Welcome to our second annual Sustainability Report as a standalone public company. Inside, discover our commitments and progress towards the continuous improvement of our sustainability practices.

This report covers the 2020 calendar year from January 1 to December 31, 2020. It has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards Core Option and the SASB Apparel, Accessories and Footwear Industry Standard.

» Discover our GRI and SASB Index.
» 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 year 2020 (unless otherwise specified). 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.
Kontoor Stakeholders,

I am proud to share Kontoor’s second annual Sustainability Report with you, covering our second year as a publicly traded company.

In 2020, the COVID-19 pandemic became the dominant force in day-to-day life around the world, further exacerbating and amplifying long-standing inequities and taking the greatest toll on the most vulnerable among us. Time and again we were reminded of the vital importance of taking care of one another and the world we share.

At Kontoor, we pulled together – and with the support of our suppliers, partners, consumers and customers, we drew strength from our values and continued to move forward. In one of the most volatile and uncertain times we have ever known, we envisioned a better future and committed ourselves to making it a reality.

At Kontoor, sustainability means: The dynamic process of continual improvement for people, for our product, and for the planet. With the ongoing build-out of key measurement and tracking systems, in 2020 we announced our first global sustainability goals.

While our targets for sustainability are new, we are committed to building on the progress to-date and recognize that we have much more to do. We are determined to make our products and operations more sustainable at every stage of the product lifecycle and view sustainability as a powerful enabler of our long-term strategy for growth and success. And we will continue to raise the bar, challenging ourselves to work with utmost transparency and accountability. In that spirit, I’m pleased to note that this year’s report has been prepared in accordance with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards.

In the following pages, we share extensive details on our operations, as well as updates on a number of programs and projects that we are especially proud of such as our water savings, responsible sourcing and workplace safety initiatives. Yet through it all, what I hope you see most clearly are the passion and dedication of our approximately 14,000 employees, working together as one team to make Kontoor a company worthy of our highest aspirations.

Thank you for your continued support. We will keep you apprised of our progress.

Scott Baxter
President, Chief Executive Officer
& Chair of the Board
Kontoor Brands, Inc.
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**SUSTAINABILITY HIGHLIGHTS**

### PEOPLE

- **12,000+**
  - garment workers participated in our BSR’s HERproject™ programs
- **90%**
  - of Kontoor employees completed I&D training
  - More on page 33.
- **458**
  - supplier audits conducted
  - More on page 27.
- **700+**
  - supplier attendees at Critical Life Safety training
  - More on page 27.

### PRODUCT

- **50%**
  - of cotton sustainably sourced
  - More on page 46.
- **56%**
  - of Lee Europe products rated “Low Impact”
  - Jeanologia’s EIM tool
  - More on page 51.
- **97%**
  - in-scope fabric mills completed CHEM-IQ™ screening
  - More on page 50.
- **4,700**
  - acres conserved through Alcoa Land Project¹

### PLANET

- **8+ billion**
  - liters of water saved since 2008
  - More on page 63.
- **80%**
  - water recycling at our Torreon Internal Manufacturing
  - More on page 61.
- **97%**
  - average waste diversion rate at our distribution centers
  - More on page 65.
- **4,955 MT**
  - materials recycled at our distribution centers and internal manufacturing
  - More on page 86.

¹ Partnering with Ducks Unlimited and others, Wrangler supported an important public land acquisition project along the Yadkin-Pee Dee River in North Carolina. Together over the course of two phases, partners invested $16.2 million to protect 4,700 acres and 76 miles of shoreline since 2019.
ABOUT KONTOOR BRANDS

We’ve been designing, manufacturing, sourcing and distributing superior high-quality products for more than 130 years.

On May 23, 2019, Kontoor Brands, Inc. became an independent, publicly traded company. Today, our purpose-led organization is focused on leveraging our global platform, strategic sourcing model and best-in-class manufacturing to deliver brand growth and long-term value for our diverse stakeholders. Sustainability is a key tenet of our long-term growth strategy.

“INSPIRING CONFIDENCE, EVERY DAY.”

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.

1. WHY WE EXIST – OUR PURPOSE
   We’re the common thread that inspires people to live with passion and confidence.

2. WHAT WE DO – OUR MISSION
   We grow our iconic brands through innovation, design and sustainable performance to excite more and more consumers.

3. 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.

2 iconic brands – Wrangler® and Lee®

$2.1 billion in revenue for fiscal 2020

14,000 employees

120+ million units of apparel and accessories produced and sourced

200+ years of collective heritage

60+ number of countries products sold

10 owned or leased manufacturing and support facilities producing 36% of products
Kontoor Brands is a global lifestyle apparel company built on some of the world's most iconic consumer brands.

**Fiscal 2020 Revenues**

- **$1.3B** Wrangler®
- **$688M** Lee®

% of Revenues:

- 33.8% Wrangler®
- 66.2% Lee®

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**Wrangler**

Founded 1947.

For more than 70 years, Wrangler® has been the authentic American apparel brand trusted across the world for quality, comfort and style. The Wrangler® brand is an American icon that celebrates the spirit of people who work hard, have fun and recognize courageous individuality.

- **#1** Men's Jeans brand in the U.S. Mass Channel

**Lee**

Founded 1889.

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.

- **Leading** denim brand in Asia

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1 Kontoor Brands has additional revenue outside of Wrangler and Lee, please see our 2020 Annual Report for more information.
2 Source: The NPD Group / Consumer Tracking Service, U.S. dollar sales, 12ME December 2020
OUR GLOBAL CONTEXT

It’s only by speaking openly about society’s most urgent challenges – particularly our climate – that we can drive meaningful change.

At Kontoor, we work to understand the trends and issues impacting the apparel industry and wider society. What we learn shapes our sustainability strategy and approach.

The COVID-19 pandemic has accelerated trends in the fashion and apparel industry, with existing trends gathering traction as consumers become more informed and determined to drive change.

FROM CLIMATE ACTION TO CLIMATE PROGRESS

Climate change is the issue of our time. The risks from climate change to our business span raw materials production, supply chain disruption and the potential reputational impacts of not taking action to reduce emissions and prepare for a changing climate. We are already seeing these risks play out in many parts of the world, including droughts in the western U.S. spanning the past two decades and once in 500-year storms causing loss of life and property in places such as Germany, the U.S. Gulf Coast and southeast Asia.

With the majority of greenhouse gas (GHG) emissions generated by the private sector, companies must pursue decarbonization by understanding their emissions, setting bold carbon targets and tracking progress towards lowering their carbon emissions. Growing stakeholder interest in our activities and scale represents an opportunity to help push our industry and suppliers to adopt more sustainable practices, while cutting our own emissions and delivering on science-based targets.

There is also an increasing focus on driving progress on climate solutions that reflects the needs, voices and leadership of the communities most impacted by climate change.

Discover how we are responding on page 57.

DIGITAL IS THE FUTURE

The COVID-19 pandemic has underscored how quickly our professional and personal lives can change. The accelerated adoption of technology enabling remote work is here to stay, and we expect digital shopping will continue to grow.

The first half of 2020 saw an increase in e-commerce transactions equal to that of the preceding ten years, and online penetration is expected to accelerate as shoppers demand ever-more immersive digital interactions.1 Like many in our industry, we have launched initiatives to improve productivity, leverage digitization and automation and encourage more flexible operations across our organization. We believe the future of fashion will be data-driven, leveraging a deeper understanding of the consumer to make huge efficiency gains and understand rapidly evolving trends.2 We have accelerated our move to 3D Design as we aim for most products to be designed digitally in the coming years. We will seek to work with e-commerce retailers to properly showcase our sustainable products and improve product transparency.

Discover how we are responding on page 41.

ADVANTAGED SUPPLY CHAIN

In 2021, the pandemic has highlighted issues in our industry such as supply chain disruptions, cotton pricing and inflationary pressures. While we are not immune to these issues, we continue to leverage the agility of our best-in-class supply chain to navigate the current environment. We remain focused on what we can control and are steadfastly executing on our supply chain strategy. Within the industry, we believe we are relatively advantaged in our position. Over one third of our global production comes from our internal manufacturing facilities in the Western hemisphere and the balance is sourced from our suppliers in over 20 countries and across over 200 facilities around the world. No single supplier makes up more than ten percent of our product costs. Kontoor’s internal manufacturing capability combined with contracting in the Western hemisphere gives us greater flexibility, shorter lead times and enables enhanced inventory management in the North American market.

With lower-paid workers hit hardest during the COVID-19 crisis, consumers have become more aware of the vulnerabilities of employees in the fashion value chain.3 We are committed to being active and engaged members of the communities where we operate and to collaborate with our suppliers for safe, secure workplaces for every person in our supply chain. At Kontoor, we are committed to transparency and the importance of showing consumers that we do what we say.

Discover how we are responding on page 50.

2 https://www.forbes.com/sites/blakemorgan/2020/12/03/the-fashion-industry-is-ready-for-a-makeover-4-changes-well-see-in-the-future/
THE CHANGING WORLD OF WORK

While remote working was already an emerging trend in some industries due to advances in automation and digitization, the transition was accelerated dramatically with the onset of the COVID-19 pandemic. McKinsey estimates that more than 20 percent of the global workforce could work the majority of its time away from the office and be just as effective. As people transitioned to working from home, athleisure sales grew rapidly. Many fashion brands have toned down their styling in favor of comfortable clothing that works for sleeping and living.

Our research shows that, as offices begin to reopen, employees will continue to wear “business-casual” clothing, with many people expecting to wear jeans more frequently when they return to the office. Kontoor products are part of this trend toward casualization, and we believe our Lee® and Wrangler® brands are benefiting from this shift.

CIRCULARITY AS AN OPPORTUNITY

As consumers become more engaged with sustainability issues, circularity presents a promising avenue for the industry to more closely align with consumer values and drive growth. There’s little doubt that circularity is gaining momentum in our industry. We see exciting opportunities to unlock new revenue streams, design waste and pollution out, continue to emphasize the durability and timelessness of our clothes and use more circular materials.

For example, by utilizing preferred materials, Kontoor seeks to increase the amount of recycled fibers used in our products. We are collaborating with suppliers, customers and other key stakeholders to scale up such circularity initiatives which we believe have the potential to decrease the number of garments destined for landfills and help drive long-term success for our business.

DEMAND FOR TRANSPARENCY

More and more, we are seeing increased demands from consumers, governments and other stakeholders for clear and meaningful information on the origin of our products and the quality of materials used. Our industry must lead on clear and transparent, science-based communications and robust product claims. The rise of greenwashing is a sign that consumer demands are being heard but not met, which could erode consumer trust and inhibit progress on sustainability.

We are responding to these challenges by working to increase transparency, including through supply chain mapping that increases the traceability of materials and opens up opportunities to better assess key sustainability metrics.

Discover how we are responding on page 23.
RESPONDING TO THE PANDEMIC

The COVID-19 pandemic challenged us in ways that none of us could have predicted. 2020 was a year of leaning into our corporate and social values. Our response demonstrated our resilience; we worked smarter, sharpened our focus and kept our strategy on course while meeting the needs of our employees, customers, partners, communities and shareholders.

Beginning in late 2019 and in the early weeks of 2020, our global leadership team began closely monitoring the status of COVID-19. By early 2020, we were meeting daily to share updates, work with our colleagues, address the needs of our employees and partners and navigate the impacts of the virus on our business in Asia-Pacific (APAC). As the crisis unfolded in that region, approximately 90 percent of our owned and partner stores were closed, and most of our employees were working remotely. In the following months, we experienced disruption globally, with pronounced impacts within our European and North American businesses, and a significant portion of our retail and partner stores closed.

As the COVID-19 pandemic continued to spread, we enacted global measures to protect the health and safety of our employees. We imposed global travel restrictions for all employees and closed our owned retail stores. Remote working protocols were quickly established, and these remained in place at the end of 2020 in many locations, with regular reviews to align with local health and government guidelines.

Listening to our employees to understand their needs was key, as was learning from public health experts to develop and inform our response to COVID-19. To address our shift to a “new normal” and the associated emotional, mental and physical demands on our employees, Kontoor’s Global Talent Management Team offered a month of proven and practical learning, wellness and engagement activities. These activities deepened our knowledge of how to take care of each other and ourselves and renewed our focus on our future. Our objective was to equip our employees with positive ways to authentically engage, connect and refocus their energy on what is most important. Activities included:

- **Mindful Monday** to promote the benefits of meditation;
- **Training Tuesday** to sharpen our focus on how to operate with empathy, listen, share, refocus and inspire;
- **Workout Wednesday** to participate in free virtual pilates and yoga classes;
- **Thoughtful Thursday** highlighted our Building Resilience group to encourage employees to celebrate good news together on Yammer; and
- **Family and Fun Friday** encouraged sharing tips, tricks and resources for fun individual or family activities.

Despite the evolving circumstances, our employees remained dedicated to our work. Frontline teams within our manufacturing, distribution and retail operations continued to serve our consumers and customers – including three of our largest retail partners (Walmart, Amazon and Target) – who remained open to provide essential goods. Our office teams worked from home whenever possible, transitioning our design work and fittings to a virtual setting to keep production on track.

Hand-in-hand with our business response to the pandemic, our employees and our organization came together to help our communities. We shifted part of our manufacturing operations in Mexico to produce medical gowns. We donated about 70,000 gowns to local hospitals and long-term healthcare facilities in North Carolina and Mexico, in addition to producing gowns for healthcare supply organizations.

In our hometown of Greensboro, North Carolina, we made donations to the Second Harvest Food Bank of Northwest North Carolina, a local organization that delivers food through a network of hundreds of partner programs in our region. Our employees, including our Employee Resource Groups (ERGs), stepped up as well. Among other initiatives, they donated laptops to local schools and assembled books and other materials for children in need.
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 protecting the environment.
Q: How is sustainability embedded into Kontoor’s strategic vision?

A: We believe increased awareness and expectations around sustainability are changing how consumers view products, how shareholders invest and are shaping the legal and regulatory landscape. However, an understanding of how sustainability is embedded in our strategic vision begins with an acknowledgment of the impact of rising greenhouse gases on our climate. Multi-decade droughts in the Western U.S., more frequent and severe storms in the U.S., Europe and Asia, rising sea-levels globally and rapidly shrinking biodiversity are all the outward symptoms of a climate in crisis. And the causes are not just limited to increased greenhouse gas emissions. The global challenges extend to the vast increases in human trash sitting in landfills and floating in our oceans, the rising levels of chemical pollution in ecosystems and the scarcity of fresh water supplies in communities where we all live and work. They all reflect a planet in crisis.

For us at Kontoor, we are undaunted by these challenges and view the implementation of sustainability across our organization as a huge opportunity to address many of these challenges that impact our air, water and soil. We believe integrating sustainability into our business principles can enable us to lower our greenhouse gas emissions, decrease use of certain chemicals and lower our water consumption. By seeking to enhance our environmental footprint and make meaningful progress toward these goals, we believe Kontoor can become part of the climate solution and make meaningful advances toward addressing the critical challenges facing our planet.

Kontoor’s growth strategy reflects these aims and is a three-year roadmap to drive the next phase in our journey as a stand-alone company. The strategy has, at its core, the dual pillars of innovation and sustainability as key enablers and drivers of our business success. For example, we are exploring next-generation technologies that we believe can weave sustainability into the fabric of the Lee® and Wrangler® brands and enable us to achieve our long-term growth ambitions. In doing so, we advance Kontoor’s sustainability goals and address the most urgent environmental challenges facing all of us today.

Q: How is your approach influencing your product portfolio?

A: When done correctly, sustainability drives new products and business models, adding value to our entire portfolio. We’re already seeing results as our efforts have enabled the launch of more sustainably produced products and engagement with new customers seeking to expand the sustainability profile of their organizations. For example, our new collaboration with the Infinited Fiber Company is built on a six-year partnership between our Innovation Team and the Infinited Fiber Company to develop technology that enables embedding chemically recycled fiber into jeans and jackets. Today, we have embedded technology from this partnership in a collection in Europe and hope to expand its use globally over time. This chemically recycled technology is in stark contrast to traditional mechanical recycling which eventually cuts the fiber so small that it is no longer usable. Chemical recycling does not have this limitation and in this case allows for a more sustainable product. Wherever possible, we will seek to use additional sustainability innovations like foam dye technology that uses almost no water to dye yarn and eco-tech finishing technology such as lasers to help create our most sustainable denim yet. The partnership with the Infinited Fiber Company has resulted in new Wrangler denim products for the Fall 2021 collection that were honored by Fast Company in their Innovation by Design awards.1

1 https://www.fastcompany.com/9067099/sustainability-innovation-by-design-2021
Q: How did Kontoor develop its sustainability goals?
A: Our Materiality Assessment, conducted in 2019, ranked our most material issues by relevance to the world and our business. The thirteen issues outlined in the assessment have provided a basis for evolving our Sustainability Strategy which is organized around three intersecting strategic pillars: People, Product and Planet. We view progress against our six global sustainability goals as a key driver of success across our brands. As we continue to evolve our strategies to reach these goals, we have provided baseline information and an update on progress where appropriate in our 2020 Sustainability Report.

Q: What internal collaboration is taking place to embed sustainability across the business?
A: As both a manufacturer and a retailer, Kontoor uniquely understands the beginning-to-end impact of our products. Our goal is to continually improve the sustainability performance of our products. To make progress toward this goal, our Sustainability, Innovation and Product Development teams have come together to integrate the latest advances in development and manufacturing into our design process. By fostering collaboration across these teams and embedding sustainability into the way they work, we can inspire our designers with breakthrough technologies and materials and then bring those innovations to scale.

Our people will work seamlessly – from designers and merchandisers to supply chain managers and procurement – to lift each of our thousands of products up, enhancing their environmental footprint and building products that excite consumers because of how they are made.

As a manufacturer ourselves, we can also set an example to our supplier partners. We are already leading the way in water conservation. Through the hard work of our Internal Manufacturing team, we’ve saved over eight billion liters of water since 2008.1 We work with our suppliers as peers, giving them the examples, knowledge and tools they need to raise standards and reduce their environmental impact.

Q: Explain how sustainability acts as a key growth enabler and how the goals support profitable growth over time?
A: At Kontoor Brands, we define sustainability as a dynamic process of continual improvement for people, our products and the planet. We want to build products that make consumers look good and feel good. Innovation at its best is one and the same with sustainability – both are key to growing our brands and engaging our consumers. By integrating sustainability into our products, we are embracing the values of consumers who want to give voice to their hopes and aspirations for a thriving planet. We are listening to consumers and our customers on sustainability and designing new products and accessing new market segments that we believe are growth engines for apparel in the 21st century.

Q: What’s next?
A: Looking to the future, we want to reduce the negative impacts of everything we do – from the raw materials we use, to the way we power our buildings. This needs to be a dynamic process; what is sustainable today may not be what is sustainable in the future. This is where innovation and sustainability meet – we must strive to keep pushing our products forward to reach new levels of innovation and sustainability. As we achieve progress, we will advance our baseline and set harder, more ambitious goals. We are thrilled to have recently announced Kontoor Brands commitment to establish our science-based emissions targets and are working towards releasing this incredibly important milestone in 2022. We are extremely proud of the progress the Sustainability team has achieved in such a short time and look forward to updating you on our journey.

See page 84 for further information.
In September 2020, we announced our first global sustainability goals to address the environmental and social impact of our operations, supply chain, products and people.

Our three strategic pillars, People, Product and Planet, focus on protecting the environment, sourcing products and materials from companies that share our values and operating with the highest standards of ethics and transparency. As we monitor our progress and identify key learnings, we will continue to develop our goals. For example, we have recently refined our sustainable sourcing goal to focus on our two biggest materials: cotton and synthetics.

We have much more work ahead of us to distinguish Kontoor as a leader in sustainability, but our new strategy and goals provide a strong foundation on which we will build our approach and drive our sustainability performance.

A BRIDGE TO 2021

Since the foundation for this work began with the announcement of our sustainability targets in September 2020, much of the progress that Kontoor has made against these goals has occurred in late 2020 and in 2021. We therefore include information on our advances and operational anecdotes on sustainability in this report that span both years. We believe that sustainability is not a destination but a continuous journey that results in progress over time.

At Kontoor, our achievements in sustainable performance represent an organization-wide commitment and a continuum of initiatives that we believe will have a lasting impact on our people, our products and our planet.
Our Sustainability Strategy Continued

**People**
- **Community Engagement**
  We are dedicated to making positive contributions to our communities through local and national partnerships via monetary donations, sponsorships and volunteer efforts.

- **Design**
  Developing responsible products begins with design; the decisions we make at this stage determine the impacts of our garments through their lifecycle – from raw materials sourcing to consumer use and end-of-life.

- **Materials**
  Our preferred materials are backed by data to validate their lower environmental impact. Preferred Materials use less water and result in fewer greenhouse gas emissions than conventional materials in their category. Read more on page 44.

- **Chemistry**
  From dyes to finishes, chemicals often play an essential role in building quality apparel. The use of chemistry may contribute to negative environmental impacts and jeopardize worker safety. Our goal is to use 100% preferred chemistry by 2023.

- **Responsible Sourcing**
  Our success is built on a culture of integrity, empathy, curiosity, perseverance and courage. These values extend to the expectations we have of those with whom we do business. See our Policies and Standards.

- **Worker Well-Being**
  Only work with factories that support worker well-being programs by 2025. Our factories participate in programs that promote, health, safety, and advancement of workers. Read more about our work.

- **I&D**
  In August 2020, we announced our first global Inclusion & Diversity strategy, identifying our areas of focus, setting measurable goals for how we will drive change and detailing actionable plans for how we will get there. Read our Inclusion and Diversity Report.

- **Circularity**
  We are collaborating with suppliers, customers and other key stakeholders to scale up circularity initiatives which we believe have the potential to decrease the number of garments destined for landfills and help drive long-term success for our business.

- **Traceability**
  Our goal is full traceability from farm (for cotton) or manufacturer (for synthetics) all the way to final product. We are exploring technologies to allow us to create full transparency for our products and materials.

**Product**

**Materials**
- Preferred Materials use less water and result in fewer greenhouse gas emissions than conventional materials in their category. Read more on page 44.

**Waste**
- We are committed to reducing waste generation through prevention, recycling, reduction, and reuse. We will continue to grow innovation to integrate circularity into product development and end of life.

**Energy**
- We are working towards embedding renewable energy sources in our owned and operated facilities. We own a third of our production and we can lead the way by incorporating renewable energy directly in our value chain.

**Climate**
- With the majority of greenhouse gas emissions generated by the private sector, companies must pursue decarbonization. We are establishing our science-based target for greenhouse gas emissions by 2022.
VALUE CHAIN IMPACTS

We've been designing, manufacturing, sourcing and distributing superior high-quality products for more than 130 years. Our grasp of the complexities of a global supply chain aids us in our goal to deliver the right products, at the right time and in a sustainable way to consumers across the globe.

We take account of our impacts at every stage of our value chain. Our holistic lifecycle approach is designed to identify and drive change where it will have the biggest impact. This starts with product design; the decisions we make affect the impacts of our garments through their whole lifecycle – from raw materials sourcing to end-of-life.
VALUE CHAIN IMPACTS CONTINUED

PRODUCT DESIGN AND DEVELOPMENT
Most of a garment’s impacts are determined by our designers – from choice of materials to durability and whether it can be recycled at the end of its useful life. This stage is our opportunity to design out impacts and design in circularity. Our designers are focusing on circularity principles, materials and processes in order to design products that are used for longer and can be reused. We expect to see more products made from recycled and renewable inputs and increased use of 3D design and prototyping to reduce the impacts of product design and development.
» Discover how we assess the impacts of our products and use what we learn to drive innovation.

RAW MATERIALS PRODUCTION
The materials in our products originate in many different countries, with much of our cotton sourced from within the U.S. Cultivation and extraction of raw materials can have social and environmental impacts. Raw materials suppliers are spread out across the globe and may be several tiers away from a retail brand. To increase the traceability and sustainability of raw materials, we need to work together to drive change. New techniques, technologies and innovations in materials help do this – from sustainable cotton and other natural materials to recycled cotton, synthetics, forest and animal-derived products.
» Discover how we are moving towards more sustainable cotton and other regenerative materials.

RAW MATERIALS PROCESSING
Raw materials are processed into yarn and intermediate materials using processes – many of which have been around for decades. At this stage, the current industry structure presents some traceability challenges as the raw materials are blended and combined by upstream suppliers. Increasing the traceability of the blending process, selecting yarns with a lower environmental impact and promoting use of renewable energy are opportunities we are exploring to reduce the impacts of processing raw materials. As just one of many actors in this stage, we recognize the need for true industry-wide change.
» Discover how we are working with our suppliers to improve traceability and transparency in our supply chain.

TEXTILE PRODUCTION
Intermediate materials are made into fabric using knitting, weaving, dyeing, finishing and washing at mills. This can have environmental impacts, including energy use, water consumption, and waste generation. Supplier engagement is key; changing long-standing processes takes time and may require our suppliers to invest in new processes and machinery. This benefits suppliers themselves and other customers in the garment industry, as well as local communities.
» Discover how Indigood™ is supporting our denim mills to lead the way on sustainable fabric production.
Consumers buy our products in-store or online, through Kontoor-owned retailers and via our retail customers. This is an opportunity to engage with consumers, retail customers and sales associates to promote sustainability at the point-of-sale. 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.

For example, we provide our largest customers with product sustainability attributes that detail product composition and highlight sustainability features such as preferred fibers including recycled cotton and polyester, use of bio-based materials and embedded innovations like Indigood™.

How our customers use, care for and dispose of our garments influences their environmental impact. We use product labelling and consumer engagement to highlight practices such as low temperature washing to encourage people to care for our products in a sustainable way. Improving circularity requires educating consumers, increasing opportunities to recycle garments such as through take-back programs and supporting the development of textile recycling infrastructure. As consumers become more engaged, we believe products made from sustainably sourced and recycled materials present an increasing business opportunity.

» Discover how we are redesigning our jeans for circularity with the Ellen MacArthur Foundation’s Jeans Redesign initiative.
Innovation and collaboration are key to overcoming the challenges we face as a society. We look for opportunities to collaborate with others to drive innovation and leverage our global influence.

In this section, we provide examples for our key partnerships to highlight the benefits brought by working in collaboration with our stakeholders.

**ELLEN MACARTHUR FOUNDATION – MAKE FASHION CIRCULAR AND JEANS REDESIGN**

Wrangler® and Lee® are both members of Make Fashion Circular – a three-year project working to reinvent the apparel industry by creating products that are used more, made to be made again, and made from safe and recycled or renewable inputs. The Make Fashion Circular initiative led to Jeans Redesign, a list of guidelines to advance circularity in denim. These guidelines have provided a great starting point for conversations with our Design and Product Development teams, providing clear direction on how to build products with circularity in mind. The collaboration between circular economy experts and apparel brands has helped the entire industry begin moving towards a more circular economy, driving innovation and collaboration that we hope will continue long into the future.

❯ Discover more on page 42.
PARTNERSHIPS FOR CHANGE

SUSTAINABLE APPAREL COALITION AND HIGG
As part of our efforts to improve the transparency of our supply chain, we are active members of the Sustainable Apparel Coalition (SAC). Founded in 2010 by a consortium of retail and apparel companies, SAC is our industry’s leading group in promoting standardized sustainability assessment tools and metrics. The Higg Index, for example, was developed in partnership with SAC members to define and quantify a series of environmental and social metrics. The Index is now widely used for measuring sustainability uniformly across the apparel industry. We use Higg FEM, a component of the Higg Index, to gain visibility throughout our supply chain. We work with our suppliers to encourage them to complete the FEM assessment which provides insight into their operations and enables continuous improvement. We are also partnering with SAC to explore new ways to advance our sustainability goals and promote increased transparency and standardization in our industry.

› Discover more on page 55.

INFINITED FIBER COMPANY
Since 2015, our partnership with the Infinited Fiber Company and our Kontoor Innovation team has helped to conceptualize a chemical recycling process for denim, providing technical expertise and preliminary tests and trials on the fabric. The collaboration is an example of how Kontoor’s investment in innovation can help bring great ideas to market through our knowledge of denim and our scale as a leading denim manufacturer. At the same time, Infinited Fiber, has the expertise and resources to bring the technology and innovation to life. We do not want to keep these sustainable innovations to ourselves; we’ve helped build Infinited’s processes with the knowledge that we will not be the only brand to use them. Our hope is that other companies sign up to work with them, because it helps move the apparel industry in the right direction and shows how our efforts can benefit society, beyond the walls of our business.

› Discover more on page 12.

BSR™ – HERPROJECT™
Women compromise more than 65 percent of the garment industry workforce in Bangladesh, so it is critically important for us to protect and promote women’s rights in the workplace. To make sure the projects we put in place are relevant and impactful, we work with experts on the ground, like BSR’s HERhealth™ initiative. This partnership helps both workers and factory leadership get the support they need.

› Discover more on page 28.

Our HERproject empowers low-income women working in our supply chain through supporting education focused on nutrition, hygiene practices, child health and family planning. Kontoor works as catalyst by bringing the initiative to our supply chain and we sponsor the work with BSR to help those that help make our clothes.

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GOOD FOR THE PEOPLE

Our global community of approximately 14,000 employees fosters a culture of collaboration, performance and entrepreneurial spirit.

With a combined history of over 200 years, the Wrangler® and Lee® brands have built a reputation for humility, respect and a commitment to doing the right thing. As Kontoor Brands, we take pride in our rich heritage and are excited for our future. Together, we are dedicated to creating quality apparel that is woven with care, style and sensitivity to our planet and the people who help make our products.
OUR APPROACH

WHY DOES IT MATTER?
Kontoor is built on the talents of approximately 14,000 employees at our global offices, retail stores, distribution centers, and manufacturing facilities. Along with the many thousands of others at our suppliers and industry partners, people are at the heart of our business. According to the UN, the garment industry employs over 75 million people globally, the majority of whom are women. Our approach to sustainability begins with people because they are the engine that drives our business and our industry.

For Kontoor, doing the right thing for people means taking actions aligned with our values and principles. As a company, we believe that by seeking to treat workers fairly, provide a safe working environment, promote fair wages and benefits, treat everyone with dignity and respect, and give back to the communities that we operate, we can set an example that others can follow. By leading with integrity, we seek to have a broader impact on our industry and beyond.

As a stakeholder in our global community, we believe that implementing policies and business practices that uphold our high standards is not just good business. It’s also the right thing to do.

OUR APPROACH
Our approach begins with communicating the high 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 our business partners to follow these principles.

Our commitment to operate ethically and lead with integrity is embedded in five principles:

1. We will lead with integrity.
2. We will treat everyone with dignity and respect.
3. We will compete fairly and honestly.
4. We will follow the law everywhere we do business.
5. We will strive to make our communities better.

SETTING HIGH STANDARDS ON SAFETY AND HUMAN RIGHTS
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 in the Global Compliance Principles include worker safety, forced and child labor, wages and benefits, working hours, women’s rights, un-authorized subcontracting, and other important issues.

The Global Compliance Principles are baseline requirements that must be met to do business with us, and we strongly encourage suppliers to exceed them and promote best practices and continuous improvement. Non-compliance must be remedied and failure to comply may result in termination of the supplier relationship.

The Global Compliance Principles are underpinned by detailed Facility Guidelines, published in July 2020 and updated in October 2021. These apply to all owned and contracted facilities and provide detailed information to help meet our standards.

ENSURING COMPLIANCE WITH OUR STANDARDS
The Responsible Sourcing function monitors compliance of our Tier 1 (manufacturing) and Tier 2 (fabric mills) suppliers with the Global Compliance Principles through compliance audits, factory visits, training and education of workers and factory management. The audit scope covers basic human rights, environment and workplace safety.

Factory compliance audits are carried out in every facility that is involved in the manufacture of Kontoor branded products. This includes all cutting facilities, sewing plants, screen printers, embroiderers, laundries and packaging locations. For new suppliers, we do not allow production to commence until a successful factory audit has taken place.

We have used the Higg FEM to evaluate our supply chain and drive environmental improvement since we became a publicly traded company in 2019. For more information on the Higg Index, see page 55.

**IMPROVING TRANSPARENCY**

In 2020, we launched a new points-based Corporate Social Responsibility (CSR) scorecard to rate Kontoor’s sourced factories’ performance.

The scorecard rates Kontoor-owned manufacturing facilities’ and contracted facilities’ CSR performance taking into consideration social compliance audit results and the factory’s engagement in environmental sustainability, workplace safety, worker well-being and worker capacity building initiatives. The scorecard is used to determine the necessary audit frequency and as part of the criteria to evaluate a vendor’s overall performance.

As well as informing our strategic priorities and oversight of supplier performance and programs, the scorecard helps suppliers understand their own risk levels and areas for improvement.

**ENSURING EQUAL OPPORTUNITIES**

As one of the five priority areas of our Code of Conduct, we aim to ensure people are treated with dignity and respect within our own workforce and supply chain. We do not tolerate harassment within our workplace, and we require 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 – to treat all workers with respect and dignity.

For further information see page 31.

To foster a culture of inclusion and respect across our activities, we launched a new Inclusion & Diversity strategy in 2020. It is focused on four priorities: workplace belonging; workplace diversity; marketplace equity; and sustainability and accountability.

**SUPPORTING COMMUNITIES**

We believe each of us has a responsibility to help improve the well-being of our communities. Kontoor Brands employees volunteer their time and contribute financial support to local communities.

We also work closely with our owned and contracted supplier facilities to develop and deploy programs to benefit local communities. We are committed to only working with factories that support a worker well-being or community development program by 2025.
MAINTAINING HIGH STANDARDS THROUGHOUT THE PANDEMIC

The impacts of COVID-19 posed significant challenges for our suppliers. This included maintaining the health and safety of workers to avoid infection while carrying on production, especially as many factories were unable to conduct safety trainings during the pandemic. We shared COVID-19 preventive measures guidelines based on WHO protocols and provided web-based training and awareness education to factories in various countries.

There were increased risks of factories failing to meet our compliance standards due to the disruption caused by the global pandemic. We adapted our approach and audit process to ensure continued compliance with our worker and human rights standards, while operating under decreased access due to mandated COVID-19 lock downs.

Our Responsible Sourcing team started the audit process with online meetings with factory management to provide a list of required documents. After a review of documents provided by the factory, we randomly selected employees at factories to provide records of working time, wages and benefits and personal records for review. A virtual factory tour and worker interviews were carried out following the document review using web meeting tools. If necessary, we issued a Corrective Action Plan (CAP) report based on the audit findings. The audit designation remained valid for six months to be followed by a formal onsite audit when possible.

At the same time, we increased our use of third-party audit firms to carry out local social compliance audits and adopted industry audit certification programs to ease the backlog in compliance audits. These included Business Social Compliance Initiative (BSCI), Worldwide Responsible Accredited Production (WRAP), SEDEX four-pillar, Social and Labor Convergence Program (SLCP) industry audit reports and audits conducted by reputable audit firms and suppliers.

The benefits of adopting this approach included reduced audit fatigue and audit costs for factories, limiting the risk of COVID-19 infection for our internal audit team, providing viable compliance assurance solutions during lockdown and periods of restricted travel and creating additional learnings related to topics such as risk management and fair wage in our supply chain.
Q. Can you begin by telling us about your role at Kontoor?

A. I'm based in the Asia Product Supply Responsible Sourcing organization in Guangzhou, China. I've worked with our organization for more than 16 years, and today I work with Kontoor Brands' suppliers on supporting their compliance of our high-performance standards and sustainability management requirements.

Q. How do you work with suppliers on upholding Kontoor Brands' social and environmental standards?

A. We engage very closely with our suppliers, supporting them to understand and develop the right capabilities to meet our requirements. We have developed a broad range of programs and tools to achieve this – from social compliance audits and worker well-being programs to promoting cleaner production technologies and, in China, an environmental violation monitoring tool to enable compliance with our terms of engagement and local government policies and regulations. We deliver annual trainings to our suppliers to enrich their knowledge and drive continuous improvement. We also continually review facility audit issues and follow up with factories so that issues are addressed and remediated.

Q. What is Kontoor Brands doing to advance the health and well-being of workers in its supply chain?

A. We have developed a CSR scorecard that not only measures factory compliance but also incorporates worker safety, worker well-being and sustainability performance. This incentivizes suppliers to collaborate with our brands and non-governmental organizations (NGOs) and to develop initiatives to increase their score. We have also launched a mandatory Critical Life Safety audit program to all in-scope suppliers focusing on structural, electrical and fire safety of the factory workplace.

To increase our positive impact on the lives of workers, we partner with key vendors and NGOs to offer worker safety, worker well-being and community development programs with a strong focus on improving sanitation and hygiene and access to clean water, mental and physical health care and worker capacity building.

Q. How is Kontoor's approach to responsible sourcing helping to create change in the industry as a whole?

A. Our CSR scorecard system champions a holistic view to drive change in vendor overall CSR performance. It provides a framework for suppliers to embrace and gravitate towards the four pillars of responsible sourcing: social compliance; critical life safety; environmental sustainability; and worker well-being and community development. We set the Critical Life Safety assessment as a mandatory and recurring program for our in-scope suppliers to encourage workplace well-being both within our supply chain and across the apparel industry as a whole.

Q. What most inspires you most about the work you do?

A. I believe we really "walk-the-talk" at Kontoor in the field of Responsible Sourcing. Although each step we take in CSR is incremental, the effects are cumulative and can have an important impact over time. We do not only make jeans; we also create a multicultural atmosphere for people to work in and deeply care about people and the planet. For me, that is inspiring, and it brings purpose to the work we do every day. Ultimately, we know our work is delivering real benefits for the workers and communities that are involved in the apparel supply chain.
WORKER HEALTH AND SAFETY

The safety of the people who work in our operations and supply chain is non-negotiable. We collaborate closely with our suppliers and partners and support them to provide safe and healthy working environments.

WHY IS THIS IMPORTANT?

Some of our factories are located in countries that have limited safety laws, standards and infrastructure. We have an ethical imperative to keep the workers who make our garments safe and to support their well-being. It also makes good business sense; a healthy workforce and a safe working environment reduces the risk of business interruption and raises worker productivity. Investors and customers have more faith and confidence in our company, brands and products when they know we can protect the health and safety of our supply chain workers.

HOW WE MANAGE HEALTH AND SAFETY

Not only does Kontoor commit to complying with occupational health and safety requirements of the countries in which we do business, but we also strive to use our global scale to build capabilities across the garment supply chain.

All of our owned manufacturing facilities and those managed by suppliers are required to provide their workers with a clean, safe and healthy environment, designed to prevent accidents and injury to health arising out of or occurring during the course of work. Our mandatory safety program requires all authorized facilities, including Tier 1 and Tier 2 suppliers, to comply with all applicable, legally mandated standards for workplace health and safety in the countries and communities in which they operate.

Our 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. We may audit facilities as required to ensure compliance with our Facilities Guidelines.

AUDIT PROGRAM

Our audit program has a strong focus on worker health and safety. Critical Life Safety (CLS) audits monitor conformance with Kontoor’s requirements across our supply chain. CLS audits covering electrical, fire and structural safety disciplines are mandatory for in-scope Tier 1 and Tier 2 suppliers.

Factory audits are conducted either by a Kontoor Brands Factory Compliance Auditor or by an accredited third-party audit company. A typical audit will last one day while larger factories may require a two or three-day audit. A random sample of employees is interviewed to assist in evaluating the compliance and working conditions at the facility.

At the end of the audit, if warranted, the factory manager is presented with a written Corrective Action Plan (CAP) detailing any health and safety findings determined during the audit. In 2020, we launched a tool to capture and report CAP progress and remediations related to Critical Life Safety assessment findings. Progress is incentivized by the CSR Scorecard, which provides quarterly reports to factory management. Formal verification of remediation takes place during subsequent compliance audits.

1 Kontoor’s own sourced or nominated Tier 1 and Tier 2 suppliers in Asia, Europe, Middle East and Africa regions (excluding Americas suppliers as compliance program is not managed by Asia RS team) with following exceptions:
Factories with follow space < 5000 sq. ft; Factories with < 50 workers; and business volume < USD500K per annum. We conduct a case-by-case review if factory requests for exemption
WORKER HEALTH AND SAFETY CONTINUED

BUILDING SUPPLIER CAPABILITIES

We aim to leverage our scale and influence to drive change across the apparel supply chain, benefiting both our business and the wider industry. For example, CAP remediation meetings held with suppliers provide an opportunity to improve their overall CSR performance, not just where their CSR performance affects Kontoor products.

In addition to setting high expectations for our supplier factories, we proactively collaborate with them to advance social responsibility initiatives.

In 2020, we incorporated a portion of the American Apparel and Footwear Association (AAFA) Denim Safety Guidelines into Kontoor Brands Facility Guidelines trainings provided to all vendors. Kontoor’s Critical Life Safety (CLS) assessment training program was also delivered to all vendors in the eastern hemisphere. Around 700 attendees from 349 factories attended both trainings. The official launch of the CLS program and new Facility Guidelines implementation occurred in October 2020.

SAFE PROCESSES

From dyes to finishes, chemicals play an essential role in making quality apparel. However, if not properly managed, the use of chemistry can jeopardize worker safety as well as damage the environment and water resources that are dependent on by local communities.

We have committed to use 100 percent preferred chemistry by 2023. Published in 2020, our Restricted Substance List is an integral part of our quality and safety program. It is applied to all vendors, suppliers and other participants throughout our product supply chain who must ensure compliance with the RSL.

For example, we are working to eliminate the use of potassium permanganate (PP), a chemical traditionally used to remove indigo from the jean. We also prohibit the use of high-risk processes such as sandblasting, which generates silica dust and can cause silicosis, a potentially lethal pulmonary disease. And we require our facilities to manage other occupational health risks, such as limiting worker exposure to dangerous noise levels.

Explore how we are eliminating hazardous substances from our products supply chain on page 49.

HEALTH AND SAFETY

Kontoor’s extensive efforts to advance the health of our internal manufacturing workers translates to our safety track record. In 2020, there were no cases of recordable work-related illness, nor were there any fatalities resulting from work-related injuries or illnesses.

The rate of recordable work-related injuries for Kontoor in 2020 was 0.34 injuries per 100 employees, and we aim to drive that number lower in the future by continuing to improve our worker health and safety initiatives.

MEASURING OUR PROGRESS

In 2020, we carried out 458 audits, some of which were conducted virtually. Suppliers are audited against our Global Compliance principles and all audits include a human rights assessment.

100 percent of new suppliers are audited prior to initial production against the standards set out in the Kontoor Brand Global Compliance Principles. The principles must be met in order to do business with us. Non-compliance must be remedied.

1 This is the number of people who check into the meetings.

2 The Restricted Substance List 2020 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.

3 See page 76 for further information.

4 See page 79 for further information.
SAFETY WORKER HEALTH AND CONTINUED

EMPOWERING WOMEN THROUGH HEALTHCARE EDUCATION AND SERVICES

Protecting and promoting women’s rights in the workplace is a key focus of our responsible sourcing. The garment industry is one of the most female-dominated sectors in the world. Today, 85 percent of garment workers in Bangladesh are women. As integral parts of their family and community, the impacts from employment on women are felt broadly around them.3

BSR’s HERhealth™ initiative is a program that strives to empower low-income women working in global supply chains through education on nutrition, hygiene practices, children’s health and family planning.

We launched our partnership with HERproject™ in 2019, contributing funding and engaging our suppliers with the aim of providing better support to garment workers in our supply chain. The initiative brings business benefits as well—improved health awareness has proven to reduce health-related absenteeism and improve worker-management relations.

The partnership is increasing healthcare knowledge, critical health services and access to health-related products for 4,244 women working across three factories in Bangladesh and around 9,098 women at four factories in Kenya that produce products on behalf of Kontoor and our brands.4

HERproject™ is delighted to have worked with Kontoor Brands to implement our HERhealth™ programs. Global brands have the opportunity to create major positive impacts for women’s health by collaborating with their suppliers. This kind of collaboration and investment is more important than ever.

Smita Nimilita,
Bangladesh Country Representative, HERproject

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1 This is the number of people who checked into the meeting
2 See page 76 for further information
3 https://www.fashionrevolution.org/exploitation-or-emancipation-women-workers-in-the-garment-industry/
4 The data is based on BSR’s endpoint study of our partnership
WORKER HEALTH AND SAFETY CONTINUED

WORKER WELL-BEING
We partner with organizations that share our values to deploy impactful programs that promote worker well-being and health in the communities where we operate. Our commitment is to work only with factories that support a worker well-being or community development program by 2025.

In addition to our work with BSR’s HERproject which we discuss on page 28, we have other targeted health education and awareness programs including community development programs in three factories in Bangladesh to provide clean water, sanitation and hygiene (WASH) facilities and education for workers and their families. The WASH programs were completed in November 2020, benefiting 1,200 workers and their family members.¹

OUR WORKER WELL-BEING GOAL

<table>
<thead>
<tr>
<th>Goal</th>
<th>2020 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work only with factories that support a worker well-being or community development program by 2025</td>
<td>Several worker well-being programs in place during the year; COVID-19 impact pushed launch of several new programs into 2021</td>
</tr>
</tbody>
</table>

⁠¹This program was a partnership with WSUP. The final program report provided the participant numbers.

OUR PRIORITIES FOR 2021
Building on our work in 2020, we launched a global taskforce dedicated to reaching our 2025 worker well-being goal.

The taskforce includes members of the Responsible Sourcing, Sustainability, Compliance and Global Sourcing teams.

While we are in the process of defining the project and identifying partners, our goal is to identify community needs and address them through relevant programs. We want to be inclusive, establish long term partnerships and consistently monitor the programs for effectiveness and improvement opportunities.
HUMAN RIGHTS

We demand the people involved in making our products are treated fairly and with dignity and respect. This includes setting high standards and working with our suppliers to ensure safe environments that protect their health and well-being.

WHY IS THIS IMPORTANT?
The apparel industry provides opportunities to millions of workers worldwide, especially for young women in developing countries. However, it is among the most labor-intensive industries globally. It is our responsibility to identify and address human rights issues in our supply chain and to help shield workers from human rights violations though our business dealings with suppliers. We believe all workers in our global supply chain have the right to wages that meet their own basic needs and attain a decent standard of living.

HOW WE MANAGE HUMAN RIGHTS
We respect human rights in accordance with the UN Guiding Principles, International Labor Organization (ILO) and OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. All Kontoor Brands 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.

The best way to improve labor conditions in the countries where we operate is through meaningful dialogue between employees and employers. Social compliance training provided to workers and factory management focuses on elevating human rights through a better understanding and implementation of our policies, guidelines, and compliance requirements. The trainings offered in 2020 included the Critical Life Safety program and a compliance refresher training, both incorporated the AAFA health and safety guidelines for workers in denim finishing. We follow applicable labor laws wherever we operate, and we require our supplier factories to do the same.

Our Global Compliance Principles include:

// 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, slave, trafficked or any other form of involuntary or compulsory labor.

// 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.

// 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.

// 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.

// 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.

// 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.

1 For further information on these and our other Global Compliance Principles visit https://www.kontoorbrands.com/sustainability/policies-standards
HUMAN RIGHTS CONTINUED

UNDERSTANDING AND MITIGATING RISKS
We plan to use third-party audit reports to assess compliance for small volume mills. In the longer term, supply base consolidation will reduce the number of mills and support a greater depth of supplier engagement and transparency.

FORCED LABOR
In November 2020, we launched a Forced Labor Risk Management Questionnaire survey to assess whether any of our Tier 1 or Tier 2 suppliers or their affiliated entities and business partners have engaged in business transactions with countries or regions implicated in forced labor practices by the U.S. government. No further action was taken as the survey results aligned with our policy of forbidding forced labor practices in our supply chain.

RAW MATERIALS SOURCING
Customer requirements underscore the importance of knowing where our raw materials come from. We reviewed many traceability technologies including DNA markers and isotopes analysis but have found auditable trails of documentation to be most practical at this time. In 2021, we plan to launch a pilot program with suppliers to advance the transparency of our raw materials sourcing practices.

ENCOURAGING WORKERS TO REPORT CONCERNS
To drive continuous improvement, we foster engagement, dialogue and communication through multiple channels. Our Ethics Helpline is a free, confidential way for employees, workers in our supply chain and other stakeholders to seek guidance, ask a question or raise a concern. It is available 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.

We encourage employees, supply chain workers and other stakeholders 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.

MEASURING OUR PROGRESS
All new suppliers are audited prior to initial production, including against social criteria laid out in our Global Compliance Principles. These criteria cover topics such as worker safety, forced and child labor, wages and benefits, working hours and women’s rights.

Number of critical violations found during audits by subject in 2020

<table>
<thead>
<tr>
<th>Critical level issue category</th>
<th>Percent of findings identified as critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and benefits</td>
<td>0.9%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>0.5%</td>
</tr>
<tr>
<td>Monitoring and Compliance</td>
<td>0.3%</td>
</tr>
<tr>
<td>Subcontracting</td>
<td>0.1%</td>
</tr>
<tr>
<td>Worker Residence (Dormitory)</td>
<td>0.3%</td>
</tr>
<tr>
<td>Legal Compliance</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

458 audits completed in 2020†

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† See pages 77 to 79 for further information
‡ KBAsiaResponsibleSourcing@kontoorbrands.com
§ See page 78 for further information
There is a powerful, natural connection between Inclusion & Diversity and business strategy. Promoting equal opportunities is integral to our purpose to be the common thread that inspires people to live with passion and confidence.

WHY IS IT IMPORTANT?
Inclusion & Diversity (I&D) are a central part of who we are and who we aspire to be at Kontoor. We know our continued success and growth will be enhanced by a diverse workforce that encompasses a wide range of perspectives, skills and abilities.

From the way we recruit and develop talent to the way we show up in the marketplace and in our communities as inclusive brands, each one of us is accountable for creating a growth culture that delivers our purpose and is worthy of our aspirations.

HOW WE CREATE EQUAL OPPORTUNITIES
Treating people with dignity and respect is one of the five priority areas of our Code of Business Conduct. We are committed to creating an inclusive environment that welcomes and values our differences. We make employment decisions based only 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.

We believe open communication and the free expression of diverse and differing ideas is the best way to collaborate, solve problems and create a winning team.

TARGETS
1. Workplace belonging
   Fostering a culture of inclusion and respect that encourages collaboration, flexibility and equity to ensure everyone in our workplace and supply chain feels heard, valued and empowered to reach their full potential.

2. Workforce diversity
   Recruiting, retaining and promoting from a diverse group of candidates to increase diversity of thinking and perspective.

3. Marketplace equity
   Driving I&D through brand marketing, images and messaging.

4. Sustainability & accountability
   Identifying and breaking down systematic barriers to full inclusion and equity by continually evaluating and improving our policies, practices and processes.

We are at an early stage in developing and implementing our I&D strategy, and we continue to enhance it through candid conversations with employees. We have already made some significant strides while also learning where we need to keep improving.
EQUAL OPPORTUNITIES CONTINUED

DEVELOPING AN INCLUSIVE CULTURE AND BEHAVIORS
We encourage our employees to live and breathe our I&D values. Employees are measured annually against our Valuing Inclusion & Diversity 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 I&D topics. Employees at the Vice President-level and above are additionally required to mentor at least one self-identified diverse employee. The framework also requires all new hires to complete the Cultural Foundations courses, including training focused on creating an Inclusive environment within 52 weeks of joining the organization.

EMPLOYEE TRAINING
Learning and development is a key component to our plan to advance workplace belonging. In 2020, we developed a four-part curriculum called Cultural Foundations. The first course, Creating an Inclusive Environment, was launched in July 2020. It includes a mix of live sessions and self-directed learning covering topics ranging from understanding unconscious bias to responding to microaggressions. By the end of 2020, over 90 percent of employees in our corporate offices had completed an online training program. In 2021, the course will be adapted and rolled out to employees in our retail, manufacturing and distribution operations, and we expect to develop a more intensive program for senior leadership.

As part of our new I&D strategy, we committed to launch inclusivity training for all global employees, with the goal of having 100 percent of senior leadership completing the intensive training program by the end of 2021.

EMBEDDING I&D ACROSS THE ORGANIZATION
To support the delivery of the strategy, we have established a number of I&D Councils at different levels to foster engagement across the organization and provide additional governance and support in our day-to-day efforts. Their mission is to promote a culture of I&D that attracts, develops and empowers talent around the world to position Kontoor and its brands as a relevant and reliable apparel brand for the next 100 years and beyond.

90% of employees completed online inclusion and diversity training

GLOBAL EXECUTIVE INCLUSION & DIVERSITY COUNCIL
The Global Executive I&D Council is responsible for promoting adherence to Kontoor’s Inclusion & Diversity objectives.

REGIONAL INCLUSION & DIVERSITY COUNCILS
U.S., APAC, EMEA and LATAM.
Regional I&D Councils oversee regional accountability for results, while providing governance and oversight on diversity efforts. These councils partner closely with local ERG leadership.

LOCAL EMPLOYEE RESOURCE GROUP (ERG) LEADERSHIP
The primary role of our local ERG councils is to establish and execute local initiatives for Kontoor employees and communities including internal and external initiatives that advance Kontoor’s I&D efforts.

1 This training is conducted in Workday, an enterprise management system, and the percent completion came directly from that system.
The Councils will supplement the work already underway across local Employee Resource Groups (ERG) and will help to coordinate and amplify activities. ERGs at Kontoor are voluntary, employee-led groups that foster diversity of thought, build community and provide support for professional and personal development. These communities drive initiatives that employees identify, own and execute with peers across the global Kontoor network.

**MENTORING**

To further strengthen inclusion and the growth mindset, we launched a Global Mentorship Program pilot in October 2020. The program uses anonymous matching to remove bias and assumptions, creating employee pairings that break down barriers typically formed by location, hierarchy or functional areas. The algorithm in the matching platform is built to match individuals based on their strengths and development goals, rather than level or department. There is a specific focus on matching Vice Presidents and above with diverse talent to support underrepresented groups. In the first round, 46 people from around the globe were matched, spanning HR, Legal, Marketing, Merchandising, Supply Chain, Finance, Sales, IT and Replenishment. The program has been rolled out more broadly across the organization in 2021.

**INCLUSIVE MARKETING AND COMMUNICATIONS**

At the end of 2020, we completed a comprehensive marketing audit to identify further opportunities to embed I&D across our marketing communications. The outcomes will be used to inform new brand-specific marketing goals to help advance equity and inclusion across our platforms.

**LOCAL ERG ACTIVITIES**

When launching our I&D strategy, we committed to expand and globalize our ERG network to scale-up our positive impact around the world. As of July 2021, there were 15 ERGs across 9 countries. Examples include:

**India**

Engage Diverse Group to Excellence (EDGE). With a focus on bringing harmony to Kontoor, the group encourages connections through social gatherings, team engagements, virtual yoga, community service and fun activities.

**United States**

The Diversity Networking Association (DNA). The group has been instrumental in leading important conversations around Black History Month, Asian American Pacific Islander Heritage Month and other holidays, providing an opportunity for employees to share their personal stories and hear from outside speakers.

**Hong Kong**

WeKare. Provides Hong Kong employees with a platform to serve in variety of causes that promote love, sharing and compassion. The group has over 60 volunteers which has distributed more than 1,300 lunch box meals and have collected more than 6,000 masks for those in need in the community.

**Bangladesh and Pakistan**

Kudos, Nimble, Openness, Togetherness (KNOT). Focused on engaging employees and the community by initiating activities to enrich our diverse environment by promoting I&D and the purpose and values of Kontoor.
MEASURING OUR PROGRESS

Between July 2020 and July 2021, female representation at Director level and above increased from 33% to 37%.

In the U.S., representation of black, indigenous and other people of color (BIPOC) went from 37% to 39% between July 2020 and July 2021.\(^1\)

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\(^1\) For further information visit [https://www.kontoorbrands.com/about/inclusion-and-diversity](https://www.kontoorbrands.com/about/inclusion-and-diversity)

\(^2\) As of July 2021

\(^3\) As of July 2021

Amounts herein may not recalculate due to the use of unrounded numbers.
EMPLOYEE ENGAGEMENT

Kontoor Brands is a diverse, global team of approximately 14,000 employees. We embrace our differences and learn from the diverse experiences, passions and perspectives of our colleagues. We’re focused on fostering an inclusive environment where all employees are valued and encouraged to be their unique selves.

WHY IS THIS IMPORTANT?
Our employees are the heart and soul of our company and the reason for our success. Engaged employees are more productive, more invested and also happier – all of which supports employee retention, motivation and performance.

HOW WE ENGAGE EMPLOYEES
To foster a culture of belonging, we aim to have 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 on numerous topics. Additionally, we have a continuous feedback tool used for anonymous employee opinions.

EMPLOYEE ENGAGEMENT SURVEY
In 2020, we launched our first global employee engagement survey. The survey was shared to all employees who were employed at least 60 days working across Kontoor’s offices, distribution, manufacturing and retail locations with a response rate of 66 percent.¹

Strengths highlighted by the results included:
- Engaged employees who feel proud to work at Kontoor and a sense of accomplishment with their work.
- Our level of commitment to customers with Kontoor seen as a leader in our market.
- Safety and well-being efforts to encourage a safe and respectful work environment in which well-being and a sense of belonging is a priority.

Areas highlighted for improvement include:
- Learning and development opportunities, both in the employees’ current role and long-term career development
- Performance clarity and recognition, with greater transparency needed around how employees are evaluated, recognized and rewarded.
- Collaboration and communication on business decisions, ideation and working across departments.

The survey included a section to explore measures of I&D. Employees were asked whether they feel they belong and consider colleagues are treated fairly. Overall, 72 percent of respondents marked our I&D efforts favorably.¹

72% of respondees marked our I&D efforts favorably¹

Response rate¹

9,019 responded
4,556 did not respond

¹ The survey was conducted Perceptyx, an employee insights platform, and results came directly from that system.
**BUILDING INCLUSIVE COMMUNITIES**

From our headquarters in Greensboro, North Carolina to the factory floors across the world, we are actively involved in the communities where our people live, work and play. Our ambition is to leverage our scale to make a measurable positive impact on these communities, connecting our people with local needs to help communities thrive.

**WHY IS IT IMPORTANT?**

Fostering community engagement is a key component of our I&D strategy. We are committed to supporting I&D efforts in the communities where we live and work, including our hometown of Greensboro, N.C.

We focus on making positive contributions to communities through local and national partnerships, monetary donations, sponsorships and employee volunteering. We’re looking to expand and strengthen our engagement with local groups, and identify meaningful partnerships with organizations that share our values and our mission to drive inclusion and understanding in our community.

**HOW WE ENGAGE WITH COMMUNITIES**

We believe each of us has a responsibility to help improve the well-being of our communities. Volunteering can be transformational for our employees as well as beneficial to the community and our business.

Across the globe, Kontoor Brands employees volunteer their time and contribute financial support to local programs we care deeply about.

**CHARITABLE DONATIONS**

We engage in philanthropic work in many of our local communities, and we consider opportunities to make a difference through corporate philanthropy on an ongoing basis. We are continually exploring new ways to help generate even larger positive impacts at scale.

Examples of our donations include:

- **National Association for the Advancement of Colored People (NAACP)**
  Founded in 1909, the NAACP is a civil rights organization in the U.S., formed as an interracial endeavor to advance justice for African Americans.

- **Black Investments in Greensboro (BIG) Fund**
  Established in December 2019 with a vision to be a philanthropic powerhouse that transforms the educational, health and social well-being of the black community.

- **Asian American Legal Defense and Education Fund (AALDEF)**
  A national organization founded in 1974, protects and promotes the civil rights of Asian Americans.

- **Big Brothers Big Sisters**
  A non-profit organization whose mission is to create and support one-to-one mentoring relationships for children from age five to young adulthood.

- **Boys & Girls Club of Greensboro**
  A local charity that provides a safe environment for children to have fun and be themselves through interesting, constructive activities.

**PROMOTING RACIAL EQUITY IN OUR LOCAL COMMUNITY**

We are committed to tackling systemic racism including in our hometown of Greensboro. In 2020, Kontoor Brands sponsored the 8:46 Series webinar, a community initiative hosted by the National Conference for Community and Justice (NCCJ) of the Piedmont Triad and the YMCA of Greensboro to introduce community members to the issue of systemic racism and how it impacts our entire society.

The webinar series examined narratives around racial disproportionality and discussed compelling research data around the systemic nature of racism and the fallacy of root-cause explanations such as poverty, education, social class, individual behavior or cultural attributes that are often pejoratively associated with particular racial groups.
PRODUCED THE RIGHT WAY

We produce millions of products each year globally. With this kind of scale, transparency and accountability are of utmost importance.

Kontoor Brands aims to source our materials and apparel in ways that are good for people and the planet. We are committed to sharing information about our suppliers, design process, innovative products, material sourcing and preferred chemistry initiative.
Our Approach

Why Does It Matter?
The garment industry is the world’s third biggest manufacturing industry after the automotive and technology industries – and it continues to grow.1 Globally, fashion brands are producing almost twice the amount of clothing today compared with the year 2000 and, by 2030, apparel consumption is projected to rise by 63 percent, to 102 million tons.2 Kontoor Brands produces more than 120 million products each year. With this kind of scale, being transparent about and accountable for the impacts our products have on people and the planet is of utmost importance.

The impacts of our products occur throughout the product lifecycle. The environmental and social impacts of the materials we choose and the way our products are manufactured are among our biggest impacts. Raw materials are the most significant contributor to our carbon emissions – making sustainable materials a critical component in our action to mitigate climate change.

Today’s fashion-consumption practices result in large amounts of textile waste, much of it eventually incinerated, landfilled or exported to developing countries.3 Jeans have historically been made to last, but denim is by no means the most sustainable textile. Denim production has traditionally been a water intensive process that requires chemicals and a lot of energy. The good news is that methods are changing, and more sustainable alternatives are continually emerging.

To drive positive change, we must take a holistic view that drives innovation and transparency across the product lifecycle – from design and raw material sourcing to manufacturing and product end-of-life management. We also need to increase transparency to engage and inform consumers. In one recent survey, 67 percent of surveyed consumers said they consider the use of sustainable materials to be an important purchasing factor, and 63 percent consider a brand’s promotion of sustainability in the same way.4

Our Approach

Our approach spans sustainable design and product safety, responsible sourcing of raw materials and engaging our owned and contracted manufacturing facilities with a focus on meeting high standards and implementing our preferred chemistry initiative.

Product Design and Innovation
Lifecycle Assessment enables us to identify the biggest impacts of our products and opportunities for change. Our designers work to embed circularity principles and sustainable materials and processes to create products that are used for longer and can be reused or recycled. 3D design and prototyping are transforming how we design our products. We are also redesigning our packaging with a focus on reducing plastic, exploring alternative materials and lightweighting.

Using Sustainable Materials
We’re increasing traceability and shifting to more sustainable materials while continuing to deliver durable, fashionable products. We’ve identified four priority materials for attention: cotton, synthetics, animal-derived materials, and forest-derived materials. Our goal is to source all four types sustainably by 2030.

To source our materials responsibly, we need to trace them back to their source to identify risks and opportunities. This means building comprehensive traceability frameworks that support our policies and standards across the supply chain, drive improvements and provide robust information about our products to consumers.

Manufacturing
Every stage of the manufacturing process has an impact, especially those that use chemicals. Chemical management is at the core of our approach, and we use advanced chemical screening procedures – known as CHEM-IQSM – to monitor the chemicals in our products and ensure our products are safe for consumers, for workers, and for the environment.

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1 Fashion Revolution (SFI0056)
3 https://www.nature.com/articles/s43017-020-0039-9?proof=t
OUR APPROACH CONTINUED

MAINTAINING HIGH STANDARDS THROUGHOUT THE PANDEMIC

Supply chains around the world were significantly impacted by the pandemic. In the apparel industry, workforce availability and instability led to revised work schedules/shifts at production facilities at all levels. Downstream suppliers’ output of materials was also impacted which led to shortages upstream, further impacting production. The heavy focus on returning production to pre-pandemic levels had a domino effect for product development, with suppliers more selective about development requests due to time and resource constraints.

Beyond the impacts of the pandemic on supply chain production, our design and execution of products were not significantly affected by COVID-19. We maintained our approach to product and design and innovation, increasing efforts to foster collaboration and communication within design teams and cross-functionally. We put processes in place to encourage greater ownership of actions and outcomes with 3D design proving an invaluable tool. The combination of COVID-19 and ongoing sustainability trends in our industry meant that our sustainability efforts continued to generate new learnings. This warranted a new level of engagement and a dynamic learning culture, which drove the adoption of new design processes among our teams, helping to deliver our sustainability ambitions.
DESIGN AND INNOVATION

Developing responsible products begins with design; the decisions we make at this stage determine the impacts of our garments through their lifecycle – from raw material sourcing to consumer use and end-of-life.

WHY IS THIS IMPORTANT?
Our sustainability impacts are embedded in our products from the very beginning of the value chain. It is crucial that we work to address them through purposeful design and a commitment to using innovative processes and materials. We need to view the design of our products through a strategic lens. Our designers make tactical choices when they design each product, carefully considering the materials we use and how they are managed at the end of a product’s useful life alongside performance and fit of our garments and cost and availability of materials.

HOW WE MANAGE OUR APPROACH TO DESIGN AND INNOVATION
We put thought and care into designing products with sustainability in mind. Looking at the entire lifecycle of a product enables us to easily see where our biggest impacts take place and where we can make the biggest changes. 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 more sustainable than the last. By assessing the entire lifecycle impacts of a product, we can work toward meaningful improvements.

3D DESIGN
Lee® and Wrangler® have invested in designing garments in a 3D environment over the past ten years. This technique has proven its ability to reduce physical samples and increase the speed and accuracy of our development process. 3D design helps us to make design choices without making physical garments. It benefits Kontoor in that it is more environmentally conscious and it appeals to eco-minded consumers who are increasingly embracing virtual shopping.

As an early adopter of 3D, all of our developments in North America for Lee® and Wrangler® begin as 3D designs. We believe the need for physical samples will be greatly reduced as the technology becomes more widespread. We are positioned to seize the opportunity as virtual development and commerce become standard in our industry.

“Our sustainability impacts are embedded in our products from the very beginning.”
Designing for circularity is an important part of reducing the environmental impacts of our products. Our goal is to make more circular products and our design, sustainability and innovation teams work with external experts like the Ellen MacArthur Foundation and Cradle to Cradle to instill a circular mindset across our approach.

This means making strides in using materials made from safe and recycled or renewable inputs, making products that are designed to be either recycled or upcycled and continuing our commitment to create durable, long-lasting clothing.

We have a lifetime guarantee for some of our products, including our Wrangler® RIGGS Workwear® products and offer limited one-year warranties for many of our other products. To support our customers to reduce their impacts during the product use phase, we include care labels that give instructions to wash with cold water and dry at low temperatures.

REDESIGNING JEANS FOR CIRCULARITY

The aim of the Ellen MacArthur Foundation’s (EMF) Jeans Redesign initiative is for jeans to last longer, be easily recycled and made in a way that is better for the environment and the health of garment workers. The initiative has created a set of guidelines that outline standards on garment durability, material health, recyclability and traceability. Our brands, Lee® and Wrangler® are both actively involved in the initiative.

In addition to signing up to the Jeans Redesign guidelines, the brands have joined EMF’s Make Fashion Circular. The partnership drives collaboration between apparel industry leaders to ensure clothes are made from safe and renewable materials, new business models increase their use, and old clothes are turned into new.
DESIGN AND INNOVATION CONTINUED

REDESIGNING OUR PACKAGING

Our packaging plays an important role in our products reaching the consumer in ideal condition, avoiding damage in transit and waste. Our packaging can be split into two main groups – polybags, for both individual products and e-commerce shipping and paper ticketing and hangtags. Polybags protect products as they reach their destination and ticketing helps provide important product information at point of sale.

We are exploring sustainable packaging solutions that reduce packaging material, including ticketing and polybags. In 2020, Wrangler® and Lee® North America redesigned our poly mailers to reflect our efforts to reduce the use of plastic in our packaging.

We increased the recycled content of our most commonly used mailer in North America from 35 percent to at least 60 percent post-industrial waste (plastic scrap that is generated as waste from industrial processes) and cut plastic use by decreasing the thickness of our packaging, without sacrificing performance. We are working to identify non-plastic and 100 percent recycled options for our packaging that allow us to maintain our pricing and value with our consumers.

In 2020, we joined Green Blue’s How2Recycle so that our consumers would be able to find a place to recycle our packaging while we continue to look for better solutions. The How2Recycle program is a standardized labeling system that clearly communicates recycling instructions to the public.

Our aim is to provide consistent and transparent on-package recycling information to consumers. Our packaging has a secondary adhesive strip eliminating the need for new packaging for returns. We’ve also added a QR code on our packaging that will take consumers to our brand sustainability landing pages to learn more about our efforts to reduce the use of synthetic materials.

MEASURING OUR PROGRESS

Measuring progress in this area is challenging – it is crucial that we monitor the outcomes of responsible design to know whether they are making an impact towards doing things better. To make the best choices, our designers need quality information to develop the guidance and tools to make the best choices.

60% post-industrial waste incorporated into our most commonly used mailer in North America1

1 The post-industrial waste percentage is confirmed by our packaging supplier

OUR PRIORITIES FOR 2021

We continued our partnership with Ellen MacArthur Foundation and Lee® launched a new partnership with denim manufacturers, Artistic Milliners, to create a line of jeans designed to be circular, a perfect fit for the planet. Lee and Artistic worked together to create a new offering of Cradle to Cradle® Certified jeans – a globally recognized standard for safer, more sustainable products created for the sustainably-minded circular economy – launched in 2021.
OUR MATERIALS

We search the world to find the right materials for our apparel and source materials that have a positive impact on people and the planet.

WHY IS THIS IMPORTANT?

The impacts of our raw materials are determined by what inputs are needed to grow or manufacture them. To be able to source our materials responsibly and make informed purchasing decisions, we need to be able to trace materials back to their source. We are working to build comprehensive traceability so that our policies and standards are met at every step of the supply chain. This will allow us to uncover and address issues and concerns and to provide the transparent information consumers increasingly demand.

Cotton is our number one material. Globally, cotton is the most widespread profitable non-food crop, providing an income for more than 250 million people worldwide.1 However, it has significant environmental and social impacts including soil erosion and the use of chemicals that can damage soil and water quality. Improving cotton’s environmental performance is a challenging task1 which requires collaboration across the value chain.

We also use nylon, polyester and bio-based synthetics. Finding and developing sustainable alternatives to virgin synthetics is a key challenge to balance the need to meet consumer expectations while reducing the impacts of our materials. In recent years, consumer preference has driven the denim industry to shift away from 100 percent cotton products. Historically, denim jeans were made from 100 percent cotton to ensure their longevity. This meant that the fabric was thick and stiff and needed to be worn-in by the wearer to achieve a perfect fit.

Today’s consumers demand products which already offer that worn-in look. Comfort and fit have become an important consideration which is why synthetic fibers such as elastane and polyester have been blended in with cotton yarn to increase fabric stretch and comfort.

HOW WE MANAGE OUR APPROACH TO MATERIALS

We are committed to sourcing products and materials from suppliers that share our values for human rights, ethics and environmental responsibility. Our Responsible Materials Policies apply to all Kontoor Brands’ vendors and material suppliers and aim to ensure transparent and robust materials claims. This includes policies on restricted substances, cotton fiber sourcing, conflict minerals and animal- and forest-derived materials.

As well as ensuring compliance with our standards, we want to play a role in driving industry-wide change across global supply chains. In 2020, we announced our first materials goals as part of our global sustainability strategy. We have been working to get the processes and systems in place to drive, monitor and track progress against these goals. This includes establishing verifiable monitoring and tracking from source through production for our materials as we work to improve the traceability of our products and materials. Our goal is full transparency from farm (for cotton) or manufacturer (for synthetics) all the way to final product. We are not there yet, and we have scaled up our engagement with suppliers to build understanding and collaboration to help us reach these goals. This includes working to ensure our partners understand and acknowledge our preferred materials list and help us source sustainable materials.

Our Innovation team is tasked with exploring solutions to the material challenges we face. This is a journey of continual improvement that requires long-term thinking and creativity. We would rather take action to make a difference now and continue to refine our strategy than wait to implement the perfect solution. For example, we are currently supporting the shift from mechanical recycling to chemical recycling through our partnership with the Infinited Fiber Company (see page 12).

1 https://www.worldwildlife.org/industries/cotton
SUSTAINABLE COTTON

The production of denim requires a lot of cotton. We recognize the effect denim production has on our planet. That is why we have committed to using 100 percent sustainably grown or recycled cotton by 2025.

Our cotton strategy focuses on advancing regenerative agriculture practices globally while sourcing more sustainable cotton for Kontoor products. We use more total cotton each year than the volume of organic cotton that is grown globally. So while we buy a portion of our cotton supply from organic sources today, our goal is to drive improvements across the global cotton industry to adopt more sustainable techniques and increase the overall supply of organic cotton globally. Sustainably grown cotton (see definition in table below) is better for the environment and the people that produce it and results in products that you can feel better about.

This effort requires collaboration across various components of the production process including farming practices, soil health management and supply chain innovation, among others.

Cotton grown using 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 and inhibit erosion.

Ours are working to educate farmers and our mill partners on these practices and are encouraging them to incorporate more sustainable cotton in their production.

OUR DEFINITION

We currently define sustainable cotton as cotton grown in the U.S. or Australia, recycled cotton from validated post-consumer and post-industrial sources, or cotton certified under sustainable cotton frameworks, including Organic or BASF’s e3 program.

We buy U.S. cotton because we believe it leads the world in best practices, research, and innovation. Additionally, it has been reported on rigorously by the U.S. Department of Agriculture (USDA) for more than 40 years but we recognize it is not perfect and we want to help continually improve its sustainability. We are members of the Textile Exchange, Cotton Inc, and Field to Market, among other groups working to advance sustainability in raw materials for apparel.

50% of the cotton sourced in 2020 was sustainable cotton.

OUR MATERIALS GOALS

<table>
<thead>
<tr>
<th>Goal</th>
<th>Definitions</th>
<th>Performance in 2020</th>
</tr>
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<tbody>
<tr>
<td>Source 100% sustainable cotton by 2025</td>
<td>We currently define sustainable cotton as any one of the following: cotton grown in the U.S. or Australia, recycled cotton from validated post-consumer or post-industrial sources, or cotton certified under frameworks, including Organic, Transitional Organic, BASF’s e3 program and REEL Cotton. Other natural fibers, including hemp and kapok, will be reviewed on a case-by-case basis.</td>
<td>50%</td>
</tr>
<tr>
<td>Source 100% sustainable synthetics by 2030</td>
<td>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.</td>
<td>7 MT</td>
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2 Seeding Soil’s Potential, 2018 https://kontoorbrands.app.box.com/s/v67bjxu7x5fido6jz7f6me8qfikw
3 https://www.cottoninc.com/about-cotton/sustainability/
4 See page 81 for further information
5 See page 81 for further information
6 See page 81 for further information
7 See page 81 for further information
FORCED LABOR IN COTTON
The global cotton supply chain is complex, and suppliers can face challenges when tracking the cotton origin and flow through each stage of their cotton supply chain. Our Cotton Policy requires suppliers to take specific steps to ensure that no forced labor is used in the harvesting or production of cotton used to make products for Kontoor or any of the company’s brands.

More broadly, 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.

ALTERNATIVE FIBERS AND RECYCLED MATERIALS
Although we are at an early stage, 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.

For example, hemp is being turned to across the industry as a natural alternative to cotton because it requires less water and pesticides and comparatively little land to cultivate. Hemp fabric has a softness comparable to cotton while potentially being easier on the land and the environment as a whole.

Another example of alternative fibers is DuPont’s Sorona® which may be used as a replacement for nylon. DuPont reports that Sorona® is 37 percent plant-based and uses 30 percent less energy and emits 50 percent less GHG emissions as compared with nylon which is produced from non-renewable sources.

To help tackle the fashion industry’s waste problem head on, we are exploring new ways to use recycled cotton, polyester and other fibers in our products. Using innovative processes, we can keep these materials from ending up in landfills while retaining the iconic look and feel of our products.

SUPPORTING FARMERS TO ADOPT SUSTAINABLE COTTON PRODUCTION
Through research conducted by Wrangler® and an alliance of industry experts, pioneering farmers, non-profit partners, and the Soil Health Initiative’s Healthy Soils for Sustainable Cotton project, we’ve seen significant promise in three land stewardship practices. These practices, when used together to grow cotton, not only increase yields but also decrease inputs, lower risks from weather and pests and add three times more carbon to the soil than conventional practices.

THESE METHODS INCLUDE:

- **Cover crops**: Farmers plant cover crops after cash crops have been harvested to cover the soil during off season as a way to reduce erosion and nutrient loss while also enhancing soil fertility.
- **Crop rotation**: Farmers plant a different crop into the soil each year. This practice has been shown to help manage pests and diseases, reducing the need for pesticides. It also nourishes the biological ecosystem below the ground, creating more favorable growing conditions for crops.
- **Conservation tillage**: Farmers implement a range of practices such as no-till and strip till that reduce soil disturbance from plowing, preventing erosion and nutrient loss.

Some 145 Soil Health trainings were delivered in 2020 by the Soil Health Institute, along with online webinars on topics such as soil health planning and ecological nutrient management.

1. [https://cfda.com/resources/materials/detail/hemp](https://cfda.com/resources/materials/detail/hemp)
2. [https://sorona.com](https://sorona.com)
3. [Seeding Soil’s Potential, 2018](https://kontoorbrands.gap.box.com/s/v9r766y7e3l3bzw46u6ipz29e8g5w4)
4. For more information about the trainings visit [https://soilhealthinstitute.org/soil-health-training/](https://soilhealthinstitute.org/soil-health-training/)
For example, we are working with the Infinited Fiber Company to explore ways to chemically recycle fiber (see page 12). With this technology, we are advancing ways to recycle fibers and embed circularity within our product assortment. This new recycling technique brings great possibility in addition to mechanical recycling which has been a standard in our industry for years.

ENGAGING OUR SUPPLIERS

Bringing our suppliers on board to help deliver our goals will be key to success. In 2021, we will share a Preferred Material List with our suppliers to drive and track progress towards our 2025 Cotton Goal and 2030 Synthetics Goal. This will ensure that we provide greater clarity and guidelines to our suppliers on the preferred materials used to make our products. The Preferred Material List will also be a toolbox our designers can use when building products, as well as act as guidelines for our procurement teams as they work with our suppliers. It will provide a foundation for building out our traceability systems and supplier engagement.

MEASURING SUPPLIER PROGRESS

All new suppliers are audited prior to initial production, including against environmental criteria laid out in our global compliance principles. These criteria include:

- **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 ensure environmental impacts are minimized with respect to energy, air emissions, water, waste, hazardous materials and other significant environmental risks.

- **Commitment To Improvement**
  Suppliers are expected to make sustainable improvements in environmental performance and require the same of their suppliers and sub-contractors.

ANIMAL WELFARE IN OUR SUPPLY CHAIN

The Animal-Derived Materials (ADM) we use in our products include the leather on our famous patches, wool and, on rare occasions, down. We strive to ensure the ethical and humane treatment of animals in our supply chain.

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

We use the Five Freedoms, which are globally recognized as the gold standard in animal welfare, as our guiding principles for ADM and we encourage our supply chain partners to apply these standards for materials beyond those sourced for Kontoor.

For more information about Infinited Fiber Company visit https://infinitedfiber.com/our-technology/
Our ADM policy requires that we 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 byproduct. 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 characterized by the Convention on 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. Our supply chain partners are encouraged to apply our standards for materials beyond those sourced for Kontoor products.

We are working to strengthen our audit and verification processes associated with our ADM policy. Our suppliers must self-declare compliance with our policy standards, and we select suppliers for auditing to ensure policy adherence. Non-compliance is subject 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 partner with industry groups such as the 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 are used 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 seek to address these areas by using raw materials that try to minimize the impact on forests and forest habitats and focus on prioritizing the use of certified-sustainable sources (with a preference for materials certified by the Forest Stewardship Council), encouraging 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.

As part of our commitment to FDM and biodiversity, in August 2019 Kontoor committed $100,000 over five years to help fund Alcoa Lands acquisition of High Rock and Tuckertown Reservoirs in Rowan and Davie County, North Carolina, located less than 50 miles from our Global Headquarters.

The project is helping to conserve 4,700 acres and 76 miles of river frontage, with the land turned over to North Carolina Wildlife Resources Commission, for management and public access creation.

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1 Partnering with Ducks Unlimited and others, Wrangler supported an important public land acquisition project along the Yadkin-Pee Dee River in North Carolina. Together over the course of two phases, partners invested $16.2 million to protect 4,700 acres and 76 miles of shoreline since 2019.
Q. Can you begin by telling us about your role at Kontoor?
A. I work out of our Hong Kong office in Kontoor’s Sourcing organization and have been with our organization for five years. Our team is responsible for monitoring product compliance, including monitoring Kontoor’s Restricted Substances List (RSL) and advancing chemical management within our organization, supply chain and the industry as a whole.

Q. Why is having a defined chemical management program important to Kontoor?
A. In traditional apparel production, we use a lot of chemicals, and often, there is new chemistry being adopted in the industry because we are always developing new and more sustainable products for our consumers. With so many new innovations in the market, we have to make mindful decisions. It is crucial to understand the chemistry behind any new materials and processes.

We work closely with the Kontoor Innovation Team, the Sustainability Team, and our Product Developers at our Development Centers to support chemistry assessment during the product development process.

Q. Can you explain how you apply your chemical management approach across the global supply chain?
A. Our approach begins with the enforcement of Kontoor’s RSL for all our material suppliers and manufacturers. It integrates all of the global chemical regulations into one single document. With the regulatory environment continually changing, we believe staying abreast of and applying the most stringent regional standards globally is a strong approach for mitigating the risk in supply chain.

In addition to RSL, a proactive and preventive approach is necessary to identify and remove any hazardous chemical which poses risk to consumer health, worker safety and/or environment. Therefore we introduced CHEM-IQSM to be Kontoor’s advanced chemical management program.

Q. How are you working with suppliers to make the CHEM-IQSM process even more efficient and effective?
A. We request chemical inventories from our suppliers and manufacturers. The collected inventories are then evaluated by our team and our partner lab. The suppliers then submit chemicals to the lab partner for the chemical screening.

Historically, this has been a manual process. We are exploring an online chemical management platform to manage our suppliers’ performances. We are also refining the scope and simplifying the process to be in line with our preferred chemistry goal, which was established in September of 2020. We’ll be selecting a platform in 2021 and adapting it for our needs with supplier onboarding so that they can begin uploading chemical inventory lists via the new platform in 2022.

“The beauty of CHEM-IQSM is that it is simple and actionable, through a cost-effective chemical screening.”
MANUFACTURING

We own and operate world-class manufacturing sites and contract with hundreds of supplier factories to produce our products. Working across our supply chain to reduce the impacts of manufacturing is a major focus of our responsible sourcing initiatives.

WHY IS THIS IMPORTANT?
We work with textile mills who spin and dye yarn and then weave it into fabric, and we have suppliers that purchase the yarn on our behalf. We also work with garment manufacturers that cut, sew and finish our garments.

Every stage of the manufacturing process has an environmental impact – from water and chemical use to energy and carbon emissions.

Chemicals play a variety of roles in our apparel production and allow us to embed desirable features and performance in our products. Chemicals are used throughout the production process, including in cotton growing, yarn dyeing and washing garments. These chemicals help give denim jeans the look and feel consumers want and some can help reduce the amount of water and energy needed in dyeing and processing cotton.

HOW WE MANAGE OUR APPROACH TO MANUFACTURING
Our ambition to achieve industry-leading manufacturing is powered through a steadfast focus on supplier engagement, factory compliance and product safety.

The use of preferred chemistry plays a critical role in reducing exposures to hazardous substances, not only for workers in our supply chain and consumers wearing our garments, but also for the environment across the entire lifespan of our products.

Preferred chemistries utilize both process and product chemistry that reduce or eliminate the use or generation of hazardous substances. We implement a proactive chemical management process throughout our global supply chain to identify and limit hazardous chemicals from entering the supply chain and to mitigate exposure of consumers, our workers and the environment to hazardous chemicals. Continually monitoring new regulations and best practices to ensure our materials and products are complying with the latest requirements is key.

Today, at a minimum, we require all owned and contracted manufacturing facilities to comply with our Restricted Substance List (RSL). This identifies and restricts the use of hazardous chemical substances for all our materials and products. Any material or product failing to comply with our RSL will be rejected for production. The RSL applies to all Kontoor Brands products and all raw materials, parts, trims, sundries and other goods supplied or used in the manufacture of our products. Our Facility Guidelines require that factories document all chemicals used in the facility.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Definitions</th>
<th>Performance in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use 100% preferred chemistry by 2023</td>
<td>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-IQSM screening process. Strategic suppliers constitute 90% or more of the product portfolio by weight.</td>
<td>97% of in-scope Tier 2 suppliers have participated in the CHEM-IQSM screening process</td>
</tr>
</tbody>
</table>

1 Our Product Stewardship Team tracks and monitors all Chemical Management data through the CHEM-IQSM program.
MANUFACTURING CONTINUED

In addition to the RSL, factories are subject to RSL audits where chemical management practices are evaluated. Auditors review chemical use, inventory, storage and disposal as well as worker-safety related procedures and equipment. We offer annual 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. As part of our due diligence, we randomly select ready-to-ship products from our vendors for comprehensive RSL testing.

As part of our sustainability strategy, we have committed to transition to 100 percent preferred chemistry by 2023.

REDUCING THE IMPACTS OF PRODUCT FINISHING WITH EARTHWASH

Launched in 2020 for the spring/summer 2021 season, EarthWash is our initiative to decrease the impact of the finishing stages (cutting, sewing and finishing) of denim which can have a significant environmental impact. Currently, we use Jeanologia’s Environmental Impact Measurement (EIM) tool.

EIM is a unique platform developed to monitor the environmental impacts of denim finishing in an efficient and economically viable way. It allows our designers, product developers and manufacturing partners to see the impacts of their finishing decisions and shows how different decisions can either increase or decrease the environmental and social footprint of our manufacturing. EIM scores products based on water use, energy use, chemical impact and worker health with a score of 0-33 rated as low impact, 34-66 as medium and above 66 as high impact. Our goal is to have 100 percent of Kontoor products fall under the low impact score over time.

Lee® Europe has spearheaded our use of EIM over the past two years. In 2020, 56 percent of Lee® Europe’s products were rated low impact, with another 39 percent rated medium. The regional brand is working towards zero high impact products for 2022.

56% of Lee Europe products rate “Low Impact” in Jeanologia’s EIM tool

1The Lee Europe team runs all of their wash formulations through Jeanologia’s EIM, with 56% achieving the Low Impact rating
MANUFACTURING CONTINUED

INCREASING TRANSPARENCY THROUGH CHEM-IQSM

We work with our manufacturing facilities to build capabilities and provide actionable requirements and standards. To support Kontoor’s and our suppliers’ capabilities and help drive transparency, we have adopted the CHEM-IQSM program in our global supply chain. CHEM-IQSM is a unique proprietary chemical management system developed by our former parent company that seeks to prevent substances of concern from entering our supply chain. It enables us to identify unwanted chemical formulations and stop their use in production.

The program incorporates a Substances to Avoid List (STA List) which includes more than 430 hazardous substances. CHEM-IQSM requires our vendors and suppliers to disclose their factory chemical inventory to us. Those chemical formulations are then submitted to a nominated third-party lab for analytical screening against the Substance to Avoid List (STA List) in CHEM-IQSM. This screening identifies which chemical formulations used by the manufacturing facilities are classed as Preferred, Allowed or Prohibited.

A fourth rating, Due Diligence Required, is associated with the handling and application of the chemical formulation in manufacturing facilities.

Any chemical formulation that receives a Prohibited rating is required to undergo corrective action and be replaced with a safer alternative. The alternative is then verified by analytical screening using the same process.

Internal collaboration has been key to the success of the program. Our teams work to understand our global supplier matrix and identify the strategic and core suppliers who constitute the majority of our material and product portfolio for inclusion in the program. We are closely monitoring these suppliers for implementation and leverage feedback from internal colleagues to identify any suppliers facing challenges so that further input and support can be provided.

We have also incorporated CHEM-IQSM for chemical conformity criteria. All chemical formulations with Prohibited/Phase Out rating are not allowed to be used in Kontoor’s supply chain, consistent with our chemical conformity criteria. All new potential chemicals are required to pass the CHEM-IQSM screening prior to nomination.

The CHEM-IQSM system is a collaboration across Kontoor teams including experts from Global Procurement, Indirect Procurement, the Engineering Team and the Washing Team. Kontoor’s Global Innovation Center also submits new chemicals for CHEM-IQSM screening as part of our material and product innovation process. CHEM-IQSM analytical findings can be insightful for chemical suppliers, driving learning and positive change. A number of chemical suppliers have adopted the CHEM-IQSM program into their new chemical product innovation to inform decisions. CHEM-IQSM also enables us and our suppliers to stay ahead of evolving chemical regulations. For example, there is a trend in speeding up the regulatory restriction of poly- and per-fluorinated chemistry (PFC) and alkylphenol ethoxylates (APEO) globally. By implementing CHEM-IQSM, we can mitigate the risk by identifying those chemical formulations and eliminating them from supply chain at an early stage.

Supplier Compliance with CHEM-IQSM 2020

100% 97%

Chemical formulations compliant with preferred chemistry

96%

98 percent as a whole of all screened chemicals, which includes Fabric Mills and Laundries

1 https://www.vfc.com/sustainability-and-responsibility/chemistry
2 Percentage of in-scope Fabric Mills that have completed CHEM-IQSM screening
3 98 percent as a whole of all screened chemicals, which includes Fabric Mills and Laundries
MAINTAINING CONTINUOUS IMPROVEMENT

ENGAGING OUR SUPPLIERS

We continuously engage with suppliers to ensure understanding and compliance, and we hold a “Mill Week” twice a year during which key mills present new items and updates to our designers and product developers. This gives our experts in sustainability, product development and innovation an opportunity to meet with the mills and share our requirements, needs and requests.

MEASURING OUR PROGRESS

By the end of 2020, 97 percent of the in-scope suppliers (Tier 2 Fabric Mills) completed the CHEM-IQSM screening process. A total of 1,704 chemical formulations have been screened. Of those screened chemical formulations, 63 were rated as prohibited chemicals (3.7 percent of total chemicals screened). By the end of 2020, 23 of those prohibited chemical formulations have been phased out completely and replaced by preferred alternatives, resulting in approximately 96% of chemical formulations in our supply chain receiving CHEM-IQSM ratings that are compliant with Kontoor’s standards and guidelines.

ENDING OUR USE OF POTASSIUM PERMANGANATE (PP)

Potassium permanganate (PP) spray is a strong oxidizing agent which is used in the industry to remove dye from denim as a color fading treatment. Because it is harmful to skin, it is removed well before a product would ever be in the hands of a consumer. However, PP spraying is a practice performed by millions of workers worldwide, posing a risk to their health if done incorrectly.

In 2018, Wrangler® and Lee® launched a project to stop using PP spray in our operations. The project involves a stepwise process which we hope will see zero PP used in our products by the end of 2022.

An internal Kontoor working group that includes designers from our brands, the Product Development Team and our internal Manufacturing Team continue to drive this important project forward.

Through our research, we have identified lasers as a substitute for PP spraying but with lower potential risk to workers. As we shift to using lasers in place of PP spray, we seek to identify fabrics which are optimized for use with the new laser technology rather than traditional chemical spray processes.

We expanded the list of in-scope facilities for CHEM-IQSM and re-screened existing facilities that have testing needs to be updated. We will also continue to work closely with our suppliers to complete analytical screening and follow up to eliminate any Prohibited rating chemicals and replace them with safer alternatives.

1 The Product Stewardship Team tracks and monitors all Chemical Management data through the CHEM-IQSM program.
PRESERVING OUR PLANET

Our brands have a long history of environmental stewardship and compliance, but we know there is more to do.

The planet's resources are limited, and the climate crisis is impacting communities around the globe. We believe companies have a responsibility to use resources wisely, drive sustainable innovations and preserve and protect the planet and communities where we work and live.
OUR APPROACH

WHY DOES IT MATTER?
The World Economic Forum reports that eight supply chains account for over half of global greenhouse gas emissions. The food sector alone accounts for around one quarter of emissions followed by the construction industry at 10%. The third largest sector is fashion which contributes approximately 5% of emissions.

Historically, our industry’s business model has focused on continually encouraging people to buy new clothes, depleting natural resources, increasing carbon emissions and creating waste when they are later discarded. At Kontoor, we believe we have an urgent responsibility to work together to use resources wisely and manage our environmental impacts.

To meet our sustainability commitments, our industry’s operating model must evolve to address this challenge head-on along every step of the value chain. Developing and incorporating new technologies—a few of which we have discussed in this report—can help decrease our industry’s environmental footprint. In addition, collaborating with our supply chain and other industry partners to encourage the adoption of best operating practices has the potential to amplify positive change. We acknowledge our industry must become part of the solution.

OUR APPROACH
Our products are made in ten owned and more than 200 supplier factories. Our brands have a long history of environmental stewardship. Environmental regulation varies by country and region. Review our standards for environmental management wherever our products are made through the Kontoor Brands Facility Guidelines.

KONTOOR-OWNED MANUFACTURING
Our owned manufacturing model brings advantages over outsourced manufacturing, from speed, flexibility and greater quality control to the ability to control the environmental impacts of garment manufacturing and finishing. Internal manufacturing represents the greatest opportunity to create positive change in reducing Kontoor’s energy, water and waste impacts. It also provides better visibility into the energy and water consumption embedded in our products compared with outsourced manufacturing, enabling us to track progress and demonstrate the ability to drive positive change over time.

EMBEDDING BEST PRACTICES
We aim to lead by example by embedding best practices and transparency in our manufacturing processes. We are working to power our operations using clean, renewable energy sources and to use water responsibly, returning it clean back into the communities that depend on it. We are also working to reduce waste generation through prevention, reduction, recycling and reuse.

ENGAGING WITH SUPPLIERS
Supplier engagement and capability building is crucial to reduce the impacts of outsourced manufacturing. We need to influence long-standing supplier processes and incentivize investment in the latest machinery and best practices. These actions can reduce material use and result in less waste, more sustainable packaging and product innovation – benefitting suppliers, the environment and our business.

MANAGING IMPACTS ACROSS OUR SUPPLY CHAIN
We conduct audits of our 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 required after an audit, 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 shall be verified during subsequent audits. Lack of progress to remediate a critical or major issue can result in rejection of the supplier from our supply chain.

We describe our commitments and approach to reducing the environmental impacts of our raw materials, including use of preferred chemistry, in the Product section on page 38.

INCREASING TRANSPARENCY AND BENCHMARKING
We have used the Higg Index 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 our industry’s leading assessment framework for apparel products, factories, brands and mills. The Higg Facility Environmental Module (FEM) measures the environmental impact of manufacturing facilities including environmental management systems, energy, water, waste, wastewater, air, and chemicals.

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2. https://www.weforum.org/agenda/2021/05/tracking-fashion-clothes-sustainable
3. To see an up-to-date supplier list visit https://www.kontoorbrands.com/about/supply-chain
4. To learn more about the Higg FEM visit https://apparelcoalition.org/higg-facility-tools
The annual Higg FEM assessment is compulsory for all Kontoor Brands Tier 1 and Tier 2 suppliers. Suppliers and Kontoor-owned facilities are requested to attend Higg FEM training organized by the SAC and third-party assessment firms to improve their Higg FEM performance.

We have also improved our risk management system by developing a Vendor Corporate Social Responsibility (CSR) point-based scorecard. This benchmarks Kontoor-owned factories’ and suppliers’ CSR performance on environmental topics such as energy, water use and waste management to encourage vendors to improve environmental sustainability performance.

**PARTNERING FOR CHANGE**

We work in collaboration with various key stakeholders to drive change in 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 law violations and increases visibility of issues, accelerates remediation processes and deepens our understanding of our supply chain.

The IPE evaluation covers action related to supply chain environmental management including transparency, legal compliance, public engagement and climate action. The methodology includes supplier self-assessment followed by IPE verification. We offer supporting evidence based on our China supplier environmental initiatives, vendor monitoring and training and information made available on the Kontoor website. We’ve made significant advances in our IPE Corporate Information Transparency Index (CITI) performance; our ranking in the textiles sector increased from 25 in 2019 to 17 in 2020.

For more information on the CSR Scorecard see page 23.

**MAINTAINING HIGH STANDARDS THROUGHOUT THE PANDEMIC**

Many of our owned and contracted manufacturing sites were shut down as a result of COVID-19 in 2020. Our management focus was primarily on ensuring associate safety as sites were re-opened (see page 10). In some places, the restrictions imposed had an effect on our environmental impact. For example, one mill partner in India that usually recycles over 80 percent of water was unable to recycle water when they reopened due to local guidelines for health and safety. As the year went on, they were able to start recycling water again. In some cases, it took time for facilities to restart effluent treatment plants (ETP) following the shutdown period. (The ETP must run for some time before it reaches a balanced state for the water to be added into the production process.)

The restrictions also limited our ability to carry out some on-site audits and we were forced to shift to virtual online audits, as also outlined on page 24. We accepted third party certification reports as a last resort to maintain transparency of our supply chain. Certain projects required more time to be completed, including electrical safety audits which were delayed compared with our target timeline. Governmental regulations and travel restrictions also impacted the scheduling of wastewater assessments with a high number of requests after testing services resumed.

While restrictions were in place, we re-prioritized projects and resources to focus on areas less impacted by COVID-19. We continue to monitor the pandemic’s environmental impact on internal and supplier operations.

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1 This anecdote was shared by a mill partner as a part of our Indigood™ Program
ENERGY AND CLIMATE

Like other industries, the apparel sector has been a contributor to climate change. We’re seeking to reduce the energy it takes to produce our apparel across the entire supply chain.

WHY IS THIS IMPORTANT?
According to the UN's Intergovernmental Panel on Climate Change (IPCC), we have until 2030 to cut emissions by half to avoid some of the worst potential impacts of climate change.1 At the current pace of growth, the fashion industry's GHG emissions is expected to increase by more than 50 percent by 2030.2 A key reason for these high emissions is the energy intensity of manufacturing processes such as preparing yarn which requires substantial electricity and dyeing which involves heating large quantities of water. Much of the energy used for clothing manufacturing is still generated using fossil fuels.

Climate change will impact our manufacturing in direct and indirect ways. Extreme temperatures may reduce operators' efficiency, adversely impact absenteeism rates and increase the cost of temperature management in facilities. Significant weather events may impact worker health and logistics, delay the supply of materials and finished products and pose a risk to manufacturing facilities and surrounding communities.

DEFINING EMISSIONS
- **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.

### OUR ENERGY AND CLIMATE GOALS

<table>
<thead>
<tr>
<th>Goal</th>
<th>Performance in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Our shift to renewables at key Mexico facilities has been impacted by changes in local regulations. We are actively exploring alternative renewable power options under the latest governmental regulations.</td>
</tr>
<tr>
<td>Climate</td>
<td>We monitor emissions data across our operations and suppliers through the Higg FEM. We are actively developing our Science Based Target and plan to announce it in 2022.</td>
</tr>
</tbody>
</table>

1. [https://www.ipcc.ch](https://www.ipcc.ch)
ENERGY AND CLIMATE CONTINUED

HOW WE MANAGE OUR APPROACH TO ENERGY AND CLIMATE

We’re investigating ways to reduce the amount of energy it takes to produce our denim across the entire 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 and beyond. For those facilities we do not own, we plan to partner with our suppliers to offer education and support in their efforts to be more energy efficient.

SETTING SCIENCE-BASED TARGETS

Science-based targets show companies how much and how quickly they need to reduce their GHG emissions to prevent the worst effects of climate change. Our goal is to reduce our emissions year over year; like our definition of sustainability – it’s a process of continual improvement. We are at an early stage of measuring our Scope 3 emissions which comprise the most complex area of our carbon footprint and the area over which we have the least direct control. We expect to announce our science-based GHG emissions target in 2022.

PROMOTING ENERGY EFFICIENCY IN OUR MANUFACTURING

Energy efficiency initiatives are specific to each manufacturing site and are informed by audits conducted by our Facilities Engineering Team and equipment manufacturers and vendors. Facility retrofitting projects were limited in 2020 due to the pandemic and associated reductions in capital budgets. Successful projects included upgrading five 25-ton air conditioning units at our Yucatan Division, with the new units being 15 percent more efficient than previous versions. Our Nicaragua Division upgraded four 50-ton air conditioning units and our Acancheh and Tekax sites in Mexico were upgraded with new roofing systems, increasing insulation values from R6 to R24.

One notable improvement for our internal manufacturing facilities was the implementation of new equipment for heating, ventilation and air conditioning (HVAC) systems. This equipment provides improved ventilation and air circulating which public health experts recognize as an effective tool in mitigating the spread of airborne pathogens. An 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 and thereby improve cooling efficiency.

SHIFTING TO RENEWABLE ENERGY

We actively encourage the use of renewable energy in our manufacturing and supply chain. Achieving our goal to power 100 percent of owned and operated facilities with renewable energy by 2025 will be challenging because energy markets are different around the world.

Due to differences in geography and regulatory restrictions, each of our locations has unique opportunities and challenges when it comes to delivering on our commitment to using renewable energy. For example, in Nicaragua the availability of renewable energy has increased in the last three years as an avenue to reducing the country’s biomass dependency and energy price volatility. In Mexico, however, the country’s current energy supply is about 30 percent renewable and Mexico’s dependency on fossil fuel creates less of an incentive to diversify supply.

Our operations in Mexico make up around 40 percent of our total energy use. To support efforts to shift toward renewable energy at our facilities in Mexico, we entered into a Power Purchase Agreement (PPA) with a local wind farm in 2018 when market conditions were favorable for renewables. However, subsequent updates to governmental guidance regarding Mexican regulations on the sourcing of renewable energy resulted in the cancellation of the renewable energy project. We are working to replace that project in a manner that conforms with current governmental guidance.

ENGAGING WITH OUR SUPPLIERS

Given our 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 and many fabric manufacturers still rely on fossil fuels. 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 further expand our focus on Scope 3 emissions as we build our Science Based Target.

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1 R-values represent resistance to the flow of heat; the higher the R-value, the greater the resistance and the insulating value
2 For more information about renewable energy in Mexico visit https://www.trade.gov/country-commercial-guides/mexico-renewable-energy
MEASURING OUR PROGRESS

Our energy use and emissions decreased between 2019 and 2020 with COVID-19 shutdowns and retrofits of internal manufacturing facilities as drivers of this decrease. We continued to work with our suppliers to track and measure their emissions and energy use via Higg FEM. Five percent of our supplier electricity usage was renewable in 2020.

Emissions 2020
Scope Emissions (MT CO₂e)

- Scope 3 Emissions: 85%
- Scope 2 Emissions: 12%
- Scope 1 Emissions: 3%

Energy Consumption 2020
Facility Type Energy (MJ)

- Manufacturing: 60%
- Owned & Leased Retail: 17%
- Distribution: 14%
- Offices: 7%
- Other, including showrooms and storage: 1%

1 See pages 82 and 83 for further information
Amounts herein may not recalculate due to the use of unrounded numbers
WORKING WITH OUR SUPPLIERS TO ADOPT CLEAN BY DESIGN

In December 2018, we embarked on a partnership with selected mills in China and the Apparel Impact Institute to explore opportunities to improve energy and water consumption through the Clean by Design program. We selected three mills to take part in the project and investigated ways that we can reduce energy and water consumption in the fabric production process. These mills were selected based on our commercial relationship, business volume and willingness to participate in the program. The cost of the program was shared by Kontoor Brands and the individual mills.

Through the program, participating mills boosted their manufacturing processes by upgrading or replacing dilapidated equipment. One mill decided to purchase new equipment instead of refurbishing its existing equipment which was outdated.

The new, more efficient equipment yielded significant benefits in energy consumption and water savings comparing to refurbishing the old equipment. This mill adopted many other recommendations from the Apparel Impact Institute for machines that were not replaced.

Investments made totaled $54,000 dollars with $39,000 dollars return per year, equating to an average payback time of 19 months.

The two mills delivered water and energy savings in their operations in addition to a reduction in GHG emissions. The water and energy savings were calculated using a scientific/engineering formula provided by the Apparel Impact Institute which also verified the accuracy of data. The third mill made the decision to relocate its facility during the project and is not included in the final data.

The experience we gained through the project underscored the need to provide training to mill’s senior management and owners to build a better understanding of the value that sustainability investments can unlock. Encouraging the factories to own project costs promoted responsibility and accountability and encouraged engagement in the project.

Outcomes were delivered between December 2018 to May 2020.

CLEAN BY DESIGN PROGRAM TABLE

<table>
<thead>
<tr>
<th>Mill</th>
<th>Energy saving %</th>
<th>Water saving %</th>
<th>GHG reduction %</th>
<th>Investment</th>
<th>Annual savings</th>
<th>Payback (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mill 1</td>
<td>15%</td>
<td>6%</td>
<td>14%</td>
<td>$33,330</td>
<td>$14,347</td>
<td>28</td>
</tr>
<tr>
<td>Mill 2</td>
<td>3%</td>
<td>44%</td>
<td>3%</td>
<td>$20,400</td>
<td>$25,030</td>
<td>10</td>
</tr>
</tbody>
</table>

1 The information in this section came from the Clean By Design program report.

OUR PRIORITIES IN 2021

We submitted our official letter to the Science Based Target initiative (SBTi) in 2021 and established an internal working group to established baselines for our target. We plan to consider a number of strategies to reach our targets including carbon sequestration, renewable energy, energy efficiencies and process improvements.
WATER STEWARDSHIP

Water is one of our most vital and precious natural resources. The manufacturing of denim has typically required a lot of water. We are innovating new processes and exploring new technologies to reverse this trend.

WHY IS THIS IMPORTANT?
From the cotton field through manufacturing, water is vital to our business. The processes used in jeans manufacturing, such as dyeing and washing fabric, require significant amounts of water. It is estimated that nearly 20 percent of global wastewater production is produced by the fashion industry, with some estimating 5,000 gallons of water is required to produce just one pair of jeans or a t-shirt through traditional methods.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

HOW WE MANAGE OUR APPROACH TO WATER STEWARDSHIP
We are focused on advancing the sustainable and equitable management of water resources in our own operations and supply chain. We have committed to reducing our water consumption to save ten billion liters of water by 2025 by developing innovative processes and ensuring the water we use is returned clean back into the environment.

For our owned manufacturing, we reduce our water footprint through continuous monitoring and reduction of freshwater use, including through greater water efficiency and increased water reuse. Collaboration efforts with other private sector groups and government entities has allowed us to deploy an array of solutions to minimize water use.

The garment laundering process is a water-intensive stage of denim production. This process includes washing completed garments to achieve desired aesthetic and softness.

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.

Our Torreon Complex has an objective to eliminate the use of fresh water in its processes. In 2020, the complex recycled 80 percent of its wash process water.3

TREATING WASTEWATER TO HIGH STANDARDS
The Kontoor Brands Global Wastewater directive requires that all wastewater, including domestic and process water, must be treated before discharging into the natural environment. All facilities which use more than 50m³ of process water per day must adhere to our global wastewater guidelines.

Bi-annual wastewater testing is also a requirement for all suppliers managing their own effluent treatment plant. Suppliers are required to report wastewater sampling conducted by a certified third-party. Qualification and testing parameters of wastewater must meet the Kontoor Brands Global Wastewater Discharge Standards.

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3. See pages 84 and 85 for further information
Business for Social Responsibility (BSR) Water Quality Guidelines\(^1\) are used as standards to maintain wastewater quality. 19 parameters are measured that include temperature, pH, suspended solids, Biological and Chemical Oxygen Demand (BOD and COD) and a range of potentially harmful chemicals\(^1\).

Failures must be remedied and re-tested within six months. Non-compliance adversely impacts the supplier’s rating in our CSR Vendor Scorecard and if the necessary improvements are not made, supplier relationships are terminated.

**FRESH WATER USAGE**

The chart to the right reflects fresh water usage throughout our external supply chain by country.

Because of the water required to dye and finish fabric, our Tier 2 mills generally use more water than Tier 1 manufacturing facilities, which require much less water during the cutting and sewing processes.

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\(^1\)https://www.bsr.org/reports/awqwg/BSR_AWQWG_Guidelines-Testing-Standards.pdf

\(^2\)See pages 84 and 85 for further information

\(^3\)See pages 84 and 85 for further information
WE’RE REDUCING WATER USE WITH INDIGO™

We launched Indigo™ in 2019 with the objective of driving significant reductions in water use during the fabric construction phase of the apparel supply chain. The program introduced foam-dyed denim which removes the need for water vats and chemical baths during the denim dyeing process. The result is a waterless method which virtually eliminates wastewater and reduces both energy consumption and overall waste by more than 60 percent when compared to traditional dyeing methods.¹

We work with mills who have adopted Indigo™ technology to verify their water savings in collaboration with a third party. If a mill achieves 90 percent water savings for the entire facility, or if one end-to-end process saves 90 percent water, they can be designated “Indigo™ certified” either at the mill or process level respectively. If a mill achieves greater than 30 percent water savings, they can join the Indigo™ program, and we will support them to further increase their water savings with the assistance of expert consultancy services.

SUPPLIER COMPLIANCE

Of the 269 suppliers in scope for wastewater testing in 2020, eight were found to have failed and were assigned Corrective Action Plans (CAPs). The scope for this assessment includes suppliers with a daily discharge of at least 50m³.

MEASURING OUR PROGRESS

We have conserved over 8 billion liters water at our internal manufacturing since 2008, setting us on target to save 10 billion liters of water by 2025.²

Our external supply chain has also worked to recycle and reuse water, and in 2020, our suppliers recycled 827 million liters of water³.

Our mill partner contracted independent auditing agencies to observe, measure, and validate the sustainable attributes of foam-dyed denim. See page 84 for further information.³

Produced/Process Water” and “Wastewater from another organization” sections of the Higg Index FEM

Goal

save 10 billion liters of water by 2025

8+ billion

liters of water saved since 2008²
Q. Can you begin by telling us about your role at Kontoor?
A. I've worked out of the Torreon Division in Mexico for 23 years, first as part of our former parent company and now as part of Kontoor Brands. I started out as a laundry technician, and now I manage the wastewater treatment plant that is dedicated to our factory.

Q. Why is water management such a high priority at the Torreon facility?
A. We're located in northern Mexico in the middle of the desert, where water is a crucial resource. In 2020, we manufactured approximately 12 million products at the Torreon Complex, most of which go through our finishing laundry. As a major employer with multiple generations of the same family working at our cutting and finishing facilities, our team is passionate about protecting the local environment. This means using high standards for our wastewater treatment and exploring ways to recycle it.

Q. Can you describe how your approach has matured over the years?
A. The wastewater treatment plant journey started here at Torreon 24 years ago when our former parent company brought Wrangler® to Mexico. Today, our focus has expanded beyond compliance as we explore new and innovative technologies. In 2017, we set out to explore ways we could recycle our wastewater and return it back into our systems. While the rate of recycling has increased year-over-year, there have been bumps and challenges along the way. In 2010, we successfully reached 50 percent recycling by improving water treatment conditions to optimize the wastewater quality. Progress stalled due to limitations related to inorganics (salts) and organics in the wastewater, all of which can affect the quality of the jeans and wastewater plant processes. To tackle the problem, we started to investigate reverse osmosis in 2013. It took several years of engagement with suppliers before we finally adopted a solution in 2017. No other laundry in Mexico was using this technology so we operated a pilot for a year before integrating the technology fully. Our laundry facility now has the capacity to filter eight liters of water per second and we can recycle 80 percent of the wastewater at our facility. Because of this new technology, we saved 169,006 m³ in 2020 alone, an amount equivalent to the water in 67 Olympic-sized swimming pools. This is a great achievement of which I'm very proud.

Q. What's next for the project?
A. Our goal when we finish the project in 2021 is to deliver further improvements so that we can start to source wastewater from the local community to put through our reverse osmosis system. At the moment, we're using 20 percent of water from the well which we put through the softeners and mix with salts. By treating wastewater from the local community, we will increase the recycled water we use to 100 percent. I can also see opportunities in other areas of production to use more recycled water and the project is feeding into wider opportunities, for example to reduce our energy consumption.

Q. How are you sharing what you’ve learned with other suppliers and Kontoor-manufacturing locations?
A. We're one of the only denim companies that has its own internal manufacturing, and this is important for influencing and showing our suppliers how we can do things and what is possible. Being able to use our position as a manufacturer to help other manufacturers is a great benefit. However, every area has its own conditions, and the water content can be very different. We're sharing information with other Kontoor-owned facilities to improve their water recycling and to look at what might work under their specific conditions. We'll also be sharing what we've done with our contracted supplier facilities so they, too, can understand the opportunity.

1See page 84 for further information
WASTE MANAGEMENT

To protect the planet and communities, we are continually exploring ways to limit the amount of waste we create through reduction, recycling and reuse.

WHY IS THIS IMPORTANT?
Excessive waste and improper waste treatment can result in contamination and harm to the environment, resulting in biodiversity loss and deterioration of habitats.

Our main waste streams include corrugate cardboard and fabric waste, along with smaller amounts of mixed paper, mixed plastic and laundry sludge. We recycle, upcycle or downcycle most of the waste at our internal manufacturing and distribution centers to create value. This allows us to contribute to the circular economy while saving money and protecting the environment. We are continually exploring new collaborations and innovations to provide practical solutions to unnecessary waste.

HOW WE MANAGE OUR APPROACH TO WASTE MANAGEMENT
We work to reduce the waste at our internal manufacturing facilities and distribution centers.

Corrugated cardboard is our number one waste stream, and we aim to reuse the boxes that we ship out to customers. We use pallets inside our buildings which are able to 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 our owned 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. This designation illustrates Kontoor’s continued commitment to embed sustainable business practices throughout its global operations and supply chain.

We are working with the Ellen MacArthur Foundation’s Jeans Redesign to revolutionize how jeans are made. Read more on page 42.

MEASURING OUR PROGRESS
At our owned and operated manufacturing facilities, our 2020 diversion rate was 67 percent, up from 59 percent in 2019. Our six distribution centers had an average diversion rate of 97 percent for 2020.

We recycled almost 5,000 metric tons in total at our owned manufacturing and distribution facilities.

GOING STONELESS TO REDUCE WASTE
In the denim industry, stonewashing involves washing fabric along with pumice stones in large industrial washing machines to achieve a lighter denim color. The stones can cause wear and tear of the machines and produce waste grit that needs to be disposed.

Our aim is to go 100 percent stoneless in our manufacturing processes. To achieve it, we are evaluating new methods to maintain this desired appearance while eliminating the use of stones and instead substituting an enzyme to achieve a similar color.

In 2020, the partial elimination of pumice stone usage in the wash process contributed to a reduction in waste.

This also benefited the biological reactors in our wastewater treatment facilities, as it decreased inorganics. The stainless steel mechanisms in our wastewater treatment system are no longer subjected to abrasive pumice particles, thereby prolonging their useful life and reducing maintenance needs.

See pages 86 and 87 for further information.
GOVERNANCE AND REPORTING

We believe good governance is integral to achieving our sustainability goals and driving shareholder value.

Sustainability is an enterprise-wide commitment informed by, and integrated into, our strategic priorities. We focus on People, Product, and Planet – key areas that align with our business strategy and where we can have the greatest potential for impact.
GOVERNANCE

Our aspiration is to be a sustainability leader – not just through what we say, but what we do. Good governance is integral to achieving this goal and to driving shareholder value. Sustainability is a company-wide commitment informed by and integrated into our strategic priorities.

SUSTAINABILITY GOVERNANCE

The Board of Directors is tasked with promoting the exercise of responsible corporate citizenship and monitoring adherence to Kontoor’s standards. The Board acts as an advisor and counselor to senior management and ultimately oversees and monitors its performance. These important responsibilities intersect with Kontoor’s activities in sustainability and may involve the board responsibly addressing the concerns of various stakeholders including employees, customers, suppliers, consumers, shareholders, governments, local communities and the general public.

Reports on progress against our sustainability goals are presented at Board meetings, which take place on a regular basis.

The Nominating and Governance Committee of the Board is responsible for reviewing and evaluating strategies programs, policies and practices relating to ESG issues and impacts to support the sustainable and responsible growth of our business. The Committee analyzes Kontoor’s programs regarding corporate responsibility, sustainability, purpose, social impact, I&D 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 Enterprise Risk Management Council is organized to identify, evaluate and manage risk topics and issues, in alignment with Kontoor Brands’ business priorities including strategy, financial, operational, compliance and reputational risk. It works with the Sustainability Team to identify, evaluate and manage sustainability-related risks and upcoming or new regulations.

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 wider Procurement, Product Development, Innovation and Sustainability team. The Vice President of this team reports to an Executive Leadership Team member.

Team members meet weekly with key Executive Leadership Team members and also participate in the quarterly risk assessment and collaboration led by the Global Risk Management team.

While the Sustainability team is ultimately accountable for sustainability activities, responsibility for certain topics falls to key functions. For example, the Responsible Sourcing team performs audits of our suppliers and works with the Sustainability team on the strategic direction for developing a responsible supply chain.

EMBEDDING ACCOUNTABILITY

In 2020, we launched inclusivity training for all global employees, with 100 percent of senior leadership expected to complete an intensive training program. Additionally, we are considering making sustainability performance a requirement of the annual bonus program for all eligible employees, including executives.
**BUSINESS ETHICS**

One of our core values is: We Do the Right Thing. To achieve this, we will 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 to foster an innovative and collaborative culture committed to accountability, honesty and transparency.

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

**CODE OF CONDUCT**

The Kontoor Brands Code of Business Conduct is our pledge to our shareholders, customers and each other that sets the ethical standards Kontoor expects each of us to follow. Published in 2019, it includes standards, expectations and business conduct policies for everyone at Kontoor Brands, including our officers and directors.

The Code of Business Conduct helps ensure that we demonstrate leadership and strong values when interacting with each other, our customers, our business partners and communities. The Legal Department is responsible for enforcing the Code of Business Conduct and all employees are required to read, acknowledge and become familiar with its contents.

**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. Kontoor employees are required to participate in training related to these policies, and to-date, 82 percent of employees worldwide have completed this training. In addition, our suppliers are 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 (see page 30), we foster dialogue and communication through multiple channels, including our Open Door Policy and our Ethics Helpline.

Our Ethics Helpline is a free, confidential 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.

**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.

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1 This training was conducted in Workday, an enterprise management system, and the percent completion came directly from that system.
We cannot address major environmental, social and governance challenges alone, so we engage and collaborate with others who share our commitment to increase our impact.

Listening to our diverse stakeholders enables us to understand emerging issues impacting our business, be accountable for our impacts and realize opportunities to drive change. Through regular dialogue with stakeholders, we can better align our business to address social and environmental needs whenever possible.

We define our stakeholders as the organizations and groups that affect or are affected by our business and operations. We engage with our different stakeholders according to their needs, be it annually or more often through appropriate channels. Key methods of engagement include one-to-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, activists and supply chain partners.

HOW WE ENGAGED WITH OUR EMPLOYEES IN 2020
We engage Kontoor Brands employees through events, trainings and internal communications to embed sustainability throughout our business. In 2020, many employees were forced to work remotely due to COVID-19. Keeping them connected and engaged was a high priority. Our Employee Resource Groups (ERGs – see page 34) stepped up and in-person events, such as our June 2020 Pride celebration, were modified to a virtual format. We launched new programs like “Coffee with a Co-Worker”, an initiative in the U.S. that invites employees to ‘have virtual coffee’ with a senior leader to stay connected, build an inclusive work environment and expand relationships among associates across different work functions and levels.

In response to incidents of social injustice and racial inequality around the world, we held over 40 global internal forums, to allow associates the opportunity to learn and provide feedback on these important subjects. We also marked “Resilience Month” in May, with the purpose of helping Kontoor employees adapt, adjust and prepare for a new normal in an uncertain time.

The program of activities spanned three pillars: taking care of ourselves; taking care of each other; and delivering results.

In October, we completed our first company-wide survey with employees working in our offices, distribution centers and manufacturing facilities (see page 36). Overall, 60 percent of employees responded. The most common words employees used to describe the Kontoor Brands culture were “commitment”, “safe”, “quality” and “respect”. Favorability ratings were high for employee engagement and safety while some areas such as learning and development, transparent feedback and collaboration across departments were highlighted as areas requiring improvement.

Employee feedback has also highlighted the need to do more to promote Inclusion and Diversity (I&D) in our organization. In 2020, we published our first I&D strategy and launched the Global Executive I&D Council and Regional I&D Councils to embed an inclusive culture throughout Kontoor Brands. Employees have the opportunity to participate in local Employee Resource Groups (ERGs) to shape and contribute to these efforts (see page 34). We also encourage employees to volunteer their time and contribute financial support to their local communities (see page 37).
### HOW WE ENGAGED WITH OTHER KEY STAKEHOLDER GROUPS IN 2020

<table>
<thead>
<tr>
<th>Nonprofits, Associations, and Multi-stakeholder initiatives</th>
<th>How we engage</th>
<th>Feedback received in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our partnerships with NGOs and activists enable us to design and implement projects, conduct robust due diligence and drive positive change.</td>
<td>We engage through partnerships and sponsorships, events, research, email. We also work in partnership to deliver projects such as:</td>
<td>Topics discussed included:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The HERhealth worker well-being program (pages 20 and 28);</td>
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<tr>
<td></td>
<td></td>
<td>• Our partnership with the Sustainable Apparel Coalition (page 20);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Ellen MacArthur Foundation’s Make Fashion Circular initiative (see page 42); and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Our ERGs engage with local nonprofits and community groups to deliver programs and projects around the world (see page 34).</td>
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**Investors**

Regular engagement with investors informs our strategy, reporting, and the development of strong governance principles to enable long-term growth and create value.

We strive to communicate our sustainability efforts and how we manage social and environmental risks; specifically through our corporate and brand websites, our Annual Report, our Sustainability Report and investor days. We also respond to sustainability-related queries from both traditional institutional investors and socially responsible or environmentally conscious investors. Investor engagement went virtual in 2020 (including our 2021 investor day) in response to COVID-19.

Prior to COVID-19, there was a significant focus on environment-related topics. During the pandemic, the focus shifted towards human capital including workplace safety, supply chain and labor rights and I&D.

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**Discover more about how we engage with our employees on page 36 and with our suppliers on page 47.**
MATERIALITY

Our sustainability strategy must be grounded in the issues that matter most to our business and our stakeholders to succeed. This awareness is crucial so that we identify and respond to risks and opportunities and report the information our stakeholders need.

Our most recent materiality assessment was conducted in 2019. The process considered a combination of internal and external stakeholder perspectives on material issues and their level of significance and priority.

The material issues that we identified through this assessment guide our sustainability strategy and programs. For clarity, these issues should not be construed as a characterization regarding the materiality or financial impact of such issues or related information to our investors. Please see our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K for a discussion of the risks that may be material to our investors.

1. MATERIAL ISSUE IDENTIFICATION AND DESIGN

- We reviewed the full landscape of salient material issues and organized them into understandable groupings to present to stakeholders.
- External subject matter experts analyzed over 300 articles on material issues, sustainability governance and specific reporting frameworks such as GRI, THESIS Index and SASB were reviewed for relevant material issues.
- We also reviewed the GRI Standard’s guidance and evaluated material issue presentations by our industry peers, as well as those outside our industry.

2. STAKEHOLDER FEEDBACK

- Internal surveys & interviews: We conducted an internal survey with the top eighteen Kontoor Brands leaders. This was followed up with one-on-one interviews to discuss how Kontoor Brands business operations impact the world.
- External stakeholders: We engaged Polecat Reputational Services to define and customize a hierarchy of material issues and conduct a 180-day analysis on the most relevant online and social media conversations related to the impact that a global apparel company has on the world.

3. VALIDATING AND RESPONDING TO THE RESULTS

- The Kontoor Brands Executive Leadership Team was presented with the outcomes of the materiality assessment through an in-depth briefing about thirteen specific issues.
- With guidance from Kontoor Brands senior leadership, the materiality assessment directly influenced Kontoor’s sustainability goal-setting process, and it has shaped the contents of our sustainability reporting.
MATERIALITY CONTINUED

OUR MATERIAL ISSUES
This process identified and evaluated thirteen material issues that reflect our economic, environmental and social impacts. Management of these impacts are divided across three strategic pillars of People, Product and Planet.

In recognition of the increasing importance placed on disclosure of sustainability performance by our stakeholders, we chose to develop our 2020 Report in accordance with the Global Reporting Initiative (GRI) Standards and the Sustainable Accounting Standards Board (SASB) Standard for Apparel, Accessories and Footwear.
METHODOLOGICAL NOTE

This 2020 Sustainability Report covers the calendar year January 1, 2020 to December 31, 2020. It provides a comprehensive view of Kontoor’s approach to sustainability and our performance in 2020 across our three strategic pillars: People, Product and Planet.

Our previous Sustainability Report was published in September 2020 and can be accessed at www.kontoorbrands.com/sustainability.

REPORTING SCOPE

The full list of entities included in our consolidated financial statements can be found on page 4 of the Kontoor Brands 2020 10-K. Data and information provided in this Sustainability Report does not consider licensee relationships which are covered in the 10-K. Where noted, some data regarding I&D is reflective of 2021.

STANDARDS AND FRAMEWORKS

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Apparel, Accessories and Footwear Industry. This is the first year that we have aligned our reporting with these frameworks, and we believe that doing so will allow our sustainability reporting to continue to be transparent, accurate and reliable.

The GRI & SASB Content Index is available on our website: https://www.kontoorbrands.com/sustainability.

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

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

CORRECTION OF INFORMATION

The number of suppliers and chemicals provided in the 2019 Sustainability Report included the total number in scope, rather than the total number screened. We have corrected the number in this year’s Report. Of the 37 suppliers in-scope for CHEM-IQSM testing in 2019, 26 had submitted chemicals to be tested, and 9 had completed all screening. Additionally, 399 chemicals were screened.

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 also continue to roll out the Higg FEM to additional members of our supplier base. This encourages measurement, transparent reporting and better management of environmental impacts across our supplier base (see page 55).

We also announced in the fourth quarter of 2021 that Kontoor completed the final implementation of our Enterprise Resource Planning (ERP) software program and infrastructure to support our sustainability initiatives and growth under one platform.

EVOLVING OUR COMPANY

During 2020, we continued to implement proactive strategic programs to improve quality-of-sales, which have included transitioning our India business to a licensed model and performing a strategic review of the VF Outlet™ store fleet. See more in our 2020 Annual Report.

CALCULATION DETAILS

Refer to the index pages of this Sustainability Report for more detail on the data and calculations discussed in this report.

GET IN TOUCH

sustainability@kontoorbrands.com
STATEMENTS LOOKING FORWARD

We have made statements in this report that are forward-looking statements (as such term is 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 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 or incorporate by reference public information not separately reviewed, approved, or endorsed by us, and we make no representation, warranty, or undertaking as to the accuracy, reasonableness, or completeness of such information.
REPORTING APPENDIX

Kontoor Brands is committed to regular reporting on our social and environmental impacts as well as setting goals for continuous improvement.

The following pages include detailed disclosure of our social and environmental impacts along with associated GRI and SASB framework references.

Amounts herein may not recalculate due to the use of unrounded numbers.
# INTERNAL HEALTH AND SAFETY

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<td>Recordable work-related injuries</td>
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<tr>
<td>Fatalities resulting from work-related illness</td>
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<td>Recordable work-related cases of illness</td>
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<tr>
<td>Total hours worked</td>
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*Representing Owned Manufacturing*
## Global Compliance Principle

% of All Audit Findings that are Critical (most severe level) and from this Subject (Note: 2.3% of All Audit Findings are rated: Critical)

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<thead>
<tr>
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<th>% of Audit Findings</th>
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<td>Environment</td>
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<td>Facility Security</td>
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<td>Forced Labor</td>
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<td>Freedom of Association &amp; Collective Bargaining</td>
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<td>Harassment or Abuse</td>
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<td>Hours of Work</td>
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<td>Informed Workplace</td>
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<td>Wages &amp; Benefits</td>
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<td>Worker Residence (Dormitory)</td>
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<td>% of All Audit Findings (of any severity level) that are from this Subject</td>
<td>%</td>
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<td>Environment</td>
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</tr>
<tr>
<td>Worker Residence (Dormitory)</td>
<td>1%</td>
</tr>
</tbody>
</table>

# of suppliers audited in 2020 367

# of Factories Rejected (% of Audited Factories that were Rejected) 3 (.8%)
<table>
<thead>
<tr>
<th>Country</th>
<th># of Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>7</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>69</td>
</tr>
<tr>
<td>Brazil</td>
<td>15</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2</td>
</tr>
<tr>
<td>China</td>
<td>142</td>
</tr>
<tr>
<td>Ecuador</td>
<td>1</td>
</tr>
<tr>
<td>Egypt</td>
<td>11</td>
</tr>
<tr>
<td>El Salvador</td>
<td>1</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>1</td>
</tr>
<tr>
<td>India</td>
<td>39</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
</tr>
<tr>
<td>Jordan</td>
<td>1</td>
</tr>
<tr>
<td>Kenya</td>
<td>6</td>
</tr>
<tr>
<td>Korea, Republic of (South Korea)</td>
<td>4</td>
</tr>
<tr>
<td>Lesotho</td>
<td>4</td>
</tr>
<tr>
<td>Madagascar</td>
<td>2</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1</td>
</tr>
<tr>
<td>Mexico</td>
<td>28</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>3</td>
</tr>
<tr>
<td>Pakistan</td>
<td>26</td>
</tr>
<tr>
<td>Paraguay</td>
<td>2</td>
</tr>
<tr>
<td>Peru</td>
<td>2</td>
</tr>
<tr>
<td>Philippines</td>
<td>1</td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
</tr>
<tr>
<td>Thailand</td>
<td>15</td>
</tr>
<tr>
<td>Tunisia</td>
<td>3</td>
</tr>
<tr>
<td>Turkey</td>
<td>16</td>
</tr>
<tr>
<td>United States of America</td>
<td>11</td>
</tr>
<tr>
<td>Venezuela</td>
<td>3</td>
</tr>
<tr>
<td>Vietnam</td>
<td>27</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>458</strong></td>
</tr>
</tbody>
</table>
## SUPPLIER ENGAGEMENT

### Higg FEM2020 Participation

<table>
<thead>
<tr>
<th>Tier</th>
<th>Description</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Volume of Units Produced with Higg FEM</td>
<td>98.1%</td>
</tr>
<tr>
<td>2</td>
<td>Weight of Fabric Produced with Higg FEM</td>
<td>99.7%</td>
</tr>
</tbody>
</table>
MATERIALS AND OTHER

Cotton identified as being either: Organic, grown in the USA/Australia, and other 50%
MT of Recycled Content (synthetics) 7

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>KTB</th>
<th>KTB Proportion of Alcoa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoa Land Investment ($)</td>
<td>$16,200,000.00</td>
<td>$100,000.00</td>
<td>0.6%</td>
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<tr>
<td>Alcoa Land Size (acres)</td>
<td>4,700</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Total KTB acres conserved</td>
<td></td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>
## INTERNAL ENERGY AND EMISSIONS

<table>
<thead>
<tr>
<th>Facility type</th>
<th>Electric Power</th>
<th>Natural Gas</th>
<th>Renewable Power</th>
<th>Diesel</th>
<th>Gasoline</th>
<th>LPG</th>
<th>Total Energy Sources (MJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution Center</td>
<td>81,705,560</td>
<td>11,052,450</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>92,758,010</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>178,922,257</td>
<td>211,838,526</td>
<td>1,457,609</td>
<td>11,845</td>
<td>194,424</td>
<td>-</td>
<td>392,424,661</td>
</tr>
<tr>
<td>Office</td>
<td>37,968,570</td>
<td>9,691,834</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47,660,404</td>
</tr>
<tr>
<td>Other</td>
<td>4,595,608</td>
<td>2,630,138</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,225,746</td>
</tr>
<tr>
<td>Retail</td>
<td>97,308,248</td>
<td>12,790,812</td>
<td>174,823</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>110,273,882</td>
</tr>
<tr>
<td>Total</td>
<td>400,500,242</td>
<td>248,003,760</td>
<td>174,823</td>
<td>1,457,609</td>
<td>11,845</td>
<td>194,424</td>
<td>650,342,703</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facility type</th>
<th>Electric</th>
<th>Natural Gas GHG</th>
<th>Renewable Power</th>
<th>Diesel</th>
<th>Gasoline</th>
<th>LPG</th>
<th>Total GHG (MT CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution Center</td>
<td>10,583</td>
<td>556</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,139</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>23,658</td>
<td>10,665</td>
<td>103</td>
<td>1</td>
<td>11</td>
<td>-</td>
<td>34,438</td>
</tr>
<tr>
<td>Office</td>
<td>3,901</td>
<td>488</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,389</td>
</tr>
<tr>
<td>Other</td>
<td>533</td>
<td>132</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>666</td>
</tr>
<tr>
<td>Retail</td>
<td>12,284</td>
<td>644</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,928</td>
</tr>
<tr>
<td>Total</td>
<td>50,960</td>
<td>12,485</td>
<td>-</td>
<td>103</td>
<td>1</td>
<td>11</td>
<td>63,560</td>
</tr>
</tbody>
</table>
# External Energy and Emissions

<table>
<thead>
<tr>
<th>Scope 3 Emissions by Source (Supplier (T1&amp;T2) and Business Air Travel)</th>
<th>Category</th>
<th>GHG MT CO₂e</th>
<th>Energy MJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier: Electric</td>
<td>Nonrenewable</td>
<td>106,422</td>
<td>673,759,398</td>
</tr>
<tr>
<td>Supplier: Natural Gas</td>
<td>Nonrenewable</td>
<td>75,602</td>
<td>1,507,137,873</td>
</tr>
<tr>
<td>Supplier: Steam</td>
<td>Nonrenewable</td>
<td>39,025</td>
<td>473,000,410</td>
</tr>
<tr>
<td>Supplier: Coal</td>
<td>Nonrenewable</td>
<td>50,535</td>
<td>561,220,105</td>
</tr>
<tr>
<td>Supplier: Other (LPG, Propane, Diesel, Mixed Fuel, Gasoline, Chilled Water, etc.)</td>
<td>Nonrenewable</td>
<td>27,794</td>
<td>393,550,206</td>
</tr>
<tr>
<td>Supplier: Renewable (Solar, Wind, Hydro, Biodiesel, Biomass, etc.)</td>
<td>Renewable</td>
<td>32,010</td>
<td>396,021,996</td>
</tr>
<tr>
<td>Supplier: TOTAL (includes an estimate for missing suppliers)</td>
<td></td>
<td>350,194</td>
<td>4,232,691,632</td>
</tr>
<tr>
<td>Business Air Travel</td>
<td></td>
<td>288</td>
<td></td>
</tr>
</tbody>
</table>

**Total Emissions Total (Supplier & Business Air Travel):**

<table>
<thead>
<tr>
<th>Source</th>
<th>GHG MT CO₂e</th>
<th>Energy MJ</th>
<th>% of whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable (non-GHG emitting)</td>
<td>0</td>
<td>51,855,230</td>
<td>5%</td>
</tr>
</tbody>
</table>
## WATER

<table>
<thead>
<tr>
<th>Plant</th>
<th>Recycled %</th>
<th>Total water (m³)</th>
<th>Recycled water (m³)</th>
<th>Fresh water (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Torreon Laundry</td>
<td>80%</td>
<td>212,284</td>
<td>169,006</td>
<td>43,278</td>
</tr>
<tr>
<td>Acanceh Laundry</td>
<td>15%</td>
<td>759,306</td>
<td>115,066</td>
<td>644,240</td>
</tr>
</tbody>
</table>

### Water savings per year

<table>
<thead>
<tr>
<th>Year</th>
<th>Liters saved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>232,133,139</td>
</tr>
<tr>
<td>2009</td>
<td>299,242,985</td>
</tr>
<tr>
<td>2010</td>
<td>336,724,969</td>
</tr>
<tr>
<td>2011</td>
<td>404,470,794</td>
</tr>
<tr>
<td>2012</td>
<td>257,238,619</td>
</tr>
<tr>
<td>2013</td>
<td>761,089,036</td>
</tr>
<tr>
<td>2014</td>
<td>784,536,201</td>
</tr>
<tr>
<td>2015</td>
<td>619,259,559</td>
</tr>
<tr>
<td>2016</td>
<td>966,233,200</td>
</tr>
<tr>
<td>2017</td>
<td>956,505,089</td>
</tr>
<tr>
<td>2018</td>
<td>1,027,532,077</td>
</tr>
<tr>
<td>2019</td>
<td>931,881,252</td>
</tr>
<tr>
<td>2020</td>
<td>576,547,390</td>
</tr>
<tr>
<td>Total</td>
<td>8,153,494,310</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plant</th>
<th>Water Efficiency (liters/unit)</th>
<th>Washed Units</th>
<th>Total Water (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Torreon</td>
<td>20.6</td>
<td>10,323,912</td>
<td>212,283,500</td>
</tr>
<tr>
<td>Yucatan</td>
<td>48.5</td>
<td>15,653,893</td>
<td>759,306,000</td>
</tr>
<tr>
<td>Owned AVG</td>
<td>37.4</td>
<td>25,977,805</td>
<td>971,589,500</td>
</tr>
</tbody>
</table>
### Allocated Water Withdrawal by Country (T1 & T2)

<table>
<thead>
<tr>
<th>Country</th>
<th>Kontoor Portion of Water use-Total Water (liters)</th>
<th>Kontoor Portion of Water use-Fresh Water (liters)</th>
<th>% Recycle/Reuse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>1,712,988,889</td>
<td>1,488,635,913</td>
<td>13%</td>
</tr>
<tr>
<td>Egypt</td>
<td>479,044,106</td>
<td>479,044,106</td>
<td>0%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>295,023,377</td>
<td>295,023,377</td>
<td>0%</td>
</tr>
<tr>
<td>Kenya</td>
<td>159,628,314</td>
<td>157,044,393</td>
<td>2%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>255,702,029</td>
<td>252,451,442</td>
<td>1%</td>
</tr>
<tr>
<td>China</td>
<td>1,597,713,036</td>
<td>1,293,978,640</td>
<td>19%</td>
</tr>
<tr>
<td>India</td>
<td>401,466,874</td>
<td>207,067,364</td>
<td>48%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>619,295,918</td>
<td>547,370,220</td>
<td>12%</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,486,486,646</td>
<td>1,461,078,362</td>
<td>2%</td>
</tr>
<tr>
<td>United States</td>
<td>517,148,984</td>
<td>516,838,048</td>
<td>0%</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>1,045,657,096</td>
<td>1,045,657,096</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>38,678,036</td>
<td>37,165,509</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,608,833,304</strong></td>
<td><strong>7,781,414,470</strong></td>
<td><strong>10%</strong></td>
</tr>
</tbody>
</table>
### WASTE

#### TOTAL KTB (DISTRIBUTION CENTER AND MANUFACTURING)

<table>
<thead>
<tr>
<th>In MT</th>
<th>Recycling</th>
<th>Compost</th>
<th>Reuse</th>
<th>Landfill / disposal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>45</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>45</td>
</tr>
<tr>
<td>Paper / corrugate</td>
<td>601</td>
<td>–</td>
<td>3,587</td>
<td>–</td>
<td>4,188</td>
</tr>
<tr>
<td>Plastic</td>
<td>382</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>382</td>
</tr>
<tr>
<td>Organics</td>
<td>–</td>
<td>10</td>
<td>–</td>
<td>–</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>3,927</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,927</td>
</tr>
<tr>
<td>Landfill / disposal (includes 0.3MT hazardous waste)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2,261</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,955</strong></td>
<td><strong>10</strong></td>
<td><strong>3,587</strong></td>
<td><strong>2,261</strong></td>
<td><strong>10,813</strong></td>
</tr>
</tbody>
</table>

Diversion rate ktb: 79%

#### DISTRIBUTION CENTER

<table>
<thead>
<tr>
<th>In MT</th>
<th>Recycling</th>
<th>Compost</th>
<th>Reuse</th>
<th>Landfill / disposal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Paper / corrugate</td>
<td>474</td>
<td>–</td>
<td>3,587</td>
<td>–</td>
<td>4,062</td>
</tr>
<tr>
<td>Plastic</td>
<td>65</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>65</td>
</tr>
<tr>
<td>Organics</td>
<td>–</td>
<td>10</td>
<td>–</td>
<td>–</td>
<td>10</td>
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<tr>
<td>Other</td>
<td>86</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>86</td>
</tr>
<tr>
<td>Landfill / disposal (includes 0.3MT hazardous waste)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>109</td>
<td>109</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>627</strong></td>
<td><strong>10</strong></td>
<td><strong>3,587</strong></td>
<td><strong>109</strong></td>
<td><strong>4,334</strong></td>
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</tbody>
</table>

Diversion rate dc’s: 97%

#### MANUFACTURING

<table>
<thead>
<tr>
<th>In MT</th>
<th>Recycling</th>
<th>Compost</th>
<th>Reuse</th>
<th>Landfill / disposal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>43</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>43</td>
</tr>
<tr>
<td>Paper / corrugate</td>
<td>127</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>127</td>
</tr>
<tr>
<td>Plastic</td>
<td>317</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>317</td>
</tr>
<tr>
<td>Organics</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other</td>
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<td>–</td>
<td>–</td>
<td>3,841</td>
</tr>
<tr>
<td>Landfill / disposal</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2,151</td>
<td>2,151</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,328</strong></td>
<td><strong>–</strong></td>
<td><strong>–</strong></td>
<td><strong>2,151</strong></td>
<td><strong>6,479</strong></td>
</tr>
</tbody>
</table>

Diversion rate manuf: 67%
WASTE CONTINUED

### FACILITY DIVERSION RATES

<table>
<thead>
<tr>
<th>Distribution center</th>
<th>Hackleburg 98%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution center</td>
<td>Luray 97%</td>
</tr>
<tr>
<td>Distribution center</td>
<td>Mocksville 99%</td>
</tr>
<tr>
<td>Distribution center</td>
<td>Seminole 99%</td>
</tr>
<tr>
<td>Distribution center</td>
<td>El Paso 93%</td>
</tr>
<tr>
<td>Distribution center</td>
<td>Mexico City 100%</td>
</tr>
<tr>
<td><strong>Distribution center total</strong></td>
<td><strong>97%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>Torreon – Complejo 54%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>Torreon – Coyote 20%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Torreon – La Rosita 21%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Torreon – San Pedro 13%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Torreon Total 49%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Yucatan – Acanceh 95%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Yucatan – Tekax 52%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Yucatan – Izamal 11%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Yucatan Total 79%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Nicaragua 80%</td>
</tr>
<tr>
<td><strong>Manufacturing total</strong></td>
<td><strong>67%</strong></td>
</tr>
</tbody>
</table>
## GRI AND SASB INDEX

### GRI AND SASB STANDARDS  DISCLOSURE  LOCATION  DIRECT ANSWERS

<table>
<thead>
<tr>
<th>GRI 101: FOUNDATION (2016)</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>GRI 102: GENERAL DISCLOSURES (2016)</td>
<td></td>
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</tbody>
</table>

#### ORGANIZATIONAL PROFILE

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>102-1</td>
<td>Name of the organization</td>
<td>About Kontoor Brands, page 5 2020 Kontoor Brands Annual Report, page 17</td>
<td></td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
<td>About Kontoor Brands, pages 5-6  Our Brands, page 7 2020 Kontoor Brands Annual Report, pages 19-20, ITEM 1. BUSINESS. Overview</td>
<td></td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
<td>About Kontoor Brands, page 6 2020 Kontoor Brands Annual Report, page 17</td>
<td></td>
</tr>
<tr>
<td>102-4</td>
<td>Location of operations</td>
<td>About Kontoor Brands, page 6 2020 Kontoor Brands Annual Report, pages 23-24, Distribution Channels and Customers (Branded Direct-to-Consumer), page 24, Manufacturing, Sourcing and Distribution, 43, ITEM 2. PROPERTIES</td>
<td></td>
</tr>
<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>About Kontoor Brands, page 5 2020 Kontoor Brands Annual Report, page 17, title of each class</td>
<td></td>
</tr>
<tr>
<td>102-6</td>
<td>Markets served</td>
<td>About Kontoor Brands, page 5 2020 Kontoor Brands Annual Report, page 19, ITEM 1. BUSINESS. Overview, paragraph 4</td>
<td></td>
</tr>
<tr>
<td>102-7</td>
<td>Scale of the organization</td>
<td>About Kontoor Brands, pages 5-6 2020 Kontoor Brands Annual Report, pages 24-25, Manufacturing, Sourcing and Distribution, page 26, Human Capital</td>
<td></td>
</tr>
<tr>
<td>GRI AND SASB STANDARDS</td>
<td>DISCLOSURE</td>
<td>LOCATION</td>
<td>DIRECT ANSWERS</td>
</tr>
<tr>
<td>-------------------------</td>
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<td>----------------</td>
</tr>
</tbody>
</table>
| 102-8                   | Information on employees and other workers | Equal opportunities, [pages 32-35](#)  
2020 Kontoor Brands Annual Report, page 26, Human Capital | 2020 Associate Data:  
Employment contract: Permanent employees: 13,939 (7,143 Female, 6,795 Male, 1 Unspecified)  
Employment type: Full time employees: 13,322 (6,617 Female, 6,703 Male, 2 Unspecified) Part time employees: 737 (600 Female, 133 Male, 4 Unspecified)  
Outside of the Kontoor Brands organization we engage with suppliers, consultants, and other entities that aid in the accomplishment of Kontoor business. |
| 102-9                   | Supply chain | 2020 Kontoor Brands Annual Report, pages 24-25, Manufacturing, Sourcing and Distribution | Kontoor Brands engaged with 574 suppliers in 2020 (468 T1 / Subcontractor / Trim suppliers, and 106 T2 Mills) |
| 102-10                  | Significant changes to the organization and its supply chain | Methodological Note, [page 73](#)  
ITEM 1A, RISK FACTORS, page 28;  
HIGHLIGHTS OF THE YEAR ENDED DECEMBER 2020, page 47 | |
| 102-11                  | Precautionary Principle or approach | Approach to Sustainability, [pages 11-14](#) | |
| 102-12                  | External initiatives | Partnerships for change, [page 19](#) | |
| 102-13                  | Membership of associations | | Kontoor is a member of many industry associations, including the American Apparel and Footwear Association, the Sustainable Apparel Coalition, and others. |

**STRATEGY**

| 102-14 | Statement from senior decision-maker | CEO Letter, [page 2](#)  
Q&A with our Sustainability Team, [page 12](#) |

**ETHICS AND INTEGRITY**

| 102-16 | Values, principles, standards, and norms of behavior | About Kontoor Brands, [page 5](#)  
2020 Kontoor Brands Annual Report, page 62, ITEM 10  
Please visit our resources page to access Kontoor’s sustainability reporting efforts, policies and standards:  
https://www.kontoorbrands.com/sustainability/policies-standards |
<table>
<thead>
<tr>
<th>GRI AND SASB STANDARDS</th>
<th>DISCLOSURE</th>
<th>LOCATION</th>
<th>DIRECT ANSWERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STAKEHOLDER ENGAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>Stakeholder engagement, pages 69-70</td>
<td></td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>Stakeholder engagement, pages 69-70</td>
<td>Stakeholders have been identified through an internal analysis.</td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>Stakeholder engagement, pages 69-70</td>
<td></td>
</tr>
<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>Stakeholder engagement, pages 69-70</td>
<td></td>
</tr>
<tr>
<td><strong>REPORTING PRACTICE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>Methodological Note, page 73, 2020 Kontoor Brands Annual Report, page 19, ITEM 1. BUSINESS</td>
<td></td>
</tr>
<tr>
<td>102-46</td>
<td>Defining report content and topic Boundaries</td>
<td>Materiality, pages 71-72</td>
<td></td>
</tr>
<tr>
<td>102-47</td>
<td>List of material topics</td>
<td>Materiality, page 72</td>
<td></td>
</tr>
<tr>
<td>102-48</td>
<td>Restatements of topics</td>
<td>Methodological Note, page 73</td>
<td></td>
</tr>
<tr>
<td>102-49</td>
<td>Changes in reporting</td>
<td>Methodological Note, page 73</td>
<td>There have been no significant changes from previous reporting periods with regards to the list of material topics and topic boundaries.</td>
</tr>
<tr>
<td>102-50</td>
<td>Reporting period</td>
<td>About this report, page 1</td>
<td></td>
</tr>
<tr>
<td>102-51</td>
<td>Date of most recent report</td>
<td>Methodological Note, page 73</td>
<td></td>
</tr>
<tr>
<td>102-52</td>
<td>Reporting cycle</td>
<td>Methodological Note, page 73</td>
<td></td>
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<tr>
<td>102-53</td>
<td>Contact point for questions regarding the report</td>
<td>Methodological Note, page 73</td>
<td></td>
</tr>
<tr>
<td>102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>Methodological Note, page 73</td>
<td></td>
</tr>
<tr>
<td>102-55</td>
<td>GRI content index</td>
<td>Kontoor’s GRI&amp;SASB Index, pages I-1 - I-12</td>
<td></td>
</tr>
<tr>
<td>102-56</td>
<td>External assurance</td>
<td>The 2020 Sustainability Report has not undergone external assurance.</td>
<td></td>
</tr>
</tbody>
</table>
## GRI AND SASB STANDARDS | DISCLOSURE | LOCATION | DIRECT ANSWERS
--- | --- | --- | ---
**SASB – ACTIVITY METRICS**
CG-AA-000.A | Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1 | Kontoor Brands engaged with 574 suppliers in 2020 (468 T1/Subcontractor / Trim suppliers, and 106 T2 Mills (or suppliers beyond T1))

**MATERIAL TOPICS**

### ENERGY AND CLIMATE

<table>
<thead>
<tr>
<th>GRI-103: MANAGEMENT APPROACH (2016)</th>
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</thead>
<tbody>
<tr>
<td><strong>103-1</strong></td>
</tr>
<tr>
<td><strong>103-2</strong></td>
</tr>
<tr>
<td><strong>103-3</strong></td>
</tr>
</tbody>
</table>

**GRI-305: EMISSIONS (2016)**

| 305-1 | Direct (Scope 1) GHG emissions | Internal energy and emissions, page 82<br>For emissions calculation methodology, see endnote 1, page I-12 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Internal energy and emissions, page 82<br>For emissions calculation methodology, see endnote 1, page I-12 |
| 305-3 | Other indirect (Scope 3) GHG emissions | External energy and emissions, page 83<br>For emissions calculation methodology, see endnote 1, page I-12 |

**GRI-302: ENERGY (2016)**

| 302-1 | Energy consumption within the organization | Internal energy and emissions, page 82 |
| 302-2 | Energy consumption outside of the organization | External energy and emissions, page 83 |

**SASB – ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN**

| CG-AA-430a.2 | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment | Supplier Engagement, page 80 |

**HUMAN RIGHTS**

<table>
<thead>
<tr>
<th>GRI-103: MANAGEMENT APPROACH (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>103-1</strong></td>
</tr>
<tr>
<td>GRI AND SASB STANDARDS</td>
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<tr>
<td>------------------------</td>
</tr>
<tr>
<td>103-2</td>
</tr>
<tr>
<td>103-3</td>
</tr>
<tr>
<td>GRI-408: CHILD LABOR (2016)</td>
</tr>
<tr>
<td>408-1</td>
</tr>
<tr>
<td>GRI-409: FORCED OR COMPULSORY LABOR (2016)</td>
</tr>
<tr>
<td>409-1</td>
</tr>
<tr>
<td>GRI-412: HUMAN RIGHTS ASSESSMENT (2016)</td>
</tr>
<tr>
<td>412-1</td>
</tr>
<tr>
<td>GRI-414: SUPPLIER SOCIAL ASSESSMENT (2016)</td>
</tr>
<tr>
<td>414-1</td>
</tr>
<tr>
<td>414-2</td>
</tr>
<tr>
<td>WATER</td>
</tr>
<tr>
<td>GRI-103: MANAGEMENT APPROACH (2016)</td>
</tr>
<tr>
<td>103-1</td>
</tr>
<tr>
<td>103-2</td>
</tr>
<tr>
<td>103-3</td>
</tr>
<tr>
<td>303-1</td>
</tr>
<tr>
<td>303-2</td>
</tr>
</tbody>
</table>
### GRI AND SASB STANDARDS DISCLOSURE LOCATION DIRECT ANSWERS

<table>
<thead>
<tr>
<th>GRI/CG-Number</th>
<th>Description</th>
<th>Water/Location</th>
<th>Direct Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI-303</td>
<td>Water withdrawal</td>
<td>Water, pages 84-85</td>
<td>Of 269 suppliers subjected to the Wastewater Test Report issued by the Kontoor Brands Responsible Sourcing team in 2020, 8 were found to have failed (compliance percentage of 97%). The scope for this assessment includes Tier 1 and beyond facilities with a daily discharge of 50cbm or above.</td>
</tr>
</tbody>
</table>

### SASB – ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

<table>
<thead>
<tr>
<th>CG-Number</th>
<th>Description</th>
<th>Direct Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>CG-AA-430a.1</td>
<td>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement</td>
<td></td>
</tr>
</tbody>
</table>

### EQUAL OPPORTUNITY

<table>
<thead>
<tr>
<th>GRI/CG-Number</th>
<th>Description</th>
<th>Location</th>
<th>Direct Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI-103</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Value chain impacts, pages 16-18, Equal opportunities, pages 32-35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The management approach and its components</td>
<td>Equal opportunities, pages 32-35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Evaluation of the management approach</td>
<td>Equal opportunities, pages 32-35, Key data, pages 32-35</td>
<td></td>
</tr>
</tbody>
</table>

### GRI-405: DIVERSITY AND EQUAL OPPORTUNITY (2016)

<table>
<thead>
<tr>
<th>GRI-405</th>
<th>Description</th>
<th>Direct Answers</th>
</tr>
</thead>
</table>
| 405-1         | Diversity of governance bodies and employees | KTB Associates: as of 12-31-2020
Age 21 / under: 1,037
Age 22-32: 4,238
Age 33-54: 7,883
Age 55+: 890
Not Specified: 11
Total: 14, 059
Board of Directors: as of November 2021
Male: 5 (71%)
Female: 2 (29%)
Age 30-50: 14%
Age 50+: 86%
Executive Leadership Team: as of November 2021
Male: 4 (50%)
Female: 4 (50%)
Age 30-50: 38%
Age 50+: 63% |
<table>
<thead>
<tr>
<th>GRI AND SASB STANDARDS</th>
<th>DISCLOSURE</th>
<th>LOCATION</th>
<th>DIRECT ANSWERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHEMICALS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRI-103: MANAGEMENT APPROACH (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Value chain impacts, pages 16-18 Q&amp;A with Gamma Cheung, page 49 Manufacturing, pages 50-53</td>
<td></td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Q&amp;A with Gamma Cheung, page 49 Manufacturing, pages 50-53</td>
<td></td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Manufacturing, pages 50-53 Key data, pages 50-53</td>
<td></td>
</tr>
<tr>
<td><strong>SASB – MANAGEMENT OF CHEMICALS IN PRODUCTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CG-AA-250a.1</td>
<td>Discussion of processes to maintain compliance with restricted substances regulations</td>
<td>Q&amp;A with Gamma Cheung, page 49 Manufacturing, pages 50-53</td>
<td></td>
</tr>
<tr>
<td>CG-AA-250a.2</td>
<td>Discussion of processes to assess and manage risks and / or hazards associated with chemicals in products</td>
<td>Q&amp;A with Gamma Cheung, page 49 Manufacturing, pages 50-53</td>
<td></td>
</tr>
<tr>
<td><strong>COMMUNITY ENGAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRI-103: MANAGEMENT APPROACH (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>Building inclusive communities, page 37</td>
<td></td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Responding to the pandemic, page 10 Worker health and safety, pages 26-29 Building inclusive communities, page 37 Business Ethics, page 68</td>
<td></td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Building inclusive communities, page 37</td>
<td></td>
</tr>
</tbody>
</table>
## GRI AND SASB STANDARDS DISCLOSURE LOCATION DIRECT ANSWERS

### GRI-413: LOCAL COMMUNITIES (2016)

| 413-1 | Operations with local community engagement, impact assessments, and development programs | The data below represents community engagement activity that is factory sponsored/managed.  
**Bangladesh:** T1* (70%), T2 (83%)  
**China:** T1* (21%), T2 (38%)  
**India:** T1* (33%), T2 (100%)  
**Pakistan:** T1* (67%), T2 (100%)  
**Vietnam:** T1* (67%)  
**Other:** T1* (0%), T2 (0%)  
**Total:** T1* (40%), T2 (67%)  
*Includes Subcontractors |

### WASTE

### GRI-103: MANAGEMENT APPROACH (2016)

| 103-1 | Explanation of the material topic and its boundary | Value chain impacts, pages 16-18  
Waste management, page 65 |
| 103-2 | The management approach and its components | Waste management, page 65 |
| 103-3 | Evaluation of the management approach | Waste management, page 65  
Key data, page 65 |

### GRI-306: EFFLUENTS AND WASTE

| 306-2 | Waste by type and disposal method | Key data, page 65  
Waste, pages 86-87 |

### MATERIALS (INCLUDING BIODIVERSITY AND ECOSYSTEMS)

### GRI-103: MANAGEMENT APPROACH (2016)

| 103-1 | Explanation of the material topic and its boundary | Value chain impacts, pages 16-18  
Our materials, pages 44-48 |
| 103-2 | The management approach and its components | Our materials, pages 44-48 |
| 103-3 | Evaluation of the management approach | Our materials, pages 44-48  
Materials and other, page 81 |

### GRI-308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)

| 308-1 | New suppliers that were screened using environmental criteria | 100% of new suppliers are audited prior to initial production, including against environmental criteria laid out in our Global Compliance Principles. |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | External Social, pages 77-78  
Negative environmental impacts identified on pages 77-78. Any supplier found with a violations is given a corrective action plan, and followed up with for expected remediation and compliance. |
### GRI AND SASB STANDARDS DISCLOSURE LOCATION DIRECT ANSWERS

**SASB – RAW MATERIALS SOURCING**

<table>
<thead>
<tr>
<th>CG-AA-440a.1</th>
<th>Description of environmental and social risks associated with sourcing priority raw materials</th>
<th>Our materials, pages 44-48</th>
</tr>
</thead>
<tbody>
<tr>
<td>CG-AA-440a.2</td>
<td>Percentage of raw materials third-party certified to an environmental and / or social sustainability standard, by standard</td>
<td>Key data, pages 44-48 Materials and other, page 81</td>
</tr>
</tbody>
</table>

**WORKER HEALTH AND SAFETY**

**GRI-103: MANAGEMENT APPROACH (2016)**

<table>
<thead>
<tr>
<th>103-1</th>
<th>Explanation of the material topic and its boundary</th>
<th>Value chain impacts, pages 16-18 Worker health and safety, pages 26-29</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Worker health and safety, pages 26-29</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Worker health and safety, pages 26-29</td>
</tr>
<tr>
<td>403-1</td>
<td>Occupational health and safety management system</td>
<td>Applications International Corporation is the management system used by Kontoor Brands to track performance related to Environmental Health &amp; Safety. The mission of Kontoor’s Environmental, Health &amp; Safety is simple—providing a safe and healthful workplace, protecting the environment, and conserving energy and natural resources. The management system has been implemented in order to report against legal Health &amp; Safety regulations (OSHA, EPA, etc.) and is based on risk management standards (ANSI, NFPA, OSHA 20 CFR 1910, etc.). Scope covers all employee categories (full-time, temporary, etc.), at workplaces with more than 10 people, and all Offices, Manufacturing, DC’s and Retail facilities in the US, Mexico, Nicaragua and Asia.</td>
</tr>
<tr>
<td>403-2</td>
<td>Hazard identification, risk assessment, and incident investigation</td>
<td>Hazards and work-related injuries are reported and investigated through the EHS software. Our manufacturing and distribution facilities have to identify, fix and report all unsafe situations (meaning unsafe acts and unsafe conditions). Kontoor Brands has internal metrics and goals to measure unsafe situations. We evaluate the effectiveness of these processes by reviewing the number of unsafe situations reported and corrective actions (associated to unsafe situations) on a monthly basis. We use the results of these hazard identification processes to improve the health and safety management process by identifying and fixing unsafe situations to prevent injuries.</td>
</tr>
</tbody>
</table>
### GRI and SASB Standards Disclosure Location Direct Answers

<table>
<thead>
<tr>
<th>GRI and SASB Standards</th>
<th>Disclosure</th>
<th>Location</th>
<th>Direct Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>403-3</td>
<td>Occupational health services</td>
<td>Responding to the pandemic, <a href="#">page 10</a></td>
<td>Our EHS team meets weekly for safety talks, monthly for safety training at the Distribution Center’s and Manufacturing locations, and updates associates through in-building signage, conference calls, and emails. Several safety committees exist across the organization to focus on key H&amp;S issues. Examples of these committees are the Incident Investigation Committee, and Unsafe Situations Committee.</td>
</tr>
<tr>
<td>403-4</td>
<td>Worker participation, consultation, and communication on occupational health and safety</td>
<td></td>
<td>See 403-3</td>
</tr>
<tr>
<td>403-5</td>
<td>Worker training on occupational health and safety</td>
<td>Worker health and safety, <a href="#">pages 26-29</a></td>
<td>Engaging and educating our associates in safe working practices is of the upmost importance at Kontoor Brands. A variety of programs and educational resources exist to provide clear guidelines for operation under many different circumstances relevant to the various sectors of work within Kontoor facilities. Ongoing training is conducted for relevant Kontoor Brands associates in areas such as Fall Protection, Emergency Action Planning, Electrical Safety, Global Injury Classification, and others, with guidance literature available online at all times.</td>
</tr>
<tr>
<td>403-6</td>
<td>Promotion of worker health</td>
<td>Worker health and safety, <a href="#">pages 26-29</a></td>
<td></td>
</tr>
<tr>
<td>403-7</td>
<td>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</td>
<td>Worker health and safety, <a href="#">pages 26-29</a></td>
<td>Our Terms of Engagement document, which includes our Global Compliance Principles, outlines our expectations regarding key ethical, social and environmental issues when engaging with external suppliers. This document must be signed and adhered to by our factory partners and includes stipulations in the realm of Health &amp; Safety.</td>
</tr>
</tbody>
</table>

### GRI-403: Occupational Health and Safety (2018)

| 403-10                 | Work-related ill health | Fatalities resulting from work-related injuries: 0  
Recordable work-related injuries: 50 (rate of .34)  
Fatalities resulting from work-related illness: 0  
Recordable work-related cases of illness: 0  
Total hours worked: 29,411,764 |

### SASB: Labor Conditions in the Supply Chain

| CG-AA-430b.1           | Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor | 75% of T1 / Subcontractors, 13% of T2 Mills audited during 2020 |
| CG-AA-430b.2           | Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits | .8% of suppliers were rejected due to non-conformance during 2020 |
| CG-AA-430b.3           | Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain | Ergonomic and puncture hazards are two of the most commonly reported health and safety-related risks at our facilities |
## GRI AND SASB STANDARDS

<table>
<thead>
<tr>
<th>DISCLOSURE</th>
<th>LOCATION</th>
<th>DIRECT ANSWERS</th>
</tr>
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<td>205-2</td>
<td>Communication and training about Anti-corruption policies and procedures</td>
<td>Kontoor Brands policies regarding Anti-corruption are communicated to all members of the Board and our external business partners. 82% of employees received training on our Code of Conduct in 2020.</td>
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ENDNOTES

1. For Scope 1 and 2:

We use the EPA Center of Corporate Climate Leadership published "Emission Factors for Greenhouse Gas Inventories", last published April 1, 2021. www.epa.gov/climateleadership.

For Electricity, we intend to report annually on a market basis though we have no REC purchases in 2020 to reduce our Scope 2 emissions.


For countries where IGES did not have a valid factor, we used 2020 Grid Electricity Emissions Factors v11, published June 2020 at www.carbonfootprint.com.

2. 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 (see link below). Table C-1, Table C-2, Table AA-1. https://www.ecfr.gov/cgi-bin/text-idx?SID=ae265d7d6f98ec86fcd8640b9f93a3f6&mc=true&node=pt40.23.98&rgn=div5#ap40.23.98 191. 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% natural gas, 20% coal and 30% fuel oil at a 74% 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.