

# Kontoor Brands, Inc. 2024 CFD Report



Kontoor Brands, Inc.

# ABOUT THIS REPORT

## Welcome to our 2024 Climate-related Financial Disclosures Report.

We use the Taskforce on Climate-related Financial Disclosures (TCFD) framework, which focuses on transparent disclosures around climate-related risks and opportunities, to help create comparability across companies for all stakeholders.

Note: In May 2025, Kontoor Brands acquired the outdoor and workwear brand, *Helly Hansen*®. The information in this report does not reflect any impacts from this acquisition as it falls outside of the scope of our 2024 reporting window.

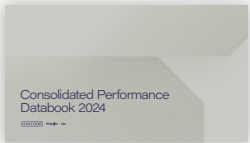
## In this report

We have designed our report around the 11 disclosures recommended by TCFD in the following four areas:

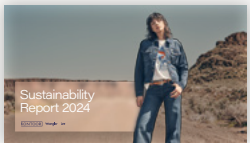
<p><b>GOVERNANCE</b> ▶</p> <p>p4</p>	<p><b>STRATEGY</b> ▶</p> <p>p6</p>
<p><b>RISK MANAGEMENT</b> ▶</p> <p>p13</p>	<p><b>METRICS &amp; TARGETS</b> ▶</p> <p>p15</p>

This report supplements the contents of our 2024 Sustainability Report, which sets out our commitments and progress towards the continuous improvement of our sustainability practices.

For more information, please visit our website [kontoorbrands.com/sustainability](https://kontoorbrands.com/sustainability) or contact [sustainability@kontoorbrands.com](mailto:sustainability@kontoorbrands.com).



Consolidated Performance Databook 2024



Sustainability Report 2024



Annual Report 2024



Sustainability Accounting Standards Board Index 2024



# DISCLOSURE CONTENTS

This table specifies where you can find relevant discussion and information for each of the TCFD-recommended disclosures across our reporting ecosystem.

Topic	Disclosure focus area	Page
Governance	a) Describe the Board’s oversight of climate-related risks and opportunities.	4
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	5
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	6
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	7
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	7
Risk management	a) Describe the organization’s processes for identifying and assessing climate-related risks.	13
	b) Describe the organization’s processes for managing climate-related risks.	14
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	14
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	15
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	18
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	15

# GOVERNANCE

## Our Governance Structure

The **Nominating and Governance Committee of the Board of Directors** oversees Kontoor’s significant strategies, programs and policies related to sustainability issues and impacts, to support the sustainable and responsible growth of Kontoor’s business, among other responsibilities.

The **Executive Leadership Team (ELT)** sets the vision for Kontoor. It provides strategic and operational leadership for the Company, including on topics related to sustainability and risk management.

The **Sustainability Governance Council** provides cross-functional decision-making related to sustainability topics, ensures alignment of sustainability strategy with business objectives and oversees progress against sustainability commitments. The Council approves all materials recommended to the Executive Leadership Team and the Board of Directors.

The **Enterprise Risk Management (ERM) Risk Assessment Process** identifies, evaluates and manages risk topics, including sustainability and climate risk, in alignment with Kontoor’s business priorities.

## How we manage climate-related risks and opportunities

Day-to-day delivery of sustainability, including the management of climate-related risks and opportunities, remains the responsibility the VP of Sustainability, Innovation, and Product Development with support from the Sustainability Team. The VP reports into the ELT.

At the operational level, sustainability strategy implementation is led by the Sustainability Team, which is part of the Sustainability, Innovation, and Product Development Team. By reporting into the Product function, the Sustainability Team is involved in the development of Kontoor products, which drives the integration of sustainability objectives into the design and development process.

The Sustainability Team works closely with the ELT and the Sustainability Governance Council and Ambassadors, who represent teams including Audit & Risk, Brand, Design, Finance & Accounting, Human Resources, Information Technology, Internal Manufacturing, Legal & Compliance, Logistics, Merchandising, Marketing, Procurement, Product Development, Sales, and Sourcing.

The Sustainability Team also engages with external experts and partners to examine global and regional development of climate-related issues and discuss approaches and progress toward Kontoor’s science-based targets (SBTs) and other global goals.

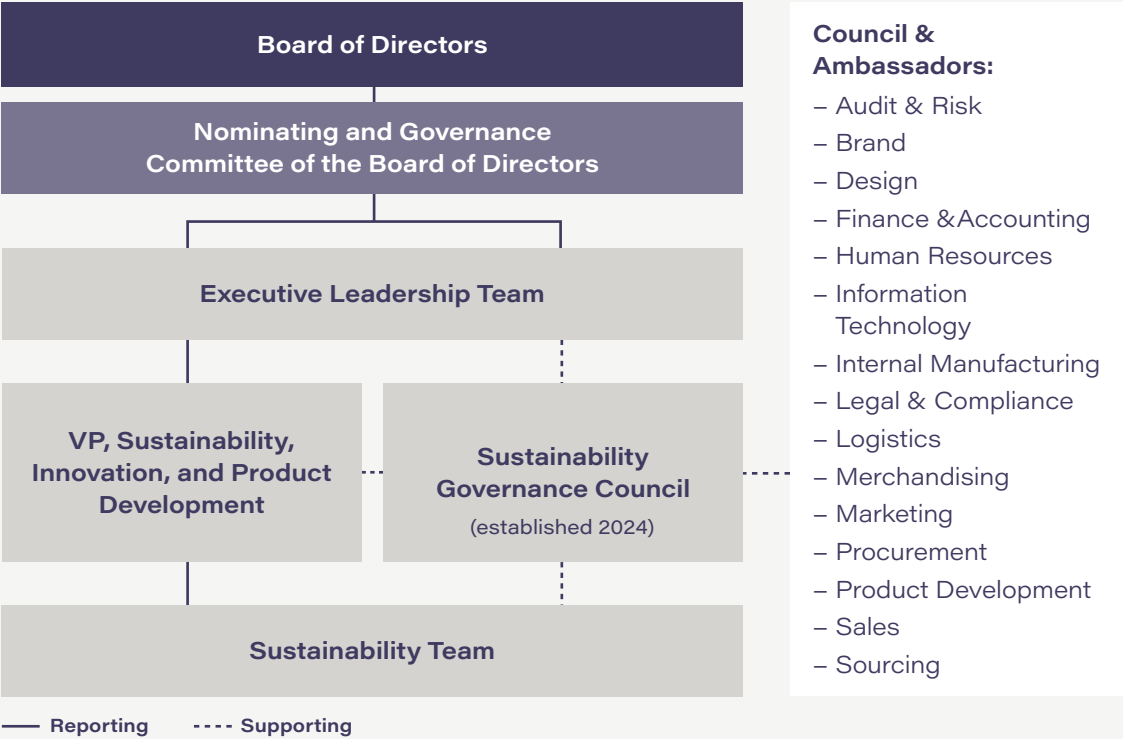
Climate-related issues are monitored through many corporate initiatives managed by our Sustainability Team, including our SBT Ambassador Group, our Global Design Standards, our Indigood™ program and our reporting and disclosure processes.

The Global Design Standards focus on materials procurement, saving water in fabric development, assessing the environmental and social impacts of the finishing process and building pathways to circularity. Through these aspirational Standards, Kontoor aims to tackle the largest value chain factors to lower GHG emissions and reduce water and chemical use while advancing worker well-being.

# GOVERNANCE CONTINUED

## Governance diagram

Integrated throughout all levels of the Kontoor organization, sustainability is an enterprise-wide commitment. The Sustainability Team supports the Executive Leadership Team and Sustainability Governance Council in the successful execution of our climate strategy.



## Climate-related expertise

Relevant members of the Nominating and Governance Committee of the Board of Directors, the ELT and the Sustainability Governance Council have completed the course “ESG for Directors and Executive Leaders” from the Corporate Governance Institute. The course equips business leaders with an in-depth understanding of sustainability factors and their impact on corporate strategy, compliance, and risk management. It focuses on training leaders to effectively integrate environmental, social, and governance considerations into decision-making.

The diverse background of the Sustainability Team includes advanced degrees in sustainability, textiles and apparel combined with decades of industry experience. We have found this balance aids in the advancement of sustainability while ensuring we meet the needs of Kontoor’s business.

The Sustainability Team participates in the ERM process and helps to assess sustainability risks including those related to climate.

Among other responsibilities, to ensure the Nominating and Governance Committee of the Board of Directors and the ELT are up to date on sustainability matters relevant to Kontoor, the Sustainability Team provides quarterly updates on progress, which include:

- General progress against sustainability goals, projects, and programs, including the processes of establishing new goals
- Updates related to stakeholder needs, such as investor requests, customer requirements, and government mandates
- Updates on material topics, including climate change, water, chemistry, and workers in the value chain

Members of the Sustainability Team provide training on climate-related and other sustainability-related fundamentals to Kontoor’s employees, including members of the Nominating and Governance Committee of the Board of Directors and the ELT when relevant.

# STRATEGY

## Climate-related risks and opportunities

In 2023, we worked with a third-party consulting firm to conduct our first qualitative physical and transition climate risk assessment for key geographic regions and locations, representing all of Kontoor’s internal operations, including manufacturing, distribution, corporate, and retail, and Kontoor's global sourcing partners.

A total of 310 locations from our supply chain were in scope for this analysis including our owned manufacturing facilities, distribution centers (owned and leased), corporate offices (owned and leased) and sourcing partners, including Tier 1 garment manufacturing, which may have multiple facilities, and Tier 2 fabric mills.

We examined the potential impact of flooding from precipitation events, hurricane/cyclonic events, heat waves, extreme temperatures, extended drought and water stress in each location. Climate scenarios, climate narratives and time horizons were defined, and a current state qualitative directional financial impact analysis was performed. The process also involved internal stakeholder interviews, a peer review and review of industry benchmarking to select potential risks and opportunities for review.

We evaluate climate-related risks as short term (one to two years up to 2025), medium term (three to 12 years up to 2035) and long term (12 to 27 years up to 2050).

The Sustainability Team works with relevant internal teams to determine which climate risks and opportunities could have a financial impact to the company. Kontoor will revisit the climate assessment as needed.



# RISKS AND OPPORTUNITIES

Type	Short term up to 2025	Medium term up to 2035	Long term up to 2050	Qualitative indication of financial cost	Responses to risk
Physical risks	Acute physical risks such as flood and tornadoes and their impact on raw materials, facilities and employees	Chronic physical risks including temperature and precipitation changes, water stress and their impact on raw materials, equipment and infrastructure		<p>Many of the factories, mills, and laundry facilities that produce products for Kontoor are located in high water stress areas, such as Bangladesh, China, India, and Mexico, and are vulnerable to climate phenomena, including drought, floods, heavy precipitation, tropical cyclones, sea level rise, and extreme heat. Due to these conditions, we are exposed to supply chain disruptions, resulting in higher transportation and logistics costs. Severe weather events, such as snowstorms or hurricanes, typically lead to temporarily reduced retail traffic, decreased business productivity, limited site accessibility, and increased workforce absenteeism.</p> <p>Consequently, these disruptions may result in increased capital expenditures and insurance premiums due to damage, loss, or degradation of facilities. Furthermore, there may be reduced revenues and higher operating costs arising from negative impacts on the workforce, such as health and safety issues and absenteeism. Additionally, there could be increased write-offs and early retirement of existing assets due to damage to property and assets, all of which may contribute to significant financial impact.</p>	<p>Kontoor has a water strategy that supports our owned manufacturing facilities and supply chain partners in their adoption of water-efficient processes and technologies.</p> <p>At Kontoor, we strive to ensure a balanced global sourcing strategy, which includes our manufacturing sites and global sourcing partners. Our approach to and management of the complexities of a global supply chain is informed by 125+ years of designing, manufacturing, sourcing, and distributing products.</p>



# TRANSITION RISKS

Type	Short term up to 2025	Medium term up to 2035	Long term up to 2050	Qualitative indication of financial cost	Responses to risk
Transition risks	Policy and legal: emerging regulations; reporting requirements	Policy and legal: additional regulatory and reporting obligations; exposure to litigation; GHG pricing; regulation of products and services	<p>There are significant costs associated with compliance to policies directly or indirectly related to climate in jurisdictions where Kontoor and our value chain partners operate. Policy actions aimed at reducing Kontoor’s emissions to limit additional climate change, as well as those promoting adaptation to current and future climate change effects, impose financial burdens. Example policies include carbon-pricing mechanisms, completion of building energy audits, preparation of product material composition analyses, and disclosure of climate-related information in public reporting. Emerging policies, such as the EU’s CSRD, could further increase Kontoor’s regulatory compliance costs.</p> <p>These policies may lead to reduced revenue due to potential expansions of or new carbon pricing mechanisms. Additionally, production costs could rise if a retail customer requires that apparel sold by Kontoor meets certain environmental standards (e.g., product composition) to comply with their regulatory requirements. Increased operating costs are also anticipated due to the heightened regulatory disclosure and compliance activities. These factors could collectively contribute to significant financial impacts on Kontoor.</p>		<p>Kontoor collaborates with customers, external policy experts, our internal experts, non-profit organizations, supply chain partners, legal advisors and other stakeholders to monitor and comply with current and emerging regulations and legislation.</p> <p>In 2024, we worked with an external consultant to complete a CSRD-gap analysis to see how our sustainability reporting may need to be modified.</p>
	Reputation: shifts in consumer preferences; increased stakeholder concern; impact on consumer trust		<p>Our brand and reputation could suffer substantial damage if our sustainability efforts do not meet stakeholder expectations. This includes falling short of stakeholder expectations when it comes to our sustainability targets and commitments, actions undertaken to achieve targets and relevant sustainability disclosure. This may result in reduced brand loyalty as consumer preferences shift, potentially leading to a loss of revenue.</p>		<p>Kontoor has set targets to reduce our emissions. The Science Based Target initiative (SBTi) approved our climate goals in 2023. Our SBTs are to reduce absolute GHG emissions by 46.2% by 2030 (compared to the 2019 baseline).</p> <p>Kontoor aims to be a more circular business, which means sourcing more recycled fibers, building more durable products, and closing the loop through resale platforms. Our strategies allow us to build trust in our brands and provide lower environmental impact products.</p> <p>We strive to clearly and transparently communicate our impacts, targets, actions, and progress, which can increase customer loyalty.</p> <p>Kontoor is committed to regularly undertaking materiality assessments to ensure we are addressing relevant topics that have the most impact.</p>





# TRANSITION RISKS CONTINUED

Type	Short term up to 2025	Medium term up to 2035	Long term up to 2050	Qualitative indication of financial cost	Responses to risk
Transition risks (continued)	Market: increased costs of materials	Market: consumer behavior change; market uncertainties; increased costs and/or scarcity of raw materials <sup>1</sup>	<p>As a core component of Kontoor’s business, denim production relies heavily on the availability of cotton and water (e.g., in laundries, mills, and farms), and the manufacturing process is both electricity- and fuel-intensive. Changes in the cost and availability of raw materials (such as cotton) and other primary production inputs (e.g., water and energy) represent significant market-related transition risks, largely driven by the physical impacts of climate change.</p> <p>For instance, worsening future impacts of climate change could challenge the growth and yields of cotton, while drought conditions may affect water availability. This could lead to increased production costs due to higher prices of inputs such as cotton, denim textiles, energy, and water. Furthermore, there could be additional costs related to output requirements, such as waste treatment. The scarcity of inputs and potential production cutbacks may also result in decreased revenue and sales.</p> <p>Supply chain disruptions, such as delayed shipping routes and inaccessible distribution centers, along with increased operational costs and price volatility due to abrupt and unexpected shifts in energy and resource prices, may further contribute to the financial risks.</p>		<p>Kontoor’s Preferred Materials strategy works to source more sustainable materials, while driving the adoption of processes and technologies to scale the availability of sustainable materials globally.</p> <p>Our goal is to source 100% Preferred Cotton by 2025 and Preferred Synthetics by 2030.</p>
	Technology: costs to transition to technologies with lower impacts on energy and carbon	<p>Achievement of certain of our sustainability goals will necessitate the deployment of lower emissions technologies, higher-efficiency manufacturing processes, and the sourcing of alternative materials. Some investments in these improvements may be unsuccessful, and even when successful, these investments may add to Kontoor’s existing capital costs. This could lead to significant financial implications, including increased research and development expenditures in garment selection for circularity during product design.</p> <p>Furthermore, there could be increased capital investments in owned manufacturing to utilize more renewable energy, reduce water consumption, and enhance the sustainability of packaging materials. Additionally, operational costs are expected to rise as employees and facilities adopt new practices and processes, such as zero waste distribution centers, take-back programs, and textile recycling infrastructure. These cost factors collectively may contribute to the overall financial impact associated with achieving Kontoor’s sustainability goals.</p>		<p>Kontoor has set targets to reduce GHG emissions (see ‘Metrics and targets’ on page 15) throughout our value chain and has programs in place to increase energy efficiency.</p> <p>Our climate action strategy includes entering Power Purchase Agreements and investing in new renewable energy to increase the availability of renewable energy.</p>	

<sup>1</sup> Kontoor does not directly purchase raw materials, but instead works with suppliers to select raw materials for use in our products by third-party manufacturers.



OPPORTUNITIES

Type	Short term up to 2025	Medium term up to 2035	Long term up to 2050	Qualitative indication of financial cost	Responses to risk
Opportunities	Resource efficiency: improved water stewardship in production and manufacturing processes			<p>Increasing water efficiency and reuse in our production and manufacturing processes can unlock significant opportunities for Kontoor.</p> <p>Technological advances in water efficiency and reuse could prove incrementally beneficial for Kontoor, particularly during chronic or acute water stress or drought conditions at owned and sourced manufacturing facilities.</p> <p>Our focus on water efficiency may lead to increased production capacity at mills and manufacturing sites that might otherwise be limited or temporarily disrupted by constrained freshwater supplies. Additionally, there could be reduced production costs at mills and manufacturing sites due to the purchase of less freshwater because of these efficiencies and reuse initiatives. Furthermore, increased capital availability from investors incorporating environmental, social and governance considerations in their investment decisions represents another opportunity for Kontoor.</p>	<p>Kontoor has already made notable strides in value chain water efficiency and may continue to advance these efforts to meet its publicly stated water stewardship ambitions.</p>
	Products and services: expansion of lower-emission materials and development of circular products			<p>Our proactive approach presents several opportunities: increased revenue from new and existing retail customers who are seeking lower-emission product offerings, potential reduction in product costs through the use of more efficient processes (e.g., leading yarn-spinning technologies), and a strategic positioning that capitalizes on the growing demand for sustainable products. While there may be an increase in production costs due to potential rises in the cost of raw materials, the overall opportunity for revenue growth and cost efficiency positions Kontoor advantageously in the market.</p>	<p>Kontoor has already made progress in product circularity and supply chain emissions reductions and is poised to continue these efforts to meet our SBTs. By innovating and scaling materials such as sustainable cotton and synthetics, plant-based materials, and recycled fabric, Kontoor aims to further lower its supply chain emissions.</p>
	Energy source: expanded use of lower-emission sources of energy to help achieve energy and carbon reduction goals			<p>As the world transitions to a lower-carbon economy and the volatility of fossil fuel prices increases, Kontoor stands to benefit by incorporating renewable energy sources, such as solar and wind, into its energy usage, along with lower-emission products like LED lighting in its facilities and manufacturing and distribution processes. Given the energy-intensive nature of Kontoor's denim production and manufacturing operations, these efficiencies can substantially reduce energy-related operational costs. This strategic shift presents several promising opportunities: reduced operating costs from the use of LED lighting and renewable energy and heightened investment or capital availability from investors who prioritize companies committed to lower emission production. These opportunities not only bolster Kontoor's market position but also align with broader sustainability trends, reinforcing its competitive advantage.</p>	<p>As a part of our work towards our SBTs for GHG emissions, we are working to use only electricity from renewable sources, convert any natural gas use to solar, and update lighting to LED.</p>

# PRIORITY RISKS AND OPPORTUNITIES

## Priority climate risks

**Acute physical risks:** Kontoor's operations and supply chain are exposed to acute physical hazards including droughts, floods, extreme heat, tropical hurricanes/cyclones and tornadoes, which may result in the direct damage, loss or degradation of Kontoor facilities, including retail locations, distribution centers and manufacturing facilities. Acute physical risks may impact denim production and affect the continuity or accessibility of shipping routes. Floods and drought conditions may indirectly impact the supply of cotton and lead to price volatility.

**Chronic physical risks:** Chronic temperature, precipitation and water-stress could impact Kontoor's business operations and supply chain. Changes in chronic temperature may require additional ventilation, insulation and equipment maintenance while changes in chronic precipitation could damage transportation infrastructure (roads) and disrupt supply chains.

Water stress may affect cotton availability and quality, result in decreased water allowances in manufacturing locations (such as Mexico), and drive competition or community opposition from users that share water resources with Kontoor.

**Raw material cost and availability:** Denim production depends heavily on cotton and water availability (e.g., in laundries, mills, and farms), and manufacturing is energy intensive. Although we do not directly purchase cotton, changes to the cost and availability of raw materials like cotton and other primary inputs to production (e.g., water and energy) are relevant market-related transition risks driven largely by changes in physical climate change.

**Regulatory compliance:** There are costs associated with compliance with laws, rules, regulations, and ordinances that are directly or indirectly related to climate in jurisdictions where Kontoor and our partners operate. Policy actions may be aimed at reducing Kontoor's emissions or promoting adaptation to climate change impacts.

## Priority climate opportunities

**Water stewardship:** There may be further opportunities to increase water efficiencies and reuse it in production, manufacturing and distribution processes beyond our publicly stated water stewardship ambitions. Technological advances in water efficiency and reuse may be incrementally beneficial in the event of chronic or acute water stress or drought conditions, particularly at Kontoor's owned manufacturing facilities.

**Lowering supply chain emissions:** Developing lower-emission products will help decrease our overall carbon footprint, potentially resulting in reduced production costs and additional opportunities for new products. Improvements in product circularity and supply chain emissions reductions may help us meet our SBTs, and innovations and scaling of materials, such as regenerative cotton, will lower our supply chain emissions.

**Lower-emission energy:** As the world transitions to a lower-carbon economy and the volatility of fossil fuel prices increases, incorporating renewables (such as solar and wind) for energy usage and lower-emission technologies for energy (e.g., LED lighting) in facilities and manufacturing and distribution processes may lower Kontoor's emissions and energy-related operational costs

**Climate-related issues:** The following issues may have major impacts on Kontoor's business strategy and financial planning:

- *Business Models:* Reducing Kontoor's GHG emissions and the global carbon crisis may require updates to our current business model, including where we source our products as well as the scaling of circular business models.
- *Customers/Sales:* Our customers' current and future expectations may impact how Kontoor manufactures our products.

# PRIORITY RISKS AND OPPORTUNITIES CONTINUED

- *Innovation:* The climate crisis and our subsequent targets to reduce emissions require companies like Kontoor to focus on innovation, including exploring alternative raw materials, regenerative agriculture, new types of apparel products, and energy-efficient apparel manufacturing technologies and processes.
- *Sourcing:* Raw materials choices and manufacturing locations may be affected by the physical and regulatory risks of climate change.

## Our SBTs and transition planning

Kontoor has established SBTs for our emissions: a 46.2% reduction in absolute Scope 1, 2 and 3 emissions by 2030 (compared to the 2019 baseline). Our Scope 3 target covers purchased goods and services, fuel and energy activities, and upstream transportation and distribution. We have created a roadmap to guide us in achieving this goal. As part of this, we recognize the importance of supporting suppliers in their own reduction efforts, and we are developing guidance documents to engage them.

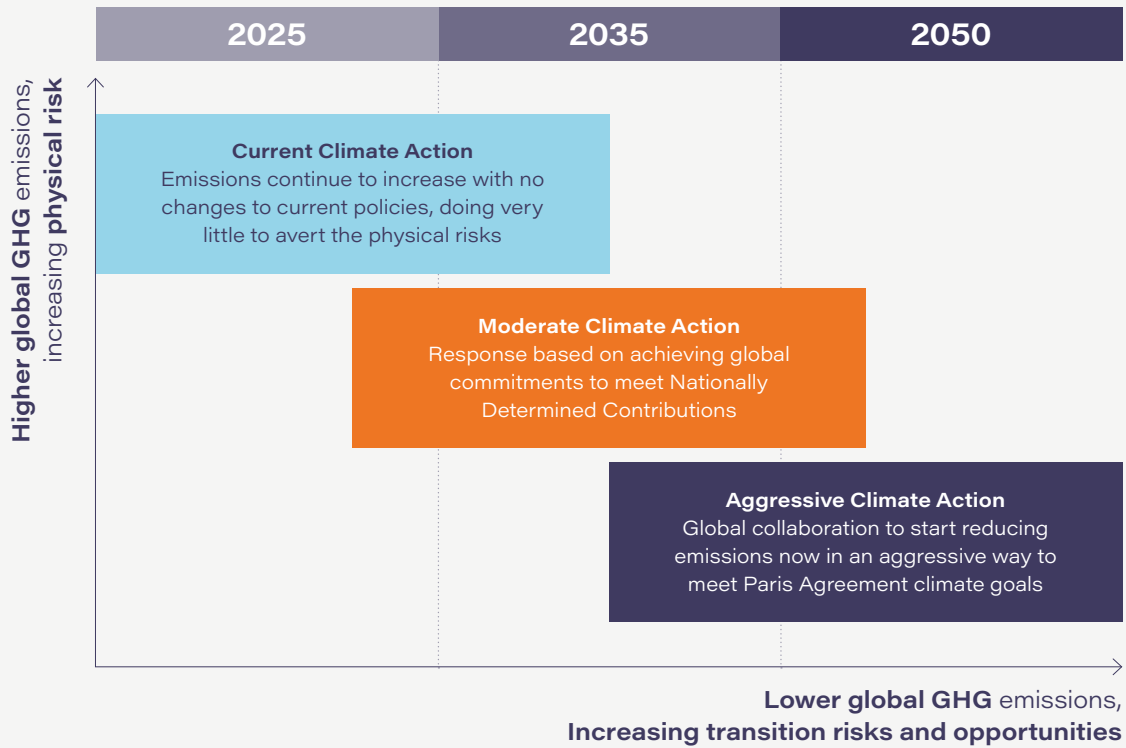
Achieving our goals will be challenging as energy markets vary around the world. We must continually adapt to changing markets, regulations and the availability of green energy.

In 2023, Kontoor launched our SBT Ambassador program to help meet our sustainability goals, including to help our transition to a lower-carbon economy. With representation across our business, the SBT Ambassadors work together on specific actions to reach our targets, including:

- Renewable Energy
- Improved Equipment
- Logistics
- Materials
- Process Improvements
- Influencing Suppliers
- Circularity

## Climate scenarios and strategy resilience

Our time horizons and climate scenarios align with the recommendations of TCFD and the Paris Agreement, while highlighting a range of plausible climate futures that could impact our business.



➤ [Learn more about the Paris Agreement.](#)

# RISK MANAGEMENT

## How we identify and assess climate-related risk

We identify, assess and determine climate-related risks through enterprise-wide risk assessments and periodic specific analysis in direct operations and across the supply chain. These include our materiality assessment, supply chain risk assessments and reviews of supplier data collected through Worldly’s Higg Facility Environmental Module (FEM).

Kontoor’s Enterprise Risk Management (ERM) process assesses risk to the business. This incorporates sustainability risks, including climate-related risks. The ERM process is reviewed quarterly by the Executive Leadership Team and the Audit Committee of the Board of Directors.

The ERM process helps to identify risks and exposures and assesses management’s risk mitigation strategy. We consider all substantive and strategic impacts on the business according to the risk’s expected impact and likelihood of occurrence.

The process used to determine which risks and opportunities could have a substantive financial or strategic impact on the organization is informed by our ERM process. Every year, Kontoor undergoes this process to identify and proactively address emerging risks to the business.

The ERM process surveys our top leaders annually to assess the potential impact, likelihood of occurrence and mitigation effectiveness of each risk and assigns a score accordingly. These risk scores allow Kontoor to determine the relative significance of each risk in relation to the other risks. The top identified risks are reported to the Audit Committee of the Board of Directors on a quarterly basis.

Climate-related matters are reviewed on a case-by-case basis by our Sustainability and Supply Chain Teams, along with other internal and external stakeholders, to understand the level of importance and potential direct, upstream and downstream impacts.

This review enables us to understand potential climate-related impacts related to brand reputation, operational disruption, supply availability and cost, consumer awareness and regulatory activity. The findings are reviewed by the Executive Leadership Team and the Nominating and Governance Committee of the Board of Directors at least annually.

# RISK MANAGEMENT CONTINUED

## How we manage climate-related risks

Climate risk assessment and management is an ongoing process; we are constantly learning, and the context regularly evolves as opportunities in the form of new technologies, innovations and knowledge arise to help inform and manage these risks. As a result, Kontoor’s management of climate risks is a dynamic process of continual improvement.

Risk mitigation strategies are developed, incorporating both physical and transition risks:

- **Physical Risks:** We implement business continuity and disaster preparedness plans, fortifying critical infrastructure, and diversifying supply chains.
- **Transition Risks:** We focus on diversifying the product portfolio, embracing sustainable practices, and investing in low-carbon technologies.

Climate-related matters are evaluated on a case-by-case basis to determine whether they have a substantive financial or strategic impact on our business over the short, medium and long term.

Materiality determinations are made via a double materiality assessment process, which aims to identify areas specified by our stakeholders as critical from both an inward and outward impact standpoint. The most critical impacts identified through these assessments influence our sustainability goals and strategy.

We use third-party, science-based life cycle assessment (LCA) data to understand the potential environmental impacts of certain materials, including climate-related impacts. The outcomes of these assessments guide our selection of the materials used in Kontoor products to increase the use of Preferred Materials across our portfolio.

In many countries, governmental bodies are enacting new legislation and regulations to reduce or mitigate the potential impacts of climate change. We monitor developments in climate-related regulatory requirements, led by the Sustainability and Legal Teams with support from external experts.

For example, in 2024, we worked with an external consultant to complete a regulatory gap analysis to see how our sustainability reporting may need to be enhanced. Also in 2024, we conducted a new Double Materiality Assessment to identify and assess our materials topics. The assessment results were not ready at the time of publication of this report or our 2024 Sustainability Report. However, the topics covered in our 2024 reporting continue to be relevant to Kontoor’s business and include the topics from the 2022 Double Materiality Assessment and many of the topics identified in the 2024 Double Material Assessment.

# METRICS AND TARGETS

## Metrics

We track climate-related metrics including, but not limited to, direct and indirect GHG emissions, energy consumption, water usage, waste diversion, waste generation and our progress toward preferred raw materials for our products.

In addition to tracking our Scope 1, 2, and 3 emissions for our SBTs, we also track and monitor metrics including greenhouse gas intensity (per unit and per million dollars of revenue), total renewable electricity consumption at company facilities, and total freshwater consumption.

➤ See our **Consolidated Performance Databook 2024** for more information

We are committed to growing our business in a sustainable way. We track and monitor key metrics to ensure our programs and strategies are achieving their intended purpose. As we focus on context-based and SBTs for all of our sustainability goals, we work to ensure we are not just saving water or reducing emissions, but that our work is aligned with science and the specific context with which we operate.

For example, increasing water efficiency can help monitor water stewardship, conserve water resources, and achieve our water goals. A water consumption metric, namely the water use intensity indicator, helps our teams track our progress per unit, as number of units produced annually may fluctuate.

## Goals

We have set sustainability goals across worker well-being, chemistry, preferred materials, reducing emissions and water use, and are making progress toward those goals.

➤ See the next page for more information

# REVIEW OF ACTIONS AND GOALS

<div> <b>People</b> </div>				
Goal	Goal definition and scope	2024 Performance	2023 Performance	2022 Performance
<b>Worker Well-being</b> Work only with factories that support a worker well-being or community development program by 2025.	Worker well-being and community development programs must support a multidimensional commitment by suppliers. Factories are considered in scope if they meet the following two requirements: (1) they form part of the top 90% of Kontoor's annual transaction value; and (2) they have an existing business relationship with Kontoor of more than two years.	By December 2024, 92% of in-scope suppliers supported a worker well-being program.	By December 2023, 58% of in-scope suppliers supported a worker well-being program.	Finalized multidimensional worker well-being approach. By December 2022, 43% of in-scope suppliers supported a worker well-being program.
<div> <b>Product</b> </div>				
Goal	Goal definition and scope	2024 performance	2023 performance	2022 performance
<b>Materials<sup>2</sup></b> Source 100% Preferred Cotton by 2025.	Preferred Cotton is defined as any one of the following: cotton grown in the U.S., Africa (except Egypt or South Africa), or Australia; recycled cotton from validated post-consumer or post-industrial sources; or cotton certified under organic or regenerative frameworks.  Scope: Excludes licensed business. <sup>3</sup>	76% of cotton sourced in 2023 was Preferred Cotton. Cotton accounted for around 85% of our total raw materials used.	74% of cotton sourced in 2023 was Preferred Cotton. Cotton accounted for around 86% of our total raw materials used.	57% of cotton sourced in 2022 was Preferred Cotton. We began developing our Global Design Standards, to help designers and product developers select lower-impact processes and materials.
<b>Materials<sup>2</sup></b> Source 100% Preferred Synthetics by 2030.	Preferred Synthetics is defined as any one of the following: recycled synthetic fibers from validated post-consumer or post-industrial sources, synthetics made from bio-based feedstocks, or synthetics with additives that enhance biodegradability.  Scope: Excludes licensed business. <sup>3</sup>	38% of synthetics sourced in 2023 were Preferred Synthetics. Synthetics accounted for around 13% of our total raw materials used.	30% of synthetics sourced in 2023 were Preferred Synthetics. Synthetics accounted for around 12% of our total raw materials used.	In 2022, 0% of synthetics sourced were Preferred Synthetics. Synthetics accounted for around 10% of our total raw materials used.

<sup>2</sup> Kontoor does not directly purchase raw materials, but instead works with suppliers to select raw materials for use in our products by third-party manufacturers.

<sup>3</sup> We have licensee relationships in many countries and we do not yet gather specific data on materials, chemicals, energy and water use related to these licensees at this time. We will consider reporting on these impacts in the future.



# REVIEW OF ACTIONS AND GOALS CONTINUED

<div> <b>Product continued</b> </div>				
Goal	Goal definition and scope	2024 performance	2023 performance	2022 performance
<b>Chemicals</b> Achieve and maintain a minimum of 90% Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substance List (MRSL) compliant chemicals.	<p>Our chemistry goal relates to both process and product chemistry that reduces or eliminates the use or generation of hazardous substances. Achieving our commitment requires all suppliers to review, sign and accept our Restricted Substances List which we align with ZDHC MRSL.</p> <p>Scope: This goal covers only Tier 1 vendors and owned facilities that use wet processing (laundries, printing, finishing, etc.) and Tier 2 fabric mills; excluding licensed business.<sup>3</sup></p>	As of December 2024, we reached 84% chemical conformity with ZDHC MRSL.	<p>Due to the dynamic nature of our supply chain and the increased availability of digital chemical management tools, this goal was refined in 2023.</p> <p>As of December 2023, we reached 82.6% chemical conformity with ZDHC MSRL.</p>	By December 2022, 97% of in-scope suppliers completed account registration for our new chemistry management tool and 94% of the registered vendors and suppliers uploaded their chemical inventories.
<div> <b>Planet</b> </div>				
Goal	Goal definition and scope	2024 performance	2023 performance	2022 performance
<b>Climate</b> Reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 46.2% by 2030 from a 2019 base year.	Scope 1 & 2 are defined by the GHG Protocol <sup>4</sup> Scope 3 covers purchased goods and services, fuel and energy related activities, and upstream transportation and distribution.	See our Consolidated Performance Databook 2024 for our limited 2024 GHG footprint.	<p>SBTi approved our climate goals as SBTs in September 2023.</p> <p>See our Consolidated Performance Databook 2024 for our limited 2023 GHG footprint.</p>	See our Consolidated Performance Databook 2024 for our limited 2022 GHG footprint.
<b>Water - new</b> Save 8 billion liters of fresh water from key suppliers in water-stressed regions, compared to a 2018-2019 baseline, and through internal manufacturing, compared to a 2020 baseline, between 2023 and 2030.	Key suppliers is defined as Tier 1 and Tier 2 suppliers that supply a combined 80% or higher volume to Kontoor, located in water risk areas.	As of December 2024, we are 35% of the way to our water savings goal, with 2.8 billion liters of water saved in 2023 and 2024.	We worked to define a new water goal that covers our owned manufacturing as well as Tier 1 and 2 suppliers. The goal was approved in 2024. As of December 2023, 1.1 billion liters of water had been saved through our Internal Manufacturing and our Indigood™ program.	<p>9.6 billion liters of water saved since 2008 through recycling and efficiencies at our owned manufacturing facilities.</p> <p>725 million liters of water saved through our Indigood™ program means we reached our 2025 goal two years early.</p>

<sup>3</sup> We have licensee relationships in many countries and we do not yet gather specific data on materials, chemicals, energy and water use related to these licensees at this time. We will consider reporting on these impacts in the future.

<sup>4</sup> Built through a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the GHG Protocol is a comprehensive global standardized framework to measure and manage GHG emissions.



# CARBON FOOTPRINT

## How we calculate our company carbon footprint

Kontoor uses the GHG Protocol as a basis for our corporate footprint. The categories proposed by the GHG Protocol provide a wide scope to account for emissions along the value chain.

The scope is divided into three parts: Scope 1 (direct emissions); Scope 2 (indirect emissions from purchased electricity); Scope 3 (all other indirect emissions). Our carbon footprint covers all Scope 3 categories pertinent to Kontoor Brands' operations. Ecoinvent 3.8, DEFRA 2021, IEA 2021, Green-e 2021, USEPA e-grid, and WALDB 3.5 emission factors were used to determine emissions from data provided.

## Our carbon footprint

In 2024, Kontoor had 13,200 employees and produced 138 million apparel units, with a total market-based carbon footprint of 937 ktCO<sub>2</sub>e<sup>4</sup> (Scope 3 includes Categories 1, 3, 4, and 9). This represents .07 ktCO<sub>2</sub>e per employee and 6.8x10<sup>-6</sup> ktCO<sub>2</sub>e per apparel unit.

## Kontoor's SBTs

We have set and received approval from the SBTi of our SBTs for GHG emissions, which we intend to meet by 2030, from a 2019 baseline year:

***Reduce absolute Scope 1, 2 and 3 GHG emissions by 46.2% by 2030 (compared to the 2019 baseline). Our Scope 3 target covers purchased goods and services, fuel- and energy-related activities, and upstream and downstream transportation and distribution.***

We have defined an emissions reduction action list to drive GHG emissions to meet our 46.2% emissions reduction target by 2030 (compared to the 2019 baseline). To meet our SBT, we intend to:

1. Renewable Energy: Use only electricity from renewable sources and convert natural gas to solar thermal.
2. Improved Equipment: Convert the lighting in our manufacturing facilities to LED lighting and improve our conveyor technology.
3. Logistics: Convert interplant truck transport to biodiesel and increase our use of rail shipments.
4. Materials: Source 100% materials from our Preferred Materials List.

5. Process Improvements: Increase the use of slasher-dyed denim, open-end spinning, cluster manufacturing, and ozone garment finishing in our supply chain.
6. Influencing Suppliers: Help convert our Tier 1 and Tier 2 suppliers to renewable energy and have at least half of our Tier 1 and Tier 2 suppliers committed to a science-based target.
7. Circularity: Increase circularity initiatives, including garment and fiber recycling and resale.

At this time, we do not have plans to announce interim targets, but will continue to evaluate our public goals and strategy.

<sup>4</sup> CO<sub>2</sub>e or carbon dioxide equivalent is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

