

KONTOOR BRANDS (KTB) - FOREST DERIVED MATERIALS (FDM) POLICY

Table of Contents

KONTOOR BRANDS (KTB) - FOREST DERIVED MATERIALS (FDM) POLICY.....	1
POLICY FUNDAMENTALS.....	2
SCOPE.....	2
POLICY ACTIVATION AND ENFORCEMENT.....	2
Level 1 – Communication & Acknowledgment (Q1 2020, forward).....	2
Level 2 – Self Declaration & Certification (2020, forward).....	3
Level 3 – Verification & Audit (2021, forward).....	3
Table 1 – Timeline of Completion.....	3
GOVERNANCE.....	3
COLLABORATION.....	3
POLICY CRITERIA.....	4
Table 2 – Manmade Cellulosic Fibers for Textiles.....	4
Table 3 – Pulp derived – Hangtags, shoeboxes, shopping bags, tissue paper, gift boxes, and corrugate.....	4
Table 4 – Solid wood - Store fixtures, furniture, and hangers.....	5
APPENDIX: DEFINITIONS.....	6

POLICY FUNDAMENTALS

Kontoor Brands (KTB) is committed to the responsible use of raw materials. This forestry policy covers the sustainable and responsible use of forest products, to avoid the issues associated with deforestation and forest degradation including:

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

KTB seeks to address these areas by using raw materials with minimal impact on forests and forest habitats with a focus on:

1. Prioritizing the use of certified-sustainable sources, with a preference for FSC-certified materials
2. Encouraging Responsible Forest Management Practices for suppliers
3. Reducing virgin material use and increasing materials with recycled content, with a priority to include both post-consumer recycled material and innovative solutions including alternative fiber sources such as agricultural residues

SCOPE

This policy is applicable to all KTB Brands and Supply Chain Partners involved in the procurement, sourcing, and manufacturing of all products produced and post-consumer recycled (including but not limited to fabrics containing manmade cellulosic fibers, all paper-based materials including packaging, store fixtures and solid wood furniture).

POLICY ACTIVATION AND ENFORCEMENT

KTB is committed to continuous improvement of the criteria and enforcement of its FDM policy. We have set the following compliance and time-bounded goals. All existing suppliers of FDMs must adhere to the below implementation timeline. New suppliers of FDMs will be given the same time-period to achieve policy adherence starting from their initial contract date.

Level 1 – Communication & Acknowledgment (Q1 2020, forward)

- Begin to train and educate FDM suppliers regarding KTB's FDM policy
- Communicate FDM Policy to all FDM Suppliers

Level 2 – Self Declaration & Certification (2020, forward)

- All suppliers (new and existing) must sign the KTB FDM Policy Agreement declaring adherence to our criteria and timeline

Level 3 – Verification & Audit (2021, forward)

KTB will require relevant third-party certifications, with a preference for FSC, for all commercial transactions and randomly select suppliers for auditing to ensure policy adherence. Non-compliance will be subject to Corrective Action Plans in a similar fashion to other forms of supplier non-compliance and may result in discontinuation of business relationship.

Table 1 – Timeline of Completion

	End of 2020	End of 2021	End of 2022	End of 2023
Level 2	Man-made Cellulosic Fiber Materials Globally ¹	Store-fixtures and solid wood furniture ²	Pulp-derived Materials Globally ¹	
Level 3		Man-made Cellulosic Fiber Materials Globally ¹	Store-fixtures and solid wood furniture ²	Pulp-derived Materials Globally ¹

1 – This timing is aligned with Canopy’s Pack4Good and CanopyStyle Initiatives

2 – This applies to all new procurement of fixtures, furniture and hangers. Existing fixtures would be expected to be utilized for their useful life, and not thrown away and repurchased.

GOVERNANCE

KTB’s Responsible Sourcing and Sustainability teams will conduct an annual review of its FDM Policy including a global inventory of FDM’s (via the KTB Materials Inventory) and a random sample audit of suppliers and a corresponding risk assessment of environmental issues. Identified non-conformity will lead to Supplier and Brand education and an action plan to address outstanding issues. For additional information, email KTB Global Sustainable Business: Sustainability@kontoorbrands.com

COLLABORATION

KTB is committed to constantly improving our FDM Policy and practices by working with relevant stakeholders including NGO’s, materials suppliers, industry groups, and competitors. KTB will actively support on-the-ground Ancient and Endangered Forest conservation efforts by actively engaging in Canopy’s Landscapes of Hope Initiatives. Additionally, we will pursue opportunities to collaborate on innovation and next generation solutions for sourcing fibers not derived from forests but other sustainable sources.

POLICY CRITERIA

Table 2 – Manmade Cellulosic Fibers for Textiles

Criteria	Guidance	Examples
Manmade cellulosic fibers should not contain cellulosic materials that come from Ancient or Endangered Forests.	Suppliers providing cellulosic fibers to KTB Brands (viscose, rayon, lyocell, modal, etc.) should have a policy to ensure that the feedstock in their forest-derived products does not come from Ancient and Endangered Forests. Suppliers are encouraged to work with a third-party NGO to create their policy. ¹	N/A
1 – Refer to the Canopy <i>Hot Button Report</i> to ensure compliance: https://hotbutton.canopyplanet.org/		

Table 3 – Pulp-Derived Materials – Hangtags, shoeboxes, shopping bags, tissue paper, gift boxes, and corrugate

Criteria	Guidance	Examples
KTB prioritizes a reduction in overall material needed and supports next generation solutions for sourcing alternative fibers.	N/A	N/A
These materials shall be in a combination of Recycled Content and/or Third Party-Certified Content, with a preference for FSC.	These materials can range from 100% recycled content to 100% certified content and any combination in between. Priority should be put on post-consumer recycled content.	Hangtags: 30% recycled content, 70% FSC material
These materials should come from sources deemed non-controversial.	When FSC-certified materials are not available, additional documentation will be needed to demonstrate that it is sourced from an entity employing Responsible Forest Management Practices and is at low risk for sourcing from Ancient and Endangered Forests.	N/A
Paper product suppliers should process without chlorine or chlorine compounds.	For recycled paper, provide “processed chlorine free (PCF)” products. For virgin paper, provide “Totally Chlorine Free (TCF)” or “Elemental Chlorine Free (ECF)”	N/A

Table 4 – Solid wood - Store fixtures, furniture, and hangers

Criteria	Guidance	Examples
These materials shall come from Third Party-Certified Content.	Preference should be given to FSC-certified sources.	N/A
These materials should come from sources deemed non-controversial.	If these materials have certified content that is not FSC, additional documentation will be needed to demonstrate that it is sourced from an entity employing Responsible Forest Management Practices and does not come from Ancient and Endangered Forests. No fiber should come from plantations established post-1994 and management processes that respect the Free, Prior and Informed Consent of indigenous and local communities.	N/A

APPENDIX: DEFINITIONS

Ancient & Endangered Forests	As defined by the NGO Canopy, a detailed definition can be found at http://canopyplanet.org/campaigns/protecting-forests/
Controversial Sources	Controversial sources include illegally-logged timber; timber from forests that have been proposed for protection and/or are in the process of being protected but are not formally protected yet; forests with high value for conservation and are not demonstrably well managed; forests with serious tenure disputes, particularly where these involve failure to respect the customary rights of indigenous or local people; forests that are inappropriately and/or illegally converted to other land uses; timber associated with social and political conflict.
Corrective Action Plans	All-inclusive plans which outline clear actions a supplier must complete in order to be in compliance with any KTB policies or standards.
Direct Materials	Direct materials include man-made cellulosic fabrics and fibers such as viscose, rayon, modal, lyocell, etc.
Elemental Chlorine Free (ECF)	In virgin paper production, ECF replaces elemental chlorine with chlorine dioxide in the bleaching process
Elemental Chlorine	Elemental chlorine when used to bleach paper, the process can result in the formation of harmful chemicals such as dioxins and furans
Indirect Materials	Indirect materials include hangtag/ labels, shoeboxes, shopping bags, hangers, tissue paper, gift boxes, store fixtures, corrugate, office paper, commercial print and solid wood furniture
Forest Stewardship Council (FSC)	An international non-profit, multi-stakeholder organization established in 1993 to promote responsible management of the world's forests
Forestry Products	Products coming from wood pulp or timber
High Conservation Value Forest Area	Defined by FSC as: HCV 1 Forest areas that contain globally, regionally or nationally significant concentrations of biodiversity values (this includes: protected areas, rare or threatened species, endemic species, and seasonal concentrations of species) HCV 2 Globally, regionally or nationally significant large landscape-level forests HCV 3 Forest areas that are in or contain rare, threatened or endangered ecosystems HCV 4 Forest areas that provide basic services of nature in critical situations (this includes: protection of watersheds, and protection against erosion and destructive fire) HCV 5 Forest areas fundamental to meeting basic needs of local communities HCV 6 Forest areas critical to local communities' traditional cultural identity https://ic.fsc.org/en/smallholders/support/technical-materials/high-conservation-values-and-biodiversity
Legal Forest Management	Defined by complying with all applicable international, national, and local laws, including environmental, forestry, and civil rights laws and treaties

Post-Consumer Waste	A waste type produced by the end consumer of a material stream
Pre-Consumer Waste	a waste type produced during the manufacturing of other materials, this waste stream does not reach the consumer
Processed Chlorine Free (PCF)	Recycled content wood pulp produced without elemental chlorine or chlorine derivatives, although one or more fiber components may have originally been bleached with chlorine or chlorine derivatives
Recycled Content	Post- or pre-consumer wood-based recycled material
Responsible Forest Management Practices	Defined as Third Party Certification Systems that take the following criteria in mind: i. Preserves unique forest values including “High Conservation Value Forest Areas” ii. Performs audits of forest management operations with systems in place to transparently address risk; iii. Recognizes and respects traditional and indigenous communities’ rights including Free Prior and Informed Consent; iv. Ensures that each national standard is based on international criteria; v. Specifies a minimum level of performance that should be achieved in a forest area; and vi. Has broad support and meaningful engagement from social, economic and environmental sectors as determined by KTB
Third Party Certification	Third party forestry management certification system such as the Forest Stewardship Council (FSC) and others.
Totally Chlorine Free (TCF)	Virgin paper produced without chlorine or chlorine derivatives (the bleaching process uses oxygen-based compounds)