

ADVANCING IMPACT

SUSTAINABILITY REPORT 2021-2022

KONTOOR

Wrangler | Lee



ABOUT THIS REPORT

Welcome to our third Sustainability Report. Inside, discover our commitments and progress towards the continuous improvement of our sustainability practices.



This report covers the 2021 and 2022 calendar years from January 1, 2021 to December 31, 2022 (unless otherwise specified). It has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the Sustainability Accounting Standards Board (SASB) Apparel, Accessories and Footwear Industry Standard.

- Discover our GRI and SASB Index 2021–2022.
- Discover our Taskforce on Climate-related Financial Disclosures (TCFD) Report 2021–2022.
- Read our Annual Report 2022.
- Discover more on our Sustainability website.
- Discover our *Wrangler*® Global Sustainability Platform.
- Discover our *Lee*® Global Sustainability Platform.

For more information, please contact sustainability@kontoorbrands.com or visit our website kontoorbrands.com.

The inclusion of information contained in this report is being made in good faith based on information that is available to Kontoor Brands regarding calendar years 2021 and 2022. Given the inherent uncertainty in predicting and modeling future conditions, caution should be exercised when interpreting the information provided in this report.

In addition, the controls, processes, practices and infrastructures described in this report are not intended to constitute any representation, warranty or other assurance that such controls, processes, practices and infrastructures will result in any specific outcome, result or achievement of a stated target or goal. This report has not undergone external assurance.



At Kontoor, we believe we must leverage our size and global reach to affect change across our industry. We are responsible for contributing to a healthier planet and working towards a more equitable society. Simply stated, it is the right thing to do.

That is why I am pleased to share Kontoor's third Sustainability Report, which covers the calendar years of 2021 and 2022, and shares progress towards our global sustainability goals, including our new science-based targets for greenhouse gas emissions. The report includes important findings from our double materiality assessment. This comprehensive analysis helps our company understand and address our sustainability risks and opportunities, both within the organization and in relation to our broader external impact.

Our approach to sustainability is a dynamic process of continuous improvement for people, our products, and our planet. In this report, we discuss how we have augmented our strategy to include the concept of prosperity. This concept links our sustainability efforts towards de-risking, bolstering brand equity, and enhancing total shareholder returns.

Outlined in the pages of this report, you will also find extensive details on our operations, our progress toward our goals, and several programs and projects that we believe are driving change for our industry. I would like to specifically highlight the following key initiatives, detailed in this report, that are driving our global sustainability efforts:

- The **Indigood® Program** saved 725 million liters of fresh water in 2022.
- Our **Global Design Standards** give our designers and product developers a toolkit for end-to-end improvement.
- Our **circularity initiatives** enable us to reimagine and extend the life and value of our products.

Thank you to our employees for their ambition, ingenuity and dedication and to our valued consumers, customers, and shareholders for their ongoing partnership in our journey toward a more sustainable future.

Scott Baxter

"WE ARE RESPONSIBLE FOR CONTRIBUTING TO A HEALTHIER PLANET AND WORKING TOWARDS A MORE EQUITABLE SOCIETY. SIMPLY STATED, IT IS THE RIGHT THING TO DO."

Scott H. Baxter
President, Chief Executive
Officer & Chair of the Board





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ABOUT KONTOOR BRANDS

Kontoor Brands is a global lifestyle apparel company, with a portfolio of some of the world's most iconic consumer brands: *Wrangler®* and *Lee®*. We design, manufacture and distribute high-quality products that look good and fit right, giving people the freedom and confidence to express themselves. With a clear set of investment priorities, Kontoor is committed to growing our brands' direct-to-consumer distribution and further expanding each brand's global footprint, allowing us to engage with more consumers in more places. Sustainability is a key tenet of our long-term growth strategy.



OUR PURPOSE, MISSION AND VALUES

Our Purpose, Mission and Values serve as our North Star, guiding us to make every decision with our stakeholders in mind.

WHY WE EXIST – OUR PURPOSE

We're the common thread that inspires people to live with passion and confidence.

WHAT WE DO – OUR MISSION

We grow our iconic brands through innovation, design and sustainable performance to excite more and more consumers.

WHO WE ARE – OUR VALUES

We do the right thing. We embrace our unique differences. We stand for each other, our consumers, customers, partners, shareholders, community and planet.

2022 ANNUAL HIGHLIGHTS

2 **ICONIC BRANDS**

\$2.6

BILLION IN REVENUE
FOR FISCAL YEAR 2022

14,400 EMPLOYEES, **10** OWNED OR LEASED
MANUFACTURING AND SUPPORT FACILITIES
PRODUCING **31%** OF PRODUCTS

175

MILLION UNITS OF APPAREL
AND ACCESSORIES PRODUCED
AND SOURCED IN 2022

200+

YEARS OF COLLECTIVE
HERITAGE

70+

NUMBER OF COUNTRIES
PRODUCTS SOLD



ABOUT KONTOOR BRANDS CONTINUED

AREAS OF OPERATIONS

We've been designing, manufacturing, sourcing and distributing high-quality products for more than 130 years. Our approach to and management of the complexities of a global supply chain enables us to deliver the right products, at the right time to consumers across the globe.

Our skills in sourcing are uniquely complemented by an engineering expertise that's reflected in our owned manufacturing facilities. We strive to ensure a balanced global sourcing strategy, which enables us to competitively manage cost, as well as source closer to end markets.

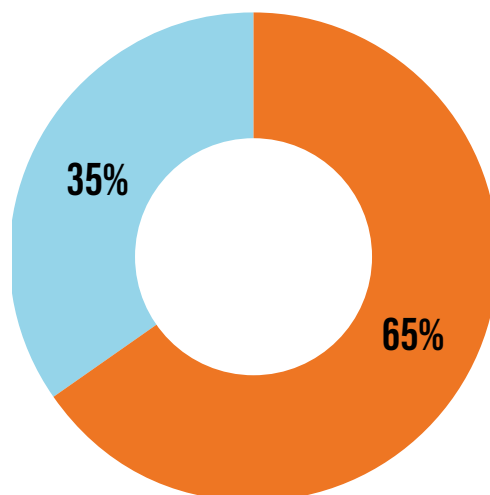
In 2022, to support our growth initiatives, we took actions to globalize our operating model and relocate our European headquarters to Geneva, Switzerland.

OUR BRANDS

Kontoor Brands is a global lifestyle apparel company built on some of the world's most iconic consumer brands: *Wrangler*® and *Lee*®.

FISCAL 2022 REVENUES¹

■ *Wrangler* \$1.7 billion
■ *Lee* \$0.9 billion



¹ Kontoor Brands has additional revenue outside of *Wrangler*® and *Lee*®, please see our [2022 Annual Report](#) for more information.

Wrangler

Wrangler® is an iconic American heritage brand rooted in the western lifestyle, with 76 years of history offering denim, apparel and accessories for adults and children.

1947

FOUNDED

Lee

Backed by over 130 years of purposeful design and craftsmanship, *Lee's*® movement-inspired innovations, versatile styling and superior fit continue to inspire generations of brand loyalists.

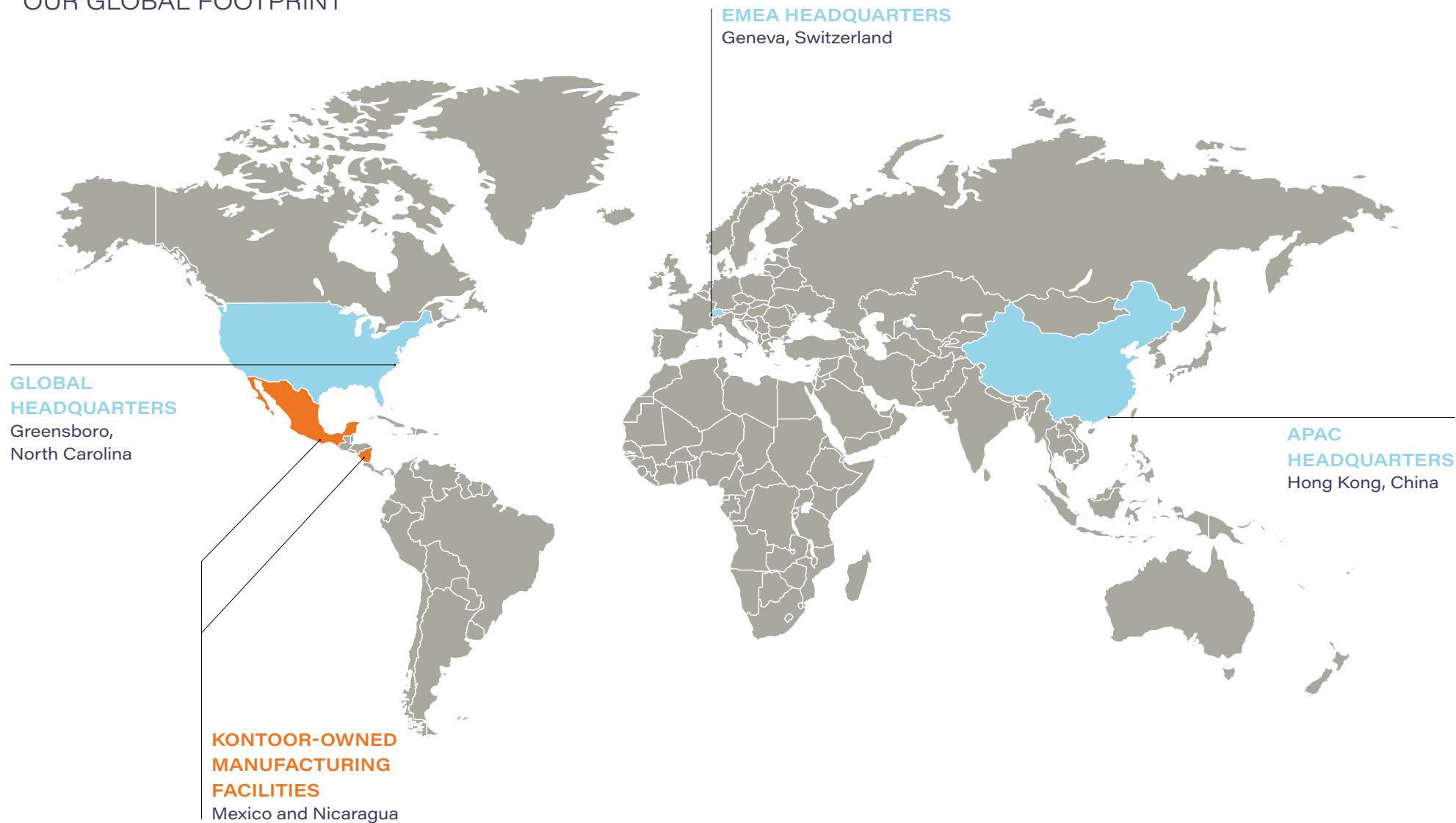
1889

FOUNDED



ABOUT KONTOOR BRANDS CONTINUED

OUR GLOBAL FOOTPRINT





GLOBAL CONTEXT

We need to understand the trends and issues impacting society and the apparel industry to shape an effective sustainability strategy. It is only by being open and honest about the challenges we face, particularly climate change and social inequalities, that we will drive meaningful change.

DELIVERING EFFECTIVE CLIMATE SOLUTIONS

The climate crisis is impacting communities around the globe. In 2022, ten climate-related disasters caused more than \$3 billion worth of damage each.¹ The apparel industry is a contributor to climate change and we must act urgently to reduce emissions.

Apparel companies will be adversely affected by the physical risks of climate change including raw material availability, supply chain continuity and consumer spending.

+ See page 71 to learn about our science-based targets.

EVOLVING REGULATION AND SCRUTINY OF BUSINESS

Across the globe, regulations and industry standards are evolving to incorporate climate-related considerations and demand for greater transparency. In many countries, governments are enacting new regulations to reduce or mitigate the potential impacts of climate change with a general trend towards increased disclosure. This applies to integrating climate considerations across business functions, governance and operational activities such as emissions and energy reporting, net zero transition planning, chemical management, circular products and material traceability. Regulators and other stakeholders may increasingly scrutinize how brands communicate about their sustainability credentials and these changes are reflected in rating agency requirements and related scoring.

+ See page 90 to learn about our governance approach.



¹ <https://www.weforum.org/agenda/2023/01/10-costliest-climate-disasters-of-2022>



GLOBAL CONTEXT CONTINUED

SPOTLIGHT ON BIODIVERSITY

Biodiversity has risen in prominence as a sustainability topic for the business community, with the COP15 UN biodiversity conference passing a landmark agreement to protect 30 percent of land and oceans by 2030.¹ The crucial role biodiversity plays in maintaining planetary health and mitigating climate change is driving the development of frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD).²

The apparel industry depends on biodiversity in its upstream agricultural processes, such as cotton growing and other key material sourcing activities related to soil health, regenerative growing and farming and ecosystem protection.

Regenerative production means managing agroecosystems in ways that create positive outcomes for nature, healthy soils, improved air and water quality and higher levels of carbon sequestration.

+ See page 44 to learn about our materials strategy.

SUPPLY CHAIN DISRUPTION AND RESILIENCE

Just as the fashion industry was beginning to recover from the turmoil of COVID-19, declining macroeconomic and geopolitical conditions have had significant impacts globally. In 2021, we continued to experience delays in product and raw material availability due to global supply chain disruptions, driven in part by port congestion and transportation delays. Many global supply chain disruptions became less prevalent towards the end of 2022.

The impact of the pandemic remains fluid and there continue to be periods of COVID-19 resurgence in parts of the world. At the same time, product and raw material availability is being impacted by material scarcity and high costs of raw materials, water and energy as geopolitical tensions exacerbate resource accessibility.³

Other regional challenges include labor shortages and climate change-related disruption to business. All of this can impact suppliers' ability to operate or increase their operating costs, having adverse effects on the ability to meet consumer demand and resulting in increased cost of production and distribution. This multitude of factors has created a need for greater supply chain flexibility and resilience for businesses to thrive and succeed in the long-term.⁴

+ See page 51 to learn how we are building a transparent supply chain.

SHIFTING CONSUMER BEHAVIOR AND TRUST IN BUSINESS

Clear preferences for sustainable products are emerging, including consideration of product material composition, product durability, circular product offerings and ethically made products. Consumers are also engaging more with brands and purchasing products through digital means.⁵ At the same time, they are becoming increasingly aware, skeptical and distrustful of corporate sustainability pledges that are not backed by robust evidence and roadmaps for delivery.

This extends to the traceability of product origins across environmental and social dimensions and clear commitments and evidence of progress on product websites.

+ See page 64 to learn about our approach to product transparency and labeling.

1 <https://www.unep.org/news-and-stories/story/cop15-ends-landmark-biodiversity-agreement>

2 <https://framework.tnfd.global/why-nature-related-risk-and-opportunity-management-matters/1>

3 <https://www.businessoffashion.com/reports/news-analysis/the-state-of-fashion-2023-industry-report-bof-mckinsey>

4 <https://www.mckinsey.com/industries/retail/our-insights/how-current-global-trends-are-disrupting-the-fashion-industry>

5 <https://www.businessoffashion.com/reports/news-analysis/the-state-of-fashion-2023-industry-report-bof-mckinsey>



OUR APPROACH TO SUSTAINABILITY

Sustainability guides everything we do.

Our sustainability approach is aligned with our company's focus on innovation, design and sustainable performance. It underscores our commitment to our purpose: to inspire people to live with passion and confidence.

Through our three strategic pillars, People, Product and Planet, Kontoor Brands emphasizes operating with the highest standards of ethics and transparency, sourcing products and materials from companies that share our values and doing our part to protect the environment.



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SUSTAINABILITY LEADERSHIP INSIGHTS

WE DISCUSS KEY DEVELOPMENTS IN 2021 AND 2022 WITH THE KONTOOR BRANDS GLOBAL SUSTAINABILITY TEAM



Q. How has Kontoor's sustainability approach evolved since 2020? Have there been any notable changes in that time?

A. Sustainability is dynamic and our approach continuously evolves to manage risks and strives to positively impact people and the planet. We completed a double materiality assessment in 2022 to engage our internal and external stakeholders and understand where we should focus our efforts and reporting. The assessment revealed high expectations around transparency and traceability, especially for supply chain-related topics, which affect the entire apparel industry. It also highlighted the importance of governance and sustainability related disclosures and raised awareness, internally and externally, of impacts and opportunities to drive change. The outcomes of our assessment have had a direct impact on the content of this report and will guide the development of future KPIs for our most material issues, namely material sourcing and assurance, water use, chemical management, human rights, health and safety, and energy and emissions.

While developing our three-pillar (People, Product and Planet) strategy, we recognized sustainability as a fundamental

driver of prosperity and economic viability. Hence, we will embed the new concept of Prosperity in our strategy for 2023. This will focus on de-risking our business, enhancing our brand equity and improving our total shareholder return.

Q. You set sustainability goals in 2020 across the three strategic pillars of People, Product and Planet. What have you achieved and what challenges did you face?

A. The goals set in 2020 are ambitious and we have been working to define and deliver specific actions that we are confident we can achieve. For example, we committed to work only with factories that support a worker well-being or community development program by 2025. Our first task was to define worker well-being and identify improvement strategies for our suppliers. Then, we started to collaborate with suppliers to achieve such goals. Around 40 percent of in-scope suppliers now run a relevant program and we have a detailed roadmap for how we will achieve our goal by 2025. We will support additional suppliers in implementing similar programs that meet at least two of our defined worker well-being dimensions: Physical, Intellectual, Emotional/Mental,

Social, Environmental, Financial and/or Diversity, Equity, and Inclusion (DEI).

Another goal for 2025 is for our owned facilities to use 100 percent renewable energy. Our plan was to achieve this in part by entering into a Power Purchase Agreement (PPA) with a local wind farm in Mexico. However, updates to governmental guidance on renewable energy sourcing in Mexico resulted in the cancellation of the PPA. This shows how regulatory changes around the world can impact our business. We spent 2021 and 2022 working to replace the project in a way that conforms with current government requirements. We are currently on track to generate 30 percent of our owned facilities' electricity consumption from renewable sources by the end of 2023.

A major success was the submission of our science-based targets to the Science Based Targets initiative (SBTi) in December 2022. We started by assessing our corporate footprint following the Greenhouse Gas (GHG) Protocol – collecting and validating data, carrying out quality assurance and finalizing our footprint before defining the science-based targets, which were approved by our Executive Leadership team.



SUSTAINABILITY LEADERSHIP INSIGHTS CONTINUED

We set out a climate roadmap by modeling potential interventions and conducting financial analysis before settling on target intervention activities. Our targets include a 46.2 percent reduction in Scope 1, 2 and 3 emissions by 2030 against a 2019 baseline. SBTi validated our targets in September 2023.

Q. What are the key learnings from your sustainability journey so far? How will you apply these learnings going forward?

A. We recognize the importance of incorporating sustainability practices throughout the company, rather than limiting them to specific projects or departments.

OUR TARGETS:
46.2% REDUCTION
IN SCOPE 1, 2 AND 3
GHG EMISSIONS
BY 2030

By fully integrating sustainability throughout the company at all levels, we can drive the highest level of sustainability success.

The Sustainability team includes experts in corporate and product sustainability who are responsible for creating guidelines, data systems and reporting to support the business in taking responsibility for Kontoor Brands' impacts. It's also crucial that our Executive Leaders are authentic advocates for sustainability, and this is helping to create a company-wide culture shift. Of the employees who completed our 2022 Employee Survey, 86 percent agreed or strongly agreed with the statement: "I believe the company is an environmentally responsible organization."

Q. How will your approach to sustainability ensure prosperity?

A. Kontoor believes that we have a responsibility to improve the well-being of communities and society while we grow our business. As our business evolves, our sustainability approach must remain agile and responsive to changing stakeholder needs.

In 2023, we are adding the concept of Prosperity to our sustainability approach. Sustainability enables

Prosperity by driving action to de-risk our organization and supply chain, enhance the reputation of our brands and improve total shareholder returns.

When we de-risk Kontoor's business through consideration of sustainability impacts, we ensure continuity of operations, mitigate reputational risk and help avoid fines and litigation. By enhancing the reputation of our brands, we will increase our attractiveness as a preferred employer. Prosperity also ensures that we are prepared for evolving regulatory requirements around the world.

Q. What do you see as the main areas of focus and challenge for the coming year?

A. With the approval of our science-based targets, the journey to achieve them will be a top priority. We are establishing a team of sustainability ambassadors to lead on key emissions reduction actions across our activities and build out roadmaps to achieve targets over the next seven years, to 2030.

Achieving our materials goals – including sourcing 100 percent Preferred Cotton see our definition of Preferred Cotton, (page 53) by 2025 and 100 percent Preferred

" A major success was the submission of our science-based targets to the Science Based Targets initiative (SBTi) in December 2022 "



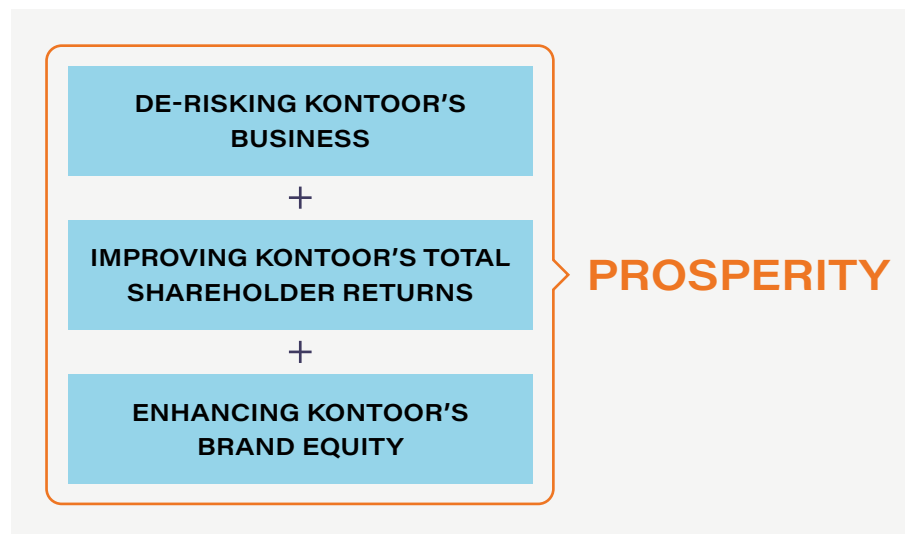
Synthetics by 2030 – will remain a high priority. These goals are pivotal to our new Global Design Standards (see page 46) covering materials, fabric and finishing.

An ongoing challenge is obtaining the most accurate and useful data possible, especially as macro trends and economic conditions continue to impact the supply chain, labor market and business operations. We will continue to develop our data systems with the design and integration of a new software solution for sustainability-related data in 2023. Our new software solution aims to be operational in 2024 for priority metrics with additional metrics and data following. The Sustainability team's work in building, integrating and implementing a data-driven cross-functional approach will propel our sustainability efforts to 2030 and help shape Kontoor's future as a sustainability advocate in the fashion and textile industry.

PROSPERITY

We are incorporating a new concept into our sustainability strategy, Prosperity.

Advancing long-term impact will only work when viable for business operations. Pressures of investment markets can make embedding sustainability into strategic planning and capital investment decisions difficult. Through 'Prosperity', we work to communicate the clear financial benefits and long-term value creation of sustainability for all stakeholders. In addition to protecting people and the planet, our strategy also strives to demonstrate how investing in sustainability mitigates risk, grows brand equity, and builds operational efficiency. We work to bridge the gap between our sustainability aspirations and the expectations of our stakeholders, including customers, supply chain partners, and the investment community.



Integrating Prosperity into our People, Planet and Products strategic pillars, contributes to the overall resilience of Kontoor and directly aligns with our key value of We Do the Right Thing.

DE-RISKING KONTOOR'S BUSINESS

By taking steps to understand and mitigate risks, we can ensure the continuity of our operations and protect our reputation, while avoiding fines and litigation that can detract from our business.

There are many prevalent sustainability-related topics that should be managed to reduce risks. For example, it is both our aspiration to achieve our science-based targets (SBT) for GHG emissions and a growing expectation of retailers, many of which have their own SBT to meet. This alignment of our sustainability goals and customer requirements safeguards our ability to obtain and retain retail shelf space in the coming years, among numerous other benefits.¹

Another critical aspect of de-risking Kontoor's business is mitigating reputational risk which can include bad press, leading to losing suppliers, partners and customers and impacting talent acquisition and retention.

Legislative changes are expected in Europe, which could include extended producers' responsibilities (EPR) for textiles, more detailed information requirements on the product's environmental benefits and supply chain traceability to enable consumers to make informed choices. Moving forward, the U.S. Securities and Exchange Commission's (SEC) new climate-related disclosure rules will change the landscape of sustainability reporting and investors will expect to see concrete sustainability information backed by third-party verifiable and comparable data.²

As a part of our sustainability-related risk management strategy, we leverage strategic partnerships that help us achieve our sustainability goals and provide cost-efficient solutions for our business. This includes building more resilient business models and supply chains and managing reputational risks.

¹ <https://nrf.com/blog/retailers-set-science-based-targets-address-climate-change>

² <https://www.esgtoday.com/the-sec-unveils-long-awaited-proposed-climate-disclosure-rules>



PROSPERITY CONTINUED

We rely on third party data validation and/or certifications whenever possible to give us confidence in our data and the impacts of our programs. Objective verification can build credibility, avoid greenwashing, and remove a perceived self-serving bias. For materials, we rely on the National Indicator Report, published by Field to Market for cotton environmental data and other third party standards like the Global Organic Textile Standard (GOTS) and the Global Recycled Standard (GRS).

We have taken steps to strengthen our data management and analysis capabilities by implementing a cloud-based infrastructure for efficient data collection, analysis and reporting, and partnered with renowned sustainability consulting firms to build a comprehensive roadmap for achieving our science-based targets by 2030, enhancing supply chain transparency and monitoring sustainability performance.

ENHANCING KONTOOR'S BRAND EQUITY

Brand equity is the premium value a company generates for brand product with recognizable names when directly compared with a generic equivalent.¹ We believe that enhancing brand equity requires creating value for consumers who prioritize sustainable practices and seek high-quality, durable products with a consistent fit.

Brand reputation often translates to status as a preferred employer. In a 2019 survey by Fast Company, 70 percent of Millennials said they prefer to work in a company with a strong sustainability agenda, more than a third said that they've given more time and effort to a job because of their employer's sustainability agenda, and 30 percent said that they've left a job in the past because of the company's lack of a sustainability plan². These employee sustainability expectations from their employers are likely to increase as Gen Z joins the U.S. workforce.

Gen Z has been nicknamed "Generation Green" since they advocate for sustainability as consumers, investors, and employees.³ The World Economic Forum recommends leveraging hope, agency, creativity, and community combined to develop a deeper sustainability culture, thinking beyond traditional data and storytelling approaches.⁴

Some of Kontoor's greatest strengths lie in the power of our iconic brands, which have established strong brand equity over many years. *Wrangler*® and *Lee*® both represent globally recognized top denim brands. Our commitment to sustainability is exemplified, in part, by our Indigood® Program, which aims to minimize the environmental impact of denim production by encouraging water reduction and recycling by our denim mills. The Indigood® Program was recognized with several prestigious awards, including winning a 2022 SEAL Award, while being named second place for the 2023 Edison Awards and as a finalist for the 2023 edie Awards.

IMPROVING KONTOOR'S TOTAL SHAREHOLDER RETURNS (TSR)

By pursuing sustainability efforts aimed at minimizing costs, increasing efficiency, cutting waste and reducing energy, carbon and water usage, we can lower our impacts and create opportunities to reduce costs and increase our market share.

Our cost-saving with sustainability approach begins with product design. These intentional design choices help to optimize our environmental and cost impact for our stakeholders.

Kontoor's efforts toward sustainable strategies have achieved cost-neutral or lower-cost advantages. For example, we consider denim laser finishing to be cost-neutral to negative compared to manual denim dry process finishing, as it reduces time in this final stage of production. Based on current estimates, using technologies like Ozone treatments that replace traditional chemicals to wash denim may cost the same or less while reducing water use.

1 <https://www.investopedia.com/terms/b/brandequity.asp>

2 <https://www.fastcompany.com/90306556/most-millennials-would-take-a-pay-cut-to-work-at-a-sustainable-company>

3 <https://www.ecomatcher.com/generation-z-is-playing-a-major-role-in-the-sustainability-agenda-heres-how-and-why>

4 <https://www.weforum.org/agenda/2022/02/employee-engagement-sustainability-work-climate-crisis>



PROSPERITY CONTINUED

Additionally, replacing potassium permanganate (PP) and pumice stone with more environmentally friendly options can be cost-neutral.

Additionally, focusing on U.S. Cotton as a Preferred Material in fostering our sustainability goals may result in instrumental long-term cost savings. U.S. cotton's market cost has been lower than the combined average cost of Chinese, Indian, Pakistani and Brazilian cotton over the past decade. TSR and Prosperity are strongly correlated in terms of reduced costs and greater efficiencies and can also be improved by attracting new investors. In 2020, sustainable and impact investing represented one of every three dollars invested in the U.S.¹

LOOKING AHEAD

Currently, sustainable innovation does not always lead to a clear and direct return on investment and Prosperity as a concept is still in its fledgling phase. We believe that we can lower costs and improve efficiencies while championing sustainable impact, thereby ensuring Prosperity. We are developing measures to substantiate outcomes delivered towards Prosperity in 2023 and beyond.

We believe Prosperity, transparency and governance can benefit all stakeholders. It is our conviction that, in advancing impacts in sustainability, we can reap financial rewards in the long term while mitigating impacts and doing good at the same time. Our entire approach to Prosperity is aimed at strengthening both sides of this equation in the years ahead.

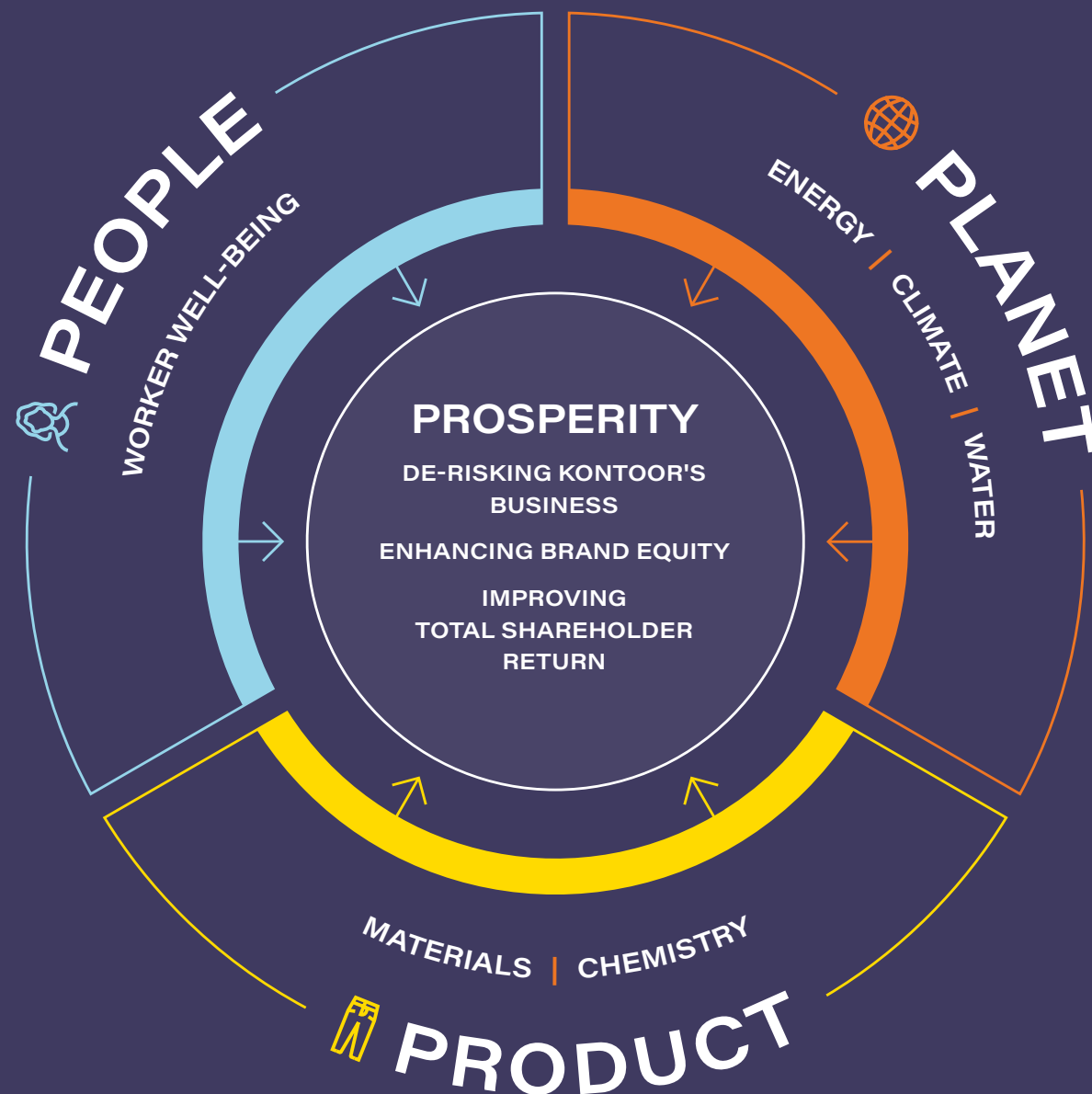
¹ <https://croataninstitute.org/2020/11/01/report-on-us-sustainable-and-impact-investing-trends-2020>

OUR SUSTAINABILITY STRATEGY

At Kontoor Brands, sustainability means the dynamic process of continual improvement for people, for our product, and for the planet, enabling shared prosperity for all. Guided by our global sustainability goals and our three strategic pillars, People, Product and Planet, we focus on protecting the environment, sourcing products and materials from companies that share our values and operating with the highest standards of ethics. Through transparency and 'Prosperity', we intend to communicate the financial benefits and long-term value creation of sustainability for all stakeholders.

We believe that sustainability is not a destination but a continuous journey that results in progress over time, and our strategy and goals provide a strong foundation on which we build our approach and drive our sustainability performance.

At Kontoor, our achievements in sustainable performance represent a company-wide commitment and a continuum of initiatives that we believe will have a lasting impact on our People, our Products and our Planet.





CONSOLIDATED PERFORMANCE OVERVIEW



PEOPLE

GOAL	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Worker Well-being Work only with factories that support a worker well-being or community development program by 2025	Set our brands' first worker well-being related goal in September 2020. Launched several worker well-being programs during the year, however, COVID-19 impact delayed additional programs into 2021.	Began defining our worker well-being strategy and programs. Launched the BSR HERessentials program in three facilities in Bangladesh and one facility in Pakistan.	Finalized our multi-dimensional worker well-being approach. By December 2022, 43% of in-scope suppliers supported a worker well-being or community development program (see page 27).



PRODUCT

GOAL	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Materials Source 100% Preferred Cotton by 2025 ¹	50% of cotton sourced in 2020 complied with our Preferred Materials list (see page 47), which includes materials selected based on environmental and/or social factors.	55.5%	57% of cotton sourced in 2022 complied with our Preferred Materials list. Began developing our Global Design Standards, to help designers and product developers select lower impact processes and materials (see page 44).
Materials Source 100% Preferred Synthetics by 2030 ¹	Sourced at least 7 Metric Tonnes (MT) of synthetics that complied with our Preferred Materials list (see page 44).	Continued to develop our Preferred Materials strategy and data systems.	0.5% of polyester sourced in 2022 was certified recycled polyester. Polyester accounts for 7.8% of total materials sourced.
Chemicals Use 100% preferred chemistry by 2023	97% of in-scope suppliers participated in the CHEM-IQ SM screening process. In 2020, Tier 2 fabric mills were in-scope.	CHEM-IQ SM program paused due to COVID-related disruption in 2021.	<p>By end of December 2022, 97% of in-scope suppliers participated in the CHEM-IQSM screening process. Achieved 76% overall chemical conformity. In 2022, Tier 1 manufacturers with wet processing (laundries, finishing) and Tier 2 fabric mills were in scope.</p> <p>Due to the dynamic nature of our supply chain and the increased availability of digital chemical management tools, this goal was updated in 2023 (see page 59).</p>

¹ Our target has been updated from 'sustainable cotton' to 'preferred cotton'. For more [please see page 47](#)



CONSOLIDATED PERFORMANCE OVERVIEW CONTINUED

PLANET

GOAL	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Climate Establish a science-based GHG emissions target by 2022	Committed to establishing a science-based target in September 2020. Published a limited GHG footprint for 2019, the year Kontoor became a company.	Submitted a commitment letter to SBTi and began building our first corporate GHG footprint selecting 2019 as a baseline year due to the volatility of the supply chain during the COVID-19 Pandemic.	Finalized our 2019 footprint and climate target. The GHG emissions target submitted to SBTi in December 2022 and approved in September 2023.
NEW Climate Reduce absolute Scope 1, 2 and 3 GHG emissions 46.2% by 2030 from 2019 base year	Published limited GHG footprint in our Sustainability Report 2020 (see Consolidated Performance Databook 2021–2022).	See Consolidated Performance Databook 2021–2022 for our limited 2021 GHG footprint.	SBTi approved our climate goals in September 2023 (see Consolidated Performance Databook 2021–2022 for our 2022 GHG footprint).
Energy Power 100% of owned and operated facilities with renewable energy by 2025	Shift to renewables for key Mexico facilities impacted by changes in local regulations. Actively explored alternative renewable power options for global operations.	Continued to explore additional opportunities to shift our key operations to renewables.	Signed agreement to source renewable energy for 80% of total energy requirement for Mexico manufacturing. Worked to finalize projects for our Nicaragua operations.
Water Save 10 billion liters of water by 2025 since 2008	8+ billion liters of water saved since 2008.	8.9 billion liters saved since 2008.	9.3 billion liters saved since 2008 through recycling and efficiencies at our internal manufacturing facilities and an additional 725 million liters saved in 2022 through our Indigood® program means we reached our 2025 goal early.



MATERIALITY

Our strategy and reporting must be grounded in the areas where we have the greatest impact. We completed a double materiality assessment in 2022 to establish a foundation for addressing our most critical impacts, and associated risks and opportunities.

The assessment was undertaken to gain clarity on the key impacts of Kontoor's activities across the value chain to help strengthen the credibility and robustness of our sustainability approach. Following the principles of double materiality, we carried out a comprehensive exercise to evaluate our inward and outward impacts and our ability to influence these. The assessment process included extensive interviews with stakeholders and an employee survey. We analyzed the qualitative and quantitative results to identify where we should focus our efforts, including emerging topic areas and potential points of differentiation in the industry.

We are now using the results of the analysis to consider the integration of sustainability across the business through the lens of risk mitigation, brand equity and capital attraction. We will continue engagement and apply the principles of dynamic materiality by regularly evaluating the identified impacts and how they are changing.

OUR ASSESSMENT PROCESS

With the support of an external sustainability consultant, we conducted a detailed assessment to identify and assess our material topics:

1. **Identifying topics:** In-depth horizon scanning research was used to identify an initial list of potentially material topics for stakeholders to assess impact.
2. **Determining impact and influence:** External and internal stakeholder interviews and an employee survey was used to determine the inward and outward impact of each topic. Bespoke criteria was used to assess and prioritize topics across a variety of impacts and the ability to influence, aligned with GRI-3 Material Topics (2021) guidance.

3. **Review and validation of results:** Stakeholders' scores and perspectives were analyzed quantitatively and qualitatively to understand our impacts across key topics and visualized as a matrix. The final list of material topics was approved by our Executive Leadership team.
4. **Embedding results:** Assessment results have been used to inform this report's structure and content length. They have also informed components of our strategy, helping our effort and programs to stay relevant and impactful in a rapidly changing landscape. Along with upcoming mandatory requirements from various global jurisdictions, the results of this assessment will also guide our future target setting.

WHAT IS DOUBLE AND DYNAMIC MATERIALITY?

Double materiality prioritizes an organization's impacts based on two dimensions: outward impacts of the organization on societal, environmental, and economic issues and inward impacts of sustainability issues on the organization. This is a step change from previous materiality assessments which evaluated environmental, social and economic issues based on a perception of 'importance', rather than impact.

Dynamic materiality recognizes that an issue or impact can change over time and that the process of monitoring and assessment should be ongoing.



MATERIALITY CONTINUED

STAKEHOLDER ENGAGEMENT

We engaged a diverse range of internal and external stakeholders to gain a breadth of perspectives and ensure topics were assessed and considered from different angles across Kontoor's value chain and operations.

To explore outward impacts, we held interviews with external stakeholders: Better Cotton Initiative (Non-profit); Textile Exchange (Non-profit); Cradle to Cradle (Non-profit); and Elevate Textiles (Supplier). We also interviewed internal senior leaders across the ESG functions, Brand Representatives, Marketing, Responsible Sourcing and Diversity, Equity and Inclusion. We sent a simplified survey to approximately 50 colleagues across Kontoor Brands to help assess outward impact.

For inward impact, we interviewed external stakeholders including Walmart (Customer) and a multinational financial services corporation, along with internal senior leaders spanning Investor Relations, Brand Representatives, Sales, Audit, ESG and Legal functions and Human Resources.

To accommodate dynamic materiality considerations, annual stakeholder engagements will be carried out to keep up to date on the level of impact across dimensions. This will be supplemented with continual engagement to facilitate ongoing, two-way dialog with stakeholders. Stakeholders were selected based on their expertise in the shortlisted topics, their capacity to evaluate both the inward and outward impacts of those topics, and their ability to offer valuable insights to Kontoor. Our goal was to include representation from essential stakeholder groups.

THREE KEY THEMES EMERGED AS THE MOST COMMON AND SIGNIFICANT DISCUSSION POINTS FROM STAKEHOLDER INTERVIEWS:

1

Consumer awareness and scrutiny play a critical role across inward impact criteria. The growing interest and knowledge among young consumers are pushing for greater transparency and traceability.

2

Some **supply chain-related topics are seen as dealbreakers** by stakeholders with scrutiny surrounding the industry and past tragedies remaining front of mind.

3

Stakeholders point to topic areas such as circular design, innovation, and digital transformation where **investments can unlock new opportunities** with governance and the sharing of sustainability data as key enablers of change across all topics.



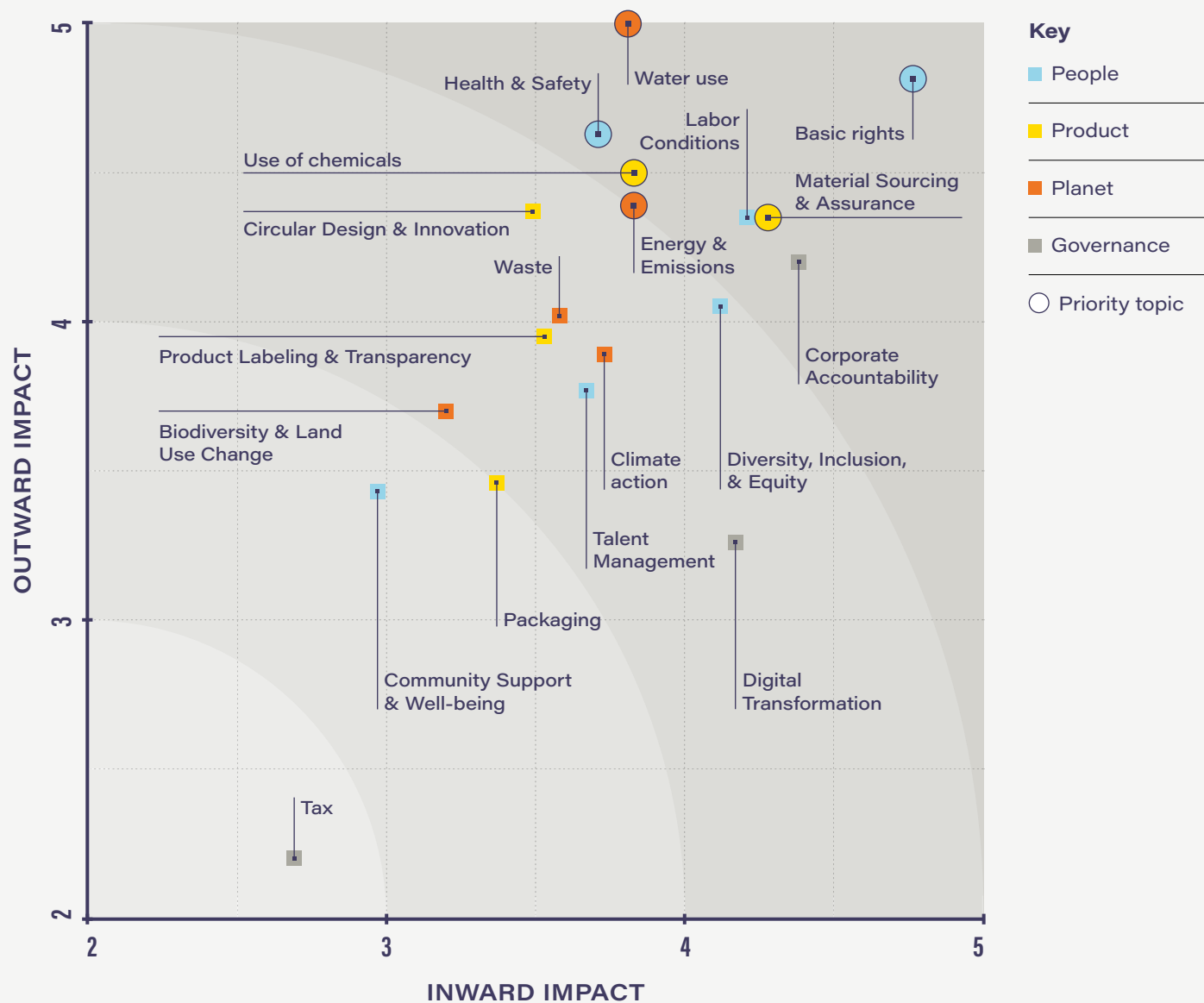
MATERIALITY CONTINUED

Following the assessment, we prioritized six topics that are fundamental to how we create value and are key differentiators for our approach. They are current focus points where we can drive positive change at scale and be seen as a leader within the apparel industry. Our reporting will focus on these topics including sharing quantitative goals, commitments and roadmaps to achieve them.

- 1 Basic Rights** (People)
- 2 Energy & Emissions** (Planet)
- 3 Health & Safety** (People)
- 4 Material Sourcing & Assurance** (Product)
- 5 Use of Chemicals** (Product)
- 6 Water Use** (Planet)

For full transparency, our reporting also covers other topics included in our materiality matrix.

MATERIALITY MATRIX





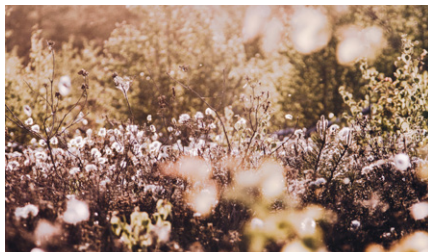
OUR IMPACTS ACROSS THE VALUE CHAIN



PRODUCT DESIGN AND DEVELOPMENT

Many of a garment's impacts are determined by its design, from material use to durability and whether it can be recycled at the end of its useful life. The product development stage is our opportunity to design out negative impacts. Our designers are encouraged to apply the Kontoor Global Design Standards with suppliers and owned facilities ([see page 46](#)) through a variety of means, including embedding materials from our internal Preferred Materials list ([see page 44](#)) into our products. 3D design software helps lower environmental impacts by reducing the need for physical samples.

+ See page 60.



RAW MATERIALS PRODUCTION

The production of raw materials is one of our most significant impacts. We focus on four priority materials: cotton, synthetics, animal-derived materials and forest-derived materials. These originate in many countries and can have both social and environmental impacts. Given that suppliers may be located several supply chain tiers away from our brands, it is essential that we collaborate to promote high ethical, social and environmental standards throughout the supply chain. This includes promoting innovation of synthetic, recycled and low-impact solutions and verification and certification of responsibly sourced materials.

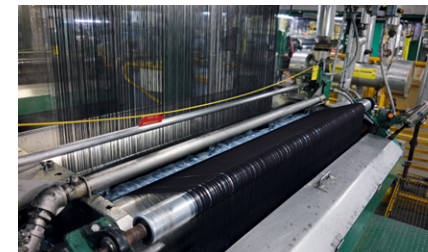
+ See page 44.



RAW MATERIALS PROCESSING

Raw materials are processed into yarn and intermediate materials using processes which have been around for decades, alongside new innovations. The supply chain structure presents challenges when it comes to traceability back to source as materials are often blended and combined by upstream suppliers. Increasing the traceability of the blending process, selecting yarns based on environmental data and promoting the use of renewable energy are important opportunities. Technologies such as open-end spinning offer potential to significantly reduce the impacts of denim production.

+ See page 77.



TEXTILE PRODUCTION

Intermediate materials are made into fabric through knitting, weaving, dyeing, finishing and washing at mills. The environmental impacts include energy use, water consumption and waste generation. Fabric production accounts for a significant portion of our Scope 3 emissions as many fabric manufacturers in the global supply chain rely on fossil fuels. Supplier engagement is key to reducing these impacts and changing long-standing processes through investment and capability-building. Innovative approaches such as digital printing and our Indigood® Program ([see page 69](#)) provide opportunities to drive industry-wide change.

+ See page 82.



OUR IMPACTS ACROSS THE VALUE CHAIN CONTINUED



PRODUCT MANUFACTURING

Turning textiles into garments involves cutting, sewing and finishing by our owned facilities and with our Tier 1 apparel manufacturing suppliers. Garment finishing can involve chemical or mechanical finishing, which are both resource intensive. Our owned manufacturing model brings advantages over outsourced manufacturing as we have closer control over emissions, water use and waste management. We use Jeanologia's EIM tool to drive transparency and resource efficiency. Human rights and worker well-being are other key impacts that must be managed in the manufacturing supply chain.

+ See page 54.



LOGISTICS AND DISTRIBUTION

Our products are packed, transported and labeled – first from the factory to a distribution center and then to customers and consumers. Packaging, including ticketing and polybags, ensures products reach consumers in ideal condition, avoiding damage in transit and unnecessary waste. Kontoor owns and has direct control over much of our distribution network, including three zero-waste distribution centers in North America. Tracking and monitoring logistics helps identify opportunities to optimize routes, reconfigure processes and reduce impacts. Converting to biodiesel and shifting to rail rather than trucks are key to reducing the impacts of logistics.

+ See page 87.



RETAIL

Consumers buy our products in-store or online through Kontoor-owned retail and via our retail customers. We focus on reducing the energy consumption of retail stores, increasing reuse and recycling of materials and educating consumers and developing retailer/brand partnerships to meet shared sustainability objectives. This is an opportunity to promote responsible behaviors at the point-of-sale. We engage and inform consumers by providing clear and transparent information on our products and packaging.

+ See page 65.



CONSUMER USE AND END-OF-LIFE

How our consumers use, care for and dispose of garments influences their overall environmental impact. We educate consumers on how to care for our products in a sustainable way through social media, our websites and on-product ticketing and labels. As well as making long-lasting products, we are looking for ways to design products that can be recycled or upcycled. Improving circularity includes engaging consumers and supporting the development of textile recycling infrastructure. As consumers become more aware, products made from sustainably sourced and recycled materials present a business opportunity.

+ See page 60.



PARTNERSHIPS FOR CHANGE

Through collaboration, we can drive innovation, share expertise and resources and leverage our global influence to tackle societal impacts at scale. Partnerships aide in understanding our impacts, refining our approach and developing goals and initiatives to address our environmental and social impacts. Here we have included a selection of our partnerships across our value chain.

SUSTAINABLE APPAREL COALITION AND HIGG

We are active members of the Sustainable Apparel Coalition (SAC), the industry's leading group in promoting standardized sustainability assessment tools and metrics. The Higg Index is a suite of self-assessment tools widely used for measuring sustainability uniformly across the apparel industry. We use Higg FEM (Facility Environmental Module)

to gain visibility throughout our supply chain. This module is used to report vendors' and mills' environmental impacts through self-disclosure which is later verified by a SAC FEM verifier. We work with our suppliers and encourage them to complete the FEM assessment as it provides important insight into their operations and enables continuous improvement. The other Higg Index modules we use are BRM (Brand Retail Module), which targets brands and retailers on ESG disclosures and FSLM (Facility Social and Labor Module), a third-party social and environmental assessment tool covering well-being and safety in factories. We are also partnering with SAC to explore new ways to advance our sustainability goals and promote increased transparency and standardization in our industry. In 2023, Higg, Inc. rebranded as Worldly.

+ See page 73.



INFINITED FIBER COMPANY

Since 2015, our partnership with the Infinited Fiber Company has helped to conceptualize a chemical recycling process for denim. Kontoor worked closely with Infinited to take the technology from university lab to pilot and our long-term support remains important as Infinited works to build their first commercial-scale production facility in Finland. The collaboration is an example of combining Kontoor's knowledge and scale as a denim manufacturer and Infinited Fiber's expertise and resources to bring the technology and innovation to life.

The Infinited Blue FW21 collection which came to market in 2021 was created from fabric made with Infinna™ fibers. The first pair of men's jeans using the Infinna fabric also met our initial Indigood® standard, using 90 percent less fresh water in the manufacturing of the fabric compared to conventional dyeing processes. The product received a Fast Company Design Innovation award in 2021.

1 <https://www.bsr.org/en/blog/what-if-all-garment-workers-in-bangladesh-were-financially-included>



PARTNERSHIPS FOR CHANGE CONTINUED

BUSINESS FOR SOCIAL RESPONSIBILITY™ – HERPROJECT™

Women represent an average of 68 percent of the garment workforce¹, so it is critically important to promote women's rights in the workplace. BSR's HERhealth™ initiative engages both workers and factory leadership to drive change. Our HERproject empowers low-income women working in our supply chain by supporting education focused on nutrition, hygiene practices, child health and family planning. Kontoor works as a catalyst by bringing the initiative to the supply chain and sponsors work with BSR to help those that make our products. In 2021 and 2022, we delivered the BSR HERessentials program to four suppliers in Bangladesh and Pakistan. We also enrolled a supplier in Egypt to participate in the pilot program of BSR HERfinance™ Digital Wages in 2022. Through this initiative, HERfinance™ is supporting employers to responsibly digitize wage payments for low-income workers.

+ See page 33.

¹ <https://herproject.org>

CRADLE TO CRADLE AND ARTISTIC MILLINERS

The Cradle to Cradle (C2C) Products Innovation Institute is a nonprofit organization created to bring about large-scale change in the way products are made. C2C certification seeks to have a positive impact on the environment and human health through the design of the products.

Our partnership with C2C provides useful insights into how our products can be designed while considering various environmental and social factors. It includes a product-based certification that relies on rigorous, science-based criteria in areas of material health, circularity, air and climate, water and soil and social fairness. Certification involves a process of inventory, assessment and optimization of each component and chemical used on the product. We worked together with an accredited assessment body to test our products and build the inventory list. In 2021, our first products certified Gold and Bronze C2C launched in partnership with Artistic Milliners, one of the world's largest vertically integrated denim manufacturers. The 2021 Lee® Aureola jeans have achieved C2C Gold certification and Nymph styles achieved C2C Bronze. We gained valuable insights from the process of securing certification for these two

products that we will apply to future product developments.

+ See page 61.

NEW FOR 2023: ACCELERATING CIRCULARITY

Accelerating Circularity is a nonprofit that catalyzes new supply chains and business models to turn used textiles into mainstream raw materials. The initiative is working to create a circular supply chain in apparel with a focus on feedstock collection, sorting, pre-processing, chemical and mechanical recycling, yarn spinning, testing fabric and using it in products. The main goal is to recycle spent textiles which cannot be reused anymore in the same geographies where the product was used – currently North America and Europe. The initiative is running many trials including denim canvas, knits and home textiles, cotton, polyester and other cellulosic fibers. For the denim trial in the U.S., Kontoor and three other brands are working with spent textile collectors, sorters and recyclers who recycle those products into fibers again, and then yarn spinners and denim fabric mills.

+ See page 63.

EXTERNAL RECOGNITION

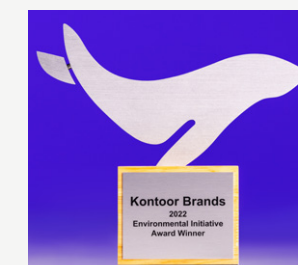
In 2021 and 2022, Kontoor was recognized for its innovation efforts with several awards:



Fast Company Design Innovation: Most sustainable – *Wrangler®* jeans incorporating Infinited fibers, Indigoood and Ecofinishing (see page 69)



Fast Company Design Innovation: Most sustainable – *Lee®* Cotton Digital Printing (see page 82)



SEAL Environmental Initiative award – Indigoood® Program initiative.



DOING RIGHT BY OUR PEOPLE

Our global community of approximately 14,400 employees foster a culture of collaboration, performance and entrepreneurial spirit. Kontoor's commitment to operate ethically and lead with integrity is embedded in five principles: We will lead with integrity. We will treat everyone with dignity and respect. We will compete fairly and honestly. We will follow the law everywhere we do business. We will strive to make our communities better.



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PEOPLE HIGHLIGHTS



100%

OF OUR NEW
SUPPLIERS MUST
AGREE TO OUR
GLOBAL COMPLIANCE
PRINCIPLES AND TO
BE AUDITED BEFORE
PRODUCTION BEGINS

90%

OF TIER 1 FACILITIES AUDITED AGAINST
COMPLIANCE STANDARDS IN 2022

1,333

CSR AUDITS PERFORMED
OVER 2021 AND 2022

43%

OF IN-SCOPE SUPPLIERS
SUPPORT A WORKER
WELL-BEING OR COMMUNITY
DEVELOPMENT PROGRAM
AS OF DECEMBER 2022

0.55

RECORDABLE INCIDENT RATE
(RIR) IN 2022 AT OUR INTERNAL
MANUFACTURING, COMPARED TO US
APPAREL INDUSTRY AVERAGE OF 1.8

86%

OF EMPLOYEES RATED KONTOOR
AS AN ENVIRONMENTALLY
RESPONSIBLE COMPANY



95%

RESPONSE RATE FOR 2022
GLOBAL EMPLOYEE SURVEY



WORKER WELL-BEING PROGRAM

Willie Poon

Director of Responsible Sourcing & Business Operations



Q&A



Q. Why is worker well-being important and how did this lead to development of the worker well-being program?

A. We have a responsibility to ensure the people who work in roles that support the production of our products are safe, healthy and happy. Beyond being the right thing to do, it also helps minimize legal and brand reputational risks, supports business continuity, enhances productivity and product quality and promotes supply chain stability. Kontoor has always valued the well-being of workers. Sourcing from factories that prioritize worker well-being reinforces our commitment to responsible sourcing practices and delivers clear win-win benefits for Kontoor and our suppliers.

Recognizing this and seeing opportunities to do more, we began formalizing our approach to worker well-being in 2021.

Q. How has the program developed since launch?

A. What started as a small worker health-related program in Bangladesh in 2019 has now expanded to other countries in our global supply chain. We have also developed the program to focus beyond just worker health by adding six additional aspects of worker

well-being: intellectual; emotional; mental; financial; environmental; and diversity, equity and inclusion. Our worker well-being roadmap will lead us to only work with key suppliers that have worker well-being programs in place by 2025.

Q. How have suppliers responded to the program?

A. The response has been positive. We took time to meet with our suppliers one-on-one to go through survey results, assess the effectiveness of their current programs and brainstorm opportunities for alignment with our framework. This built trust and opened up possibilities for future collaboration. Suppliers are looking forward to receiving annual training on the topics that they have the least knowledge about, the first of which will focus on Diversity, Equity and Inclusion (DEI).

Q. What have been the main learnings and challenges so far?

A. In countries where Internet access is limited, reaching factory workers can be a challenge. This is particularly true in factories where workers may not have access to smartphones or tablet devices. Factories can improve worker well-being by providing on-site computers or connected devices

for workers to access internal systems and online applications. Factories can also offer training programs to help workers develop digital skills. It is key to understand local context and tailor solutions to meet the specific needs of workers in different regions. This requires engaging with workers to understand their needs and preferences and partnering with factory management or local organizations to provide support and resources.

Q. What's next for the program?

A. The next step entails rolling the program out across the value chain. In 2022, 43 percent of in-scope suppliers had worker well-being programs in place. To scale the program, we need to work with factories to invest in additional resources, such as training programs or infrastructure. Ongoing monitoring and evaluation will be critical to ensure the program meets its objectives and delivers value to factory workers. We need to collect and analyze data on KPIs, feedback from stakeholders and conduct periodic reviews to identify areas for improvement and make necessary adjustments to the program. To ensure full alignment across our supply chain, we plan to also embed this approach in our internal manufacturing in 2023.



HEALTH AND SAFETY

The safety of the people who work with us is a top priority. This includes the health and safety of workers at our internal facilities and those that work across our supply chain. We collaborate closely with our suppliers and partners to provide safe and healthy working environments and to prevent injuries, illnesses and fatalities.

WHAT'S THE IMPACT?

Worker health and safety, along with living and working conditions, are key issues facing the garment industry. Challenges can range from poor standards of housing and food provisions to exposure to toxic chemicals, noise, repetitive motion and unsafe buildings.¹ Chemicals play an essential role in making quality apparel, but they can pose a hazard to worker safety and to the environment if they are not properly managed.

+ See page 55.

¹ <https://archive.cleanclothes.org/safety>

The top safety risks in our owned operations include ergonomic and puncture hazards associated with working with sewing machines and cutting operations. These are two of the most reported health and safety-related risks at our facilities.

Some of our supplier factories are in countries that have limited safety laws, standards and infrastructure. We have an ethical imperative to keep all workers who make our products safe and to support their well-being. A healthy workforce and a safe working environment reduce the risk of business interruption and raise worker productivity. Investors and consumers also have more faith and confidence in companies, brands and products when they know that the health and safety of supply chain workers are priorities.

OUR APPROACH

We leverage our scale and influence to drive change across the apparel supply chain, benefiting our business and the wider industry. All our owned manufacturing facilities, and those managed by suppliers, are required to provide their workers with a clean, safe and healthy working environment designed to prevent accidents and avoid work-related health impacts.

STANDARDS, PRINCIPLES AND GUIDELINES

Our approach begins with defining and communicating the standards we expect all Kontoor facilities, partners and suppliers to uphold. The Kontoor Code of Business Conduct establishes standards, expectations and policies for everyone who conducts business on behalf of Kontoor Brands. We expect all our employees and our business partners to adhere to our Code of Business Conduct.

The Kontoor Global Compliance Principles apply to all facilities that produce goods for Kontoor Brands or any of our subsidiaries, divisions

or affiliates, including facilities owned and operated by Kontoor Brands and our contractors, agents and suppliers. Topics covered include worker safety, forced and child labor, wages and benefits, working hours, women's rights, unauthorized subcontracting and other important issues. The Global Compliance Principles are baseline requirements that must be met to do business with us. We strongly encourage suppliers to exceed them, promote best practices and continuous improvement and carry out audits against them. Non-compliance issues must be remedied in a timely manner. Failure to comply may result in the termination of the supplier relationship.





HEALTH AND SAFETY CONTINUED

The Global Compliance Principles are underpinned by detailed [Facility Guidelines](#), published in July 2020 and updated in December 2022. These apply to all owned and contracted facilities and provide detailed information and guidance to help meet our standards. The Facility Guidelines set out requirements for developing and implementing a safety program for the factory consistent with local health, building, electrical and fire safety requirements and covers worker training, safety meetings, accident reviews, injury and illness prevention, risk assessments and a comprehensive review of occupational health standards by job type (noise, air, light and ergonomics). All facilities must have a Health and Safety Committee that includes both management and workers to oversee and drive health and safety improvements.

RESTRICTING CHEMICAL USAGE

We aim to avoid using processes and/or chemicals that impact worker well-being or the environment. Published in 2020 and updated in January 2023, our Restricted Substance List¹ is an integral part of our safety program that applies to all vendors, suppliers and other participants in our product supply chain.

We have also introduced Jeanologia's Environmental Impact Measurement (EIM) software, which assesses the garment wash process across four major metrics: worker health and safety, chemical usage, energy and water. The tool is widely used in our own factories and at our supplier facilities ([see page 54](#)).

We are working to eliminate the use of potassium permanganate (PP), a chemical traditionally used to remove indigo from jeans, from our supply chain and internal operations. We also prohibit certain high-risk processes such as sandblasting, which generates silica dust and can cause silicosis – a potentially lethal pulmonary disease.

¹ The Restricted Substance List 2023 applies to all our products, including but not limited to apparel, footwear, equipment, accessories and other products of value for Kontoor Brands, Inc. and its subsidiaries and brands. It also applies to all raw materials, parts, trims, sundries and other goods supplied or used in the manufacture of Kontoor Brands products.



HEALTH AND SAFETY CONTINUED

SPECIALIZED PROGRAMS

In addition to complying with occupational health and safety requirements of the countries in which we operate, we use our global scale to build capabilities across the garment supply chain. Since the development of the first International Accord in Bangladesh in 2013¹, we have built our own specialized program to address

fire, electrical and structural safety concerns in countries where we operate by introducing our Critical Life Safety (CLS) program in 2020 for all direct source factories.

The Kontoor Brands CLS program has a strong focus on workplace safety. Audits for fire, electrical and structural safety disciplines are mandatory for in-scope Tier 1 and Tier 2 suppliers. All direct sourcing factories are in scope, along with supplier facilities that have a business of \$500,000 or more with Kontoor, are located in Bangladesh or have a floor area exceeding 5000 square feet. CLS audits are

conducted by an accredited third-party audit company. Audit duration varies from one to five days depending on the size of the factory. At the end of the audit, if warranted, the factory manager is presented with a written Corrective Action Plan (CAP) detailing any safety-related nonconformity issues for remediation follow-up by the factory.

ENGAGING WITH EMPLOYEES AND WORKERS

At our internal manufacturing, we encourage employees to report unsafe acts and unsafe conditions. Our open-door policy gives employees the opportunity to notify supervisors, managers and safety committees of work-related hazards at any time. We use an industry-standard management system to track performance related to Environmental Health & Safety (EHS). Workers participate in, and are consulted on, the development, implementation and evaluation of health and safety management processes, including through the work of EHS committees. We have a central committee at each facility which is supported by sub-committees that focus on specific topics.

The lead of the central committee is the director of the facility and each committee must be comprised of at least 50 percent production and 50 percent non-production employees. Sub-committees cover relevant topics like ergonomics, incident investigations, housekeeping, etc. and meet at least monthly.

All Kontoor facilities work together to improve safety culture, including a bi-weekly safety call where recordable incidents and best practices are presented.

Additionally, we have implemented new ergonomic software that assesses operation methods and tasks in detail using videos at our manufacturing and sourced facilities. The approach covers one-time incidents and ongoing ergonomic risks so that we can modify processes, tools, equipment and workstations to eliminate the risk of injury and discomfort.

We put formal processes in place that allow workers, including those in our supply chain, to report work-related hazards and hazardous situations without fear of reprisals. This includes our independent



¹ <https://internationalaccord.org/about-us>



HEALTH AND SAFETY CONTINUED

grievance channel for workers, the Kontoor Ethics Helpline, and a Responsible Sourcing group email address listed in the Terms of Engagement and Global Compliance Principles document.

Our internal facilities have a leading indicator to promote reporting work-related hazards. Leading indicators help drive the development of a culture that addresses risks before an incident occurs. Our overall goal is zero incidents and our Global H&S Director sets annual priorities for each facility based on the previous year's performance covering safety culture, training, awareness, accountability, compliance, risk assessment, employee engagement and management support. Each category has at least one indicator/action with direct measurements. Facility scorecards measure the indicators and overall safety performance to identify further areas for improvement.

OUR WELLNESS PROGRAMS

For Kontoor employees, we partner with organizations that share our values to deploy impactful programs that promote employee well-being and health in the communities where we operate. Voluntary wellness programs are offered through healthcare providers. This includes the employee assistance program, which offers confidential resources to employees regarding emotional support, work-life solutions, legal guidance, financial resources and other online support.

Other initiatives include the Livongo program, which provides all of our manufacturing facilities with an on-site clinic available during working hours, vaccinations clinics and an eat smart/move more program which supplies on-site fitness programs and a nutritionist-approved menu at our cafeterias.

ENGAGING WITH SUPPLIERS

Our mandatory safety program requires all authorized facilities, including Tier 1 (manufacturing) and Tier 2 (fabric mills) suppliers, to comply with all applicable, legally mandated standards for workplace health and safety in the countries and communities in which they



operate. The Responsible Sourcing function monitors the performance and compliance of suppliers through compliance audits, factory visits, training and education of workers and factory management. The audit scope covers basic human rights, environmental management and workplace safety. Factory compliance audits are carried out in every facility that is involved in the manufacturing of Kontoor branded products. This includes cutting facilities, sewing plants, screen printers,

embroiderers, laundries, assembly, finishing and packaging locations, mills and tanneries. We do not allow new suppliers to begin production until a successful factory due diligence review has taken place.

We use a point-based Corporate Social Responsibility (CSR) scorecard to rate Kontoor's sourced factories' performance. We carried out 1,333 audits, with 622 completed in 2021 and 711 in 2022. Performance was evaluated



HEALTH AND SAFETY CONTINUED

using the CSR scorecard, taking into account the results of social compliance audits and factory engagement in environmental sustainability, workplace safety, worker well-being and worker capacity building initiatives.

The scorecard is used to determine audit frequency. As well as informing our strategic priorities and oversight of supplier performance and programs, the scorecard results help suppliers understand their risk levels and areas for improvement. Improvements are captured in a Corrective Action Plan (CAP) that details the exact steps to be taken to meet Kontoor's Global Compliance Principles and Facility Guidelines.



We provide consultative advice to factories to remediate the issues identified, including the provision of one-on-one and workgroup sessions to share best practices and to tap into the experiences and know-how of our trained in-house auditors.

For example, CAP remediation meetings with suppliers are an opportunity to improve their overall CSR performance beyond what is relevant to Kontoor products. In addition to setting high expectations, we proactively collaborate with suppliers to advance social responsibility initiatives. In 2021, we provided CLS training to around 30 factories in Asia and we extended the CLS program to suppliers in North and South America in 2022 with a workshop attended by 42 suppliers. Positive audit outcomes result in a reduced audit frequency and score adjustments have drawn suppliers' attention to the benefits of proactively remediating critical and major issues that may arise during audits.

EFFORTS AND INITIATIVES

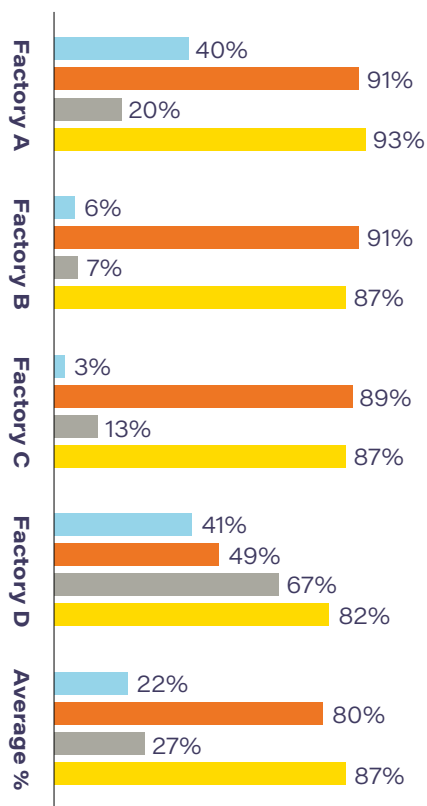
IMPROVING WORKER WELL-BEING

We go to great lengths to develop and invest in initiatives to improve the well-being of employees across our internal manufacturing facilities and their communities. Our ambition is to be a best-in-class employer for worker well-being. We also provide annual community service opportunities for employees to support schools and youth organizations in their communities including school supply packages and employee celebrations. Diversity, equity and inclusion (DEI) is a key component of worker well-being. For example, our facilities in Torreon, Yucatan and Nicaragua each operate their own DEI programs.

HEALTH AND SAFETY CONTINUED

FIG. A: HERESSENTIALS PROGRAM

WORKERS SAVE MONEY EVERY MONTH



■ Women Baseline
 ■ Men Baseline
■ Women Endline
 ■ Men Endline

CASE STUDY



SUPPORTING WORKER WELL-BEING IN THE SUPPLY CHAIN

In our supply chain, our commitment is to work only with factories that support a worker well-being or community development program by 2025. Worker well-being programs must support a multi-dimension commitment by suppliers, covering at least two of our seven defined dimensions: Physical, Intellectual, Emotional/Mental, Social, Environmental, Financial or DEI-related. Additionally, it is essential that Kontoor is involved throughout the process. This partnership enables Kontoor to closely monitor and assess each program's progress as well as offer advisory support.

Building on our work in 2020, we launched a global taskforce dedicated to reaching our goal. The taskforce includes members of the Responsible Sourcing, Sustainability, Compliance and Global Sourcing teams. In order to define the project scope and identify worker well-being needs, we conducted a baseline assessment in 2022 among our in-scope suppliers to determine the prevalence of worker well-being programs in our supply chain. We received a high response rate of 96.7 percent from in-scope key factories¹ and a total of 16,110 factory worker respondents. Results found that 43 percent of suppliers had programs in place that met our criteria. We aim to engage with those suppliers that do not have a program and plan to publish a guidebook in 2023 to help suppliers develop long-term well-being programs.

In 2021, we delivered the Business for Social Responsibility (BSR) HERessentials program to four suppliers in Bangladesh and Pakistan. The program leverages digital and financial tools to reach workers and managers, particularly women, to build capacity and resilience as well as awareness on health, gender and harmonious workplace relationships. The program resulted in improvements in the percentage of workers who better manage their finances at all four factories, for both men and women (Fig. A). At Factory C, for example, we saw an 86 percent improvement in the women's scores compared to the baseline findings.

¹ A factory is considered "key" to our business if it meets the following two requirements: 1) Form part of the top 90 percent of Kontoor's annual transaction value with factories and 2) have an existing business relationship with Kontoor of more than two years.



HEALTH AND SAFETY CONTINUED

MEASURING PROGRESS

HEALTH AND SAFETY AT OWNED AND OPERATED FACILITIES

Kontoor's extensive efforts to achieve zero injuries and advance the health of our internal operations workers translates into a good safety track record relative to others in our industry.

Our Occupational Safety and Health Administration (OSHA) Recordable Incident Rate (RIR) is small (we are far below the apparel industry average) and a small increase in the number of injuries can significantly increase our RIR performance. We are dedicated to achieving and maintaining our goal of zero incidents across all facilities. Two of our owned manufacturing facilities did not have any recordable incidents over the two years due to a proactive approach and strong focus on leading indicators.

OWNED AND OPERATED FACILITIES DATA

2020

Illness	Fatalities
1	0 (ZERO)
Injury cases	RIR
79	0.82

2021

Illness	Fatalities
0 (ZERO)	0 (ZERO)
Injury cases	RIR
70	0.58

2022

Illness	Fatalities
0 (ZERO)	0 (ZERO)
Injury cases	RIR
70	0.55

The average RIR for the apparel industry in the US is 1.8

RIR = Recordable Incident Rate

WORKER WELL-BEING

In 2021, we worked towards our first formal definition and tracking against our worker well-being goal. In 2022, we conducted our first monitoring and evaluation of the goal. We are now assisting suppliers to define their own worker well-being programs to deliver the goal. We will continue to engage with suppliers to develop an understanding of the scope, purpose and benefits of a worker well-being program. Ongoing engagement is especially important in light of economic concerns which can disincentivize suppliers from investing in worker well-being programs that do not always show a clear return on investment.

Doing the right thing for people means acting in alignment with our values and principles across both our own operations and supply chain. We require that the people involved in making our products are treated fairly and with dignity and respect and that there is no child labor or forced labor.

Our approach covers fair wages, benefits and work hours, worker residence conditions, freedom of association and collective bargaining and access to communication channels for raising concerns over labor conditions. By leading with integrity, we seek to develop suppliers' capability in these areas that have an impact on our industry and beyond.

GOAL	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Work only with factories that support a worker well-being or community development program by 2025.	Set our brands' first worker well-being goal. Launched several worker well-being programs during the year, however, COVID-19 impact delayed additional programs into 2021.	Began defining our worker well-being strategy and program. Launched the BSR HERessentials program in three facilities in Bangladesh and one facility in Pakistan.	Finalized our multi-dimensional approach. By December 2022, 43% of in-scope suppliers supported a worker well-being or community development program.



BASIC RIGHTS

WHAT'S THE IMPACT?

The apparel industry provides employment for millions of workers worldwide, especially for young women in developing countries. It is among the most labor-intensive industries globally and the risk of labor abuses and human rights impacts can be high in some countries where standards and laws are not in place to protect workers. All workers in the supply chain have the right to fair wages that meet their own basic needs and attain a decent standard of living. It is our responsibility to address any human rights issues in our supply chain and to help protect workers from human rights violations through our supplier relationships.

In some countries, workers may be forced to do overtime, denied maternity leave or face retaliation for joining or forming unions. There is also a risk of discrimination and sexual harassment.¹ Modern slavery and forced labor are key issues in apparel supply chains, from

harvesting cotton to yarn spinning and the manufacturing of garments.

Reports from human rights organizations have unveiled evidence of forced and child labor operating in various parts of the world, from Asia to Europe and beyond. The issue is not limited to a specific country; for instance, in 2020, evidence was exposed of forced labor in garment factories in the UK.² This emphasizes the global nature of these challenges in the apparel supply chain.

Globally, the cotton industry has been under scrutiny due to concerns around forced labor. As an apparel company, we have heightened our due diligence in this regard. We adhere to international standards and laws, such as the UK Slavery Act and the Uyghur Forced Labor Prevention Act (UFLPA), to ensure that we are not contributing to or benefiting from forced labor anywhere in our supply chain.

In addition, new forced labor requirements were introduced as part of the Customs-Trade Partnership Against Terrorism (CTPAT) regulations in 2022.

OUR APPROACH

As one of the five priority areas of our Code of Conduct, we aim to treat people with dignity and respect within our own workforce and supply chain. We do not tolerate harassment within our workplace and require the same of all our Authorized Facilities, those facilities that produce goods for Kontoor or any of our subsidiaries, divisions, or affiliates including those owned and operated by Kontoor and our contractors, agents and suppliers.

Kontoor Brands comply with the UN Guiding Principles, International Labour Organization (ILO) and Organization for Economic Co-operation & Development's (OECD) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. All our owned manufacturing facilities and suppliers must adhere to our rigorous standards, as set out in our Code of Conduct, Global Compliance Principles, and Factory Guidelines. We follow applicable labor laws wherever we operate, and we require our supplier factories to do the same.

GLOBAL COMPLIANCE PRINCIPLES INCLUDE:

1. NO FORCED LABOR

We do not permit the use of forced or involuntary labor in any of our operations or the operations of facilities that produce goods for Kontoor Brands. This includes indentured, bonded, prison, slave, trafficked or any other form of involuntary or compulsory labor.

2. ZERO TOLERANCE OF CHILD LABOR

Kontoor suppliers must observe all legal requirements for work of associates under 18 years of age, particularly those pertaining to hours of work and working conditions.

3. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Authorized Facilities must comply with local and national laws and regulations regarding freedom of association and collective bargaining. No associate shall be subject to harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively.

¹ <https://www.hrw.org/topic/womens-rights/labor-rights-garment-industry>

² <https://www.unseenuk.org/modern-slavery-in-fashion>



BASIC RIGHTS CONTINUED

4. FAIR WAGES AND BENEFITS

Authorized Facilities must compensate their employees fairly by providing compensation packages comprised of wages and benefits that at least comply with legally mandated minimum standards or the prevailing industry wage, whichever is higher. Employees must be fully compensated at a premium rate for overtime. Each employee must be provided with a clear, written accounting for each pay period.

5. LIMITATIONS ON HOURS OF WORK

Workers must be informed at the time of hiring if overtime is a condition of employment. All workers will be entitled to at least one day off in every seven-day period.

6. QUALITY RESIDENCES

Worker dormitories must provide a clean, safe and healthy residence environment with adequate privacy,

security and freedom of movement for all occupants. Facilities must comply with applicable, legally mandated standards for public domiciles.

7. LIVING WAGES

Kontoor Authorized Facilities must fully comply with all applicable laws of the countries in which they are located including all laws, regulations, and rules relating to wages, hours, employment, labor, health and safety, the environment, immigration and the apparel industry.

We continuously monitor wages and other benefits of workers in our Tier 1 factories through regular compliance audits. Based on the results of compliance audits, we can conclude with a high degree of confidence that our key garment factories are paying their employees in accordance with local law requirements. We gather living wage data and benchmark annually the results against the actual wages paid in our supply chain. Our data processing and supply chain research has strengthened our understanding of living wages.

ENCOURAGING WORKERS TO REPORT CONCERNS

We foster worker engagement, dialog and communication through multiple channels. Our Ethics Helpline is a way for employees, workers in our supply chain and other stakeholders to seek guidance, ask a question or raise a concern. It is available 24/7 in multiple languages in every country where we have employees. We actively investigate and address all complaints from supply chain workers, including those related to potential human rights violations and other violations of our Code of Conduct. Helpline submissions are shared with the Audit Committee of Kontoor's Board of Directors.

We encourage relevant stakeholders to report concerns through the Ethics Helpline. Workers are also able to report concerns directly to the Responsible Sourcing function using a dedicated email address. Close follow-up of each report is conducted while the issue is investigated and, where appropriate, a Corrective Action Plan is put in place and the issue remediated.

ENGAGING WITH SUPPLIERS

The best way to improve labor conditions in the countries where we operate is through meaningful dialogue between employees and employers. We provide social compliance training to workers and factory management which focuses on promoting human rights through a better understanding and implementation of our policies, guidelines and compliance requirements.

AUDITING

We monitor compliance with human rights standards in our supply chain through regular compliance audits, periodic factory visits and ongoing training and education. Audits include verification of statutory and non-statutory documents, interviews with workers and a desktop review of salary and work hour records, among other data sources, to identify human rights violations. Should any non-conformance with our policies be found, a Corrective Action Plan and remediation is put in place.

In 2021 and 2022, Kontoor conducted a total of 1,333 audits which serve as due diligence measures to guard against any violations of the UN Guiding



BASIC RIGHTS CONTINUED

Principles on Business and Human Rights and OECD Due Diligence for Responsible Business Conduct and Guidance for Responsible Supply Chains in the Garment and Footwear Sector. The purpose of audits is to identify, reduce and remedy any such violations.

In 2021, we resumed auditing suppliers on a regular basis after the impact of pandemic-related closures and travel bans ended. Supplier cashflows were impacted by the COVID-19 pandemic which resulted in higher violations related to issues such as timely wage payments, remittance of benefits, etc. In 2021, we had 30 Critical and 247 Major issues reported in our audits related to wages and benefits. In 2022, we had 18 Critical and 215 Major issues reported of the same topic.

To maintain transparency in our supply chain, unauthorized sub-contracting is not allowed. We have taken steps to minimize the possibility of Kontoor Brands products being produced in unauthorized facilities such as capacity development, supply

chain disclosure of subcontracting facilities and an unauthorized subcontracting service fee charged per occurrence as a deterrent. Supply chain workers and Kontoor staff stationed in the factories have multiple avenues to anonymously report violations to Kontoor.

In 2022, factory compliance audits of fabric mills were extended to cover all 16 principles outlined in the Kontoor Brands Facility Guidelines. Audits were performed by Kontoor's internal team and approved third-party audit teams to identify areas for improvement. In 2022, 25 mill audits were rated Green (or approved, the factory has no Critical issues, with minimal safety, health, labor or environmental issues) and another 33 audited were rated as Blue (or pending compliance, the factory has Major safety, health, labor or environmental issues). Once identified, we work with our suppliers on remediation until the issues have been successfully addressed.

COMMUNICATION AND TRAINING

Social compliance requirements continue to evolve and expand. We are committed to continuous improvement of our social compliance program to reduce





BASIC RIGHTS CONTINUED

the number of Critical violations. We work hard to stay abreast of changes and keep our suppliers up to date on the latest company, industry, country or regional requirements. This is done through communication and addressing knowledge gaps through training so that everyone understands what is expected from them and how we will monitor compliance.

Relaying our evolving requirements to stakeholders, including auditors, vendors and suppliers, requires constant improvement of our communication channels. This includes improving the training and support we offer to suppliers and auditors to ensure effective audits and improvements in social compliance. In 2021 and 2022, we focused our training on the topic of forced labor, conducting two sessions covering the UFLPA and CTPAT regulatory requirements. We also introduced our worker well-being program to Kontoor's suppliers and delivered hazardous chemicals and basic fire safety training.

In 2022, the Responsible Sourcing team delivered virtual trainings focused on the topics of forced labor, unauthorized subcontracting and the impacts of these practices. Additional training covering basic Fire Safety and Chemical Safety and UFLPA and CTPAT Risk-Based Supply Chain Mapping for all Kontoor Brands suppliers was also provided.

RAW MATERIALS TRACING

Tracing raw materials to their source is important for reducing environmental impacts and addressing social compliance risks. In 2022, we started shortlisting material traceability and supply chain mapping software options that will strengthen our forced labor risk management work. We hope that these measures will contribute toward building a more sustainable and responsible business model that benefits all stakeholders.

MEASURING PROGRESS

We conducted a record number of audits in 2021 and 2022. Despite the sharp increase in the number of audits, there was no correlating sharp increase in the number of violations of our facility guidelines.

	FY2021	FY2022
Total Number of Audits	622	711
Total Number of Suppliers Audited	570	671
Percentage of Findings Identified as Critical: Wages & Benefits	0.9%	0.7%
Percentage of Findings Identified as Critical: Health & Safety	0.4%	0.5%
Percentage of Findings Identified as Critical: Monitoring & Compliance	0.3%	0.2%
Percentage of Findings Identified as Critical: Subcontracting	0.4%	0.2%
Percentage of Findings Identified as Critical: Worker Residence	0.1%	0.1%
Percentage of Findings Identified as Critical: Legal Compliance	0.0%	0.1%
Percentage of Findings Identified as Critical: Harassment or Abuse	0.0%	0.0%

We also aligned our auditing approach globally for Tier 1 and Tier 2 suppliers, leading to the same degree of oversight at both levels.

With COVID-related disruptions having made in-person audits difficult in 2020, we expected to see a drop in results when we resumed in-person audits in 2021, especially in terms of wages and excessive working hours. Though we found some isolated cases related to wages not being disbursed in a timely manner, these incidences were overcome through remediation efforts.

LOOKING AHEAD

Forced labor is an issue that affects the global cotton supply chain. To address the risks and meet evolving regulatory requirements, we increased our focus on forced labor and due diligence to mitigate force labor risk. We now place greater emphasis on supplier's financial standing prior to engaging with them. In 2021 and 2022, we began exploring automating the verification of claims made about materials to reduce compliance risks in our value chain. We plan to pilot a digital system to collect chain of custody documents for proof of origins along with supplier information in 2023.



DIVERSITY, EQUITY AND INCLUSION

Our purpose, to inspire people to live with passion and confidence, can only be achieved if we promote equal opportunities for our employees. Ensuring Diversity, Equity and Inclusion (DEI) across our organization will be key to increasing representation of historically marginalized populations, fostering an inclusive workplace and providing equal access to opportunities. DEI is a central part of our human capital strategy and essential to non-discriminatory practices at Kontoor including attraction and retention, engagement, compensation and opportunities for development.

WHAT'S THE IMPACT?

DEI at Kontoor is central to who we are and who we aspire to be. From the way we recruit and develop talent to how we show up in the marketplace and in communities as inclusive brands, we are accountable for creating a culture that delivers our purpose

and is worthy of our aspirations. We believe market-leading solutions and high-performing teams are developed by ensuring a wide range of perspectives, backgrounds, skills, and abilities participating in free expression of ideas.

OUR APPROACH

We are committed to creating an inclusive environment that welcomes and values differences. We make employment decisions based on merit and without regard to race, color, religion, national origin, sex, age, disability, sexual orientation or any other characteristic protected by law. We require our Authorized Facilities to adopt the same standards in their own recruitment. We do not tolerate harassment within our workplace, whether physical, verbal or sexual, as set out in our Harassment-Free Work Environment Policy. We also require our Authorized Facilities to treat all workers with respect and dignity, as set out in our Global Compliance Principles.

As our workplace continually evolves, we anchor ourselves in the value of inclusion when balancing productivity and well-being of our associates. Our DEI strategy was re-established in 2022 focusing on three strategic priorities: increase

representation, establish equity and foster inclusion. We ground the activations for each of these within the four Inclusion Principles of Trust, Belonging, Communication and Empowerment.

DEVELOPING AN INCLUSIVE CULTURE AND BEHAVIORS

In 2022, we launched the Inclusion Tech Pack across all four regions and three languages for leaders to have team-level conversations about our strategy and principles. These principles enable a working environment designed to meet the

unique needs of our employees. Through these discussions, teams agree upon and implement actions that foster inclusion amongst them.

Our DEI Competency Framework outlines critical actions and behaviors against which all employees receive training. Through this framework, employees can create and support a growth culture that is inclusive, equitable and diverse. Actions such as working effectively with colleagues from all backgrounds and understanding DEI efforts are key components of this model.

FOUR INCLUSION PRINCIPLES



TRUST

Is the firm belief in the reliability, truth, or ability of someone or something.



BELONGING

Is the sense of protection and support experienced when one feels accepted, included and uniquely identified as a member of a certain group.



COMMUNICATION

Is the process of sending and receiving messages through verbal or nonverbal means.



EMPOWERMENT

Is encouraging self-reliance and independence, empowering employees to try things out and to fail without fear of repercussions.



DIVERSITY, EQUITY AND INCLUSION CONTINUED

Employees are measured annually against the DEI Competency Framework which outlines the critical actions and behaviors that employees can demonstrate to support creating a growth culture that is inclusive, equitable and diverse. The framework includes measures for all employees, such as working effectively with colleagues from all backgrounds and understanding DEI efforts.

EMBEDDING DEI ACROSS THE ORGANIZATION

To solidify our strategic commitment to DEI, we hired a Chief Diversity Officer in June 2022 who will continue to develop and lead our multi-year DEI strategy. We continue this strategy with foundational architecture such as scaling our current Employee Resource Groups (ERGs) across all regions focusing on five key affinity areas: Women; LGBTQIA+; Generations; Caregivers; and Multicultural. ERGs build valuable relationships with the business,

brands and other key stakeholders, developing programs that will drive us toward a more equitable and inclusive future.

Additionally, we revamped our DEI Regional Teams and Diversity Council to reflect a cohesive and streamlined way to advance our DEI strategic priorities. Each of these will help foster engagement across the organization, provide additional governance and support local efforts. Their mission is to promote a culture of DEI that attracts, develops and empowers talent around the world positioning Kontoor as an employer of choice.

EMPLOYEE ENGAGEMENT

Employee engagement is a priority as it is important to learn from the diverse experience, passions and perspectives of our colleagues. An inclusive environment is one where all employees are valued and encouraged to speak up as their unique selves. Engaged employees are also more productive, more invested and happier, all of which supports employee retention, motivation and performance.

We provide multiple touch points to keep a pulse on how employees are feeling and where they think we can improve. We survey all employees globally once a year and have a continuous feedback tool to collect anonymous employee opinions.

In 2022, we launched our third global employee engagement survey. The survey was shared with all employees who were employed at least 60 days working across Kontoor's offices, distribution, manufacturing and retail locations, with a response rate of 95 percent.

For the first time in 2022, we asked sustainability-related and DEI-related questions in our company-wide survey. About 86 percent of employees who responded to the survey believe Kontoor is an environmentally responsible company while 78 percent responded favorably when asked about DEI efforts.

GLOBAL EMPLOYEE ENGAGEMENT SURVEY RESULTS



■ Agree ■ Neutral ■ Disagree



RESPONSIBLE PRODUCTION

Kontoor Brands produces more than 150 million products each year. Being transparent and accountable for the impact they have on people and the planet is of utmost importance. More than three quarters of our emissions are product-related and designing products for longevity and circularity is among the biggest opportunities we have, alongside developing processes that require less water and energy. Our holistic view drives innovation and transparency from design to raw material sourcing and manufacturing to product end-of-life management. We strive to engage and inform consumers by providing transparent information on our products and packaging and in our marketing.



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PRODUCT HIGHLIGHTS

56%

OF WRANGLER® STYLES SOURCED FOR FALL 23 MET AT LEAST ONE OF OUR GLOBAL DESIGN STANDARDS

30

MILLS ARE A PART OF OUR INDIGOOD® PROGRAM

(representing 80% of our total fabric volume)

58%

OF LEE® STYLES SOURCED FOR FALL 2023 MET AT LEAST ONE OF OUR GLOBAL DESIGN STANDARDS



↓75%

USE OF PUMICE STONE DOWN 75% IN 2022 COMPARED TO 2019

50%

OF INTERNAL MANUFACTURING STYLES MET AT LEAST ONE OF OUR GLOBAL DESIGN STANDARDS IN 2022

57%

OF COTTON SOURCED COMPLIED WITH PREFERRED MATERIALS LIST IN 2022



97%

OF IN-SCOPE SUPPLIERS PARTICIPATED IN CHEM-IQ™ SCREENING PROCESS



GLOBAL DESIGN STANDARDS AND WRANGLER® REBORN

Vivian Rivetti

Vice President,
Global Design, *Wrangler*



Q&A



Q. How does design impact the product footprint at Kontoor brands?

A. Design is the start of our product's journey and it's where the intent of achieving our sustainability goals begins. The aim of our design process is to continuously improve the impacts of our products for the betterment of the people, product, and planet. We pride ourselves on meeting consumers' expectations of what our brands are best known for, quality, durability and value. A long-lasting product is the best form of sustainability for the consumer, and this will always be a priority when we design and execute our products.

Q. How did the Global Design Standards and the We Care *Wrangler* platform come about?

A. Our designers are passionate about contributing to our goals, but we needed to take out the guesswork of how to lower the environmental and social impacts of our products. We decided to put in place clear guidelines and parameters to drive progress. Our sustainability, product development and sourcing teams worked closely to identify the areas we needed to address in ways that were both practical and measurable. We identified three focus for our Global Design Standards: materials,

fabric processing (with a focus on water savings), and garment finishing (see page 46). As the consumer-facing element, we introduced the We Care *Wrangler* platform to identify products that meet one of the three Global Design Standards.

Q. How has Kontoor's design process evolved over 2021 and 2022?

A. The biggest thing we did was to implement the Global Design Standards. We had a lot to learn, and we needed to build capabilities and understanding of the constantly evolving drivers of what is considered sustainable. We Care *Wrangler* and the Global Design Standards are our guidelines and give us a framework to quantify and qualify impacts for consideration in the design process. This has been invaluable; we are now able to account for and measure our efforts and have a benchmark against which to continuously improve season by season, year after year.

Q. How has the launch of the Global Design Standards impacted your product range?

A. The *Wrangler* Design Team was the first to implement the Global Design Standards when we developed products for the spring

2023 season in spring 2022. Of the styles developed with external sourcing partners for *Wrangler* for spring 2023, 40 percent met at least one of the three standards and 56 percent of those developed for fall 2023 did as well. Different choices had to be made and expectations were set for our vendors and mills.

Q. What's next for *Wrangler* and how will your efforts be applied across Kontoor Brands?

A. In 2022, we launched a resale pilot, *Wrangler* Reborn. The pilot was small but the platform is mighty and has great possibilities to expand in the coming years. The concept of Reborn can be applied across Kontoor in the spirit of keeping jeans out of landfills and making long-lasting products. We've learned a lot and there are opportunities to apply the Reborn concept in various ways. First, through repair and resale, giving jeans a second life, then rebuild by disassembling jeans, jackets and shirts and re-building them into new designs, and finally reuse, recycling garments and reproducing recycled fiber. You have to think about the entire lifecycle of a garment so that it is designed to be used, reused and then broken down. These are all areas we will be pursuing and there are exciting things to come!



MATERIAL SOURCING AND ASSURANCE

Our raw materials are central to our products' sustainability. This includes the quality and availability of resources alongside ethical, social and environmental impacts. Consideration of low-impact alternatives, verification and certification of materials, and opportunities for innovation, such as synthetic alternatives, are key.

WHAT'S THE IMPACT?

The production and processing of raw materials are significant contributors to our carbon emissions, making our choice of materials a critical component of mitigating climate change. Denim production is heavily reliant on cotton and it is our main raw material. Historically, denim jeans were made from 100 percent cotton. Today, cotton is often blended with synthetic fibers, such as elastane and polyester, to increase fabric stretch and recovery.

Current conventional cotton production methods have environmental and social impacts including soil erosion, chemical pollution caused by pesticides and fertilizers, and consumption and contamination of water resources. Social risks include forced labor, child labor and other human rights risks. Building a transparent supply chain is a must and Kontoor is investing in tools to support transparency. Our Preferred Materials list restricts cotton from certain regions and selects countries of origin that have data to show lower environmental and social risk. Raising standards across cultivation and labor practices requires the collaborative efforts of stakeholders across the entire cotton value chain, from farmers to manufacturers.

Our other raw materials include nylon, polyester and bio-based synthetics. Finding and developing sustainable alternatives to virgin synthetics is a challenge we must overcome to reduce the environmental impacts of materials and meet consumer demands. There is an increasing trend towards including recycled content and this may be





MATERIAL SOURCING AND ASSURANCE CONTINUED

guided in the future by regulation. For example, the EU Strategy for Sustainable and Circular Textiles includes ambitious goals such as mandatory eco-design requirements.¹

We also use some Animal-Derived Materials (ADM) in our products such as leather, wool and, on rare occasions, down. Addressing animal welfare issues in the supply chain is an important priority.

OUR APPROACH

We are committed to sourcing products and materials from suppliers who share our values for human rights, ethics and environmental responsibility while striving for transparency regarding materials claims. We also aim to help drive industry-wide change across global supply chains.

Our Responsible Materials Policies cover restricted substances, cotton fiber sourcing, forced labor prohibition, conflict minerals and animal- and forest-derived materials. They apply to all Kontoor Brands' vendors and material suppliers. In 2020, we announced our first goals to source our key materials sustainably by 2030 as part of our global sustainability strategy.

We are shifting to more sustainable materials and working on tools and technologies to help increase the traceability and transparency of our raw materials. We focus on responsibly sourcing four main categories of materials: cotton, synthetics, animal-derived materials, and forest-derived materials. This means being able to trace materials back to their source to identify risks and opportunities across the value chain, building clear policies and standards and engaging designers and suppliers to deliver our goals.

The ability to trace raw materials back to their source aids in increased transparency and supports responsible purchasing decisions. We are evolving our policies and processes to build comprehensive traceability into every step of the supply chain.

This will allow us to uncover challenges and opportunities and provide transparent information to consumers. In 2021 and 2022, we focused on developing the processes and systems we need to drive, monitor and track progress against our goals. We launched Global Design Standards in 2021 to address the areas of materials, fabric and finishing. We also developed a pilot program to enable verifiable monitoring and tracking to improve the traceability of our products and materials.

We have two ways of procuring products, we source externally and we manufacture at our own internal manufacturing facilities. For externally sourced products, we develop plans a year in advance. This means that, in 2022, we

developed plans for products to be brought to market in 2023. For internal manufacturing, most products are made within two weeks providing for shorter and more agile timelines.

Our Innovation team continuously explores solutions to the material challenges we face. This means finding sustainable materials applicable to Kontoor's products and overcoming challenges related to the availability and scalability of materials. A key focus is on identifying durable materials that meet customer needs for fit, comfort and appearance. For example, our Innovation team has worked to find abrasion-resistant materials which can increase the life of a garment. A new coating technology that enhances abrasion resistance was



¹ https://environment.ec.europa.eu/strategy/textiles-strategy_en



MATERIAL SOURCING AND ASSURANCE CONTINUED

incorporated into *Wrangler*®'s spring 2022 denim collection ([see page 62](#)). Other examples are novel softness enhancers such as “silk soft”, a material infused with softeners that provides durability and softness.

Creativity and long-term thinking across the value chain is vital as we refine our strategy. We are working across the value chain to advance sustainability in raw materials for apparel as members of Textile Exchange, Cotton Inc. and Field to Market, among others. We also support the development of apparel recycling infrastructure with Accelerating Circularity, which aims to establish systems that will use the embedded value and resources in existing textiles to make new products and reduce the approximately 11 million tons of textile waste that go annually into landfills. Starting in late 2021, Accelerating Circularity, Kontoor and other participating organizations launched trials to help determine if the current infrastructure can support the production of circular products and to identify the areas that need support and development.

ENGAGING OUR SUPPLIERS

We have increased our engagement with suppliers to build understanding and collaboration to reach our goals. This includes ensuring our partners understand and acknowledge our Preferred Materials list and track progress toward our 2025 Cotton Goal and 2030 Synthetics Goal.

The Preferred Materials list is a toolbox for designing our products and establishes guidelines for our Procurement teams as they work with our suppliers. It also provides a clear foundation for building our traceability systems and supplier engagement. A garment that is made from at least 70 percent of material from our Preferred Materials list meets our material standard. We include recycled fibers, synthetic fibers and other natural and regenerated fibers on the list. Our focus is mainly on cotton and availability of data that can show low environmental impact of growing that cotton. We include certified regenerative cotton, certified organic cotton, and certified recycled cotton within our Preferred Materials.

OUR GLOBAL DESIGN STANDARDS

PREFERRED CHEMISTRY

Our Product Stewardship team works with Mills and Manufacturers to ensure no environmentally hazardous chemistry is used in our products. Preferred Chemistry is a baseline requirement for our Global Design Standards.



PREFERRED MATERIALS

To meet this standard, 70% of the materials used in a product must be sourced from the Preferred Materials list, which includes materials selected based on environmental and/or social factors.



LOW IMPACT FABRIC

Low impact fabric is determined by how much freshwater is used to make it. A fabric must come from a mill that has achieved at least a 90% reduction in freshwater use from a 2018-19 baseline. The savings must be verified through Kontoor's Indigood® Program.



LOW IMPACT FINISHING

To meet this standard, products must be processed by responsible finishing techniques which have achieved a “Low Impact” score through Jeanologia's Environmental Impact Measurement (EIM) tool.



MATERIAL SOURCING AND ASSURANCE CONTINUED

We update the Preferred Materials list based on availability of valid and reviewed scientific data for various raw materials. We analyze data using various methods to maximize land use efficiency and yield. Data includes irrigation water use, energy use, GHG emissions and soil erosion. To be included on our Preferred Materials list, we look for overall continual improvement in these areas.

We started the approach in 2021 and periodically refine it. The Preferred Materials list has been widely shared with suppliers so that they can align fabrics made for Kontoor with this list.

All prospective new suppliers must agree to our Global Compliance Principles and pass an initial factory compliance audit prior to any purchase orders being issued. We engage with suppliers on:

- **Transparency:** Suppliers are encouraged to submit a Higg FEM survey to provide an assessment and disclosure of potential negative environmental impacts in the supply chain.

- **Minimizing Environmental Impact:** Suppliers must have policies and procedures in place to minimize environmental impacts with respect to energy, air emissions, water, waste, hazardous materials and other environmental risks.
- **Commitment To Improvement:** Suppliers are expected to make improvements in environmental performance and require the same from their suppliers and sub-contractors. Improvements can include improving/redeveloping recipes, replacing chemicals that do not comply with ZDHC MRSL and replacing raw materials to improve water, energy and land use.

PREFERRED COTTON

We have committed to using 100 percent Preferred Cotton in all products developed by 2025. We currently define 'Preferred Cotton' 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.





Our cotton strategy focuses on advancing regenerative agriculture practices while sourcing more Preferred Cotton for Kontoor products. While we buy a portion of our cotton supply from organic sources, our volume demands that we influence and support the cotton industry to adopt more sustainable techniques for cotton production. Techniques including regenerative farming, soil health management and supply chain innovation benefit biodiversity and local communities. Cotton grown using regenerative, land-sustaining practices like no-till farming, crop rotation and cover cropping is more resilient. These practices also improve yields, reduce water and energy use, prevent soil erosion and reduce emissions ([see page 51](#)).

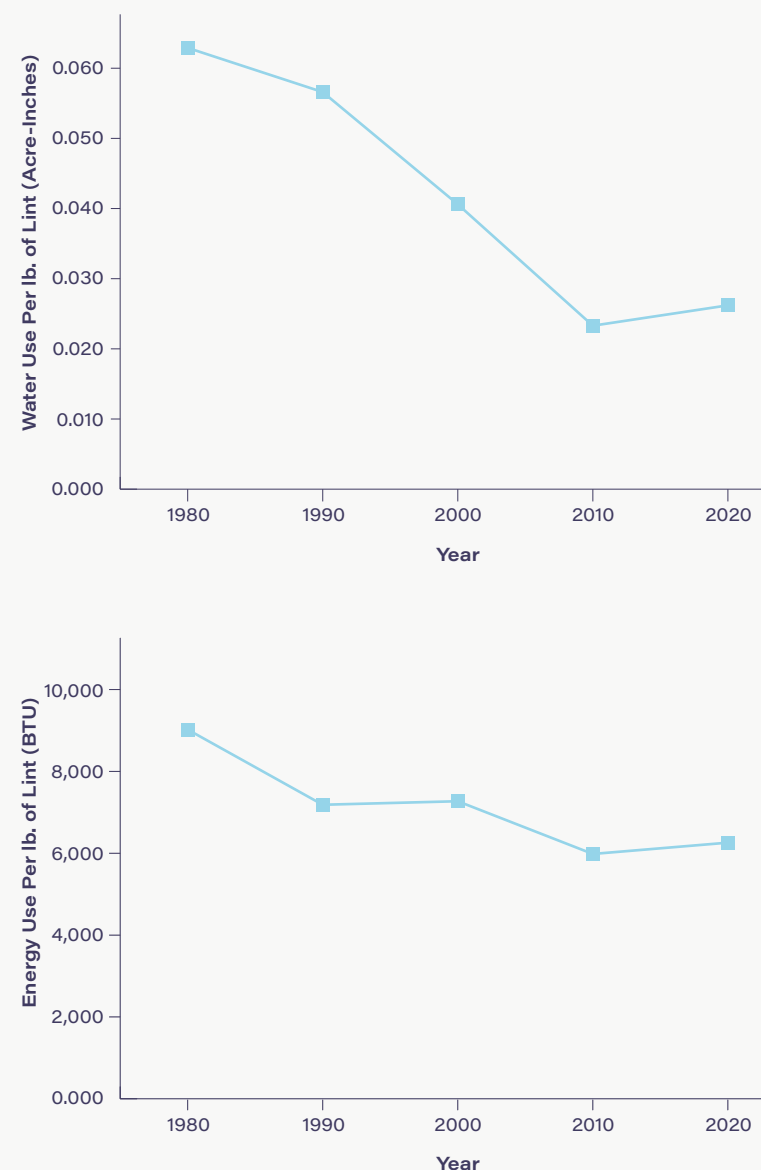
Our Preferred Cotton choices are backed by data to validate their environmental and social impact. Thus, various sources of cotton are integrated into our Preferred Materials list. We rely on Field to Market's National Indicators Report, a peer-reviewed report published every five years that uses publicly available data (including data from the U.S. Department of Agriculture (USDA) on Commodity Crops and the International Cotton Advisory Committee (ICAC) World Cotton Data Book) to analyze U.S.

sustainability trends in commodity crop agriculture, for guidance in determining statistical improvements in reducing overall environmental impacts (land use efficiency/yield, irrigation water use, energy use, GHG Emissions and soil erosion).

We buy U.S. cotton because we believe it leads the world towards adopting best practices, research and innovation. Cotton has been rigorously monitored by the USDA with the National Indicator report and shows 40 years data of continual improvement in cotton farming (Fig. C). From an environmental and cost perspective, U.S. Cotton is also closer to our Internal Manufacturing facilities located in Mexico and Nicaragua, which means faster lead times and less impact compared to shipping overseas. As an added financial benefit, U.S. cotton's market cost has been less than the combined average cost of China, India, Pakistan, and Brazil cotton over the past decade.

Australian cotton has more than 30 years of data showing continual improvement across environmental factors such as water, land and pesticide use. Australian Cotton is grown under clear labor laws and is traceable back to the farm on which it was grown.¹

FIG. C: U.S. COTTON - 40 YEARS OF DATA¹



¹ <https://fieldtomarket.org/national-indicators-report/cotton>



MATERIAL SOURCING AND ASSURANCE CONTINUED

In 2021, we expanded our sourcing of Preferred Cotton to include cotton sourced in Africa, excluding South African or Egyptian cotton. We intentionally source from geographic areas that use more rainfall than irrigation water and limit use of pesticides, as identified by the ICAC World Cotton Databook.

ERADICATING FORCED LABOR IN COTTON

The global cotton supply chain is complex and involves many stakeholders. Ensuring there is no forced labor in our supply chain underscores the importance of knowing where materials are grown and manufactured. However, it can be challenging to track the origin and flow of cotton through each stage of the supply chain.

Our Cotton Policy requires suppliers to take concrete steps so that there is no forced labor used in the harvesting or production of cotton used to make products for Kontoor

or our brands. All Kontoor Brands Authorized Facilities are prohibited from using forced labor and any violation is subject to penalties up to and including termination of the commercial relationship.

+ See page 35.

ALTERNATIVE FIBERS AND RECYCLED MATERIALS

Alternative fibers can have different impacts. For example, some virgin materials used in polyester and nylon are derived from fossil fuels, cannot be widely recycled, and contribute to microplastic pollution. We continue to explore opportunities to increase our use of alternative natural fibers, bio-based synthetics and regenerative materials that promote biodiversity and naturally sequester carbon. To help tackle the fashion industry's waste problem, we are also exploring ways to use recycled cotton, polyester and other fibers, while retaining the iconic look and feel of our products.

HIGH STANDARDS OF ANIMAL WELFARE

The Animal-Derived Materials (ADM) we use in our products

include leather, wool and, on rare occasions, down. Leather products can raise animal welfare issues and environmental issues, such as water consumption and use of chemicals during the tanning process. We are committed to ensuring the ethical and humane treatment of animals used in our supply chain. We apply the Five Freedoms, which are globally recognized as the gold standard in animal welfare, as our guiding principles and we encourage our supply chain partners to apply these standards for materials beyond those sourced for Kontoor.

Our ADM policy requires that we only source raw materials from suppliers that treat animals ethically and humanely. We only allow the use of animal derived materials when the animal was slaughtered in another industry and the material is a by-product. Animals cannot be slaughtered specifically for Kontoor use. We prohibit the use of animal fur, Angora rabbit wool, exotic skins and skins from vulnerable, endangered, critically endangered and extinct in the wild species, as listed by the Convention on

1 Freedom from hunger and thirst

2 Freedom from discomfort

3 Freedom from pain, injury and disease

4 Freedom to express normal behavior

5 Freedom from fear and distress

International Trade in Endangered Species (CITES). To continually improve animal welfare standards, we engage with relevant stakeholders including animal welfare organizations, materials suppliers, industry groups and our industry peers.

1 <https://cottonaustralia.com.au/assets/general/Publications/Sustainability-Reports/Sustainability-Report-snapshot.pdf>



MATERIAL SOURCING AND ASSURANCE CONTINUED

We are working to build our audit and verification processes associated with our ADM policy. Our suppliers must self-declare compliance with our policy standards. Non-compliance may be subjected to Corrective Action Plans. We ask our suppliers to begin to adopt third-party certifications where feasible and applicable. For example, we require that all down and feathers are sourced from Responsible Down Standard (RDS) certified suppliers. We also work with industry groups such as Textile Exchange to share best practices related to animal welfare in our supply chain.

SUSTAINABLE FOREST-DERIVED MATERIALS (FDM)

We use paper for packaging and ticketing our products and cellulosic materials, such as viscose, in our clothing. The Kontoor Brands FDM Policy covers the sustainable and responsible use of forest products to address issues associated with deforestation and forest degradation including:

- 1 Loss of Ancient and/or Endangered Forests
- 2 Loss of biodiversity and habitat
- 3 Use of forced labor in making forestry products
- 4 Loss of indigenous people and local community rights

We address these areas by using raw materials that minimize the impact on forests and forest habitats by prioritizing the use of certified-sustainable sources (with a preference for materials certified by the Forest Stewardship Council). This encourages responsible forest management practices for suppliers, reducing virgin material use and increasing the use of materials with recycled content, such as post-consumer recycled material and alternative fiber sources like agricultural residues.



CASE STUDY

FIELD TO MARKET INITIATIVE

We have been a part of the Field to Market¹ initiative in the U.S. for six years. Field to Market is a platform where NGOs, academia and corporate stakeholders come together to develop projects to improve farming practices and agricultural products. Its aim is to drive regenerative agricultural practices globally by helping reduce financial and agronomic risks for farmers while they make the transition to regenerative farming techniques. In 2022, the USDA tentatively awarded Field to Market \$70 million in funding for Climate-Smart Agriculture Innovative Finance Initiatives which will use innovative finance mechanisms to accelerate climate-smart practice uptake by farmers, leveraging private sector demand to strengthen markets for climate-smart commodities. Kontoor was one of the public companies that supported the application.



¹ <https://fieldtomarket.org>



MATERIAL SOURCING AND ASSURANCE CONTINUED

EFFORTS AND INITIATIVES

BUILDING A TRANSPARENT SUPPLY CHAIN

Data enables us to provide transparency to our consumers and stakeholders and helps us make better decisions – from our Executive Leadership to our designers and product developers. We are in the process of piloting a new system which will enable verifiable monitoring and tracking of materials and improve the traceability of our products. Our aim is to harness technology and automation to streamline data collection and ensure error-free traceability. Previously, we were reliant on disconnected systems and this new approach will connect the entire value chain, including our suppliers.

Our goal is full transparency from the farm (for cotton) or the manufacturer (for synthetics) all the way to the final product. We are still piloting the approach and continue to rely on manual

monitoring and estimates for our data in some cases. We now have a better company-wide understanding, partly driven by our Global Design Standards and supported by training sessions delivered across design, product development, sourcing, procurement, merchandising and brand. This means our teams have clear, data-backed information to help them make better decisions for our products.

REGENERATIVE AGRICULTURE TO INCREASE SUSTAINABLY GROWN COTTON

We endorse regenerative agriculture to reduce the carbon, environmental and biodiversity impacts of producing cotton ([see page 45](#)). Farmers cannot make the transition to regenerative and climate-smart agricultural practices alone; they need support to develop their understanding and share the risks of adopting less carbon-intensive techniques.

We are launching partnerships across the supply chain. Central to this is our work to educate farmers and our mill partners about the benefits and techniques of regenerative agriculture. In 2022, we began advancing partnerships to drive regenerative farming

in the U.S. and India. We held discussions with organizations and farming communities involved in adopting regenerative farming practices, especially in cotton, about how the impact would be measured across water usage, fertilizer usage, pesticide usage, GHG emissions and carbon storage in the soil. At the same time, we started exploring possibilities of piloting programs to build a better understanding among stakeholders. We connected with Field to Market and supported them in their application for a USDA grant on climate-smart agriculture and innovative financing for farmers to adopt such practices (see previous page).

ALTERNATIVE FIBERS AND RECYCLED MATERIALS

Our innovation pipeline, which includes exploratory projects and feasibility studies for alternative fibers, continues to expand. In 2021 and 2022, it included projects for using Kapok and recycled nylon. We have continued to work with Panda Biotech and other new companies in hemp fiber to bring traceability and scale to the textile-grade cottonized hemp grown and processed in the United States. Hemp is a natural alternative to cotton that requires less water

and pesticides and comparatively little land to cultivate. Hemp has been slow to develop in the U.S. and we look forward to October 2023 when Panda Biotech's Wichita Falls, Texas facility will be operational. Additionally, we are continuously watching other players in the U.S. who can start manufacturing.

Another alternative material we use is CovationBio's Sorona® which may be used as a replacement for nylon. CovationBio reports that, based on a cradle-to-gate life cycle assessment, Sorona® is 37 percent plant-based and uses 30 percent less energy and emits 50 percent less GHG emissions as compared with nylon produced from non-renewable sources.

Synthetics make up a small portion of our fiber portfolio but this is growing with the success of our outdoor program. As we build the synthetic-heavy portions of our business, it is increasingly important to educate our designers and product developers on sustainable choices for fibers and move away from virgin synthetics.

MATERIAL SOURCING AND ASSURANCE CONTINUED

MECHANICAL AND CHEMICAL RECYCLING

We also continued to work with the Infinited Fiber Company to explore ways to chemically recycle fiber and embed circularity within our product assortment. This state-of-the-art recycling technique brings great possibility in addition to mechanical recycling which has been a standard in our industry for years. In 2021, we launched a collection of jeans and a jacket in the European market made with Infinna fiber, the fiber developed by Infinited Fiber.

Mechanical recycling is the process of recycling textile fabric back into fiber, without chemicals. Mechanical recycling is used best for natural mono-fiber fabrics like 100 percent cotton. Mechanically recycled fibers are shorter than virgin fibers, and therefore, are often mixed with virgin fibers with a long fiber length to make sure the final yarn is of quality and long-lasting. For products that contain recycled cotton, we use around 20-30 percent mechanical recycled fibers because the fiber is shorter, a higher blend ratio could impact the quality and/or durability of a garment. In our products that include recycled cotton, most of the recycled fibers have been mechanically recycled.

In chemical recycling, old garments of any fiber makeup are broken down to the molecular level: the monomers. The textile is dissolved in a chemical



STYLES MADE IN OUR INTERNAL MANUFACTURING IN 2022

Total # of styles made at Internal Manufacturing in 2022	1195
Total # of styles that met at least one Global Design Standard	859
Total # of styles using Preferred Materials	738
Total # of styles with Low Impact EIM ¹	405
% of styles that met at least one Global Design Standard	72%
% of styles using Preferred Materials	62%
% of styles with Low Impact EIM	34%
% of total volume that met at least on Global Design Standard	79.5%
% of total volume using Preferred Materials	67%
% of total volume with Low Impact EIM	42%

bath and the monomers can then be bonded to rebuild them into new yarn. The technique is similar to the process of creating man-made fibers, like viscose or lyocell. Chemically recycled natural fibers like cotton and linen result in recycled man-made fibers. The output products are frequently of the same quality as their virgin counterparts, with no physical qualities lost due to the recycling process. However, you cannot chemically recycle cotton or linen back into cotton or linen. Synthetic fibers do not have this problem. Some promising innovations make it possible to separate cotton and polyester fibers chemically. This sparks hope that it might be possible to use chemical recycling for all compositions in the future.

MEASURING PROGRESS

Lee® began implementing the Global Design Standards during Fall 2022, as they developed products for Fall 2023. Of the styles developed for Lee with external sourcing partners for fall 2023, 58 percent met at least one of the three standards. It is important to note that this refers to styles developed and not volume.

At our Internal Manufacturing facilities, we have the unique ability to continually monitor and update the manufacturing processes needed. This enables us to report information about the products we manufactured in 2022 (see table above).

¹ Jeanologia's Environmental Impact Measurement (EIM), (see page 54).



MATERIAL SOURCING AND ASSURANCE CONTINUED

GOAL	DEFINITIONS	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Source 100% Preferred Cotton by 2025	We currently define Preferred Cotton as any one of the following: cotton grown in the U.S., Africa (except Egypt and South Africa) or Australia; recycled cotton from validated post-consumer or post-industrial sources; or cotton certified under frameworks, including Organic, Transitional Organic, and Regenagri, BASF's e3 program. Other natural fibers, including hemp, linen and kapok, will be reviewed on a case-by-case basis.	50% of cotton sourced in 2020 complied with our Preferred Materials list, which includes materials selected based on environmental and/or social factors.	55.5%	57% of cotton sourced in 2022 complied with our Preferred Materials list. Began developing our Global Design Standards, to help designers and product developers select lower impact processes and materials.
Source 100% Preferred Synthetics by 2030	We currently define sustainable synthetics 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.	Sourced at least 7 MT of synthetics that complied with our Preferred Materials list.	Continued to develop our Preferred Materials strategy and data systems.	0.5% of polyester sourced in 2022 was certified recycled polyester. Polyester accounts for 7.8% of total materials sourced.

The *Wrangler*® Design Team was the first group to implement the Global Design Standards as they developed for the spring 2023 season, which occurred during spring 2022. Of the styles

developed with external sourcing partners for *Wrangler* for spring 2023, 40 percent met at least one of the three standards and 56 percent of those developed for fall 2023 met one of the standards.

LOOKING AHEAD

Availability of data is a challenge which we are tackling by investing in new systems and platforms. While we have not set public targets for the amount of products that meet our Global Design Standards, we continue to monitor progress and we are working to advance data collection and analysis.

Our ability to both manufacture and source products presents a unique challenge for reporting data against our Global Design Standards as the teams and processes for product development internally and externally are different.



CASE STUDY

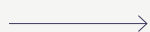


REDUCING THE IMPACTS OF GARMENT FINISHING WITH JEANOLOGIA'S EIM SOFTWARE

1

Assesses environmental impact in four individual categories:

Water consumption
liter/garment



0–35

35–80

+80

Energy consumption
kWh/garment



0–2

2–4

+4

Chemical impact



0–33

34–66

+66

Workers' health



0–35

35–80

80+

2

Benchmarks results against a defined environmental threshold:

3

Classifies the process depending on the EIM score:

Low impact

Medium impact

High impact

Garment finishing can be resource intensive. Jeanologia's Environmental Impact Measurement (EIM) tool assesses the impacts of the finishing formula for how a garment needs to be washed e.g. the amount of water, the load of garments, the machine to be used, the temperature of the water and the time and the chemicals used. The self-accreditation tool assesses energy use, water use, chemistry use and worker health of a particular wash recipe and calculates an overall impact score. The software can analyze the environmental impact of different production techniques to replace traditional processes with new processes that use better and safer chemicals, have less impact on workers and reduce the amount of freshwater used.

Our goal is to measure all relevant finishing with the EIM tool and eventually achieve a widely accepted, third party-defined low-impact score for all products that undergo laundry washing. Our focus in 2021 and 2022 was on rolling out the tool to begin measuring impact. We introduced the software to relevant vendors and announced a requirement to score each new recipe and each season, with scores updated on the product level.

The EIM tool is used for style development across all Kontoor brands globally. The EIM tool was adopted in 2019 by *Lee*® Europe for all denim products in their regional collection. In 2020, 56 percent of EU *Lee* denim styles produced for that season were rated low impact with a few products rated high impact. In 2021, all high-impact products were improved to become low- and medium-impact. The styles rated low impact (based on merchandising forecast) increased from 56 percent to 70 percent in 2021 and to 76 percent in 2022.

Our first global target is to have no washes in the high impact score category. This target may be facilitated by completely removing use of Potassium Permanganate (PP) use from our supply chain and reducing the use of pumice stone. As of the end of 2022, our use of pumice stone was down 75 percent (compared to 2019) and the product ranges designed for the market in fall 2023 saw PP used in less than 1 percent of products. In the *Wrangler*® and *Lee* product ranges designed for fall 2023, 27 percent of sourced product styles were rated low impact, 69 percent were rated medium impact and 4 percent were rated high impact. For styles produced in our internal manufacturing during 2022, 34 percent were rated low impact.



USE OF CHEMICALS

There are a wide variety of chemicals needed for the manufacturing of our products. We carefully consider the effects of chemicals on worker and consumer health, and the extent to which harmful substances are restricted and/or can be replaced by safer alternatives. This includes the handling and disposal of hazardous materials and worker and consumer safety standards.

WHAT'S THE IMPACT?

Strict chemical management is crucial to minimize impacts on worker and consumer health and the environment. Chemicals are used throughout the production process, from growing cotton to yarn dyeing and washing garments. Chemicals play a variety of roles in our apparel production and allow us to embed desirable features and performance into our products.

They help give denim jeans the look and feel consumers want and some chemical use can help reduce the amount of water and energy needed in dyeing and finishing products.

Every stage of the manufacturing process involves chemicals that can impact the health of people and the planet. Environmental impacts range from water pollution to hazardous waste and carbon emissions. We take responsibility for achieving industry-leading standards in our use of chemicals through our supplier engagement, factory compliance programs and product safety.

OUR APPROACH

Our new Chemical Management Program (CMP) plays a critical role and we have launched a new digital platform to ensure compliance across the supply chain. We use advanced chemical screening procedures to monitor the chemicals in our products and ensure they are safe while exploring less hazardous alternatives with our suppliers.

While we do not own any textile mills, we work with external textile mills that spin and dye yarn and weave it into fabric.

We do nominate fabric and trims that our suppliers purchase on our behalf to assemble into garments. We cut, sew and finish garments at our own Kontoor manufacturing facilities and work with external garment manufacturers. However, our designers and product developers decide what the product should look like and how it should be finished. They work directly with our Development Centers and garment manufacturers to achieve the right aesthetic and feel for the product.

Across the lifespan of our products, our Preferred Chemistry approach which acts as a baseline for our Global Design Standards ([see page 46](#)) plays a critical role in reducing exposure to hazardous substances for workers in our supply chain, consumers wearing our garments and for the environment. Our Preferred Chemistry approach uses processes and product chemistry that reduces or eliminates the use or generation of hazardous substances and mitigate the exposure of consumers, workers and the environment to hazardous chemicals.

Our process is based on the scope of the restriction, such as whether the restriction applies to the final product or to the entire manufacturing process, and risk assessment of the presence of the restricted substances in our material and product categories.

We continually monitor regulations and best practices to ensure our materials and products comply with the latest regulatory chemical requirements. Our Product Stewardship team monitors chemical regulations globally and updates our Restricted Substance List (RSL) at least annually to reflect the latest changes and ensure our products comply with all chemical regulations. The RSL identifies and restricts the use of hazardous chemical substances for all our materials and products.

We expect all owned and contracted manufacturing facilities to comply with our RSL. Any material or product failing to comply with our RSL is rejected for production. The RSL also applies to all Kontoor Brands products and raw materials, parts, trims, sundries and other goods supplied or used in the making of our products.



USE OF CHEMICALS CONTINUED

Our Facility Guidelines require factories to document all chemicals used in the facility. Factories are subject to RSL audits to evaluate chemical management practices including chemical use, inventory, storage and disposal, and worker-safety related procedures and equipment. As part of our due diligence, we randomly select ready-to-ship products from our vendors for comprehensive RSL testing. We offer training on the latest RSL version to all stakeholders, both internal and external, covering topics such as chemical management, hazards, substances of concern and best practices. We are working on a digital training format which we hope to launch in 2024.

Under EU REACH Regulation, manufacturers or importers of articles have the duty to inform their business customers in the EU if their articles contain Substance of Very High Concern (SVHC) above 0.1 percent (w/w).¹ If we find any restricted substance in a material

or product, we will not approve it for shipment. Instead, our Product Stewardship team will reach out to the vendor or supplier for root cause analysis and put in place a Corrective Action Plan.

CHEMICAL MANAGEMENT PROGRAM

Our new Chemical Management Program (CMP) started in January 2022. It builds on the success of CHEM-IQSM, introduced in 2015 as Kontoor Brands' advanced chemical management system. CHEM-IQSM enables us to screen the chemical formulations from our supply chain for the identification of any hazardous substance and prevent them from entering our products from the outset. Through this process, we can proactively identify and eliminate any potentially harmful chemical substances, ensuring that our products are safe and compliant from development to production.

To enhance follow-up within our dynamic supply chain, we transitioned from our internal chemical screening system, CHEM-IQSM, to a more industry-wide ZDHC Manufacturing Restricted Substance List (MRSL) standard in January 2022.

¹ <https://www.hse.gov.uk/reach/svhc-overview.htm>



USE OF CHEMICALS CONTINUED

CHEM-IQSM now acts as a supporting tool in the new CMP. To further scale up the program to be more robust, we adopted a MRSL and Wastewater Guidelines for chemical input and output management. The new standards apply to all vendors and suppliers with wet processing, including but not limited to fabric mills, laundries, printers and any other vendor and supplier with chemical finishing.

To support our chemistry goal, we partnered with GoBlu International, a ZDHC approved solution provider, and rolled out their smart digital chemical management tool. We have adopted their online platform, The BHive[®], to support our Preferred Chemistry and track our vendor and supplier performance globally. This allows us to gain visibility and transparency of chemicals used and chemical conformance in our supply chain. It helps our supply chain to maintain, track and monitor their chemical inventories and MRSL conformity. Suppliers can work on the corrective action to phase out any non-preferred chemical.

EFFORTS AND INITIATIVES

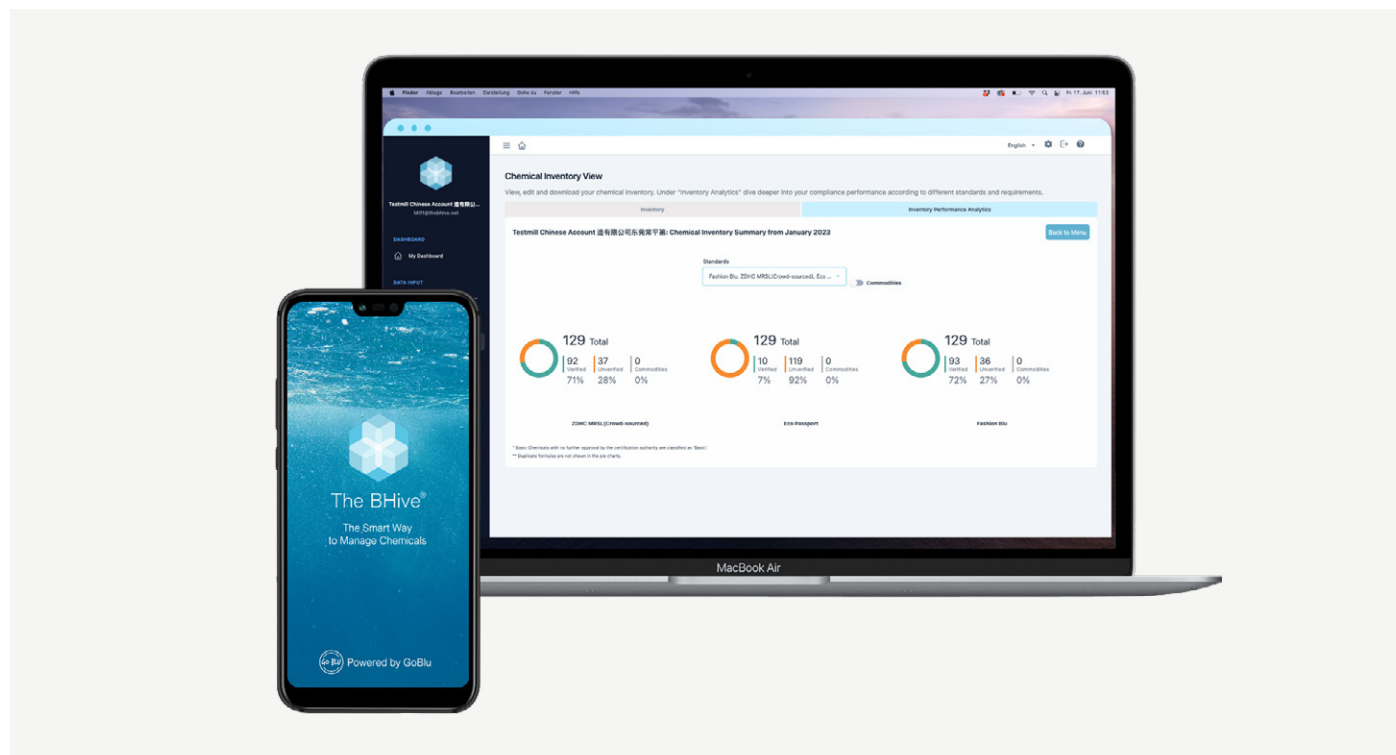
INCREASING TRANSPARENCY WITH THE BHIVE[®]

Historically, we managed compliance with our chemical management standards through a manual process where suppliers submitted their chemistries to a lab partner for chemical screening, a time consuming process. In 2021, we started working with different system providers to explore online solutions. We partnered with GoBlu

International Ltd. in late 2021 and introduced their digital platform, The BHive[®], into our CMP.

The BHive[®] is a chemical management platform for managing global vendor and supplier performance in chemical conformance, Higg FEM and wastewater. A mill can create a chemical inventory by simply taking photos of chemical product labels, confirming the product and uploading the data into the system and a chemical inventory

is generated. The platform can immediately show whether each product meets relevant requirements. Brands can receive data from all participating mills and performance reports are automatically generated.





USE OF CHEMICALS CONTINUED

The BHive® is a solution provider that will ensure that we can meet the growing demand by consumers and regulators for transparency regarding chemistry in textile and garment production.

Our product stewardship team constantly reviews the status of all vendors through easy-to-access dashboards in The BHive® system. They work closely with suppliers/manufacturers to improve the percentage of ZDHC MRSL-compliant chemical products. The BHive® promotes radical transparency and encourages the use of more sustainable chemical products.

SUPPORTING INDUSTRY-WIDE COLLABORATION

We closely work alongside other companies in the textile industry to eliminate the use of hazardous substances across the industry. Key partnerships include the Apparel and Footwear International RSL Management (AFIRM) Group and the AAFA. Our Product Stewardship team is

closely engaged and contributes to different taskforce committees of these industry-wide organizations. For example, we are a member of the Environmental Committee of the AAFA and support work on labeling. We also actively participate in the AAFA RSL Committee, are a member of the AFIRM RSL Committee, and we collaborate with the AFIRM Laboratory Technical Advisory Committee (LabTAC) on the feasibility of changes and what test methods/limits exist to support the changes we are proposing or that are being required by legislation.

MEASURING PROGRESS

In 2020, we focused on the strategic fabric mills (34 factories) for the CHEM-IQ program. When we switched to new CMP, adopting ZDHC MRSL standard, we expanded the scope to all vendors and suppliers with wet processing (fabric mills, laundries, printers) to include 148 factories. Different types of chemicals are used across the expanded scope. This resulted in a drop in chemical conformity from 2020 to 2022 as the scope and standards increased from 97 percent in 2020 to 76 percent in 2022.

We delivered training to in-scope vendors and suppliers and supported onboarding processes and enquiries while monitoring the progress of adoption. Vendors and suppliers were requested to participate in the new CMP with the first step to complete The BHive® account registration. By end of Dec 2022, 97 percent of in-scope vendors and suppliers completed The BHive® account registration and 94 percent of the registered vendors and suppliers uploaded their chemical inventories.

GOAL	DEFINITIONS	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Use 100% Preferred Chemistry by 2023	Preferred Chemistry is defined as 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. Strategic Tier 2 suppliers will be evaluated with an advanced CHEM-IQ SM screening process. Strategic suppliers constitute 90% or more of the product portfolio by weight.	97% of in-scope Tier 2 suppliers participated in the CHEM-IQ SM screening process. In 2020, Tier 2 fabric mills were in-scope.	CHEM-IQ SM program paused due to COVID-related disruption in 2021.	By end of December. 2022, 97% in-scope suppliers participated in CHEM-IQ SM process. Achieved 76% overall chemistry conformity. In 2022, Tier 1 manufacturers with wet processing (laundries, finishing) and Tier 2 fabric mills were in-scope. This goal has now been updated (see page 59).



USE OF CHEMICALS CONTINUED

LOOKING AHEAD

We strive for 100 percent use of compliant chemistry while also realizing that this is not realistic considering the dynamic nature of the supply chain. There will always be some degree of fluctuation in our footprint as vendors are added or removed from our portfolio.

While we engage all new and existing suppliers and require their full participation in our Chemical Management Program, there is a reasonable lead in period while they onboard that will restrict our ability to always be at 100 percent.

We are resetting our Chemistry goal to reach and maintain at least 90 percent Preferred Chemistry every year. As of Fall 2023, we are at 79 percent as we transitioned to the new management tool. We also require suppliers to upload their chemical inventory to The BHive® system and review, sign and accept Kontoor's Restricted Substance List.





CIRCULAR DESIGN AND INNOVATION

We address the impacts of our products through purposeful design and innovation. This includes embedding a holistic and circular approach into product development through consideration of product design, circular material innovation, product quality and product disposal, as well as developing industry partnerships.

WHAT'S THE IMPACT?

Developing responsible products begins with design. From raw material sourcing to consumer use and end-of-life, the decisions we make at this stage determine the impacts of our garments through their lifecycle. Our sustainability impacts are embedded in our products from the very beginning of the value chain. We must address them through purposeful design and a commitment to using innovative processes and materials.

OUR APPROACH

We view the design of our products through a strategic lens and our designers make tactical choices as they develop each product, carefully considering the materials we use and how they are managed at the end of a product's useful life alongside the performance and fit of garments and cost and availability of materials. To inform our assessments, we use industry data that is available to us as a major apparel producer. This is a process of continual learning and improvement as we aim to make our products more sustainable and each season's portfolio better than the last.

Our new Global Design Standards look at the entire lifecycle of a product to give designers and product developers a foundation for end-to-end improvement. Priorities include circular material innovation, sustainable materials, and state-of-the-art processes to create products that are used for longer and can be reused or recycled.

GLOBAL DESIGN STANDARDS

Our new Global Design Standards (see page 46) shift us away from looking at individual sustainable attributes and towards viewing

the entire lifecycle of a product for end-to-end improvement. To define the Standards, we assessed the lifecycle impacts of our products and pinpointed hot spots representing opportunities to be prioritized for action. We are also developing an additional framework around circularity, adding more recycled content and ensuring products can more easily be recycled or downcycled.

These standards give designers and product developers a foundation to work towards. Sustainability team members meet with Design, Product Development, Sourcing and Procurement teams at least twice a year to update them and educate them on the evolving standards.

3D DESIGN

Lee® and Wrangler® design garments in a 3D environment, reducing the need for physical samples and increasing the speed and accuracy of the development process. Digital Product Creation enables design choices to be made without creating physical garments. This reduces environmental impacts and appeals to eco-minded consumers.

CASE STUDY

Wrangler's Regenerated Fiber Collection with Infinited Fiber

Wrangler worked to create a jean with a regenerated fiber, partnering with Finnish biotech company, Infinited Fiber Company and Spanish textile mill, Tejidos Royo to create and spin a regenerated, chemically recycled fiber that can be recycled an infinite number of times and using the Indigood® foam dyeing technique to dye the yarn with less toxic chemicals.

Wrangler's Innovation team was among the first to see the potential of Infinna™ and has been supporting the innovation since 2015. Using Infinited Fiber Company's regenerative, recyclable fibers, Wrangler developed its most sustainable denim yet, including the first men's jeans and denim jacket made with Infinna™. The Infinited Blue FW21 collection, launched in fall 2021, is created from fabric made with Infinna™ fibers at an Indigood® mill and featured e-flow innovations – designed to significantly reduce water, energy and chemical use. This collection was honored by Fast Company's 2021 Innovation by Design Award.



CIRCULAR DESIGN AND INNOVATION CONTINUED

Product developments in North America for *Lee*® and *Wrangler*® begin as 3D designs. As the technology becomes more widespread, the need for physical samples will be greatly reduced throughout the development process, including account facing samples. Leveraging on our past investments, we are increasing the accuracy and speed of product development, positioning us for widespread uptake as virtual development and commerce become the industry standard. In 2021 and 2022, we increased our 3D development, making fewer physical prototypes and reducing the number of samples.

MAKING FASHION CIRCULAR

Designing for circularity reduces the environmental impacts of our products across the entire product lifecycle. Our Design, Sustainability and Innovation teams work with external experts to instill a circular mindset across our approach. This means using more materials made from recycled or renewable inputs, making products that are

designed to be recycled or upcycled and maintaining our commitment to creating durable and long-lasting clothing.

Some of our products come with a lifetime guarantee, including our *Wrangler RIGGS WORKWEAR*® products. We offer limited one-year warranties for many of our other products. We include care labels that give instructions to wash with cold water and dry at low temperatures to encourage consumers to reduce the impacts of the product use phase and get the longest life out of their garments.

EFFORTS AND INITIATIVES

CRADLE TO CRADLE

Cradle to Cradle (C2C) certification seeks to have a positive impact on the environment and human health through the design of the products and processes. The C2C Certified Product Standard guides designers and manufacturers through a continuous improvement process, aiming to achieve a circular economy approach. The five quality categories on which products are graded are: (1) material health, (2) material reutilization, (3) renewable energy and carbon management, (4) water stewardship and (5) social fairness.

CASE STUDY



KAPOK FIBER

Kapok is a renewable, tree-based fiber which has the potential to be a more sustainable raw material for the textile industry. Kapok trees are native to tropical areas, including southern Mexico, the Southern Amazon, and parts of West Africa. The trees produce pods which contain silky fibers. Kapok does not require the planting and harvesting of crops that can harm the environment and deplete natural resources. Unlike most cotton produced globally that needs irrigation water, kapok requires no irrigation water.

The use of kapok fiber in textiles has proven challenging due to the short staple length and lightweight nature of the fiber. This means it must be blended with other fibers to get a spinnable yarn.

First, we developed a supply chain with partners who could handle this fiber. Then, we experimented by making products like pants, shirts and T-shirts using Kapok blended with cotton fiber. It took multiple iterations to find the maximum kapok content of the fabric without sacrificing strength. We are now starting to make products with Kapok blended with recycled cotton, recycled lyocell and other fibers. Our first Kapok blended product was launched in Asia Pacific in 2022 with plans for further launches in coming years.





CIRCULAR DESIGN AND INNOVATION CONTINUED

A product receives an achievement level in each of these categories: Basic, Bronze, Silver, Gold or Platinum. The lowest achievement level in any of the categories represents the product's overall mark.

Our partnership with C2C has provided useful insights into how products can be designed differently to have a reduced impact. A key challenge in getting products certified is that each component of the garment's impact is reviewed and needs to be replaced by components with minimal impact to achieve the final certification. The review brings all criteria in scope from chemical hazards and renewable energy to workers, consumers and end of life. In developing these products, we have created a library of components that have been screened on all these aspects. This will enable us to build a flexible toolbox to help our designers to build products for circularity in 2023.

In 2021, we launched our first products, certified Gold and Bronze Cradle to Cradle, to the market. *Lee*® teamed up with Artistic Milliners, one of the world's largest vertically-integrated denim manufacturers, to create C2C-certified jeans. The new *Lee Aureola* jeans have achieved C2C Gold certification and Nymph styles are C2C Bronze. Every component of the jeans is 100 percent recyclable and both styles are classic five-pocket styles made using premium 12-oz selvedge denim with comfort stretch. They are made with 100 percent organic cotton and the fabric is dyed in a process using 58 percent less water than traditional dyeing processes. No zippers were used and all the buttons are raw, virgin metal that has not been finished with treatments, eliminating additional energy consumption as well as reducing chemical use.

INVESTING IN CONSUMER RESALE INITIATIVES

In 2022, *Wrangler*® released a curated collection of vintage and preloved denim. *Wrangler Reborn*™ featured iconic items in celebration



CASE STUDY

Extending garment lifetimes by reducing abrasion

Abrasion of fabric can reduce the lifetime of a garment and cause the wearer discomfort. Fabric can rip between thighs and around seams because of the fabric-to-fabric abrasion and fabric-to-surface abrasion. Extending the life of garments is crucial as it decreases the need of virgin materials and resources as well as lowers the amount of waste generated by discarded garments.

The Kontoor Innovation team worked to improve abrasion resistance of garments.

After multiple experiments we developed a new coating technology that enhances the abrasion resistance measure through Martindale Abrasion Test (ISO 12947-2), showing at least 25 percent abrasion improvement.

Based on this technological development, many business units within Kontoor have adopted this technology. The benefits include reduced hole formation and longer-lasting garments. They are also softer and more comfortable for the wearer and allow flexible movement throughout the day.



CIRCULAR DESIGN AND INNOVATION CONTINUED

of 75 years preserved from as early as the 1950s, available for resale on *Wrangler.com*. Launched online during Earth Month, the *Wrangler* Reborn collection is part of the brand's We Care *Wrangler* sustainability mission, contributing to circularity within the fashion industry by taking older denim pieces, some of which might otherwise end up in a landfill, and cleaning and repairing them to be re-sold and re-loved. Also in 2022, *Lee*® launched a new shopping platform on its website called The *Lee* Archives. *Lee* sources vintage products dating to the 1960-70s through third parties. It then authenticates the garments, washes them, and makes sure that they're ready for resale.

LOOKING AHEAD

We are committed to expanding resale, recycling and upcycling opportunities in 2023, instituting a cross-functional 'Circularity' working group. The group is focused on finding partners to expand resale, recycling and upcycling initiatives. One example is Accelerating Circularity, a nonprofit that catalyzes new supply chains and business models to turn spent textiles into mainstream raw materials. Kontoor will be supporting US trials of various circular materials and innovations in its products.



PRODUCT LABELING AND TRANSPARENCY

Product labeling and transparency ensure the effective disclosure of a product's material origins and manufacturing processing to customers and consumers. We leverage mechanisms such as labeling to promote traceability, producer responsibility and consumer transparency.

WHAT'S THE IMPACT?

A growing number of consumers are looking to buy environmentally and socially responsible products and we have responded by developing products addressing this need. As companies have become more outspoken and involved in green marketing, what they may think their green claims mean and what consumers understand may not align.

OUR APPROACH

At Kontoor, we are committed to following guidance from the governments of the places we operate, like the U.S. Federal Trade Commissions' Green Guides, and strive to communicate claims that are clear, accurate and substantiated. We also comply with laws and policies of governments which require labels that explain fiber content, country of origin and the identity of the manufacturer or business responsible for marketing and/or handling the product. Additionally, care labels provide clear instructions for consumers on how to clean the products they buy.

To ensure compliant labeling, we follow local regulations for each product. We create our global guidelines based on the most stringent local requirements. These are detailed in our Product Labeling Manual which is updated and maintained yearly and structured around our sourcing

strategy. We maintain constant contact with multiple stakeholders, specialized regulatory agencies and review legislation to ensure the correct information is collected and reflected in our policies around labeling.

Product content is known for each product and all our suppliers must comply with our RSL for chemistry ([see page 55](#)). Our Product Stewardship team ensures instructions for developing safe materials are up to date and included in our Product Safety Manual which is updated and reviewed yearly. Other due diligence processes include reviewing collections and carrying out regular spot-checks to ensure we have safe products ([see page 56](#)). Our partnership with GoBlu makes chemical transparency from our suppliers to our brands fast, simple, and accurate ([see page 57](#)).

For products with sustainable attributes or that meet our Global Design Standards, whether the product is advertised as such is decided on a product-by-product basis by our Merchandise team in coordination with Design and Product Development teams.

Through our Global Design Standards, we track each new product as it is being developed and measure it against our Standards. While this is currently a manual process, we selected a partner for automating the chain of custody to follow our products from raw materials to final goods. In 2021 and 2022, we focused on the development of a management system to support our product labeling and transparency further.

LOOKING AHEAD

We will implement a system to support transparency in 2023. The system will be able to maintain more detailed information about Preferred Materials used in the composition of the fabric, the origin of the fibers and even certification of materials. It will also support the tracing of our products through the supply chain and provide more supply chain transparency. In 2023, we plan to launch a pilot with this digital platform to uphold material claims and reduce compliance risks by ensuring accurate documentation follows products to market. Additionally, we are exploring digital passports for our products with an eye on potential future legislation.



PACKAGING

Our packaging, including ticketing, polybags and corrugated boxes, has impacts upstream and downstream of the value chain. We explore packaging solutions that reduce material and use of plastic, promote recyclability and reusability and increase recycled content.

WHAT'S THE IMPACT?

Packaging ensures our products reach the consumer in ideal condition, avoiding damage in transit and serves as an important logistical tool throughout the supply chain. If the packaging fails to accomplish these goals, we risk increasing our environmental footprint with returned products or added resources. Providing consistent and transparent on-package recycling information to consumers helps ensure our packaging is recycled.



Our main packaging materials are pulp-derived, including paper, cardboard and corrugated boxes, and synthetics including polybags, fasteners and plastic staples. Our packaging largely fits into two main groups: (1) polybags for individual products and e-commerce shipping and (2) paper ticketing and hangtags. Polybags protect products until they reach their destination but must be clear to ensure the correct item is selected. Ticketing helps provide important product information at the point of sale. Additionally, we use corrugated boxes to ship products both inbound to our Distribution Centers (DCs) and outbound to our customers and mailers to ship products to our e-commerce customers.

OUR APPROACH

We explore packaging solutions that reduce material, including ticketing and polybags. Our aim is to provide consistent and transparent on-package recycling information to consumers. We did not make any changes to our overall packaging strategy in 2021 and 2022 due to supply chain issues as a result of geopolitical issues, COVID-19 lockdowns, shifts in demand, labor shortages and other structural factors.

We try to balance our goals for both pricing and reduced environmental impacts. As we monitor relevant upcoming or potential regulations globally, we are closely following developments in mandates around packaging materials in the U.S. and Europe.

Our ticketing development goal has been to move to standard ticket sizing as much as possible across all brands. This enables the print vendors to run more efficiently, reducing waste and energy use. Our Ticketing teams hold weekly meetings that involve Brand, Merchandising, Ticketing Development and Creative Services. These meetings enable us to have real-time conversations and help reduce the need for rework once tickets are developed.

EFFORTS AND INITIATIVES

We continue to explore packaging solutions by evaluating new suppliers that offer higher percentages of post-consumer recycled (PCR) materials and more environmentally friendly inks and adhesives.



PACKAGING CONTINUED

ECOMMERCE MAILERS

In late 2020, we changed our branded and non-branded polymailers from a 2.5mm to a 2mm thickness, resulting in a 20 percent reduction in poly usage. With a purchase of 4.2 million mailers in 2022, this avoided 71,326 lbs. of poly plastics. We have also been using a lighter gauge stretch film at our DCs since 2021. We previously used 80 gauge and have reduced this 40–60 gauge, meaning less plastic is used for outbound loads.

CORRUGATED BOXES

Distribution teams are charged with reusing as many inbound boxes as possible for outbound shipments. All additional boxes purchased for our U.S.-based DCs have recycled content, ranging from 20 to 50 percent.

POLYBAGS

Reducing plastics and polybags is an important goal and, at the same time, we must keep products safe and undamaged to provide the best experience for consumers and avoid wasted resources. Finding the best solution for the environment and consumers is an ongoing priority. In 2022, we began exploring solutions with a supplier who can provide 60 percent recycled content for clear polybags without any loss of clarity. Previously when we explored this option, the cost of recycled polybags was prohibitive, but the market has changed. We will work to understand the total lifecycle impacts and performance of any polybags prior to making a final decision. In the European market, all polybags have been changed to 100 percent recycled LDPE quality for products sold by June 2022. Another initiative under development is a shift from using 1.5 mm polybags to 1 mm polybags, which would deliver a 33 percent material reduction.

CARE LABEL

In 2022, we worked with a supplier in the U.S. to develop a recycled white care tape label to test with products made in our internal manufacturing facilities. The tape passed our home laundry durability tests and we will now work on costing for this item. We already switched to using recycled polyester for the care tape on products in Europe, the Middle East and Africa in 2021.

LOOKING AHEAD

For early 2023, we are working on a Packaging Request for Quote which will likely result in more sustainable options. This will allow us to reflect on our long-term goals around packaging and what solutions can meet our needs. Also in 2023, we plan to re-evaluate the recycled content in our corrugated boxes. We will evaluate higher recycled content boxes by strength prior to making any changes.





PROTECTING THE PLANET AND OUR COMMUNITIES

Our planet's resources are limited and the threat of the climate crisis is impacting communities around the world. The apparel industry is a contributor to climate change and its operating model must evolve to address the challenge head-on. This includes reducing environmental impacts and protecting the planet and communities by working in partnership with others across the value chain.



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PLANET HIGHLIGHTS

725

MILLION LITERS OF WATER
SAVED IN 2022 THROUGH
OUR INDIGOOD® PROGRAM



9.3

BILLION LITERS OF WATER
SAVED SINCE 2008 THROUGH
RECYCLING AND EFFICIENCIES
AT OUR INTERNAL
MANUFACTURING FACILITIES



10+

BILLION
LITERS
OF WATER
SAVED
SINCE 2008

-46.2%

COMMITTED TO SCIENCE-BASED
TARGETS: TO REDUCE ABSOLUTE
SCOPE 1, 2, AND 3 GHG
EMISSIONS BY 46.2% BY 2030
FROM A 2019 BASELINE



0%

FRESHWATER USED
AT OUR TORREON
MANUFACTURING
FACILITY, VALIDATED
IN NOVEMBER 2022

97%

OF OUR T1 AND T2 PARTNERS
BY VOLUME PARTICIPATED IN
HIGG FEM IN 2022



3

VERIFIED
ZERO WASTE
DISTRIBUTION
CENTERS

81%

WASTE DIVERSION RATE AT OUR
OWNED AND OPERATED INTERNAL
MANUFACTURING FACILITIES AND
DISTRIBUTION CENTERS IN 2022



INDIGOOD® PROGRAM

Dhruv Agarwal

VP, Sustainability, Innovation
& Development



Q&A



Q. How does the Indigood® Program enable Kontoor to drive water savings in the supply chain?

A. When we map our supply chain against water risk, many of our suppliers are in water-stressed areas. We are committed to limiting the amount of freshwater used at each stage of our supply chain, including denim manufacturing. The Indigood® Program is a core part of our freshwater reduction efforts. In 2019, we launched an innovative foam-dyeing technology that uses at least 90 percent less water than conventional indigo dyeing. This was a revolutionary process but it soon became obvious that converting all our mills to utilize this foam dye process was impractical and expensive. We ultimately want to save water and, recognizing that the dyeing process is only one part of a mill's water consumption, we expanded the Indigood® Program in 2021 to include a broader range of water-saving technologies.¹

Q. How does Indigood® achieve a positive impact on water conservation and other areas?

A. The Program is simple. We challenge mills to adopt freshwater saving technologies and wastewater recycling technologies to achieve 90 percent freshwater

savings compared to a 2018–19 third party-verified water use baseline. Any mill that joins the Program must commit to the goal and provide annual water data and mill access to our independent auditors.

The Program is all about collaboration. Those mills that do not meet the 90 percent water savings are introduced to industry experts who can help build programs, driving additional water savings. We don't champion one single technology or process, but encourage participants to choose actions that work best for their production and geography. Right now, the Indigood® Program is focused on water use in fabric construction, but we plan to expand it to include other topics like emissions, as well as additional mills. As for chemistry, we have mandatory standards that are not optional for our suppliers and these, along with technologies like foam dyeing, also reduce energy emission and chemical usage.

Q. What percentage of suppliers are part of the Program and how many have so far been Indigood® validated?

A. Over 30 denim mills globally are now part of the Program and we have validated the first three mills as

Indigood® Gold status for achieving the 90 percent targets. The ultimate goal is the 90 percent water savings, but we support continual improvement by recognizing Bronze and Silver ratings to mills that achieve 30–59 percent and 60–89 percent water savings, respectively. Our Designers are encouraged to use Mills that achieve Bronze, Silver or Indigood® Gold status and all together, in 2022, we saved over 725 million liters of freshwater.

Q. How does the Program contribute to the idea of prosperity at Kontoor Brands?

A. This Program is about doing the right thing for the communities around our mills, and it just so happens the right thing for these communities also ensures that our mills can continue to make high quality, durable fabric, which helps to alleviate some of the risk involved in water issues, especially in water-stressed areas. Consumers are looking for lower-impact products and we can deliver these through the Indigood® Program. Using less freshwater also helps the mills work towards the goal of cost-neutral, but lower impactful fabric. We're proud that the program has won multiple awards including a SEAL Award for environmental initiatives in 2022.

¹ [Verification of Kontoor's contracted mills' water performance against the Indigood® Program freshwater performance standards](#)



ENERGY, EMISSIONS AND CLIMATE ACTION

The World Economic Forum reports that the fashion supply chain contributes approximately five percent of global GHG emissions, atmospheric gases released through the combustion of fossil fuels that drive global heating.¹ Our focus is on reducing emissions from our operations by shifting to renewable energy sources and eliminating our use of fossil fuels across the value chain, maximizing energy efficiency in manufacturing operations and increasing the efficiency of logistics. We extend our climate commitments by working together with our suppliers and partners. Climate considerations are integrated into our corporate governance to secure business resilience and long-term value creation through risk management, scenario analysis and disaster preparedness.

WHAT'S THE IMPACT?

According to the UN's Intergovernmental Panel on Climate Change (IPCC), society has until 2030 to cut emissions by half to avoid some of the worst potential impacts of climate change. The IPCC Sixth Assessment Report states that climate change is causing dangerous and widespread disruption to nature and affecting the lives of billions of people globally. Urgent action is required to avoid mounting loss of life, biodiversity and infrastructure.²

At the current pace of growth, the fashion industry's emissions are expected to increase by more than 50 percent by 2030.³ A key reason is the energy intensity of manufacturing processes. For example, preparing yarn requires substantial electricity and dyeing involves heating large quantities of water. Much of the energy used for clothing manufacturing is generated using fossil fuels. As our business expands, our overall GHG emissions will increase. We must adapt our materials, processes and technologies to limit our

growth-related climate impacts, shifting to renewable energy and innovating new fabric and yarn manufacturing techniques.

Climate change will impact our manufacturing. Extreme temperatures may reduce operational efficiency, increase worker absenteeism and push up the cost of temperature management in facilities. Significant weather events such as storms and droughts may impact worker health and logistics, delay the supply of materials and finished products and pose a risk to manufacturing facilities and surrounding communities.

OUR APPROACH

We are fully committed to achieving our science-based targets (SBT) of reducing our absolute Scope 1, 2 and 3 GHG emissions by 46.2 percent by 2030 and 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. These documents will provide a comprehensive understanding of the available low-carbon pathways in local contexts, including case studies and business cases to inform their decisions in support of shared sustainability goals.



1 https://www3.weforum.org/docs/WEF_Net_Zero_Challenge_The_Supply_Chain_Opportunity_2021.pdf
2 <https://www.ipcc.ch/assessment-report/ar6>
3 <https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>



TARGET

46.2%

REDUCE ABSOLUTE SCOPE
1, 2 AND 3 GHG EMISSIONS
BY 46.2 PERCENT BY 2030

PLANET



ENERGY, EMISSIONS AND CLIMATE ACTION CONTINUED

By working collaboratively with suppliers to reduce emissions, we are taking an important step towards creating a more sustainable supply chain and achieving our science-based targets.

We aim to reduce the energy it takes to make our products across the entire supply chain. Our owned manufacturing model brings advantages over outsourced manufacturing as it enables us to better control the climate, water and waste impacts of garment manufacturing. It also provides increased visibility into the energy consumption embedded in our products compared with outsourced manufacturing, enabling us to track progress and demonstrate the ability to drive positive change over time.

Energy efficiency initiatives are specific to each site and are informed by audits conducted by our Facilities Engineering team and equipment manufacturers and vendors.

We actively encourage the use of renewable energy in our manufacturing and supply chain. For our owned facilities, we are exploring solar, wind and geothermal projects with the goal to use 100 percent renewable energy by 2025. For facilities that we do not own, we plan to partner with suppliers and offer education and support.

Achieving our goal will be challenging because energy markets vary around the world. We must continually adapt to changing markets, regulations and the availability of green energy. Each of our locations has unique opportunities and challenges when it comes to delivering our renewable energy commitment. We make decisions based on facility location, operational need and the state of the local energy market ([see page 75](#)).

This means looking at each location as a separate workstream. We may use on-site energy generation, secure Power Purchase Agreements (PPAs) or purchase Renewable Energy Certificates (RECs) depending on the local context.

EFFORTS AND INITIATIVES

SETTING SCIENCE-BASED TARGETS

At the end of 2022, we submitted our science-based targets (SBT) to align Kontoor's emissions reduction strategy with the Paris Agreements' 1.5°C target. SBTs are enterprise-wide binding commitments to reduce CO₂ emissions, overseen by the Science Based Targets initiative (SBTi). The SBTi determines how much and how quickly we need to reduce GHG emissions to play our part in preventing the worst effects of climate change.

Our goal is to reduce our emissions Year-on-Year through a process of continual improvement. Kontoor's targets are to reduce absolute Scope 1, 2 and 3 GHG emissions 46.2 percent by 2030 from a 2019 base year.

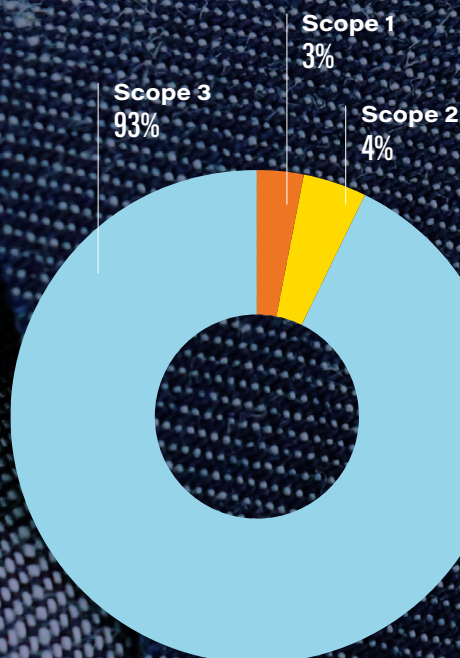


CASE STUDY



OUR CARBON FOOTPRINT

2019 CARBON FOOTPRINT (without consumer use of sold products)



TOTAL 2019 FOOTPRINT

2,963 ktCO₂eq

2019 FOOTPRINT (without use of sold products, consumer's washing and drying our garments)

1,348 ktCO₂eq

We completed our corporate carbon footprint calculation using the baseline year of 2019. Our total footprint was 2,963 ktCO₂eq. Without including the consumer use of sold products, it was 1,348 ktCO₂eq, demonstrating that a lot of our total emissions come from the washing and drying of our products by the end consumers in their homes. These are indirect emissions which are not included in our science-based targets. Without use of sold products, our target is made up of Scope 1 (44 ktCO₂eq); Scope 2 (54 ktCO₂eq); and Scope 3 (1,249 ktCO₂eq).

Scope 1 emissions

All direct emissions from owned or controlled sources.

Scope 2 emissions

Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

Scope 3 emissions

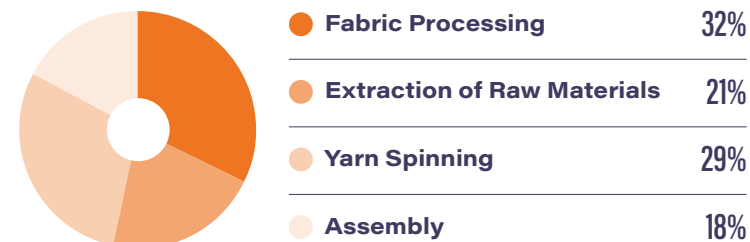
All other indirect emissions that occur in a company's value chain. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste, and water.



CASE STUDY: OUR CARBON FOOTPRINT CONTINUED

Our Scope 3 product-related emissions are a major part of our footprint with the manufacturing phase being the main contributor. This is why we focus on reducing the climate impacts of yarn spinning, fabric dyeing and printing, and reducing wet processes to a minimum as thermal energy used in drying fabric comes from burning coal and natural

gas. In 2022, we defined an emissions reduction action list to drive GHG emissions to meet our 46.2 percent emissions reduction target by 2030. Our areas for action include renewable energy, logistics, improved equipment, sustainable materials, process improvements, influencing suppliers and circularity.



IMPACTS BY VALUE CHAIN SEGMENT, WITHOUT USE OF SOLD PRODUCTS:



73%

PRODUCT

Includes emissions associated with the extraction/cultivation and processing of raw materials and the assembly of final products and packaging (including licensees).

10%

LOGISTICS

Includes emissions associated with the transport and distribution of goods both upstream and downstream of Kontoor Brands (includes owned fleet vehicles).

8%

UTILITIES

Includes emissions associated with energy generation for Kontoor Brands' facilities, including, Scope 1, Scope 2 and Scope 3 Category 3.

7%

END-OF-LIFE

Includes emissions from end-of-life of sold products, including those associated with waste collection, landfilling and incineration.

2%

OTHER

Includes emissions from business travel, capital goods, employee commuting, waste generated in operations and upstream leased assets.



ENERGY, EMISSIONS AND CLIMATE ACTION CONTINUED

ENGAGING WITH OUR SUPPLIERS

While Scope 3 emissions are by far the biggest portion of our company emissions, they are also the hardest to control. They require knowing and influencing what our upstream suppliers and downstream customers and consumers are doing. The largest portion of our emissions that we currently track is from fabric production at mills, many of which still rely on fossil fuels.

We have not set any goals related to energy and emissions for suppliers. Our immediate goal is to continue to encourage measurement of emissions by suppliers across our supply chain. As our approach matures, this measurement will inform actions to reduce supplier emissions.

We will also be working to help our suppliers set their own science-based targets and explore low-carbon materials, process and equipment improvements and circularity as key actions to reduce emissions. We are providing them with knowledge and information about energy efficiency, opportunities for renewable energy and how to develop and submit targets to the SBTi.

MONITORING THE ENVIRONMENTAL IMPACTS OF OUR SUPPLY CHAIN

We conduct audits of supplier factories to ensure compliance with applicable local laws and environmental regulations as well as Kontoor policies and guidelines. We use the results of audits to identify areas for improvement and to enable our suppliers to understand their operations and opportunities for improvement. If an audit shows it is required, suppliers must put a Corrective Action Plan (CAP) in place to address critical, major and minor issues. The CAP describes the issues and corresponding actions needed to address them.

All remediation is verified during subsequent audits and lack of progress to remediate a critical or major issue can result in the rejection of the supplier.

We have used the Higg Index Facility Environmental Module (FEM) to evaluate our supply chain's environmental footprint and drive improvement since we became a publicly traded company in 2019. Created by the Sustainable Apparel Coalition (SAC), the Higg Index has become the industry's leading assessment framework for apparel products, factories, brands and mills. The Higg FEM measures the environmental impact of manufacturing facilities including environmental management systems, energy, water, waste, wastewater, air and chemicals.

We request that all Kontoor Brands Tier 1 and Tier 2 suppliers complete Higg FEM assessment annually.¹ We have emphasized the need to achieve a minimum level 1 in all sections of Higg FEM assessment by 2025. Level 1 indicates a required standard of awareness and understanding of sources and systems.

Suppliers and Kontoor-owned facilities are invited to attend Higg FEM training organized by third-party assessment and consulting firms to improve their Higg FEM performance. Our Vendor Corporate Social Responsibility (CSR) point-based scorecard benchmarks Kontoor owned factories' and nominated mills² on environmental topics such as energy, water use and waste management to encourage vendors to improve sustainability performance. In 2023, Higg, Inc. rebranded as Worldly.

INCREASING ENERGY EFFICIENCY IN MANUFACTURING

We completed a number of facility retrofitting projects in 2021 and 2022. We upgraded the roofing system at our Izamal, Mexico, site from R6 to R24. This increased the insulation performance helping to decrease energy consumption at the site. We also successfully tested a new CNC denim cutting system which uses 47 percent less energy than existing equipment and purchased three systems for 2023 installation.

A notable improvement for our internal manufacturing facilities has been the implementation of new equipment for heating, ventilation and air conditioning (HVAC) systems. This equipment provides improved ventilation and air circulation which public health experts recognize as an effective tool in

¹ We make a small number of exceptions for small business volume suppliers.

² In addition to purchasing fabric ourselves for internal manufacturing, we nominate fabric from particular mills which our manufacturing partner purchases it on our behalf.



ENERGY, EMISSIONS AND CLIMATE ACTION CONTINUED

mitigating the spread of airborne pathogens. The additional benefit of the new equipment is improved filter efficiency within the air handling units, allowing filters to capture more contaminants and reduce particulates that would otherwise pass through to cooling coils, thereby improving cooling efficiency and energy efficiency. We replaced seven 25-ton units in Tekax and Izamal and will continue to replace older HVAC equipment with higher efficiency units in the coming years.

SHIFTING TO RENEWABLE ENERGY

We have explored opportunities to use renewable energy at several locations. In Nicaragua, the availability of renewable energy has increased in the last three years as part of the country's strategy to address biomass dependency and energy price volatility. For example, we entered into an agreement with a solar PV provider in Nicaragua to

have 1MW solar PV system installed on our Managua facility. This will provide approximately 30 percent of the total energy requirement for the complex. We expect this system to be operational in 2023. At our San Marcos facility, which is located in Las Plameras Industrial Park, a 3MW ground mounted solar farm has been installed and is anticipated to provide approximately 30 percent of park requirements.

In Mexico, the country's current energy supply is about 30 percent renewable and the dependency on fossil fuels creates less of an incentive to diversify the supply.¹ Our operations in Mexico make up around 40 percent of our total energy use. We entered into a power purchase agreement (PPA) with a renewable energy supplier in 2022 which will provide up to 80 percent of Kontoor energy requirements for our manufacturing sites in Mexico, and we expect to begin receiving energy in 2023. We anticipated being further along in our renewable energy journey, but a previous PPA which we had been working to secure was cancelled in 2020 due to circumstances outside of our control.

According to Higg FEM assessment results, Kontoor's Tier 1 and Tier 2 suppliers' renewable energy adoption rate went from 0.73 percent in 2019 to 8 percent in 2021, then 4 percent in 2022.

One of our product development centers is located in a supplier factory in Shunde, China, which adopted solar energy supply to cover roughly 30 percent of operational needs in 2021.

In addition, Shuntex Group, a key supplier of products for Kontoor's China market, was inspired by Kontoor's goal of adopting 100 percent renewable energy by 2025 for its own facilities. It completed a solar PV power generation project capable of generating 1.7 million kWh of electric power in October 2021.²



¹ For more information about renewable energy in Mexico visit <https://www.trade.gov/country-commercial-guides/mexico-renewable-energy>

² <http://www.en.ipe.org.cn/GreenSupplyChain/BrandStoryDetail.aspx?id=69>



ENERGY, EMISSIONS AND CLIMATE ACTION CONTINUED

SUPPLIER TRAINING AND EDUCATION

In February 2022, we conducted Higg FEM trainings with 176 Tier 1 and Tier 2 suppliers in Asia, Africa and Europe. The training covered air emissions management and control and chemical and waste levels two and three. In September 2022, we conducted air emissions management and control training with four months follow-up support for 94 suppliers located in the same region. We also delivered Higg Environmental Management System (EMS) training with four month's support to 48 suppliers who did not reach Level 1 in our 2020 Higg FEM verification assessment. Additional training covering all seven aspects of Higg FEM was provided to 43 suppliers in U.S., Mexico, South and Central America in December 2022.

We work in collaboration with partners and stakeholders to drive change across the supply chain. For example, we partner with the Institute of Public and

Environmental Affairs (IPE) in China to enroll all Kontoor Brands Tier 1 and Tier 2 suppliers in China in IPE's portal for environmental policy violation monitoring. This partnership enables real-time monitoring of environmental violations and increases visibility of issues, accelerates remediation processes and deepens our understanding of our supply chain. We continued our IPE Corporate Information Transparency Index (CITI) improvement in 2022, moving from 17th in 2020 to 13th in 2022 out of a total of 650 companies in the textiles sector ranking.

We also improved on our IPE Climate Action Transparency Index (CATI) performance to rank 26th in the textile sector compared to rank 30th in the 2021 inaugural assessment result.

Kontoor participates in the Fashion Transparency Index (FTI) annually. This Index is a tool to push and incentivize 250 of the world's largest fashion brands to be more transparent about their social and environmental efforts. In the 2022 assessment year, *Wrangler*® was recognized as one of the best-improving brands, increasing our 2021 score by 10 percent.





CASE STUDY



INNOVATION IN COTTON SPINNING TO REDUCE OUR CARBON FOOTPRINT



Product-related emissions accounted for approximately 73 percent of our carbon footprint in 2019, excluding the consumer use phase. Spinning accounted for about 29 percent of the total product-related emissions. To tackle this, we are exploring the feasibility of open-end (OE) spinning for all denim and related products.

OE yarn is a type of yarn that can be produced without using a spindle. The main difference between OE yarns and ring-spun (RS) yarns is the process used. A shortened process and improved efficiency greatly reduce the energy consumed during OE spinning, with energy reductions as high as 57 percent. Analysis reveals that replacing 50 percent of Kontoor's current ring spun volume with an OE process could potentially save six percent of Scope 3 emissions.

Besides energy savings, OE spinning generates less fiber waste when compared to ring spinning. It can also use shorter or lower-grade cotton fiber and it is easier to process recycled fibers in the OE spinning process.

We started our focus on OE spinning after completing our carbon footprint calculation in 2022. In January 2023, we published a white paper on OE spinning calling on denim brands to look at OE yarns to reduce the overall carbon footprint of the industry.¹

The 2019 corporate footprint values published in this report may differ from those published in the original Textile World article titled "Sustainable Denim Production Using Open-End Versus Ring Spun Yarn." This discrepancy is due to an update in our third-party consultant's footprint accounting methodology. The numbers in this report (and the updated article) are the most accurate.

¹ <https://www.textileworld.com/textile-world/features/2023/01/sustainable-denim-production-using-open-end-versus-ring-spun-yarn>



ENERGY, EMISSIONS AND CLIMATE ACTION CONTINUED

MEASURING PROGRESS

GOAL	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Climate Establish science-based GHG emissions targets (SBT) by 2022	Committed to establishing science-based targets in September 2020. Published a limited GHG footprint for 2019, the year Kontoor became a public company.	Submitted a commitment letter to SBTi and began building our first complete corporate GHG footprint, selecting 2019 as a baseline year due to the volatility of the supply chain during the COVID-19 Pandemic.	Finalized our 2019 footprint and climate target. The GHG emissions target submitted to SBTi in December 2022. SBTi approved our targets in 2023.
NEW Climate Reduce absolute Scope 1, 2 and 3 GHG emissions 46.2% by 2030 from 2019 base year	Published limited GHG footprint in our Sustainability Report 2020 (see Consolidated Performance Databook 2021–2022).	See Consolidated Performance Databook 2021–2022 for our limited 2021 GHG footprint.	SBTi validated our climate goals in September 2023. See Consolidated Performance Databook 2021–2022 for our 2022 GHG footprint and see below for additional commentary.
Energy Power 100% of owned and operated facilities with renewable energy by 2025	Shift to renewables at key Mexico facilities impacted by changes in local regulations. Actively explored alternative renewable power options for global operations.	Continued to explore additional opportunities to shift our key operations to renewables.	Signed agreement to source renewable energy to source 80% of total energy requirement for Mexico manufacturing. Worked to finalize projects for our Nicaragua operations.

We engaged an [external consultant](#) to help us conduct our 2019 and 2022 corporate GHG footprints (see [pages 72–73](#) for an in depth look at our 2019 corporate footprint and the impacts we have by segment of our value chain).

Without consumer use of sold products, our 2022 footprint is as follows: Scope 1 (1% - 17 ktCO₂eq), Scope 2 (3% - 42 ktCO₂eq), and Scope 3 (96% - 1,431 ktCO₂eq).

While our total footprint did increase approximately 11 percent between 2019 and 2022, we achieved a decrease in both our Scope 1 and 2 emissions and the following Scope 3 categories: Emissions from Waste Generated in Operations (Scope 3, Category 5) and Employee Travel and Commuting (Scope 3, Categories 6 and 7). The differences between Kontoor's 2019 baseline footprint and 2022 footprint, particularly

within Scope 1, are largely due to methodological refinements in our footprint accounting process. At this time, the methodological changes result in a 1.5 percent change to our total 2019 baseline footprint. We are continuously refining our footprinting process and will continue to report any significant changes in accordance with SBTi's criteria and recommendations.

Much of our increase in emissions was due to Purchased Goods and Services (Scope 3, Category 1) which we attribute to an increase in materials purchased, among other items. Due to the increase in materials purchased, we also saw an increase in End-of-Life treatment of sold products (Scope 3, Category 12).



WATER USE

Water is a vital natural resource and crucial for the manufacturing of denim. We are innovating processes and exploring technologies to reduce the water impacts of our manufacturing and supply chain. This includes considerations related to water consumption, water conservation, water pollution and wastewater treatment, as well as the long-term water scarcity, security and quality challenges posed by climate change.

WHAT'S THE IMPACT?

Fashion is one of the most water-intensive industries, using over 79 trillion liters of water every year.¹ The Global Fashion Agenda (GFA) and the Boston Consulting Group (BCG) anticipate the water used by the global fashion industry will increase by 50 percent by 2030.² Excessive water consumption results in biodiversity loss, creating an unbalanced eco-system that threatens the broader survival of plant and animal species.

Industrial water consumption also uses energy and generates carbon emissions.

Water is crucial in Kontoor operations and the products we sell, from growing cotton to dyeing yarns and finishing denim garments. Looking across the manufacturing lifecycle of our products, two-thirds of the water needed to make denim is used in growing cotton.

The processes used to make jeans, such as dyeing and washing fabric, use significant amounts of water. The garment laundering process is water intensive as it includes washing completed garments to achieve desired aesthetic and softness. With apparel dyeing being one of the sector's most polluting processes, this has become a key area of focus for many companies. Consumer use also accounts for a significant amount of water used in the product lifecycle through washing garments at home.

Our facilities are located in varying climates and environments and they each interact differently with the local water system. Many of our mills are in water-stressed regions.



We address water use within the context of the local watersheds. For example, Torreon is an arid region and our facilities do not withdraw any fresh water from the community, using a mixture of recycled water and municipal grey water instead. At other facilities where rainfall is more plentiful, we do withdraw, consume, clean and discharge water.

OUR APPROACH

We are committed to responsible and equitable management of water resources across our global operations and supply chain.

In 2022, our Responsible Sourcing team mapped Tier 1 and Tier 2 suppliers against water risks using the World Resources Institute's (WRI) Aqueduct tool, which uses cutting-edge data to identify and evaluate water risks around the world.

Through this mapping, we assessed location-based factors such as water stress, water depletion, flood risk and drought risk and used the results to understand water risk levels of geographic regions. Many of our suppliers are in extremely high-risk locations such as Vietnam, China, Bangladesh and India.

¹ https://www.researchgate.net/publication/340635670_The_environmental_price_of_fast_fashion

² <https://media-publications.bcg.com/france/Pulse-of-the-Fashion-Industry2019.pdf>



WATER USE CONTINUED

The assessment enabled us to evaluate water use and identify high-risk suppliers and priority watersheds across our operations.

We are making progress at each level of the product cycle. To address the most significant contributor to our water footprint, we work to source Preferred Cotton ([see page 47](#)) and aim to drive the production of regenerative agriculture globally. We source Preferred Cotton from regions that have implemented programs to reduce water for irrigation, such as U.S. cotton or African cotton which is largely dependent upon rainfall instead of irrigation. We also work to advance sustainable fibers that complement cotton in our fabrics, such as hemp, linen and kapok ([see page 61](#)).

Our internal manufacturing has saved over 9 billion liters since 2008. Our mission is to use water responsibly and return it to communities clean whether our apparel is made internally or by a supply chain partner.

We use tools like the Jeanologia EIM platform to track and reduce water use in garment finishing

Kontoor's Indigood® Program looks at holistic water reduction, recycling and conservation in the dyeing and finishing of fabric. Our suppliers are actively engaged to understand their water footprint and look at areas to reduce water usage. In garment finishing, we have introduced laser, Ozone and other technologies to reduce water consumption.

Kontoor helped to bring foam dyeing technology to the world. It delivers over 95 percent water reduction compared to conventional methods, over 70 percent energy and 60 percent chemicals reduction, and generates zero wastewater effluent.

Our chemical management approach requires our suppliers to audit their effluent for Zero Discharge of Hazardous Chemicals and our own facility at Torreon, Mexico, has become a verified zero freshwater facility.

REDUCING WATER CONSUMPTION

Our target is to reduce water consumption to save ten billion liters of water by 2025 (from a 2008 baseline) through innovative processes and by returning clean water back into the environment.

The fact that many of our mills are in water-stressed areas is a key driver of water commitments and programs, such as our Indigood® Program. We use publicly available tools and data to help understand where water programs and targets are needed and we work with expert nonprofits to understand the complexities in particular regions. For example, we were looking to scale water recycling at our Acanceh facility in Mexico but local water experts advised that it would be better if we withdrew water from the watershed, cleaned it and then returned it clean back to the watershed after use, rather than continuously recycle it.

For our owned manufacturing, we reduce our water footprint through continuous monitoring and reduction of freshwater use and investing in water efficiency and water reuse. Our internal manufacturing water reduction initiatives include advances in wash chemistry or equipment selection. Our internal wastewater treatment technologies can then allow water to be reused in the wash process, decreasing the burden on local water resources.

In 2021, we expanded the Indigood® Program so that more denim mills in our supply chain that use a wide range of new technologies may achieve our top Indigood® verification, including those implementing increased water recycling, improved dyeing processes and innovations in fabric finishing ([see page 69](#)).





WATER USE CONTINUED

WASTEWATER MANAGEMENT

The Kontoor Brands Global Wastewater directive requires that all wastewater across all suppliers and locations, including domestic and process water, is treated before discharging into the natural environment. In 2022, we moved from BSR wastewater testing standard to Zero Discharge of Hazardous Chemicals (ZDHC) wastewater testing guidelines to align with the industry trend in elevating the wastewater discharge standard beyond regulatory conformity and align with the new Kontoor Brands Chemical Management Program requirements.

We apply the stricter standards requiring that all facilities which use wet processing must meet the 19 parameters of the ZDHC wastewater testing guidelines.¹

CASE STUDY



SAVING WATER IN THE DESERT AT OUR TORREON FACILITY

Our Torreon site is located in a water-stressed area of Northern Mexico. Water is a critical resource for local communities and businesses, which is why we set an objective to eliminate the use of fresh water in our processes. In 2021 and 2022, we produced an average of 14 million products annually at the facility, 90 percent of which go through the finishing

laundry. In recent years, we have explored the use of bacterial technology to filter used water with the aim of recycling 100 percent of our wastewater and eliminating our reliance on local freshwater resources. The project has been delivered in three phases, each involving significant investments and innovation.

The Torreon complex finally achieved the recycling of 100 percent of its wash process water in November 2022, saving 300 million liters of freshwater per year. The project is an example of best practice for the textile industry. In November 2022, Bureau Veritas audited the facility and confirmed that it is a zero freshwater facility.

PHASE 1:

We reached 50 percent recycling of wastewater from the plant facilities in 2010.

PHASE 2:

We added a reverse osmosis system to the original system in 2017, increasing the wastewater recycled to 75-80 percent.

PHASE 3:

In November 2021, we added recycled water from the local government wastewater plant to increase our recycling of process water to 100 percent, or zero freshwater, used in the washing process.

¹ <https://downloads.roadmaptozero.com/output/ZDHC-Wastewater-Guidelines>



WATER USE CONTINUED

Previously, there was a 50 cubic meter wastewater discharge threshold, below which suppliers were not required to take part. Having removed this threshold, all suppliers and Kontoor facilities are required to complete ZDHC wastewater test at minimum once a year through ZDHC-accredited laboratories. Zero Liquid Discharge (ZLD) suppliers are also in scope for ZDHC wastewater testing as we require them to test the treated wastewater before being reused.

We review wastewater testing results to ensure suppliers' conformity to environmental laws, regulations and industry standard requirements. For facilities located in countries where ZDHC wastewater testing is not available, we accept our previous standard of Business for Social Responsibility (BSR) wastewater testing standards.¹

Failures must be remedied and re-tested within two months. Non-compliance adversely impacts a supplier's rating in our CSR Vendor Scorecard. If the necessary improvements are not made, the supplier relationship may be terminated.

We encourage our Tier 2 fabric mills to join our Indigood® Program (see page 69) and measure annual water management performance (water usage and wastewater discharge) of our Tier 1 and Tier 2 suppliers using the Higg FEM assessment tool (see page 74).

EFFORTS AND INITIATIVES

REDUCING IMPACTS WITH DIGITAL PRINTING

The textile dyeing industry is one of the largest water consumers in the world, using over 5 trillion liters, and the second-largest polluter of water. In 2022, *Lee*® Jeans created an exclusive collection of jeans and jackets with digital printing for sale in the Asia Pacific region. Cotton Digital Printing produces no wastewater and reduces energy and

chemical consumption, enabling a step-change in the sustainability of textile dyeing. This is compared to traditional cotton dyeing techniques which use massive quantities of water and cause heavily polluted wastewater. Unlike other printing technologies, digital printing uses water-based technology that is safe and clean, requiring no solvents and Volatile Organic Compounds (VOCs). With digital printing, you eliminate all that post washing, tearing and abrasion, chemicals, and manual labor. Digital printing also allows us to print on demand and offer quick changes and fast runs, which dramatically reduces carbon emissions and the overall impact on climate change.

The project was honored in the Fast Company's 2022 Innovation by Design Awards as one of the best-design fashion projects of 2022. We will continue to work on this initiative to make it more efficient and scalable across the industry. In the meantime, the *Lee* brand is looking for opportunities to further incorporate the technology into collections globally.

INDIGOOD®: CONSERVING FRESHWATER INDUSTRY-WIDE

We launched our Indigood® Program in 2019 to drive reductions in water use during the fabric construction phase of the apparel supply chain. With many of our mills located in water-stressed areas, the program helps them continue their operations with the same standard of fabric performance but using a fraction of the water.

In 2021, we launched the Indigood® Facility Verification Program aimed at expanding the adoption of water saving technologies in textile production globally. The verification program encourages textile mills to adopt different water saving technologies. Textile manufacturing facilities using 90 percent less freshwater (against a 2018-19 baseline) than conventional fabric production may qualify for full verification and be designated Indigood verified, either at the mill or process level.

Any combination of water saving and recycling technologies can be used to achieve the 90 percent reduction but there must be no loss in fabric performance, no price premium applied and the approach must be implemented at scale.

1 https://www.bsr.org/reports/awqwg/BSR_AWQWG_Guidelines-Testing-Standards.pdf

2 <https://www.unenvironment.org/news-and-stories/story/putting-brakes-fast-fashion>

WATER USE CONTINUED

Mills that achieve 90 percent water savings can advertise themselves as Indigood® Mills and are included in Kontoor's Global Design Standards under Low Impact Fabric. Fabric from these mills qualifies for the We Care *Wrangler*® program or *Lee*® Jean's For A World That Works™ initiative. If a mill achieves greater than 30 percent water savings, it can join the Indigood® Program and we will support them to further increase their water savings with the assistance of expert consultancy services. Mills that have not yet reached 30 percent have 36 months to do so to remain a strategic mill in Kontoor's supply chain. From 2026, 30 percent will be the minimum baseline to be a strategic mill.

As of the end of 2022, three mills were Indigood® Gold, five Silver and five Bronze designated with 17 others committed to the journey.

+ See our website, kontoorbrands.com/sustainability/indigood



COLOURIZD – REDUCING WATER USE AND EMISSIONS FOR SHIRTS

The Kontoor Innovation team has been working with COLOURizd™ since 2018 to develop fabric for shirts using yarns which are dyed using less water, energy and chemicals over conventional dyeing, and without generating wastewater. Bringing these technologies into shirting fabrics helps to continue Kontoor's journey towards reducing freshwater consumption and emissions in our products. The collection of shirts launched by *Wrangler*® in 2021 deliver 98 percent water reduction and over 70 percent emission reduction, based on COLOURizd internal studies.

ENGAGING WITH SUPPLIERS

We conducted water management training for 36 China suppliers in August 2021, followed by Higg FEM and water management training for 49 China suppliers in January 2022.

We also organized a recap and overview of 96 China suppliers' 2021 Higg FEM overall performance following the completion of the Higg assessment in 2022. Our in-house Higg-certified assessor shared best

practices and recommended actions to address weak performance areas including water management.

Indigo-dyed yarns offer many opportunities to enhance basic denim through garment finishing such as wet processing to remove processing aids (like sizing materials which make the fabric easier to cut) or to add desired aesthetic or useful characteristics (bleaching, enzymes, chemical softening). As such, this process can use a lot of water, energy and chemicals. We use Jeanologia's EIM software to efficiently monitor the environmental impact of our garment finishing processes, both in our owned manufacturing and when developing products with suppliers. The EIM software is a self-accreditation tool whereby the wash formula is input into the tool and scored based on water consumption, energy consumption, chemical impact and worker health.

+ See page 54.



WATER USE CONTINUED

MEASURING PROGRESS

GOAL	2020 PERFORMANCE	2021 PERFORMANCE	2022 PERFORMANCE
Save 10 billion liters of water by 2025 since 2008.	8+ billion liters of water saved since 2008.	8.9 billion liters saved since 2008. Launched expanded Indigood® Program.	9.3 billion liters saved since 2008 through recycling and efficiencies at our internal manufacturing facilities and an additional 725 million liters saved in 2022 through the Indigood® Program means we reached our 2025 goal early.

We have made good progress towards our 2025 commitment and managed to reach the goal early. The main drivers of progress in 2021 and 2022 were the Torreon zero freshwater validation, Indigood® Program and use of the EIM software. Investment in innovative technologies has been key to progress.

WASTEWATER PERFORMANCE

Of the 118 BSR wastewater test reports received in 2021, there were 16 failures resulting in a failure rate of 14 percent. The high failure rate was attributed to the re-starting of relevant effluent treatment facilities after factory closures due to the pandemic in 2020. It took some time to stabilize the water quality after resuming the effluent treatment. After switching to the ZDHC wastewater testing standard in 2022, we received 88 test report submissions for in-scope suppliers, with seven reported testing failures.

This was a significant improvement compared to the 2021 testing result.

The improvement has been supported by in-house and third-party expert training and guidance on how to meet the ZDHC wastewater testing standards and improve wastewater treatment systems.

Many vendors have started improving their wastewater treatment systems, including Snowtex Outerwear Ltd, which converted to a Zero Liquid Discharge (ZLD) plant, Tarasima Apparels Limited which converted to full biological treatment and improved wastewater recycling from 10 percent to 30 percent, Cotton Club (BD) Ltd. which improved wastewater recycling from 20 percent to 40 percent.

LOOKING AHEAD

We will continue to explore and invest in innovative ways to reduce freshwater use across our supply chain. We met our 2025 goal early as such plan to set a new target in the near future.

We will continue exploring technologies like Ozone that replaces chemicals and water to wash denim. There is no one-size-fits-all solution and we are collaborating with partners to bring this technology to scale to support water reduction and improve EIM scores.

Another key focus is the continuous expansion of dry processing technologies like laser to reduce water consumption. Water recycling is an important factor that is being explored to reduce dependence of manufacturing facilities on freshwater.



BIODIVERSITY AND LAND USE CHANGE

World Wildlife Fund's Living Planet Report 2022 is the most comprehensive study to date of trends in global biodiversity and the health of our planet. It reveals global wildlife populations have plummeted by 69 percent on average since 1970.¹ Biodiversity is the variety of all life forms on earth. We rely on it for food and energy, and we depend on its role in sustaining air quality, providing fresh water and regulating climate. Biodiversity loss and climate change are interdependent; for example, protecting forests could help reduce GHG emissions. In turn, the rise of global temperatures increases the risk of species extinction.

WHAT'S THE IMPACT?

Biodiversity is especially relevant in the fashion industry in upstream agricultural processes, such as cotton growing and other key material sourcing activities. The apparel industry is a significant

contributor to biodiversity loss and apparel supply chains are directly linked to soil degradation, conversion of natural ecosystems, and waterway pollution.² As an apparel company with a strong denim business, we are critically dependent on the ecosystems that support production of raw materials, especially cotton.

OUR APPROACH

We are focused on applying frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD), currently under consultation but anticipated to be widely adopted as a regulatory requirement. TNFD focuses on land, ocean, freshwater and atmosphere. We cover land through our commitment to climate-smart farming practices like regenerative agriculture (see page 51). For oceans and freshwater, regenerative farming reduces fertilizer use and eutrophication and we carefully manage effluent

¹ <https://livingplanet.panda.org/en-GB>

² <https://www.mckinsey.com/industries/retail/our-insights/biodiversity-the-next-frontier-in-sustainable-fashion>





BIODIVERSITY AND LAND USE CHANGE CONTINUED

discharges from our facilities ([see page 81](#)). Eutrophication is a key challenge in commodity farming, including cotton, due to run-off of excessive fertilizers.

Our cotton strategy focuses on advancing regenerative agriculture practices globally while sourcing more Preferred Cotton ([see page 47](#)). Better farming practices adopted in the U.S. are helping to reduce eutrophication. Regenerative production means managing agroecosystems in ways that create positive outcomes for nature, healthy soils, improved air and water quality, higher levels of carbon sequestration and protection and enhancement of biodiversity

We manage our impacts on the atmosphere through climate action ([see page 70](#)). We are the only apparel company member of Field to Market, a global non-profit that offers science-driven and outcomes-based programs and tools that allow every sector of the agricultural value chain to work together to deliver on their most ambitious sustainability goals. We supported their successful application for USDA Funding for Climate-Smart Agriculture Innovative Finance Initiatives ([see page 50](#)).

Using recycled cotton is another approach that helps to reduce our impact on the land, freshwater and atmosphere. Circularity initiatives play an important part in protecting biodiversity by avoiding the use of natural resources and reducing waste and chemicals ([see page 60](#)).

Our Forest-Derived Materials policy covers the sustainable and responsible use of forest products both with packaging and labeling and with man-made cellulosic fibers, to avoid the issues associated with deforestation and forest degradation including the loss of ancient and endangered forests, loss of biodiversity and habitat, use of forced labor in making forestry products and

infringement of indigenous peoples and local community rights ([see page 50](#)). The policy prioritizes the use of products derived from raw materials with minimal impact on forests and forest habitats, including an emphasis on certified-sustainable sources, such as Forest Stewardship Council (FSC) certified materials. Also exploring fibers like Kapok ([see page 61](#)) helps in improving biodiversity.

Our brands have been working on regenerative agriculture and biodiversity for a long time and we recently shifted the focus towards scaling our approach. Having worked at local levels, directly with farmers, we are now pursuing initiatives to advance regenerative cotton at a global level, in places like the U.S., India and Brazil, working with organizations operating across the textile value chain.





WASTE

Waste is a lost resource and poor waste management can harm the environment, resulting in biodiversity loss and damage to habitats. To protect the planet and communities, we must find ways to limit the amount of waste we create through reduction, recycling and reuse.

WHAT'S THE IMPACT?

Across our global operations, our biggest waste-related impacts occur at our Internal Manufacturing facilities and Distribution Centers. We assess waste in our owned and operated facilities, distribution, and offices, as well as waste from packaging and products. Our findings help inform our materials management and circularity approaches.

Our main waste streams include corrugate cardboard, fabric waste and laundry sludge at our manufacturing facilities along with cardboard boxes at our distribution centers. We have a very small amount of hazardous waste which we dispose of properly, for example batteries and light bulbs.

OUR APPROACH

We are continually exploring new collaborations and innovations to address unnecessary waste. This includes looking closely at how we manage our waste including its treatment, prevention, reduction and elimination. We work with a third-party to verify the waste streams and quantities coming out of our facilities and to find ways to manage our waste streams.

We do not have a consolidated, global approach to waste management, each facility instead works to ensure local programs are in line with legislative obligations. Embedding circular principles such as recycling and upcycling is key to reduce waste after product use. We recycle, upcycle or downcycle most of our waste to create value. This allows us to contribute to the circular economy while saving money and protecting the environment.

MANUFACTURING WASTE

We sell our fabric waste and recycle mixed paper and mixed plastic at the municipal level. Laundry sludge is currently disposed of at landfill sites and we are exploring ways it can be used as fertilizer or as a fuel to pre-heat water used in our facilities.

We are also working to reduce our usage of pumice stone, used to transform raw denim into a more vintage look commonly known as stone-washed jeans. Pumice stone can be 'harvested' in an exploitative way which can destabilize ecosystems. It also takes up space to store, requires a lot of water in the wet processing and can damage machinery. Pumice stone can be used multiple times but it eventually needs to be discarded along with the laundry sludge. There is an enzyme that we can use instead and we are moving to fully eliminate the use of pumice stone in our internal laundries, as well as with our suppliers.

We use marker systems to ensure fabric scraps are limited, we make sure the patterns are situated in a way to limit scraps when cutting out the different panels. We sell these fabric scraps to the market to be downcycled into car seat padding or, increasingly, incorporated as post-industrial waste back into denim fabric that we then purchase and make products with.

PACKAGING AND DISTRIBUTION WASTE

In our Distribution Centers, corrugated cardboard is our number one waste stream and we aim to reuse the boxes when possible. We use pallets inside our buildings which can be reused and we ship to our retail customers on cardboard slip sheets which do not need to be sent back and can be recycled. We have achieved zero waste at three Distribution Centers in North America, meaning at least 95 percent of the combined waste from these facilities is diverted from landfills through recycling, composting and reuse.



WASTE CONTINUED

ENGAGING WITH SUPPLIERS

In February 2022, we organized virtual training on Higg FEM waste management (Level 2 and 3) in collaboration with a consulting firm Accordia. 176 factory representatives from Bangladesh,

China, Egypt, Hong Kong, India, Italy, Kenya, Pakistan, Tunisia and Vietnam attended the training, which helped suppliers understand the requirements and enhance their knowledge on the FEM waste topics (see chart below).

The waste diversion rates at our owned/operated Distribution Centers are third-party verified by Cascadia Consulting ([see GRI and SASB Index 2021–2022](#)).

MEASURING PROGRESS

KONTOOR BRANDS DIVERSION RATE ANNUAL SUMMARY

Owned or operated DCs	2016	2017	2018	2019	2020	2021	2022
El Paso	99.0%	99.2%	98.7%	98.3%	93.5%	93.3%	94.0%
Hackleburg	97.0%	99.1%	98.7%	98.9%	90.4%	93.2%	96.3%
Luray	99.0%	98.5%	99.2%	98.6%	97.7%	97.5%	95.7%
Mexico City	–	–	–	–	–	98.3%	98.1%
Mocksville	99.0%	97.8%	98.0%	98.8%	98.8%	95.6%	87.0%
Seminole	99.6%	100.0%	99.7%	99.7%	99.4%	82.8%	94.4%

Due to COVID-related shutdowns and disruptions in 2021 and 2022, it has been difficult to maintain a 95+ percent diversion rate at our Distribution Centers, all of which previously had a 95+ percent diversion rate.

Many local recyclers that we had previously used shut down or stopped accepting items that they had previously accepted. Many retailers also require products to be sent to them with specific packaging, for example, requirements around specific and additional packaging stickers leads to an increased volume of backing paper that cannot be recycled.

Some retailers require specific polybags or hangers on products while others do not allow hangers on products. In the past the hangers were accepted by our recycling vendors, but a change in policy did not allow the hangers to be recycled due to the metal clips. In some cases, we employ local resources to sort and repackage hangers but, in others, we must balance the cost and emissions related to shipping the hangers to a center that will accept them. In all cases, lightbulbs and batteries are recycled by Air Cycle Corp which processes them.

HIGG FEM WASTE TOPICS BY LEVEL

LEVEL 1:

- 1 Non-hazardous waste tracking
- 2 Hazardous waste tracking
- 3 Segregating waste streams
- 4 Hazardous waste storage
- 5 Non-hazardous waste storage
- 6 Open burning and dumping
- 7 Employee training

LEVEL 2:

- 8 Waste volume baselines
- 9 Waste disposal method baselines
- 10 Waste quantity reduction targets
- 11 Waste disposal method improvement targets
- 12 Improvement plan
- 13 Demonstrated reductions in waste quantity
- 14 Improved disposal methods

LEVEL 3:

- 15 Final disposal/treatment validation
- 16 Waste diversion/zero waste to landfill



GOVERNANCE

At Kontoor Brands, sustainability means the dynamic process of continual improvement for people, for our product and for the planet, enabling shared prosperity for all. We believe strong governance is essential to helping us run our business responsibly and to ensuring we hold ourselves accountable to all our stakeholders.



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SUSTAINABILITY GOVERNANCE

GOVERNANCE APPROACH

Governance is integral to achieving our aspirations of sustainability leadership and prosperity. Sustainability is a company-wide commitment informed by and integrated into our strategic priorities.

The Board of Directors, which represents the interests of our shareholders, has the responsibility to oversee and monitor the effectiveness of the management of the business and affairs of the Corporation, except with respect to those matters reserved to the shareholders. It has ultimate oversight over all sustainability initiatives, approves long-term sustainability strategy and receives updates quarterly. It is tasked with promoting responsible corporate citizenship and monitoring adherence to Kontoor's standards.

The Board acts as an advisor and counselor to senior management and oversees and monitors its

performance and ensures that management is capably executing its responsibilities. The function of the Board in monitoring the performance of senior management of the Corporation is supported by the presence of non-management Directors who have business knowledge. These responsibilities intersect with our sustainability activities and may involve the Board addressing the concerns of stakeholders, including those related to climate change. Reports on relevant progress against our goals are presented at Board meetings, which take place quarterly.

The Nominating and Governance Committee of the Board oversees the Corporation's significant strategies and programs, policies and practices relating to Environmental, Social and Governance (ESG) issues and impacts. The Committee analyzes Kontoor's programs regarding corporate responsibility, sustainability, purpose, social impact, diversity, equity and inclusion (DEI) and other relevant

topics. It monitors Kontoor's progress towards objectives and reviews and evaluates sustainability impact trends and issues in connection with Kontoor's business activities, making recommendations to the full Board. The Nominating and Governance Committee of the Board receives quarterly updates on sustainability strategy and the broader ESG program.

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

The ESG Council is a cross-functional council with a mandate to support and champion the Company's commitment to all Environmental, Social and Governance (ESG) matters, including environmental and climate change-related matters. The ESG Council approves all materials recommended to the Executive Leadership team and the Board of Directors. The ESG Council assists the ERM Council in its oversight of significant ESG risks, strategies, policies, programs and practices to further our business purpose and strategy, culture, values and reputation in the best interests of our stakeholders.

HOW WE MANAGE SUSTAINABILITY

At the operational level, implementation of our sustainability strategy is led by the Global Sustainability team. The team is part of the Sustainability, Innovation, Product Development and Procurement team. The Vice President of this team reports to an Executive Leadership team member and meets weekly with additional key Executive Leadership team members. While the Sustainability team is ultimately accountable, responsibility for specific sustainability topics falls to other departments. For example, the Responsible Sourcing team performs audits of suppliers and works with the Sustainability team on the strategic direction for developing a responsible supply chain.

EMBEDDING ACCOUNTABILITY

Starting in 2021, we began incorporating ESG-related performance metrics into our Annual Incentive Plan (AIP), which determines eligible employees' bonuses, including members of the Executive Leadership team. (For more information, please refer to our most recent [Proxy Statement](#), pages 43–44).



BUSINESS ETHICS AND DIGITAL TRANSFORMATION

BUSINESS ETHICS APPROACH

One of our core values is: We Do the Right Thing. To achieve this, we seek to employ sustainable business practices and increase transparency to build trust and drive improvement. We strive to embed integrity in every aspect of our business. We take responsibility for maintaining the reputation of our brands and fostering an innovative and collaborative culture committed to accountability, honesty and transparency.

Our employees, suppliers and everyone who works on behalf of Kontoor Brands are required to be knowledgeable about our expectations for ethical business conduct. We work to ensure they have the necessary resources to make the right choices and empower them to report concerns without fear of retaliation.

CODE OF BUSINESS CONDUCT

The Kontoor Brands [Code of Business Conduct](#) is our pledge to our stakeholders, customers and each other to maintain ethical standards. Published for the first time in 2019, it includes standards, expectations and business conduct policies for everyone at Kontoor Brands, including our officers and directors. The Code helps ensure that we demonstrate leadership and strong values when interacting with each other, our customers, our business partners and communities. The Legal team is responsible for enforcing the Code of Business Conduct and all employees are required to read, acknowledge and become familiar with its contents. There is mandatory annual Code of Business Conduct training on ethics and compliance policies for all employees globally. We updated this training in March of 2023.

ANTI-CORRUPTION

We are dedicated to conducting business in a fair, ethical and legal manner. This includes avoiding bribery, kickbacks and corruption of any form. Our Code of Business Conduct and Anti-Corruption Policy provide guidance on doing business with integrity and preventing bribery, kickbacks, and corruption. Kontoor employees are required to participate in training related to these policies. Our suppliers are also required to certify annually that they are in compliance with Kontoor's anti-corruption policies.

ETHICS HELPLINE AND RAISING CONCERNS

To encourage the reporting of concerns related to business conduct and other topics such as human rights, we foster dialogue and communication through multiple channels, including our Open Door Policy and our Ethics Helpline. Our Ethics Helpline is a way for anyone to seek guidance, ask a question or raise a concern. It is managed by an independent third-party service provider and is available in multiple languages in every country where we have employees. It is available 24/7.

NON-RETALIATION POLICY

Ensuring that our employees are comfortable speaking up and raising concerns is essential to sustaining our culture of integrity. At Kontoor Brands, we have a strict policy against retaliation toward anyone for making a good-faith report of a potential violation of our Code of Business Conduct, a company policy or the law or for participating in an investigation.

CYBERSECURITY AND DATA PRIVACY

Digital transformation offers huge opportunities and increases the importance of digital resilience, data privacy and cybersecurity, which are priorities for the Board of Directors. The Chief Information Security Officer reports to the Chief Information Officer and is responsible for driving the integration of data management and security controls across the enterprise in alignment with our risk appetite. The Chief Information Security Officer meets regularly with the Executive Leadership team and the Audit Committee to share information on cyber risk and mitigation efforts and to garner support for initiatives. Key metrics, trends and cyber briefings are shared with directors to enhance



BUSINESS ETHICS AND DIGITAL TRANSFORMATION CONTINUED

cybersecurity knowledge and current performance.

At Kontoor Brands, cybersecurity and data privacy are delivered through the Kontoor Global Information Security program. This is based upon the National Institute for Standards and Technology Cybersecurity Framework (NIST-CSF) to mitigate information security risks that could result in the unauthorized access to and disruption of systems and/or data. Key elements include, but are not limited to:

- Implementation of technical security controls to protect the storage, processing and transmission of data.
- Active participation in shared threat intelligence programs across the industry.
- IT Governance Council for Policy & Standard Management.
- Company-wide cyber, regulatory and privacy training and awareness programs.

- Controlled tests such as phishing campaigns and pen testing.
- Cyber tabletop breach exercises involving cross functional executive team members.
- Voluntary and regulatory privacy compliance programs to validate the efficacy of our controls.
- Periodic assessment and/or audit by qualified third-party organizations.

Since the formation of Kontoor Brands in 2019, there have been no critical breaches of information security controls. In addition, we maintain cybersecurity and information security insurance as additional tools for risk mitigation.





STAKEHOLDER ENGAGEMENT

We aim to develop strong relationships and collaborate with diverse stakeholders to address sustainability challenges and drive impact. Listening to our stakeholders enables us to understand emerging issues, be accountable for our impacts and drive positive changes.

We define our stakeholders as the organizations and groups that impact, or are impacted by, our business and operations. Our stakeholders have a vested interest in how we operate because they are our employees, investors, customers, suppliers, communities, NGOs and others advocating for people and the planet.

We work to establish meaningful relationships with diverse stakeholders to identify potential issues and approaches for making a positive impact with our operations. Actively engaging with different groups ensures we understand their perspectives and work effectively together to make progress.

OUR APPROACH

We engage with key stakeholders according to their needs, including annually or on a more routine basis through appropriate channels. Key methods of engagement include one-on-one meetings, expert forums, roundtable discussions, industry coalitions, surveys and inquiries and formal partnerships.

In addition to ongoing engagement, we partner and collaborate with a wide range of stakeholder groups to increase our reach and positive impact including consumers, customers, investors, employees, NGOs and supply chain partners.

EFFORTS AND INITIATIVES

We continued to cultivate our relationships with stakeholders in 2021 and 2022.

Kontoor participated in hundreds of engagements with NGOs and other stakeholders covering a wide spectrum of topics including



cotton and regenerative agriculture, circularity, traceability, workers' rights and well-being and sustainable apparel.

We completed our second materiality assessment in 2022 ([see page 18](#)) and directly engaged with thousands of factory workers through our worker well-being programs.

In addition to engaging with experts on issues such as water management and sustainable production, we developed long-term relationships to address priority issues with groups such as the American Apparel and Footwear Association (AAFA) and Business for Social Responsibility (BSR).

+ See page 23.



STAKEHOLDER ENGAGEMENT CONTINUED

ENGAGEMENT DETAILS 2021 AND 2022

The table below summarizes our engagement with stakeholders over 2021 and 2022.

	HOW WE ENGAGE	EXPECTATIONS AND ISSUES RAISED	OUR RESPONSE TO KEY AREAS OF CONCERN
Employees	<ul style="list-style-type: none"> Annual Employee Survey Team Meetings Global Town Halls Company Intranet E-mails Employee Resource Groups (ERGs) Ethics & Compliance Reportline Sustainability Trainings and Presentations One-on-One Meetings 	<ul style="list-style-type: none"> Engagement on sustainability goals, programs and progress Concerns about greenwashing, they want to do the right thing and want support to make sure they are doing the right thing Concerns about health and safety in internal manufacturing and distribution centers Concerns about Diversity, Equity and Inclusion (DEI) and Worker Well-being 	<ul style="list-style-type: none"> Sustainability training for new hires Ongoing educational opportunities around sustainability topics, including products and transparency with Legal and Sustainability Global town halls to discuss strategy and performance Definition of DEI strategy ERGs focus on key topics Specific programs/events focused on well-being
Investors	<ul style="list-style-type: none"> Annual Investor Day Quarterly One-on-One Meetings Formal Communications Press Releases Quarterly Earning Calls 	<ul style="list-style-type: none"> Concerns and expectations around ESG and materiality topics Expect financial performance and dividends Expect focus on ESG, innovation and ethics 	<ul style="list-style-type: none"> Submitted climate targets to the Science Based Targets initiative (SBTi) Continued focus on transparency, leveraging on key standards and frameworks, GRI, SASB and TCFD
Suppliers	<ul style="list-style-type: none"> Training Opportunities Workshops One-on-One Meetings Worker Well-Being Initiatives Supplier Audits 	<ul style="list-style-type: none"> Materials sourcing/transparency Supply chain management Collaboration on sustainability 	<ul style="list-style-type: none"> Started exploring responsible supply chain finance Audits, responsible sourcing score card Trainings
Non-profits, associations, and other multi-stakeholder initiatives	<ul style="list-style-type: none"> Conferences and Live Events Meetings and Working Groups Industry Roundtables Partner Collaborations 	<ul style="list-style-type: none"> Environmental and social issues such as chemistry, water, air and corporate citizenship Apparel-related topics like circularity and transparency 	<ul style="list-style-type: none"> Submitted climate targets to the Science Based Targets initiative (SBTi) Continued focus on transparency and circularity (C2C, AAFA, Textile Exchange, Accelerating Circularity and SAC/Higg)
Regulators	<ul style="list-style-type: none"> Reports and Publications Forums and Events Trade Associations 	<ul style="list-style-type: none"> Sustainability priorities Products, consumer marketing compliance Regulatory compliance 	<ul style="list-style-type: none"> Preparations for SEC, ensuring claims are accurate, clear and substantiated Launch of TCFD Report Focus on corporate governance and business ethics



METHODOLOGICAL NOTE

This 2021–2022 Sustainability Report covers fiscal years 2021 and 2022 (1 January 2021 to 31 December 2022). It provides a comprehensive view of Kontoor’s approach to sustainability and our performance related to our most relevant topics.

We work to provide information on our sustainability progress annually and plan to report on an annual basis. Our financial reporting reflects the calendar year, as does this sustainability report. Our previous [Sustainability Report](#) was published in December 2021.

REPORTING SCOPE

The full list of entities included in our consolidated financial statements can be found on pages 2-10 of the Kontoor Brands 2022 10-K. Data and information provided in this Sustainability Report does not consider licensee relationships which are covered in the 10-K.¹

¹ We have licensee relationships in many countries, and we do not yet gather specific data on materials, energy and water use related to these licensees at this time. We will consider reporting on these impacts in the future.

STANDARDS AND FRAMEWORKS

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Apparel, Accessories and Footwear Industry 2022. We continue to report in-line with updated standards and believe that doing so will allow our sustainability reporting to remain transparent, accurate and reliable.

The following points of reference were also taken into consideration in shaping the content of this report:

- Kontoor Global Compliance Principles
- United Nations Sustainable Development Goals (UN SDGs)

Additionally, we will be publishing our first Taskforce on Climate-related Financial Disclosures (TCFD) report in 2023.

TRACKING PERFORMANCE

We have explored a variety of systems to monitor and track our sustainability performance across our different functions and regions. To track performance across our supply chain, we use the Higg FEM. This encourages measurement, transparent reporting and better management of environmental impacts across our supplier base.

+ See page 74.

A comprehensive data file is available in PDF format which shows our key performance indicators, see the [Consolidated Performance Databook 2021–2022](#).

DATA MANAGEMENT

Our historic emissions footprint data was collected and analyzed manually. We are in the process of implementing an enterprise-wide data software solution to manage our sustainability-related data, including emissions data. The software solution will automate data collection and analysis going forward.

SCIENCE-BASED TARGET DEVELOPMENT

2019 was selected as the baseline year for our SBT as it was Kontoor Brands first year as a standalone company. Although we became a standalone publicly traded company midway through the year in May of 2019, this year was identified as being more representative than other options given that 2020 and 2021 were nontypical years due to COVID-19 related disruptions.



METHODOLOGICAL NOTE CONTINUED

GHG EMISSION CALCULATIONS

Kontoor follows the SBTi's base year emissions recalculation policy, which states a 5 percent significance threshold must be used for emissions recalculations. When conducting our 2022 corporate footprint, it was discovered that emissions changes due to business change, new forms of data, and methodology refinement caused emission reductions in our 2022 Scope 1 and Scope 3 Category 3, Category 8 and Category 9. These reductions are below the 5 percent total threshold and will be addressed, if necessary, in future recalculations. We will not be tracking these changes as actual progress toward our science-based targets.

At Kontoor, sustainability is a dynamic process of continual improvement, not just in our impacts, but in our governance and protocols. As we work to achieve emissions reductions aligned with our science-based targets, we also plan to refine our data methodology.

FOR SCOPE 1 AND 2:

We use the EPA Center of Corporate Climate Leadership published "Emission Factors for Greenhouse Gas Inventories", last published January 30, 2023. www.epa.gov/climateleadership. For Electricity, we intend to report annually on a market basis though we have no REC purchases in 2021 and 2022 to reduce our Scope 2 emissions.

For grid emission factors outside the U.S. we used IGES Grid version 11.2, published by the Institute for Global Environmental Strategies. Ref: <https://www.iges.or.jp/en/pub/list-grid-emission-factor/en>. For countries where IGES did not have a valid factor, we used 2020 Grid Electricity Emissions Factors v1.1, published June 2020 at www.carbonfootprint.com.

FOR SCOPE 3:

For Scope 3 emissions other than steam, we followed the Higg FEM methodology and used their calculations based on the following data sources: [Federal Register EPA](#);

[40 CFR Part 98](#); [e-CFR](#), June 13, 2017. [Table C-1](#), [Table C-2](#), [Table AA-1](#). Note: Emission factors are per unit of heat content using higher heating values (HHV). If heat content is available from the fuel supplier, it is preferable to use that value. If not, default heat contents are provided.

For Steam, we assumed steam was produced with a blended fuel input of 50 percent natural gas, 20 percent coal and 30 percent fuel oil at a 74 percent efficiency, and used EPA combustion emission factors to calculate the related emissions.

For refrigerants, we report results as captured by the Higg FEM, which should include all 29 direct and 36 blended refrigerants listed by the EPA, with their GWP defined as the 100-year GWPs from IPCC Fourth Assessment Report (AR4), 2007.

EVOLVING OUR COMPANY

2021

We have continued to implement proactive strategic programs to improve quality-of-sales. We decided in 2020 to transition our India business to a licensed model and completed this transition in 2021. In 2020, we performed a strategic review of our outlet store

fleet, and decided to exit certain stores, discontinue the sale of third-party branded merchandise at all locations and convert the remaining locations to *Lee® Wrangler®* Outlet and *Lee Wrangler* Clearance Center retail stores.

We have made significant investments to support the design and implementation of a global enterprise resource planning (ERP) system and information technology infrastructure build-out.

Following the implementation in the EMEA region during the third quarter of 2021, we have now implemented our ERP system in all regions and exited the last of our transition service agreements with our former parent company.

2022

To support our growth initiatives, we took actions to globalize our operating model and relocate our European headquarters to Geneva, Switzerland. We also made significant investments to support the continued implementation of our global ERP system and IT infrastructure build-out.

GET IN TOUCH

Sustainability@kontoorbrands.com



FORWARD-LOOKING STATEMENT

We have made statements in this report that are forward-looking statements (a term as defined in the Private Securities Litigation Reform Act of 1995). All statements, other than statements of historical fact, that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "goal," "target," "mission," "strategy," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections, forecasts or assumptions of our sustainability commitments, objectives, targets and plans, as well as our progress towards those goals, responsible

sourcing of materials and the related responsible sourcing systems and data and the anticipated trends in our business including the ability for us and the industry to achieve circularity. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including: assumptions not being realized; evolving government regulations; our expansion into new products, services, technologies and geographic regions; scientific or technological developments; evolving sustainability strategies; economic, competitive, technological and public health factors affecting our operations, markets, products, services and prices; or other changes in circumstances; as well as those risk that are summarized in Item 1A. of Kontoor Brand Inc.'s Annual Report on Form 10-K.

Our forward-looking statements are based on our beliefs and assumptions using information available at the time the statements are made. We caution the reader not to place undue reliance on our forward-looking statements as:

- (i) these statements are neither a prediction nor a guarantee of future events or circumstances and
- (ii) the assumptions, beliefs, expectations and projections about future events may differ materially from actual results. We undertake no obligation to update any forward-looking statement contained in this report as a result of new information or future events or developments.

The standards of measurement and performance contained in this report are developing and based on assumptions, and no assurance can be given that any plan, initiative, projection, goal, commitment, expectation or prospect set forth in this report can or will be achieved. Inclusion of information in this report is not an indication that the subject or information is material to our business or operating results. "Material" for the purposes of this report should not be read as equating to any use of

the word in our other reporting or filings with the U.S. Securities and Exchange Commission.

This report may contain, incorporate, or reference public information or other information from third parties not separately reviewed, validated, approved, or endorsed by Kontoor Brands, and we make no representation, warranty, or undertaking as to the accuracy, reasonableness, or completeness of such information.