real, the Canadian dollar, the Mexican peso, the Korean won and the Chinese yuan ~~renminbi~~ . Reductions in international tourist traffic and spending have had, and in the future may have, a material adverse effect on our financial condition and results of operations. Other factors that could affect the success of our stores include: • the location of the store or mall, including the location of a particular store within the mall; • the other tenants **of** ~~occupying space at~~ the mall; • increased competition in areas where the stores are located; • the amount of advertising and promotional dollars spent on attracting consumers to the store or mall; • the changing patterns of consumer shopping behavior; • increased competition from online retailers; and • the diversion of sales from our retail stores to our digital commerce sites. Our inability to execute our digital commerce strategy could materially adversely affect the reputation of our brands and our revenue and our operating results may be harmed. ~~The~~ **Digital commerce** revenue ~~of our digital commerce businesses, which historically has not represented a significant portion of our total revenue,~~ experienced strong growth during ~~2020 and 2021~~ **the COVID- 19 pandemic** , both with respect to our direct- to- consumer businesses and ~~the~~ **our** wholesale business (i. e., sales to pure play and digital commerce businesses of traditional retailers) **. Growing digital revenue continues to be a focus for us** , **representing** ~~and is now~~ approximately 20 % of our total revenue **during 2023** . ~~The~~ **Our** success ~~of our digital commerce businesses~~ depends, in part, on third parties and factors over which we have limited control, including changing consumer preferences and buying trends relating to digital commerce usage and promotional or other advertising initiatives employed by our wholesale customers or other third parties on their digital commerce sites. Any failure on our part, or on the part of our ~~third party~~ digital partners, to provide digital commerce platforms that attract consumers, build our brands **, provide a satisfactory consumer purchasing experience** and result in repeat consumer purchases could result in diminished brand image, relevance and loyalty **,** and lost revenue. Additionally, as ~~consumers shift purchasing preferences to~~ online channels **continue to grow in importance** , the failure to attract **new and existing consumers** to our digital commerce channels ~~consumers who previously made purchases in our stores~~ and those operated by our wholesale partners and franchisees, will adversely affect our financial condition and results of operations. Our operation of digital commerce sites ~~pose~~ **poses** risks and uncertainties including: • changes in required technology interfaces; • website downtime and other technical failures; • costs and technical issues from website software upgrades; • data and system security; • computer viruses; and • changes in applicable laws and regulations. Keeping current with technology, competitive trends, security and the like may increase our costs and may not succeed in increasing sales or attracting consumers. Our failure to respond successfully to these risks and uncertainties might adversely affect the reputation of our brands and our revenue and results of operations. The success of our digital **strategy** ~~commerce businesses~~ depends, in part, on consumer satisfaction, including timely receipt of orders. Fulfillment of these orders requires different logistics operations than for our retail store and wholesale customer operations. We need adequate capacity, systems and operations to sustain and support the continued growth in our digital commerce businesses. If we encounter difficulties with our **operation of our directly operated** distribution facilities or in our relationships with the third parties who operate **our** ~~the~~ **other distribution** facilities, or if any such facilities were to shut down or be limited in capacity for any reason, including as a result of fire or other casualty, natural disaster, systems disruption (including as a result of ~~attacks on computer systems, such as~~ ransomware **and other cybersecurity** attacks), labor shortage or **other** interruption, including as a result of ~~disease~~ epidemics and **other** health **-** related concerns (such as **had occurred during** the COVID- 19 pandemic), or if there is a significant increase in demand for shipping capacity (as was the case in 2021 and through the first half of 2022), we may experience (and, ~~in~~ **due to** ~~the~~ **these** ~~case of~~ **factors in** the ~~pandemic~~ **past** , ~~did~~ **have** ~~experience~~ **experienced**) disruption or delay in distributing our products to our consumers, which could result in consumer dissatisfaction and lost sales. Additionally, in the event of any of the foregoing, we may incur ~~(and, as a result of the pandemic, did incur)~~ higher costs than anticipated to ensure smooth and timely operation. Any of the foregoing could have an adverse effect on the reputation of our brands and our revenue and results of operations. Global economic conditions, including volatility in the financial and credit markets, may adversely affect our business. Economic conditions in the past have adversely affected, and in the future may adversely affect, our business, our customers and licensees and their businesses, and our financing and contractual arrangements, as a result of, among other factors, ~~the COVID- 19 pandemic~~ **pandemics** , ~~current~~ inflationary pressures ~~globally~~ , ~~and~~ **rising interest rates, recession fears,** the war in Ukraine and ~~its~~ **the Israel- Hamas war, and the recent militant attacks on commercial shipping vessels in the Red Sea, and their potential for** broader macroeconomic implications. Such conditions, amongst other things, have resulted, and in the future may result, in financial difficulties leading to restructurings, bankruptcies, liquidations and other unfavorable events for our customers and licensees, may cause such customers to reduce or discontinue orders of our products and licensed products sold by our licensees, and may result in customers being unable to pay us for products they have purchased from us and licensees being unable to pay us ~~for~~ royalties owed to us. Financial difficulties of **business partners** ~~customers and licensees~~ also may affect ~~the~~ **their** ability ~~of our customers and licensees~~ to access credit markets or lead to higher credit risk relating to receivables from ~~customers and licensees. Our traditional wholesale customers and our licensees experienced significant business disruptions as a result of the~~ **them** ~~pandemic and the resurgences of infections, with several of our wholesale customers in North America filing for bankruptcy in 2020, which has had an adverse impact on our results of operations~~ . Volatility in the financial and credit markets ~~, including the current volatility,~~ due, in part, to inflationary pressures ~~globally and the war in Ukraine and its broader macroeconomic implications~~ , could also make it more difficult or expensive for us to obtain financing or refinance existing debt when the need arises, ~~including upon maturity, which for our 3 5 / 8 % senior notes is July 2024 and for our 4 5 / 8 % senior notes is 2025,~~ or on terms that would be acceptable to us. We **have debt with near- term maturities, specifically our senior notes coming due in 2024 and 2025 that will need to be paid or refinanced. We** primarily use foreign suppliers for our products and raw materials, which poses risks to our business operations. **Our** ~~The majority of our~~ apparel, footwear and accessories are produced by and purchased or procured from independent manufacturers in approximately 40 countries, with most being located in Asia. Although no single supplier or country is or is expected to become critical to our production needs, any of the following could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition and results of operations: • political or labor instability or military conflict involving any of the countries in which we, our contractors, or our suppliers operate, which could cause a delay in the production or transportation of our products and raw materials to us and an increase in production and transportation costs; • heightened terrorism security concerns, which could subject imported or exported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundments of goods for extended periods or could result in decreased scrutiny by customs officials for counterfeit goods, leading to lost sales, increased costs for our anti- counterfeiting measures and damage to the reputation of our brands; • limitations on our ability to use raw materials or goods produced in a country that is a major provider due to political, human rights, labor, environmental, animal cruelty or other concerns; • a significant decrease in factory and shipping capacity or a significant increase in demand for such capacity; • a significant increase in wage, freight, shipping and other logistics costs, including as a result of disruption at ports of entry, which could result (and in the case of the pandemic, did result in) increased freight and other logistics costs; • natural disasters, such as floods, earthquakes, wildfires and droughts, the frequency of some of which may be increasing due to climate change, could result in closed factories and scarcity of raw materials (particularly cotton); • disease epidemics and **other** health related concerns, such as the COVID- 19 pandemic, which could result in (and in the case of the pandemic, did result in certain of the following) a significant decrease in factory and shipping capacity, closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; • the migration and development of manufacturers, which could affect where our products are or are planned to be produced; • the adoption of regulations, quotas and safeguards relating to imports and our ability to adjust timely to changes in trade regulations, which, among other things, could limit our ability to produce products in cost- effective countries that have the labor and expertise needed; • the implementation of new or increased duties, tariffs, taxes and other charges on imports; and • the regulation or prohibition of the transaction of business with specific individuals or entities and their affiliates or goods manufactured in certain regions, such as the listing of a person or entity as a SDN (Specially Designated Nationals and Blocked Persons) by the United States Department of the Treasury' s Office of Foreign Assets Control and the issuance of WROs by the CBP. We continuously look for alternative sourcing options, but we may not be able to shift timely, if at all, production from a country when new or increased duties, tariffs, taxes or other charges are imposed. In addition, higher costs in sourcing from other countries, including because others in the industry are looking to move production for the same reason, may make the move price- prohibitive. We may not be able to pass the entire cost increase resulting from tariffs, duties, taxes or other expenses onto consumers or could choose not to. Any increase in prices to consumers could have an adverse impact on our direct sales to consumers, as well as sales by our wholesale customers and our licensees. Any adverse impact on such sales or increase in our cost of goods sold could have a material adverse effect on our business and results of operations. Various actions by the United States Government (including SDN designations, the enactment of the Uyghur Forced Labor Prevention Act and issuances of WROs), have prohibited or limited the business that companies like us and, in many cases, our business partners, can conduct with numerous individuals, companies and entities who operate in **sanctioned jurisdictions** ~~Xinjiang Province, China~~ , as well as the direct or indirect production of goods and the use of ~~cotton grown~~ **raw materials** in ~~Xinjiang Province~~ **and from these jurisdictions** . These and other actions have affected and could continue to affect the sourcing and availability of raw materials used by our suppliers in the manufacturing of certain of our products. These and related matters also have been subject to significant scrutiny and contention in China, the United States and elsewhere, resulting in criticism against multinational companies, including us. As a consequence, these matters (and matters like them) have the potential to affect our revenue and the reputation of our brands and us. In addition, while we make efforts to confirm that SDNs, people and materials covered by WROs, and other sanctioned entities, people and materials are not present in our supply chain, we could be subject to penalties, fines or sanctions if any of the vendors from which we purchase goods is found to have dealings, directly or indirectly, with SDNs or other sanctioned persons or in banned materials. **An additional risk that is related to the foreign production of goods is in regard to the transportation of goods from such foreign locations. Strikes, work slowdowns and stoppages and other actions at ports of shipment and entry could slow or stop the inflow of goods. Additionally, shipments are threatened by piracy, military actions and terrorism on shipping routes (like the current attacks on shipping lanes in the Red Sea by Iranian proxies), and similar actions. The impact of these conditions could be the same as described in the risk factor entitled " We depend on third parties to manufacture our products and any disruption in our relationships with these parties or in their businesses may materially adversely affect our business. "** If our suppliers, licensees, or other business partners, or the suppliers used by our licensees, fail to use legal and ethical business practices, our business could suffer. We require our suppliers, licensees and other business partners, and the suppliers used by our licensees, to operate in compliance with **international labor standards and** applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance. Additionally, we impose upon our business partners operating guidelines that require additional obligations in ~~those areas in~~ order to promote ethical business practices. We audit, or have third parties audit, the operations of these independent parties to determine compliance. ~~We were a member of the Accord on Fire and Building Safety in Bangladesh and are a member of its successors, as well as outgrowth organizations such as the International Accord for Health and Safety in the Textile and Garment Industry, the mission of each of which is to improve workplace, fire and building safety in factories in major textile and apparel producing countries. We also collaborate with factories, suppliers, industry participants and other stakeholders to improve the lives of the workers and others in our sourcing communities.~~ However, we do not ~~control~~ **oversee the entirety of the operations and supply chains utilized by** our business partners **and** ~~, or the suppliers used by~~ our licensees, including with respect to their labor, manufacturing and other business practices **in their supply chains** . Our industry has experienced and we have been impacted by ~~,~~ increased regulation and enforcement, in particular in regards to concerns around forced labor in supply chains. These trends ~~regarding regulation and enforcement~~ are expected to continue, especially through action in the countries where we sell most of our products. If any of these suppliers or business partners violates labor, environmental, building and fire safety, or other laws or implements labor, manufacturing or other business practices that are generally regarded as unethical, the shipment of finished products to us or our customers could be interrupted, orders could be canceled and relationships could be terminated. Further, we could be prohibited from importing goods by governmental authorities. In addition, we could be the focus of adverse publicity and our reputation and the reputation of our brands could be damaged. Any of these events could have a material adverse effect on our revenue and, consequently, our results of operations. We ~~are dependent~~ --- **depend** on third parties to ~~source and~~ manufacture ~~our~~ **all** products **that we sell** ~~and any disruption in our relationships with these parties or in their businesses may materially adversely affect our business. We rely upon independent third parties for the manufacturing of the vast majority of our apparel, footwear and accessories~~ . A manufacturer' s failure to ship products to us in a timely manner, as well as logistics disruptions, as occurred **from** ~~in the 2020~~ **2021** ~~through~~ **and into** ~~2022~~ **2023** ~~period~~ as a result of the COVID- 19 pandemic, or for manufacturers to meet required quality standards could cause us to miss the delivery date requirements of our customers for those products **, as well as prime selling periods in our direct- to- consumer channels** . As a result, customers could cancel their orders, refuse to accept deliveries or demand reduced prices. **Additionally, we may need to be more promotional in our direct- to- consumer channels, and we may also miss sales that would otherwise occur when our stores are properly merchandised.** Any of these actions ~~taken by our customers~~ could have a material adverse effect on our revenue and, consequently, our results of operations. Our business is susceptible to risks associated with climate change and **environmental degradation, and to** an increased focus by stakeholders on climate change **action and sustainability standards** , which may adversely affect our business and results of operations. Our business is susceptible to risks associated with climate change **and environmental degradation** , including potential disruptions to our supply chain and impacts on the availability and costs of raw materials. **Extreme heat as well as** ~~Increased~~ **increased** frequency and severity of adverse weather events (such as storms ~~,~~ **and** floods ~~and droughts~~) due to climate change could ~~also~~ cause increased incidence of disruption to the production and distribution of our products, an adverse impact on consumer demand and spending, and / or more frequent store closures and / or lost sales as customers prioritize basic needs. **Our value chain is also exposed to risks associated with water, including drought and water scarcity, which could impact raw materials sourcing, manufacturing processes, and workers and communities.** In addition, **evolving climate- related legislation and disclosure requirements, coupled with carbon taxes and fluctuating costs of sourcing renewable energy, may also increase our compliance costs.** ~~certain~~ **Certain** of our wholesale customers have **also** begun to establish sourcing requirements related to sustainability. As a result, we have received requests for sustainability related information about our products and, in some cases, customers have required that certain of our products include sustainable materials or packaging, which may result in higher raw material and production costs. Our inability to comply with these and other sustainability requirements in the future could adversely affect sales of and demand for our products. Further, certain online sellers of our products have begun to identify to consumers and help consumers limit purchases to product the sellers identify as being more sustainable. Our failure to offer products that meet these sustainability standards could result in decreased demand for our products and lost sales. We are dependent on a limited number of distribution facilities. If one becomes inoperable, our business, financial condition and operating results could be negatively impacted. We operate a limited number of distribution facilities and also engage independently operated distribution facilities around the world to warehouse and ship products to our customers and our retail stores, as well as perform related logistics services. Our ability to meet the needs of our ~~wholesale~~ customers and of our retail stores depends on the proper operation of our primary facilities. If any of our primary facilities were to shut down or otherwise become inoperable or inaccessible, including as a result of ~~disease epidemics~~ - **epidemic** ~~and~~ **or** other health- related concerns ~~,~~ **(** such as the COVID- 19 pandemic **), or a cybersecurity incident** , we could have a substantial loss of inventory or disruptions of deliveries to our customers and our stores, incur significantly higher costs or experience longer lead times associated with the distribution of our products ~~during the time it takes to reopen or replace the facility~~ . This could materially and adversely affect our business, financial condition and operating results. A portion of our revenue is dependent on royalties and licensing. The operating profit associated with our royalty, advertising and other revenue is significant because the operating expenses directly associated with administering and monitoring an individual licensing or similar agreement are minimal. Therefore, the loss of a significant licensee, whether due to the termination or expiration of the relationship, the cessation of the licensee' s operations or otherwise (including as a result of financial difficulties of the licensee), without an equivalent replacement, or a significant decline in our licensees' sales ~~, for example as occurred as a result of the COVID- 19 pandemic,~~ could materially impact our profitability. **Although the licensing model can be highly profitable, we are planning to, and in the future may pursue further opportunities to, increase direct management of our Calvin Klein and TOMMY HILFIGER brands through takebacks of licensed businesses. Please see the Risk Factor below entitled " We may not be successful in the take- back of licensed businesses. "** While we generally have significant control over our licensees' products and advertising, we rely on them for, among other things, operational and financial controls over their businesses. Our licensees' failure to successfully market licensed products or our inability to replace our existing licensees could materially and adversely affect our revenue both directly from reduced royalty, advertising and other revenue received and indirectly from reduced sales of our other products. Risks are also associated with our licensees' ability to obtain capital, execute their business plans, timely deliver quality products, manage their labor relations, maintain relationships with their suppliers, manage their credit risk effectively and maintain relationships with their customers. Our licensing business makes us susceptible to the actions of third parties over whom we have limited control. We rely on our licensees to preserve the value of our brands. Although we attempt to protect our brands through, among other things, approval rights over design, production quality, packaging, merchandising, distribution, advertising and promotion of our products, we cannot assure you that we can control our licensees' use of our brands. The misuse of our brands by a licensee could have a material adverse effect on our business, financial condition and results of operations. We face intense competition in the apparel industry. Competition is intense in the apparel industry. We compete with numerous **global,** domestic and foreign designers, brand owners, manufacturers and retailers of apparel, accessories and footwear, some of which have greater resources than we do. We also face increased competition from ~~online retailers in the~~ **digitally native brands;** digital **retailing** ~~channel, which~~ is characterized by low barriers to entry. In addition, in certain instances, we compete directly with our wholesale customers, as they also sell their own private label products ~~in their stores and online~~ . We compete within the apparel industry primarily on the basis of: • anticipating and responding to changing consumer tastes, demands and shopping preferences in a timely manner and developing distinctive, attractive, quality products; • maintaining favorable brand recognition and relevance, including through digital brand engagement and online and social media presence; • appropriately pricing products and creating an acceptable value proposition for customers, including increasing prices to mitigate inflationary pressures (as we did in certain regions and for certain product categories ~~during~~ **beginning in** 2022) while minimizing the risks of dampening consumer demand; • providing strong and effective marketing support; • ensuring product availability and optimizing supply chain efficiencies with third party suppliers and retailers; ~~and~~ • obtaining sufficient retail floor space and effective presentation of our products at retail locations, on digital commerce sites operated by our department store customers and pure play digital commerce retailers, and on our digital commerce sites **; • establishing relationships with actors, athletes, musicians, celebrities, social media influencers and others on a global, regional and local basis to promote our brands and products; and • effectively utilizing data and technology to achieve and exploit the foregoing** . The failure to compete effectively or to keep pace with rapidly changing consumer preferences and technology and product trends could have a material adverse effect on our business, financial condition and results of operations. Our profitability may decline as a result of increasing pressure on margins. The apparel industry, particularly in the United States, is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products, retailer demands for allowances, incentives and other forms of economic support, and changes in consumer demand including, for example, as had occurred as a result of the COVID- 19 pandemic. These factors may cause us to reduce our sales prices to retailers and consumers, which could cause our profitability to decline if we are unable to appropriately manage inventory levels or offset price reductions with sufficient reductions in product costs or operating expenses. ~~Continued volatility~~ **Volatility** in the availability and prices for commodities and raw materials we use in our products (such as cotton) and inflationary pressures, including **, for example,** the increased air freight costs we experienced beginning in the second half of 2021 and into 2022 and the increased costs of labor, raw materials and ocean freight we experienced in 2022 **and the first half of 2023** , have resulted ~~, and are expected to continue to result, particularly in the first half of 2023,~~ in increased pricing pressures and, in turn, pressure on our margins. We implemented price increases in certain regions and for certain product categories during 2022 to mitigate the higher costs. However, in the future, we may not be able to implement price increases that fully mitigate the impact of **any** higher costs **that may occur** and / or any such price increases could have an adverse impact on consumer demand for our products. As well, consumer spending has been, and may continue to be, negatively impacted by reduced earnings power resulting from the current inflationary pressures, which has resulted, and may continue to result **in** , lower sales of our products, increased inventories, order cancellations, higher discounts, pricing pressure, higher inventory levels industry- wide, and lower gross margins. If we are unable to manage our inventory effectively and accurately forecast demand for our products, our results of operations could be materially adversely affected. We have made and continue to make investments in our supply chain management systems and processes that enable us to respond more rapidly to changes in sales trends and consumer demands and enhance our ability to manage inventory. However, there can be no assurance that we will be able to anticipate and respond successfully to changing consumer tastes and style trends or economic conditions and, as a result, we may not be able to manage inventory levels to meet ~~our~~ future ~~order~~ requirements. If we fail to accurately forecast ~~consumer~~ demand, or our supply chain and logistics partners are unable to adjust to changes in ~~consumer~~ demand ~~for our products~~ , including, for example, as had occurred as a result of the COVID- 19 pandemic ~~in 2020~~ , we may at times experience excess inventory levels or a shortage of product ~~required to meet demand~~ . Inventory levels in excess of consumer demand have resulted in, and may in the future result in, inventory write- downs and the sale of excess inventory at heavily discounted prices, **as well as impact our ability to implement and execute profitable, competitive and effective pricing and promotional strategies, all of** which could have a material adverse effect on our profitability and the reputation of our brands. If we underestimate consumer demand ~~for our products~~ , we may not have sufficient inventories of product ~~to meet consumer requirements in a timely manner~~ , which could result in lost revenues, as well as damage to our reputation **, the reputation of our brands,** and **our** relationships **with customers and consumers** . The loss of members of our executive management and other key employees could have a material adverse effect on our business. We depend on the services and management experience of our executive officers **and other key executives** , who have substantial experience and **capabilities in our industry and their areas of** expertise ~~in our business. We also depend on other key executives in various areas of our businesses and operations~~ . Competition for qualified personnel in the apparel industry **and with certain skill sets** is intense and competitors may use aggressive tactics to recruit **these individuals** ~~our key employees~~ . The loss of services of one or more of **them** ~~these individuals~~ or the inability to **timely and** effectively identify a suitable successor ~~for them~~ could have a material adverse effect on us. We may not be successful in the **takeback** ~~take- back~~ of licensed businesses. **We have announced plans** ~~As part of our PVH Plan strategy, we are planning to~~ , and in the future may pursue further opportunities ~~to~~ , **to** increase direct management of our Calvin Klein and TOMMY HILFIGER brands through **takebacks** ~~take- backs~~ of licensed businesses. **Specifically** ~~For example~~ , we ~~recently announced our intention to~~ **are in the process of** ~~bring~~ **bringing** in- house ~~and directly operate~~ most of the Calvin Klein and TOMMY HILFIGER product categories currently licensed in the United States and Canada to G- III as the license agreements expire **over time,** ~~beginning at the end of 2023~~ through 2027. The integration of previously licensed businesses may be complex, costly and time- consuming. We may have difficulty, or may not succeed **,** in **growing or even maintaining the businesses compared to prior performance** , integrating the businesses into our operations, hiring qualified ~~key~~ employees needed to operate the businesses, or otherwise managing the previously licensed businesses. Furthermore, we may incur higher than expected costs to bring previously licensed businesses in- house and / or to operate these businesses. As such, license **takebacks** ~~take- backs~~ may not achieve the intended benefits to our overall growth strategy, our brands and results of operations, and our overall profitability may decline to the extent we are unable to operate these businesses at the same level of earnings that we realized when they were licensed businesses. ~~Acquisitions may not be successful in achieving intended benefits, cost savings and synergies. Acquisitions historically have been a part of our growth. Prior to completing any acquisition, our management team identifies expected synergies, cost savings and growth opportunities but, due to legal and business limitations, we may not have access to all necessary information. The integration process may be complex, costly and time- consuming. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things: • failure to implement our business plan for the combined business; • delays or difficulties in completing the integration of acquired companies or assets; • higher than expected costs, lower than expected cost savings or a need to allocate resources to manage unexpected operating difficulties; • unanticipated issues in integrating systems and operations; • diversion of the attention and resources of management; • assumption of liabilities not identified in due diligence; • the impact on our or an acquired business' internal controls and compliance with the requirements under applicable regulation; and • other unanticipated issues, expenses and liabilities. We have completed acquisitions that have not performed initially as well as expected or have not fully achieved expected benefits and we cannot assure you that any acquisition will not have a material adverse impact on our financial condition and results of operations.~~ Financial Risks Our level of debt could impair our financial condition and ability to operate. We had outstanding as of ~~January 29~~ **February 4** , ~~2023~~ **2024** an aggregate principal amount of $ 2. ~~301~~ **177** billion of indebtedness, of which ~~$ 100 million of unsecured debentures are due in 2023,~~ € 525 million **($ 566 million)** of ~~euro- denominated~~ senior unsecured notes are due in 2024 and $ 500 million of senior unsecured notes are due in 2025. Our level of debt could have important consequences to investors, including: • requiring a substantial portion of our cash flows ~~from operations~~ be used for the payment of principal and interest ~~on our debt~~ , thereby reducing the funds available to us for our operations or other capital needs **, including** ~~; • limiting our flexibility in~~ planning for, or reacting to, changes in our business ~~and the industry in which we operate because our available cash flow after paying principal and interest on our debt may not be sufficient to make the capital and other expenditures necessary to address these changes~~ ; • increasing our vulnerability to general adverse economic and industry conditions because, during periods in which we experience lower earnings and cash flows, such as has occurred during the COVID- 19 pandemic, we will be required to devote a ~~proportionally~~ greater ~~amount~~ **proportion** of our cash flow to paying principal and interest ~~on our debt~~ ; • limiting our ability to obtain additional financing in the future to fund working capital, capital expenditures, acquisitions, contributions to our pension plans and general corporate requirements; • placing us at a competitive disadvantage to other relatively less leveraged competitors that have more cash flow available to **utilize in, or grow or expand, their business,** fund **operations or provide returns** ~~working capital, capital expenditures, acquisitions, share repurchases, dividend payments, contributions~~ to **stockholders** ~~pension plans and general corporate requirements~~ ; and • leaving us vulnerable to increases in interest rates with respect to **our adjustable rate** borrowings ~~we make at variable interest rates~~ , including under our senior unsecured credit facilities **, and any refinancings of our fixed rate debt at higher interest rates than the current rates applicable to them** . Our business is exposed to foreign currency exchange rate fluctuations and control regulations. Our Tommy Hilfiger and Calvin Klein businesses each have substantial international components that expose us to significant foreign exchange risk. ~~Our Heritage Brands business also has international components but those components are not significant to the business.~~ Changes in exchange rates between the United States dollar and other currencies ~~can~~ impact our financial results in two ways: a translational impact and a transactional impact. Please see our Management' s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this report for further discussion ~~of the impacts of foreign currency on our results of operations and cash flows~~ . Our results of operations will be unfavorably impacted by foreign currency translation during times of a strengthening United States dollar, particularly against the euro, the Australian dollar, the Japanese yen, the Korean won, the British pound ~~sterling~~ , the Canadian dollar and the Chinese yuan ~~renminbi~~ , and favorably impacted during times of a weakening United States dollar against those currencies. **There also is a** ~~Our results of operations are similarly affected by the~~ transactional impact of foreign **exchange because our foreign subsidiaries purchase inventory in a** currency ~~, and will be unfavorably impacted during times of a strengthening United States dollar as the~~ **other than their functional currency, and movements in the functional currency in relation to the transactional currency can** ~~increased~~ **increase or decrease the** local currency value of inventory **which** results in ~~a~~ higher **or lower** cost of goods **sold** ~~in local currency~~ when the goods are sold **. The functional currencies** ~~and favorably impacted during times~~ of **our foreign subsidiaries are generally** ~~a weakening United States dollar as the~~ **their** ~~decreased~~ local ~~currency~~ **currencies** ~~value of inventory results in a lower cost of goods in local currency when the goods are sold~~ . We currently use and plan to continue to use foreign currency forward ~~exchange~~ contracts to mitigate the cash flow or market risks associated with these inventory transactions, but we are unable to eliminate these risks entirely. We conduct business in countries that have laws and regulations that ~~may~~ restrict the ability of our foreign subsidiaries to pay dividends and remit cash to affiliated companies and, as a result, ~~may~~ limit our ability to ~~utilize~~ **repatriate or use outside of the country the** cash generated by **the impacted** ~~certain of our foreign~~ subsidiaries ~~to make payments in other countries. Such restrictions could require us to redirect cash that we were otherwise planning to use elsewhere in our business~~ , which may have an adverse impact on our **funding of our** business **and operations** . Our ability to maintain compliance with the financial covenant under our senior unsecured credit facilities may be adversely affected by future economic conditions. We are required under ~~the terms of~~ our senior unsecured credit facilities to **maintain** ~~comply with~~ a ~~maximum~~ net leverage ratio **below a maximum level** . A prolonged disruption to our business ~~, such as we experienced in 2020 and into 2021, as a result of the COVID- 19 pandemic,~~ may impact **(and, in 2020, did impact)** our ability to comply with this covenant ~~in the future~~ . Non- compliance with this covenant would constitute an event of default under the terms of **the** ~~our senior unsecured credit~~ facilities, which may result in an acceleration **thereof** ~~of payment to the lenders~~ , which in turn could trigger defaults under our other debt facilities. Our inability to comply with the **covenant** ~~maximum net leverage ratio~~ may require us to seek **(and** ~~relief in the form of a covenant waiver~~ , ~~as~~ **in 2020,** we did **receive for a one- year period) relief** in ~~June 2020. Covenant~~ **the form of a** ~~waivers~~ -- **waiver. Waivers often require payment of a fee and** may lead to ~~fees associated with obtaining the waiver,~~ increased costs, increased interest rates, additional restrictive covenants **, the granting of security interests** and other lender protections ~~that~~ **, any of which** ~~would~~ **could** ~~be applicable to us under these facilities, and such increased costs, restrictions and modifications may~~ be significant. **Furthermore** ~~In addition~~ , our ability to provide additional ~~lender~~ protections under ~~these~~ -- **the senior unsecured credit** facilities ~~if necessary, including the granting of security interests in collateral,~~ will be limited by the restrictions under our other debt facilities. There can be no assurance that we would be able to obtain ~~future~~ waivers in a timely manner, on terms acceptable to us, or at all. If we ~~were~~ **are** not able to obtain a ~~covenant~~ **needed** waiver ~~in the future under our senior unsecured credit facilities~~ , there can be no assurance that we would be able to raise sufficient ~~debt or equity~~ capital, or divest assets, to refinance or repay such facilities. Adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our results of operations and cash flow. We have direct operations in many countries and the applicable tax rates vary by jurisdiction. The tax laws and regulations in the countries where we operate **are** ~~may be~~ subject to change. Moreover, there may be changes from time to time in interpretation and enforcement of **existing** tax law. As a result, we may pay additional taxes if ~~tax~~ rates increase or if ~~tax~~ laws, regulations or treaties in the jurisdictions where we operate are modified ~~by the authorities in an adverse manner~~ . In addition, various national and local taxing authorities periodically **audit** ~~examine us and~~ our ~~subsidiaries~~ **returns** . The resolution of an ~~examination or~~ audit may result in us paying more than the amount that we may have reserved for a particular tax matter, which could have a material adverse effect on our cash flows, business, financial condition and results of operations for any affected reporting period. We and our subsidiaries are engaged in a number of intercompany transactions. Although we believe that these transactions reflect arm' s length terms and that proper transfer pricing documentation is in place, ~~which should be respected for tax purposes,~~ the transfer prices and conditions may be scrutinized by local tax authorities, which could result in additional tax liabilities. If we are unable to fully utilize our deferred tax assets, our profitability could be reduced. Our deferred ~~income~~ tax assets are valuable to us. These assets include tax loss and foreign tax credit carryforwards in various jurisdictions. Realization of deferred tax assets is based on a number of factors, including whether there will be adequate levels of taxable income in future periods to offset the tax loss and foreign tax credit carryforwards in jurisdictions where such assets have arisen. Valuation allowances are recorded in order to reduce the deferred tax assets to the amount expected to be realized in the future. In assessing the adequacy of our valuation allowances, we consider various factors including reversal of deferred tax liabilities, forecasted future taxable income and potential tax planning strategies. These factors could reduce the value of the deferred tax assets, which could have a material effect on our profitability. Volatility in securities markets, interest rates and other economic factors could increase substantially our defined benefit pension costs and liabilities. We have significant obligations under our defined benefit pension plans. The funded status of our pension plans is dependent on many factors, including returns on invested plan assets and the discount rate used to measure pension obligations. Unfavorable returns on plan assets, a lower discount rate or unfavorable changes in the applicable laws or regulations could materially change the timing and amount of pension funding requirements, which could reduce cash available for our business. Our operating performance also may be significantly impacted by the amount of expense recorded for our pension plans. Pension expense recorded throughout the year is calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions. Differences between estimated and actual results give rise to gains and losses that are recorded immediately in pension expense, generally in the fourth quarter of the year. These gains and losses can be significant and can create volatility in our operating results. As a result of the recent volatility in the financial markets ~~due, among other reasons, to the impact of the COVID- 19 pandemic, the war in Ukraine and its broader macroeconomic implications and inflationary pressures~~ , there continues to be significant uncertainty with respect to the actuarial gain or loss we may record on our retirement plans in ~~2023~~ **2024** . We may incur a significant actuarial gain or loss in ~~2023~~ **2024** if there is a significant increase or decrease in discount rates, respectively, or if there is a difference between the actual and expected return on plan assets. Our balance sheet includes a significant amount of intangible assets and goodwill, as well as long- lived assets in our retail stores. A decline in the estimated fair value of an intangible asset or of a reporting unit or in the current and projected cash flows in our retail stores could result in impairment charges recorded in our operating results, which could be material. Goodwill and other indefinite- lived intangible assets are tested for impairment annually and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Long- lived assets, such as operating lease right- of- use assets and property, plant and equipment in our retail stores and intangible assets with finite lives, are tested for impairment if an event occurs or circumstances change that would indicate the carrying amount may not be recoverable. Please see the section entitled " Critical

Accounting Policies and Estimates " within Management' s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this report for further discussion of our impairment testing. If any of our goodwill, other indefinite- lived intangible assets or long- lived assets were determined to be impaired, the asset would be written down and an impairment charge would be recognized as a noncash expense in our operating results. Adverse changes in future market conditions, a shift in consumer buying trends or weaker operating results compared to our expectations ~~, including, for example, as occurred in 2020 as a result of the COVID- 19 pandemic and as a result of discount rates in 2022,~~ may impact our projected cash flows and estimates of weighted average cost of capital, which could result in a material impairment charge if we are unable to recover the carrying value of our goodwill, other indefinite- lived intangible assets and long- lived assets. **In** ~~We determined in the first quarter of 2020 that the significant adverse impacts of the COVID- 19 pandemic on our business, including an unprecedented material decline in revenue and earnings and an extended decline in our stock price and associated market capitalization, was a triggering event that required us to perform impairment testing of our goodwill and indefinite- lived intangible assets. The interim testing resulted in us recording $ 926 million of noncash impairment charges in the first quarter of 2020. We also determined that certain finite- lived intangible assets, which had a relatively short remaining useful life, were not recoverable and, therefore, impaired due to the adverse impacts of the pandemic on the current and projected performance of the underlying businesses. Additionally, in~~ the third quarter of 2022, in conjunction with our 2022 annual goodwill impairment test, we recorded $ 417 million of noncash impairment charges. The impairment was non- operational and driven **primarily** by a significant increase in discount rates, as a result of then- current economic conditions. As of ~~January 29~~ **February 4** , ~~2023~~ **2024** , we had $ 2. ~~359~~ **322** billion of goodwill and $ 3. ~~250~~ **097** billion of other intangible assets on our balance sheet, which together represented 48 % of our total assets ~~. We also recorded $ 75 million of noncash impairment charges in 2020 related to operating lease right- of- use assets and property, plant and equipment in our retail stores, resulting from the adverse impacts of the COVID- 19 pandemic on the financial performance of certain of our retail stores and the shift in consumer buying trends from brick and mortar retail stores to digital channels~~ . Legal and Regulatory Risks We may be unable to protect our trademarks and other intellectual property rights. Our trademarks and other intellectual property rights are important to our success and our competitive position. We are susceptible to others imitating our products and infringing on our intellectual property rights, **as** ~~especially with respect to~~ the TOMMY HILFIGER and Calvin Klein brands ~~, as they~~ enjoy significant worldwide consumer recognition and the generally premium pricing of ~~TOMMY HILFIGER and Calvin Klein brand~~ products **under the brands** creates ~~additional~~ incentive for counterfeiters and infringers. Imitation or counterfeiting of our products or infringement of our intellectual property rights could diminish the value of our brands or otherwise adversely affect our revenue. We cannot assure you that the actions we take to establish and protect our trademarks and other intellectual property rights will be adequate to prevent imitation ~~of our products~~ by others. We cannot assure you that other third parties will not seek to invalidate our trademarks or block sales of our products as a violation of their own trademarks and intellectual property rights. In addition, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other intellectual property rights of ours or in marks that are similar to ours or ~~marks that we license or market or~~ that we will be able to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to our marks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States. In other cases, there may be holders who have prior rights to similar trademarks. We have in the past been and currently are involved ~~both domestically and internationally~~ in proceedings relating to a company' s claim of prior rights to some of our trademarks or marks similar to some of our brands. Provisions in our certificate of incorporation and our by- laws and Delaware General Corporation Law could make it more difficult to acquire us and may reduce the market price of our common stock. Our certificate of incorporation and by- laws contain provisions requiring stockholders who seek to introduce proposals at a stockholders meeting or nominate a person to become a director to provide us with advance notice and certain information, as well as meet certain ownership criteria; permitting the PVH Board of Directors to fill vacancies on the Board; and authorizing the Board of Directors to issue shares of preferred stock without approval of our stockholders. These provisions could have the effect of deterring changes of control. In addition, Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15 % or more of our common stock. The existence of this provision may have an anti- takeover effect with respect to transactions not approved in advance by the Board of Directors. Information Technology and Data Privacy Risks We rely significantly on information technology. Our business and reputation could be adversely impacted if our computer systems, or **the** systems of our business partners and service providers, are disrupted or cease to operate effectively or if we or they are subject to a data security or privacy breach. Our ability to manage and operate our business effectively depends significantly on information technology systems, including systems operated by third parties and us ~~and~~ **,** systems that communicate with third parties, ~~including~~ **and** website and mobile applications through which we communicate with our consumers and our employees. We process, transmit, store and maintain information about consumers, ~~employees~~ **associates** and other individuals **, as well as business partners,** in the ordinary course of business. This includes personally identifiable information protected under applicable laws ~~and~~ **,** the ~~collection and~~ processing of customers' credit and debit card numbers **,** and reliance on systems maintained by third parties with whom we contract to provide payment processing. The failure of any system **, website or application** to operate effectively or **any significant** disruption **thereto that** ~~in these systems, which~~ may occur **, including** as a result of **malicious actors, catastrophic events** ~~circumstances beyond our control including fire~~ , natural disasters, **or otherwise** ~~power outages and systems disruptions~~ , could require significant remediation costs and adversely impact our operations. We utilize a risk- based, multi- layered information security approach based on the NIST (National Institute of Standards and Technology) Cybersecurity Framework to identify and address cybersecurity risks. We take measures to protect data and ensure **that** those who use our systems are aware of the importance of protecting our systems and data. These **steps** include implementation of security standards, **endpoint and** network system security tools, associate training programs and security ~~breach~~ **response and recovery** procedures. To measure the effectiveness of ~~these~~ **our cybersecurity controls** , we **frequently** perform phishing exercises, tabletop ~~breach~~ exercises and penetration tests. ~~Our~~ **We also provide** training ~~provided~~ to all associates who have access to our systems **through** ~~includes regular phishing tests and~~ online courses. ~~Two~~ **One global mandatory** ~~courses~~ - **course** ~~were~~ **on information security and data privacy was** conducted in ~~2022~~ **2023** , as were ~~11~~ **15 exercises /** tests. We ~~have~~ **maintain** an escalating schedule of discipline for **individual** test failures, which includes additional training **,** and would ultimately lead to loss of access rights. **We** ~~Certain trainings~~ also ~~are administered~~ -- **administer certain training courses** to the members of the Board of Directors, one of which annually is typically mandatory. In addition, to measure and assess compliance, our information security approach is subject to an annual assessment of its maturity within the NIST Cybersecurity Framework by an independent third party consultant. We generally require third party providers who have access to our systems or receive personally identifiable information or other confidential data to take **effective** measures to protect data **,** but have no control over their efforts and are limited in our ability to assess their systems and processes **. As a result, these third party providers also are a source of cybersecurity and related risks for us** . In cases where third party service organizations process data that affects our financial statements, System and Organization Controls (SOC) 1 reports are obtained and evaluated annually. While we invest, and believe our service providers invest, considerable resources in protecting systems and information, including through training of the people who have access to systems and information, we all are still subject to security events, including but not limited to cybercrimes and cybersecurity attacks, such as those perpetrated by sophisticated and well- resourced bad actors attempting to disrupt operations or access or steal data. Security events may not be detected for an extended period of time, which could compound the scope and extent of the ~~damages~~ - **damage** and problems. Such security events could disrupt our business, severely damage our reputation and our relationship with **vendors, customers and** consumers, and expose us to risks of **regulatory enforcement activity,** litigation and liability. While we maintain insurance ~~coverages~~ - **coverage** , including cybersecurity insurance, it may be unavailable or insufficient to cover all losses or all types of claims **, and doesn' t remedy the reputational and future business impacts** . Although we ~~generally~~ require that third party providers with access to our systems and confidential information have insurance coverage for any losses that we may experience as a result of the work they do, the amount that we are able to recover may not fully compensate us for any loss we experience. We regularly implement new systems and hardware and are currently undertaking a major multi- year SAP S / 4 implementation to upgrade our platforms and systems worldwide. The implementation of new software and hardware involves risks and uncertainties that could cause disruptions, delays or deficiencies in the design, implementation or application of these systems including: • adversely impacting our operations; • increased costs; • disruptions in our ability to effectively source, sell or ship our products; • delays in collecting payments from our customers; and • adversely affecting our ability to timely report our financial results. Our business, results of operations and financial condition could be materially adversely affected as a result of these ~~implementations~~ - **implementation initiatives** . In addition, intended improvements may not be realized. Our business partners and service providers face the same risks, which could also adversely impact our business and operations. We are subject to data privacy and security laws and regulations globally, the number and complexity of which are increasing. We may be the subject of enforcement or other legal actions despite our compliance efforts. We collect, use, store, and otherwise process or rely upon access to data, including personally identifiable information, of consumers, employees, and other individuals in the daily conduct of our business. There have been significant enactments and developments in the area of data privacy and cybersecurity laws and regulations, such as the GDPR in the European Union, the CCPA / CPRA in California, **and** PIPL in China ~~and LGPD in Brazil~~. These laws and regulations have caused and could continue to cause us to change the way we operate, including in a less efficient manner, in order to comply with these laws. We have a global data privacy program and, as discussed above, have guidelines and a training program to ensure our associates understand the laws and how to collect, use and protect our confidential data (including personally identifiable information). However, our compliance efforts are not an assurance that we will not be the subject of regulatory or other legal actions. We could expend significant management and associate time and incur significant cost investigating and defending ourselves against the claims in any such matter, which matters also could result in us being the subject of significant fines, judgments or settlements. In addition, any such claim could give rise to significant reputational damages, whether or not we ultimately are successful in defending ourselves.