

Risk Factors Comparison 2025-04-01 to 2024-04-02 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

The following risk factors should be read in conjunction with the other information set forth herein when evaluating our business and the forward- looking statements made herein. 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 **China's Ministry of Commerce ("MOFCOM") conducted an investigation into our business which resulted in PVH Corp. being placed on the List of Unreliable Entities ("UEL") and could result in fines or restrictions on our ability to do business in China, which could have a material adverse effect on our revenue and results of operations. In September 2024, MOFCOM announced that it had initiated an investigation into our business under the UEL Provisions. In October 2024, we submitted a written response to MOFCOM and, in December 2024, we submitted a supplementary response. In January 2025, MOFCOM issued a preliminary finding that PVH Corp. had violated normal market trading principles and in February it announced its determination and placed PVH Corp. on the UEL. We do not know if or when MOFCOM will implement any measures as a result of the listing or what they will be if any are imposed. According to the UEL Provisions, potential measures could include monetary fines, restrictions or prohibitions on engaging in import and export activities related to China or making investments in China, entry denial of our relevant personnel into China, restrictions or revocation of work permits, stay or residence status of our relevant personnel in China, or other measures. No measures have been imposed on us at this time. The practical impact of any such restrictions or prohibitions could include our inability to produce goods in China for sale elsewhere, our inability to sell goods on a wholesale or retail basis in China, or our inability to make investments in China. We cannot currently predict the duration or impact of any measures that may ultimately be imposed. The imposition and enforcement of measures against us could have a material adverse effect on our revenue and results of operations. Furthermore, if, as a result of any such measures, it is necessary for us to cease certain or all operations in China, it may result in charges related to excess inventory and difficulty collecting trade receivables, among other things. We may also incur material non- cash impairment charges if we are unable to recover the carrying value of our goodwill, other indefinite- lived intangible assets and long- lived assets. Additionally, if the production of our products in China ceases, our business could be impacted more broadly and we may need or decide to shift production to other jurisdictions. Please see the risk factors entitled "We primarily use foreign suppliers for our products and raw materials, which poses risks to our business operations." and "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." for additional information.** A ~~significant~~ **meaningful** 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 **wholesale** customers account for a meaningful portion of our revenue. Sales to our five largest customers were **15.1%**, 13.3%, ~~and~~ 14.1% ~~and~~ 15.0% of our revenue in **2024**, 2023, ~~and~~ 2022 and 2021, respectively. No single customer accounted for more than 5% of our revenue in any such year. We do not have long- term agreements with any of our **large wholesale** customers and purchases generally occur on an order- by- order basis. A decision by any major customer, whether motivated by marketing strategy, competitive conditions, financial difficulties, ~~climate impacts~~ **perceptions of us or our brands**, 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. The retail industry has seen a great deal of consolidation and other ownership changes, as well as store closing programs, restructurings, reorganizations, management changes and activist shareholder campaigns. We expect these disruptions to be ongoing, particularly as omnichannel strategies and digital commerce continue to grow, **and consumer shopping and buying habits change**. 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 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 PVH Plan strategy involves growing our Tommy Hilfiger and Calvin Klein businesses. Our achievement of revenue and profitability growth from these businesses 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 brand licensees and enter into new, or renew or extend existing, license agreements and successfully transition licensed businesses in house, including our announced plan to bring in house over time ~~most~~ **a significant portion** of the product categories currently **and previously** licensed to G- III, our largest licensee of both brands, and directly operate those businesses; 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, 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 **shopping and** spending patterns and changes in consumer tastes and style trends. If we fail to continue to develop and grow our businesses, our financial condition and results of operations may be materially adversely affected. Our success 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 brands and any negative perception with respect to Mr. Hilfiger could adversely affect the 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 other factors, including consumer attitudes regarding social and political issues, 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), 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 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 ~~a an increased~~ focus from **certain** consumers, investors, our associates and other stakeholders on ESG matters, which has led to increased pressure to expand our disclosures, ensure labor and other sustainability standards within our 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 **, including the European Union’ s Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive,** could also lead to risks associated with non- compliance. We seek to comply with all applicable laws, rules and regulations and have established focus areas and targets under our ~~Fashion Forward~~ corporate responsibility strategy in respect to many ESG measures, including in regard to greenhouse gas emissions, water usage and usage of more environmentally preferred materials and packaging, ~~and~~ 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. ~~Our~~ **This could result in our inability to achieve our** targets ~~are ambitious and inability to achieve them~~ or comply with ESG reporting regulations **. In addition, we could be criticized by stakeholders, regulators, or other interested parties for the scope or nature of our ESG initiatives or goals or for any revisions to these goals, including negative responses by governmental actors (such as anti- ESG legislation or retaliatory legislative treatment) or consumers (such as boycotts or negative publicity campaigns).** Any of these occurrences 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. ~~efficient and cost- effective ways of working across the organization,through four main pillars:(i) delivering a single global technology stack,(ii) redesigning our global distribution network,(iii) reengineering the operating model in Europe,and (iv) streamlining and optimizing our support functions globally (referred to as “ Growth Driver 5 Actions ”).~~ Our ability to realize anticipated benefits and cost savings from this initiative are subject to many estimates and assumptions,which may change during implementation and execution.In addition,there can be no assurance regarding the timing of or extent to which we will realize the anticipated cost savings,if at all.We may also face disruptions to our business or operations as we execute on the initiative. 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. ~~Growing digital~~ **Digital commerce** revenue **experienced strong growth during the COVID- 19 pandemic**, both with respect to our direct- to- consumer businesses and 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 approximately 20 % of our total revenue during ~~2024~~ **2023**. Our success 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 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 online channels continue to grow in importance,the failure to attract new and existing consumers to our digital commerce channels 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 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 other malicious acts; 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 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 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 ransomware and other cybersecurity attacks), labor shortage or other interruption, including as a result of 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 due to the pandemic), we may experience (and, due to these factors in the past, have 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 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, pandemics, inflationary pressures, high rising interest rates, recession fears, the war in Ukraine and 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 royalties owed to us. Financial difficulties of business partners also may affect their ability to access credit markets or lead to higher credit risk relating to receivables from them. Volatility in the financial and credit markets due, in part, to inflationary pressures or other macroeconomic or geopolitical factors, could also make it more difficult or expensive for us to obtain financing or refinance existing debt when the need arises, or on terms that would be acceptable to us. We have \$500 million in debt with near-term maturities, specifically our senior notes coming due in July 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 apparel, footwear and accessories are produced by and purchased or procured from independent manufacturers in over 30 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 where 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 source 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 other restrictions 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; and • legal or regulatory issues, such as those resulting from our listing on the UEL, could result in manufacturers or others in our supply chain being prohibited from, or choosing against, conducting business with us or our business partners or from others working with our licensees, franchisees or other business partners. There continues to be uncertainty in the current global trade environment due to recent changes in, and proposals and declared intentions to change trade policy, including trade restrictions, the

negotiation, renegotiation or termination of trade agreements, and the imposition of new tariffs or increases in existing tariffs on imports into the affected countries. Tariffs and other changes in trade policy have triggered in the past, are currently triggering and could continue to trigger retaliatory actions by affected countries, including through the use of counter tariffs and other measures, which could result in a higher cost or restrictions on the importation of the products we sell. 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**, as well as or where we or they **the can produce or sell products under our brands, whether directly-- direct or indirectly-- indirect production of goods and the use of raw materials in and from these jurisdictions**. These and other U.S. government actions, such as the enforcement of the Uyghur Forced Labor Prevention Act and the issuance of WROs, 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-- or importation sanctions if any of the vendors from which we purchase goods into is found to have dealings, directly or indirectly, with SDNs or the 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."** 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 our business partners, 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, ~~had did resulted~~ **result** 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-traveling~~ **to the United States as a result of lingering negative impacts on travel and tourism as a result of the COVID-19 pandemic and other issues**. 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. 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 the mall; • increased competition in areas where the stores **or malls** 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..... 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 order to promote ethical business practices. We **require that** ~~audit, or have~~ third parties audit ~~the~~ operations of these independent parties to determine compliance. However, we do not oversee the entirety of the operations and supply chains utilized by our business partners and 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 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 **or exporting** 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 depend on third parties to manufacture all products that we sell. A manufacturer's failure to ship products to us in a timely manner, as well as logistics disruptions ~~as occurred from 2021 and into 2023 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 could have a material adverse effect on our revenue and, consequently, our results of operations. **Legal or reputational issues, such as those resulting from our listing on the UEL, could result in manufacturers or others in our supply chain being prohibited from, or choosing against, conducting business with us or our business partners. Any of these actions 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 **by some parties** 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 frequency and severity of adverse weather events (such as storms and floods) due to climate change could 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-supply** 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 **, and the potential for more**, coupled with carbon taxes and fluctuating costs of sourcing renewable energy, may also increase our compliance costs. 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 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 epidemic 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. This could materially and adversely affect our business, financial condition and operating results .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.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 in increased pricing pressures and,in turn,pressure on our margins. **Inflationary pressures have continued to put pressure on our margins in 2024,although to a lesser extent than in 2023.** 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. ~~In addition~~ **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 ~~We~~. 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 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 digitally native brands; digital retailing 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. 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, reputation 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 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; • 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.....- 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 future requirements. If we fail to accurately forecast demand, or our supply chain and logistics partners are unable to adjust to changes in demand, including, for example, as had occurred as a result of the COVID-19 pandemic, we may at times experience excess inventory levels or a shortage of product. 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, we may not have sufficient inventories of product, 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. We identified a material weakness in our internal control related to ineffective information technology general controls (" ITGCs ") which, if not remediated appropriately or timely, could result in loss of investor confidence and adversely impact our stock price. Internal controls related to the operation of technology systems are critical to maintaining adequate internal control over financial reporting. As disclosed in Management's Report on Internal Control over Financial Reporting included in Part II, Item 9A, Controls and Procedures of this Annual Report on Form 10- K, management identified a material weakness in internal control related to ineffective ITGCs in the area of user access management over our enterprise resource planning system and the related systems in our Europe, the Middle East and Africa region. As a result, management concluded that our internal control over financial reporting was not effective as of February 2, 2025. We have been implementing and continue to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated such that these controls are designed, implemented and operating effectively. While there can be no assurance that our efforts will be successful, we plan to remediate the material weakness expeditiously. These measures will result in additional technology, payroll and other expenses. If we are unable to remediate the material weakness, or are otherwise unable to maintain effective internal control over financial reporting or disclosure controls and procedures, it could adversely affect our ability to accurately report our financial results, resulting in material misstatements in our financial

statements or causing us to fail to meet our reporting obligations, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price. 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. 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. The loss of services of one or more of them or the inability to timely and effectively identify a suitable successor could have a material adverse effect on us.

Financial Risks Our ability to obtain financing or refinance existing debt on terms that are acceptable to us could be adversely affected by general macroeconomic conditions or our financial performance and credit ratings. Disruption or volatility in the financial and credit markets, including as a result of macroeconomic pressures and / or geopolitical events, could limit the availability of funds or the ability or willingness of financial institutions to extend capital to us in the future. In addition, our ability to access financial and credit markets in the future as a source of funding, and the borrowing costs associated with such financing, is dependent upon our financial performance, outlook and credit rating. An inability to obtain additional financing or refinance existing debt on terms that are acceptable to us, if at all, could impact our ability to fund working capital, capital expenditures, acquisitions, dividend payments, share repurchases and general corporate requirements and / or significantly increase our cost of capital, which may not be successful in the takeback of licensed businesses. We have announced plans a material adverse effect on our results of operations, cash flows and financial condition. Furthermore, if our investment rating is downgraded in the future may pursue further opportunities, in addition to increase direct management it resulting in a higher cost of our capital, it could also result in reduced access to the financial and credit markets and more restrictive covenants for future debt issuances. Our business is exposed to foreign currency exchange rate fluctuations and control regulations. Our Tommy Hilfiger and Calvin Klein and TOMMY HILFIGER brands through takebacks of licensed businesses each have substantial international components that expose us to significant foreign exchange risk. Changes Specifically, we are in exchange rates between the process of bringing in-house most of the Calvin Klein and TOMMY HILFIGER product categories currently licensed in the United States dollar and Canada other currencies impact our financial results in to two ways: a translational impact and a transactional impact. As the license agreements expire over time, through 2027. The integration Please see our Management's Discussion and Analysis of previously licensed businesses may Financial Condition and Results of Operations included in Item 7 of this report for further discussion. Our results of operations will be complex, costly and unfavorably impacted by foreign currency translation during time times - consuming of a strengthening United States dollar, particularly against the euro, the Australian dollar, the Japanese yen, the Korean won, the British pound, the Canadian dollar, the Mexican peso, the Brazilian real and the Chinese yuan, and favorably impacted during times of a weakening United States dollar against those currencies. There also is a transactional impact of foreign exchange because our foreign subsidiaries purchase inventory in a currency other than their functional currency. We currently use and plan may have difficulty, or may not succeed, in growing or even maintaining the businesses compared to prior performance, integrating continue to use foreign currency forward contracts to mitigate the businesses into cash flow our- or market risks associated with operations, hiring qualified 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 inventory transactions businesses. As such, but license takebacks 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 eliminate these risks entirely. We conduct businesses-- business in countries at the same level of earnings that we realized when have laws and regulations that restrict them-- the were licensed ability of our foreign subsidiaries to pay dividends and remit cash to affiliated companies and, as a result, limit our ability to repatriate or use outside of the country the cash generated by the impacted subsidiaries, which may have an adverse impact on the funding of our businesses-- business and operations. Financial Risks Our level of debt could impair our financial condition and ability to operate. We had outstanding as of February 4-2, 2024-2025 an aggregate principal amount of \$ 2. 177-099 billion of indebtedness, of which € 525- \$ 500 million (\$ 566 million) of 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 be used for the payment of principal and interest, thereby reducing the funds available to us for our operations or other capital needs, including planning for, or reacting to, changes in our business; • 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 greater proportion of our cash flow to paying principal and interest; • 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 to stockholders; and • leaving us vulnerable to increases in interest rates with respect to our adjustable rate borrowings, 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. Changes in exchange rates between the United States dollar and other currencies 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. 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, the Canadian dollar and the Chinese yuan, and favorably impacted during times of a weakening United States dollar against those currencies. There also is a transactional impact of foreign exchange because our foreign subsidiaries purchase inventory in a currency other than their functional currency, and movements in the functional currency in relation to the transactional currency can increase or decrease the local currency value of inventory which results in higher or lower cost of goods sold when the goods are sold. The functional currencies of our foreign subsidiaries are generally their local currencies. We currently use and plan to continue to use foreign currency forward 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 restrict the ability of our foreign subsidiaries to pay dividends and remit cash to affiliated companies and, as a result, limit our ability to repatriate or use outside of the country the cash generated by the impacted subsidiaries, 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 our senior unsecured credit facilities to maintain a net leverage ratio below a maximum level. A prolonged disruption to our business may impact (and, in 2020, did impact) our ability to comply with this covenant. Non-compliance with this covenant would constitute an event of default under the terms of the facilities, which may result in an acceleration thereof, which in turn could trigger defaults under our other debt facilities. Our inability to comply with the covenant may require us to seek (and, in 2020, we did receive for a one-year period) relief in the form of a waiver. Waivers often require payment of a fee and may lead to increased costs, increased interest rates, additional restrictive covenants, the granting of security interests and other lender protections, any of which could be significant. Furthermore, our ability to provide additional protections under the senior unsecured credit facilities will be limited by the restrictions under our other debt facilities. There can be no assurance that we would be able to obtain waivers in a timely manner, on terms acceptable to us, or at all. If we are not able to obtain a needed waiver, there can be no assurance that we would be able to raise sufficient 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 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 rates increase or if laws, regulations or treaties in the jurisdictions where we operate are modified. **The Organization for Economic Cooperation and Development (“ OECD ”) has proposed updates to long-standing international tax principles, addressing issues such as profit shifting among affiliated entities in different tax jurisdictions and a global minimum effective tax rate of 15 %, generally referred to as “ Pillar Two. ” In response, some member countries have already implemented or are planning to implement legislation to align their tax rules with the OECD’ s recommendations in 2024 and beyond. The Pillar Two legislation did not have a material impact on our 2024 effective tax rate. However, the final outcome and application of these rules in the U. S. and other jurisdictions could potentially have a material adverse financial impact on us.** In addition, various national and local taxing authorities periodically audit our returns. The resolution of an 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 **various a number of** intercompany transactions. **Although While** we believe that these transactions **reflect are conducted at** arm’ s length terms and **that proper are supported by the appropriate** transfer pricing documentation **is in place**, the transfer prices and conditions **may be scrutinized by** local tax authorities **may scrutinize the transfer prices and conditions in place**, which could **potentially** result in additional tax liabilities. If we are unable to fully utilize our deferred tax assets, our profitability could be reduced. Our deferred 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, there continues to be significant uncertainty with respect to the actuarial gain or loss we may record on our retirement plans in **2024 2025**. We may incur a significant actuarial gain or loss in **2024 2025** 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 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 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 February 4, 2024, we had \$ 2.322 billion of goodwill and \$ 3.097 billion of other intangible assets on our balance sheet, which together represented 48 % of our total assets.

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 the TOMMY HILFINGER and Calvin Klein brands enjoy significant worldwide consumer recognition and the generally premium pricing of products under the brands creates 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 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 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 in proceedings relating to **marks similar to some of ours or** 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 ~~our 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, systems that communicate with third parties, and website and mobile applications through which we communicate with our consumers and our employees. We process, transmit, store and maintain information about consumers, associates and other individuals, as well as business partners, in the ordinary course of business. This includes personally identifiable information protected under applicable laws, the 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 may occur, including as a result of malicious actors, catastrophic events, natural disasters, or otherwise, could require significant remediation costs and adversely impact our operations. **The growing integration of artificial intelligence into business systems raises concerns about data exposure and privacy risks. Additionally, malicious actors are using artificial intelligence to carry out more sophisticated social engineering attacks, increasing the potential for harm.** We utilize a risk-based, multi-layered information security approach based on the “NIST” (National Institute of Standards and Technology) Cybersecurity Framework **version 2.0** 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~~ **implementing** of security standards, endpoint and network system security tools, associate training programs and security response and recovery procedures. To measure the effectiveness of our cybersecurity controls, we frequently perform phishing exercises, tabletop exercises and penetration tests. We also provide training to all associates ~~with who have~~ access to our systems through online courses. ~~One Mandatory~~ **global mandatory course** on information security and data privacy ~~was were each~~ conducted in ~~2023-2024~~, as were 15 exercises / tests. We maintain an escalating **discipline** schedule of discipline for individual test failures, **including** which includes additional training, ~~and which~~ would ultimately lead to ~~the~~ **loss of access rights**. We also administer ~~certain~~ **specific** training courses to the members of the Board of Directors, one of

which ~~annually~~ is typically mandatory **annually**. 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 **other** related risks for us. ~~When 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 damage and problems. ~~Such~~ **These** 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 coverage, including cybersecurity insurance, it may be unavailable or insufficient to cover all losses or ~~all types of claims~~, and ~~it does not~~ **does not** remedy the reputational and future business impacts. Although we require ~~that~~ third party providers with access to our systems and confidential information **to** have insurance coverage for any losses ~~that~~ we may experience **due to as a result of the their** work ~~they do~~, the amount ~~that~~ we **can** 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 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- General Data Protection Regulation** in the European Union, the **CCPA- California Consumer Privacy Act**/ **CPRA in California Privacy Rights Act**, and **PIPL- Personal Information Protection Law** in China. 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.