



Inclusion & Diversity Progress Report

August 2021

Lee | Wrangler

KONTOOR[™]

INSPIRING CONFIDENCE,
EVERY DAY

The Common Thread



Scott Baxter

A handwritten signature in black ink, appearing to read 'Scott'.

President, Chief Executive Officer &
Chair of the Board

I am excited to share Kontoor's first-ever Inclusion & Diversity progress report, published just one year after the launch of our global Inclusion & Diversity strategy.

Inclusion & Diversity are a central part of who we are and who we aspire to be at Kontoor. They are integral to our purpose *to be the common thread that inspires people to live with passion and confidence.*

We officially launched our Inclusion & Diversity strategy in August of last year, have steadily enhanced it through candid conversations with employees and are committed to sharing our progress with transparency. In the following pages, you'll note the four priority areas we're focused on: Workplace Belonging, Workforce Diversity, Marketplace Equity and Sustainability & Accountability. We have made strides in each area over the past year, and we also see areas in which we need to continue to improve.

The natural connection between Inclusion & Diversity and our business strategy is a powerful one. We're determined to strengthen that connection, 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 to strive to achieve our strategy, measured on our ability to create a growth culture that is worthy of our greatest aspirations.

We are one team at Kontoor. We take care of one another. We are stronger together because we each contribute unique strengths.

And, we win together.

This strategy to shape a more equitable, inclusive and diverse culture is a vital one for our business, and for our society. We are honored to have you with us on this journey.



Inclusion & Diversity Strategic Priorities

Standing for Inclusion & Diversity isn't enough. We must take action. 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.



Workplace Belonging

Strategy

Foster a culture of inclusion and respect that encourages collaboration, flexibility and equity to ensure all employees feel heard, valued and empowered to reach their full potential.

Objectives

- Launch inclusivity training for all global employees in 2020, with 100 percent of senior leadership completing an intensive training program in 2021.
- By end of 2020, launch an engagement survey to establish a baseline for culture, sentiment and inclusion measures and areas of improvement.



Workforce Diversity

Strategy

Recruit, retain and promote from a diverse group of candidates to increase diversity of thinking and perspective.

Objectives

- Reach gender parity at Director level and above by 2030.
- Increase U.S. BIPOC¹ representation from 38%² to 50% by 2030.
- Increase U.S. Black representation from 11%² to 16% by 2030.
- Increase U.S. BIPOC representation at Director level and above from 15%³ to 25% by 2030.



Marketplace Equity

Strategy

Drive Inclusion & Diversity through brand marketing, images and messaging.

Objectives

- By end of 2020, conduct a marketing audit of brand content, including online and in-store collateral, and other marketing/advertising initiatives to establish a baseline of inclusion measures and areas of improvement.



Sustainability & Accountability

Strategy

Identify and break down systematic barriers to full inclusion and equity by constantly evaluating and improving our policies, practices and processes.

Objectives

- Commit to annually sharing our progress toward our Inclusion & Diversity objectives.

¹Black, Indigenous, People of Color

²Representation data as of June 1, 2020 when objectives were set

³Data as of July 1, 2021, when this new objective was added



Workplace Belonging

Foundational to our ability to advance our Inclusion & Diversity strategy is our culture. Our values shape that culture. **We are one team, and we embrace our unique differences. We understand, challenge, believe in and learn from each other. We do the right thing, even when it's hard.**

Kontoor's culture is one that allows us to foster belonging, supporting our ambition to be a workplace that encourages collaboration, flexibility and equity so that all employees feel heard, valued and empowered to reach their full potential.

Inclusivity & Bias Trainings

Providing learning and development opportunities for employees is a key component to advancing workplace belonging. We developed a four-part curriculum called Cultural Foundations. The first course, Creating an Inclusive Environment, launched in July 2020. The program includes a mix of live sessions and self-directed learning (i.e., articles, videos, etc.) covering topics ranging from understanding unconscious bias to responding to microaggressions. To date, 90% of employees in our corporate offices have completed the training program. Next, we plan to adapt the training for retail,

manufacturing and distribution employees, as well as develop a more intensive program for senior leadership.

Employee Engagement Survey

To foster a culture of belonging, we have multiple touch points to keep a pulse on how employees are feeling. In 2020, we launched our first Global Employee Engagement Survey and included a section that specifically focused on measures of Inclusion & Diversity.

We asked employees about whether they feel they belong and if all colleagues are treated fairly, among other topics. Overall, we found that 72% of employees who responded to our survey felt favorably about our Inclusion & Diversity efforts.





Employee Resource Groups

At the center of our commitment to evolve our workplace culture is our Employee Resource Groups (ERGs). 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 advance with peers across the global Kontoor network.

When launching our Inclusion & Diversity strategy last year, we committed to expanding and globalizing our ERG network. To date, we have 15 ERGs across 9 countries. On the following page, we share a few activities our ERGs have led over the last year.



Engage Diverse Group to Excellence, "EDGE" (India), is focused on bringing harmony to Kontoor. The group encourages connections through social gatherings, team engagements, virtual yoga, community service and other fun activities.



The Diversity Networking Association, "DNA" (United States), is focused on creating a culture that embraces our differences, nurtures and attracts a diverse employee base, and guides our brands to help meet the needs of all consumers. This year, 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 to hear from outside speakers.



LGBTQ+ Inclusion for Everyone, "LIFE" (United States), is focused on celebrating, promoting and advocating for LGBTQ+ employees at Kontoor and within the communities in which we operate. In honor of PRIDE Month, the group hosted a T-shirt design contest. The winning designs were featured on shirts which were available for employees to purchase with all proceeds from the sales being donated to a local LGBTQ nonprofit organization.



WeKare (Hong Kong) is focused on demonstrating our care to the community and the environment by providing Hong Kong employees with a platform to serve in a variety of causes that promote love, sharing and compassion. Through their community service efforts, the group of 60-plus volunteers has distributed more than 1,300 lunch box meals to the underprivileged and collected more than 6,000 masks to provide to those in need in the community.

Our other ERGs include:

- **Kudos Nimble Openness Togetherness "KNOT" (Bangladesh & Pakistan)** is focused on engaging employees and the community by initiating activities to enrich our diverse environment by promoting Inclusion & Diversity, as well as the Purpose and Values of Kontoor.
- **Together We Inspire Nations "TWIN" (Kenya & Egypt)** spreads a spirit of acceptance and freedom by celebrating the differences among our colleagues, including all voices and experiences for company success.
- **LinK (China)** is committed to driving connections or "links" among our employees, fostering love and connection.
- **The Inclusion & Diversity Group (Europe)** has built their mission around Kontoor's overall Inclusion & Diversity vision, which states that "no matter who you are, where you're from, who you love, or how you identify, we're all cross-stitched together at Kontoor."
- **The Denim Social Club (Europe)** is focused on transforming employees into lifelong friends by organizing inclusive and diverse social activities.
- **The Thread (Europe)** works to create a fun and engaging work culture across all Kontoor UK sites and departments that reflects Kontoor's Values.
- **The Emerging Leaders Movement "ELM" (U.S.)** is committed to ensuring inclusion and diversity are embedded throughout all layers of the organization with an emphasis on advancement and proportionate representation.
- **The Kontoor Network Empowering Women "KNEW" (U.S.)** connects, supports and empowers women throughout the organization with a focus on providing career and personal development opportunities for all.
- **The KBeFit Crew (Europe)** is focused on inspiring Kontoor's employees to pursue healthy lifestyles, with a focus on fitness, work-life balance and personal and professional development.
- **GREENDIGO (Europe)** is promoting Kontoor's commitment to sustainability, encouraging employees to implement opportunities to infuse a sustainability focused mindset into all aspects of Kontoor's business operations, workplace and communities in which we operate.
- **FATHERS (U.S.)** is helping to gather, encourage and equip the fathers of Kontoor Brands to engage their families with character, strength and honor.



"It is critically important to create and sustain a workplace culture that is truly inclusive. Kontoor's DNA ERG is united by our passion to be the voice of the people and to celebrate our various cultures. That is the power and value of our ERGs! These groups are resources that help mold the workplace culture so that every employee feels that sense of belonging."

- Bryan Chapman
Vice President, Merchandising,
Wrangler®, North America

"I thoroughly enjoyed the Global Mentorship Program. I was able to see both the differences and similarities from a business perspective between North America and Europe. I most enjoyed hearing about my mentor's career path and choices that were made to maintain harmony with career goals and personal core values. Hearing that helped me to better frame my goals and set myself on the track to achieve them."

– **Michelle Smith**

Financial Analyst, Kontoor Brands, North America, Mentee

"The Global Mentorship Program is a fantastic way to network and share best practices. The program builds trust and shares knowledge across regions and across functions, bringing our culture to life – one team, embracing our unique differences, learning from each other and creating global advocates for one another."

– **Kristin Peek**

Director, Global Strategy, *Wrangler*, North America, Mentor &

– **Sebastien Painblanc**

Digital Marketing Manager, *Wrangler*, EMEA, Mentee

Global Mentorship Program

To strengthen inclusion and further our growth mindset, we launched a Global Mentorship Program. Through this effort, we are using anonymous matching to create 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 strengths and development goals, not level or department, though there is a specific focus on matching Vice Presidents and above with diverse talent to support underrepresented groups.

The pilot program launched in October 2020, matching approximately 45 people from around the globe across HR, Legal, Marketing, Merchandising, Supply Chain, Finance, Sales, IT and Replenishment. The program rolled out more broadly across our organization in July 2021.

Inclusion & Diversity Book and Movie Club

Through our Inclusion & Diversity Book and Movie Club, we offer employees an opportunity to deepen their learning while also providing a common language for talking about inclusion and equality. Each quarter, the Club offers two movies and one book, focusing on topics ranging from racism and cultural appropriation to gender parity and understanding holidays. We facilitate the Book and Movie Club separately in each region to ensure topics are relevant and timely. To date, we have had more than 130 employees participate.

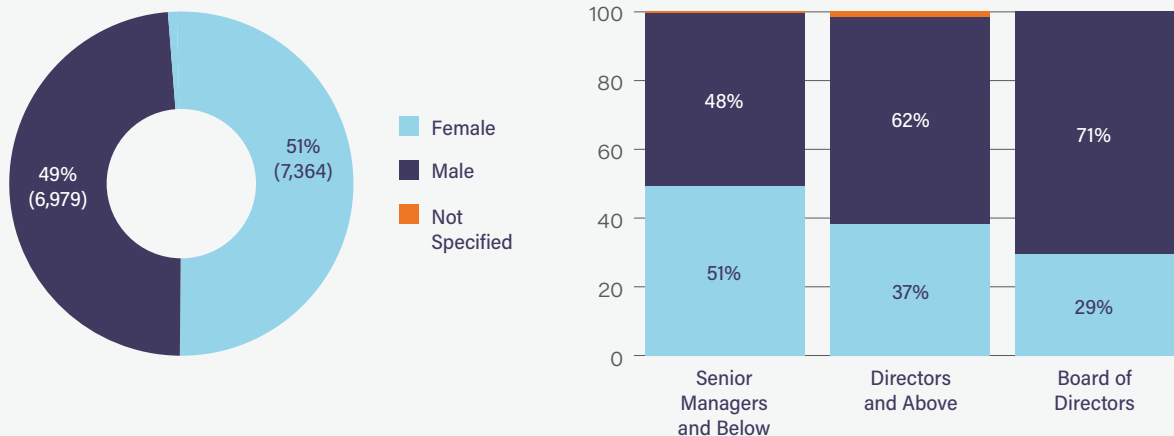


Workforce Diversity

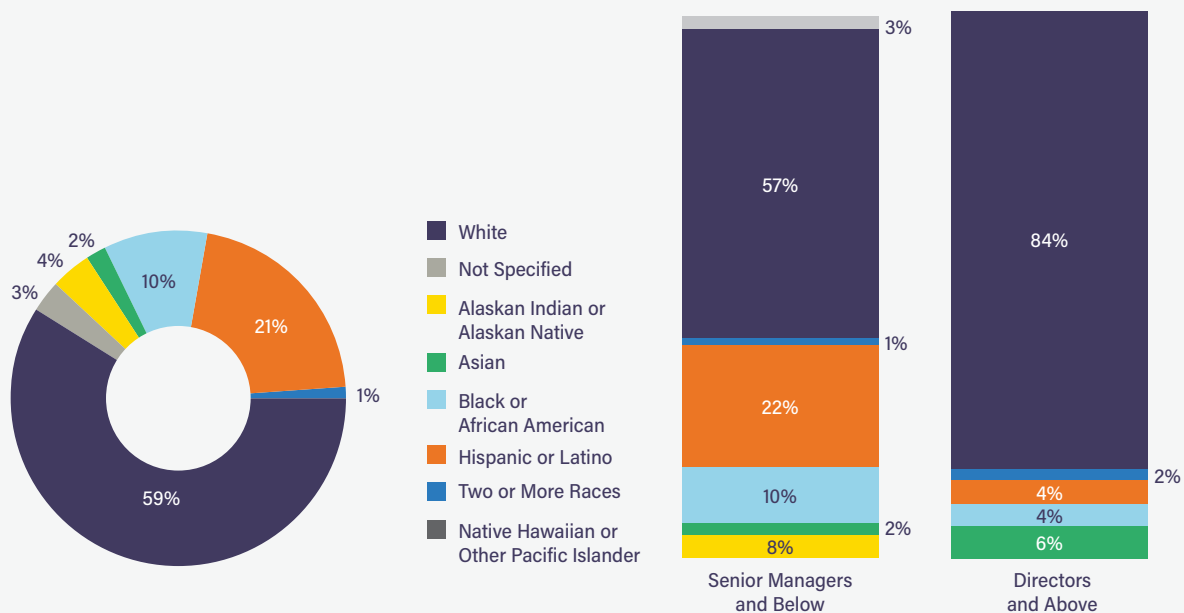
To increase our diversity of thought and experience, we must recruit, retain and promote from a diverse group of candidates. Ultimately, this leads to better innovation and stronger business outcomes. When rolling out our Inclusion & Diversity strategy, we set thoughtful and measurable goals for how we intend to increase representation across our workforce. Bringing together people with different experiences, passions and points of view allows us to expand our ways of thinking, learn from one another and celebrate our differences.

Workforce Diversity Data

Global Gender Representation - Data as of July 1, 2021 (n=14,397)



U.S. Ethnicity Representation - Data as of July 1, 2021 (n=2,799)





"I'm tasked with identifying and curating a diverse talent pool, conducting training sessions for hiring managers, evaluating job descriptions for any areas of bias, deepening our relationships with HBCUs, exploring new organizations to increase our diverse candidate pipeline, and identifying and addressing any barriers that may lead to attrition of diverse talent. I'm also a member of our Regional I&D Council, where I have the opportunity to interface with our global teams to ensure Inclusion & Diversity hiring strategies are carried out consistently and effectively, which I absolutely love! Measuring and tracking the progress of our hiring efforts is key to the success of our global Inclusion & Diversity efforts and I'm proud to be a part of that."

- Candice James

Talent Acquisition Manager,
Kontoor Brands

Talent Acquisition and Retention Strategy

To increase attraction, retention and promotion of our diverse talent across the organization, we evaluated how we attract and retain talent at Kontoor. This included:

- Implementing a new candidate relationship management platform that empowers employees to engage with groups representing various cultures, backgrounds, lifestyles and beliefs
- Evaluating job descriptions to ensure they are consistent with our culture of inclusion
- Educating hiring managers on how to ensure diversity and inclusion efforts are part of their hiring processes
- Improving hiring and recruitment analytics
- Strengthening our diversity pipeline and succession candidates for leadership positions
- Identifying and addressing any barriers that lead to diverse attrition
- Growing our diversity partnerships and deepening our relationships with historically Black colleges and universities (HBCUs) and nonprofits
- Driving external and internal partnerships to proactively build talent pools through internships and other talent acquisition initiatives





Marketplace Equity

As a company committed to Inclusion & Diversity, we have a responsibility to ensure our respective values pull through in the marketplace. We are working toward a more inclusive corporate and brand marketing strategy that is representative of our customer base – one that includes people from the full spectrum of human life and experiences, inspiring them to hone their individuality and live with passion and confidence. Here's a few examples of how we're bringing our marketplace equity approach to life.

Brand Marketing Audit and Goals

Just as we set goals at the corporate level for Inclusion & Diversity, we also set brand-specific marketing goals for both *Wrangler* and *Lee*® to help advance equity and inclusion across our platforms. At the end of last year (2020), following the announcement of our new global Inclusion & Diversity strategy, Kontoor Brands began exploring our current brand marketing and community engagement efforts and determined several initiatives to make them more inclusive, diverse and free of bias.

We started by conducting a comprehensive audit of our global media programs, which evaluated our marketing efforts across advertising, social media channels, e-commerce and influencer marketing from January 2019 to December 2020. Here's what we found:

Lee®

42%

of the brand's global marketing efforts included diverse representation.

Wrangler

37%

of the brand's global marketing efforts included diverse representation.



We've made strides in improving the inclusivity of *Wrangler* and *Lee's* marketing efforts, but we also must push ourselves to continue growing in this area. As we are exploring new ways our brands can enhance diversity even further, we know that key to this effort is increasing the representation of marginalized and underrepresented populations in our brand marketing strategy – from internal planning to external marketing outputs.

Which is why our *Wrangler* and *Lee* brands committed to making meaningful progress via the following goals by the end of 2022:

- **Strive for 50% diverse representation** on our e-commerce, our owned global social channels and across our global wholesale partner advertising
- **Increase supplier diversity**, striving for diverse representation across creative development, content production and post-production talent for global creative assets
- **Educate and align** agency partners to the company's Inclusion & Diversity strategic priorities and initiatives

In addition to these commitments, we are also identifying opportunities to actively promote Inclusion & Diversity through our marketing initiatives:

- **At *Wrangler***, examples include our Cowboy to the Core series and our global Pride collection.
- **At *Lee***, this includes our ongoing commitment to working with a diverse set of content creators, storytellers and brand ambassadors that reflect our community and our brand values.



"Last year was a catalyst to many important and necessary dialogs around equity. Those conversations shifted our focus in the right direction, but it's important to note that diversity and inclusion are not a moment in time, but rather something that must be carried out long term. When Kontoor built our marketplace equity strategy, we did so with that long-term vision, ensuring that the focus and intent we put behind it is sustained as we drive Lee into the future."

- Brigid Stevens
Senior Director, Marketing, Lee

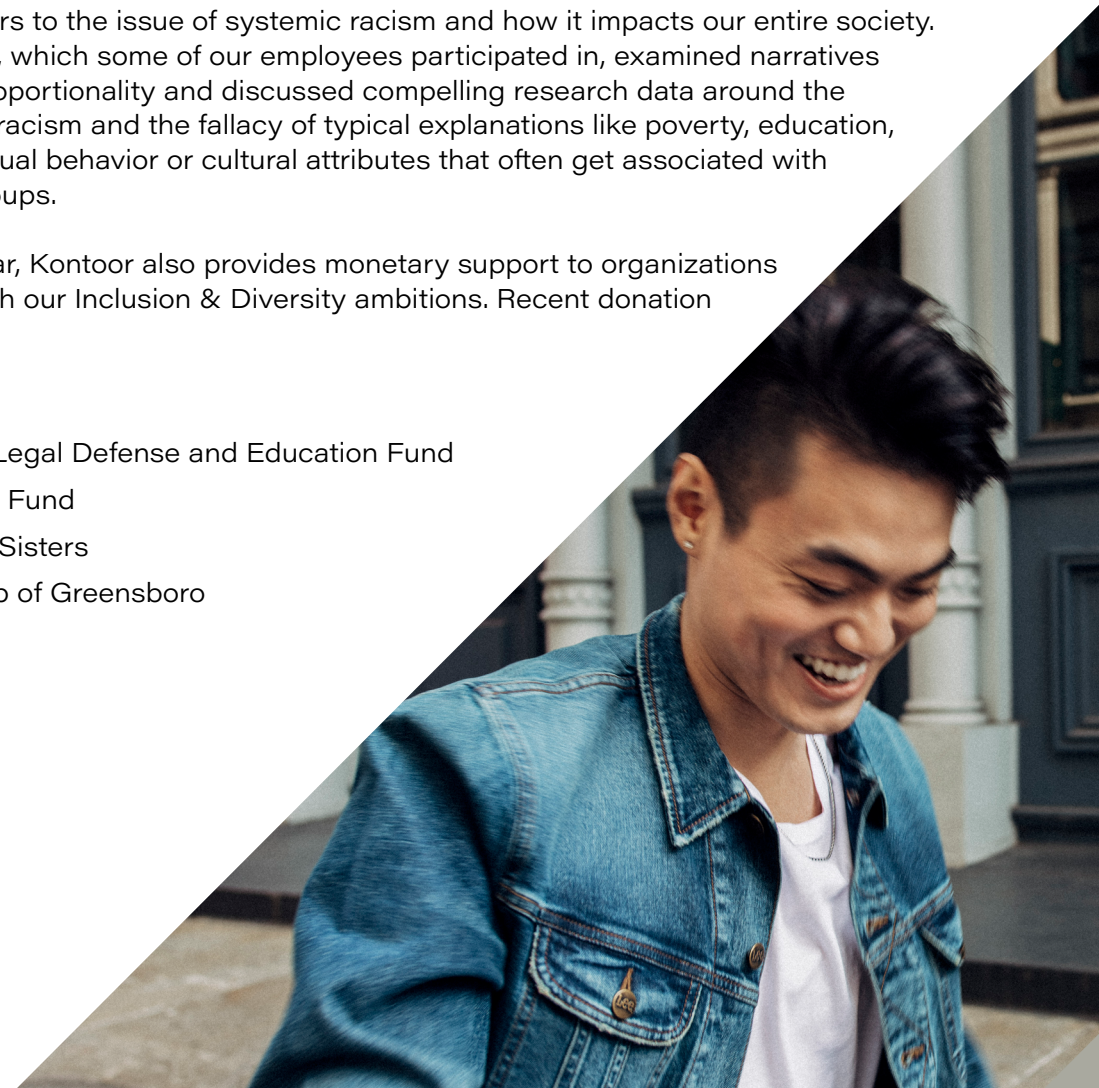
Community Engagement

Fostering community engagement is a key component of our Inclusion & Diversity strategy and we are dedicated to making positive contributions to our communities through local and national partnerships via monetary donations, sponsorships and volunteer efforts. We are building meaningful relationships with organizations focused on activities like mentoring, pro bono services and volunteerism, to be a positive force for good.

Notably, Kontoor Brands recently sponsored The 8:46 Series webinar, a community initiative hosted by the 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, which some of our employees participated in, examined narratives around racial disproportionality and discussed compelling research data around the systemic nature of racism and the fallacy of typical explanations like poverty, education, social class, individual behavior or cultural attributes that often get associated with particular racial groups.

Throughout the year, Kontoor also provides monetary support to organizations that are aligned with our Inclusion & Diversity ambitions. Recent donation recipients include:

- NAACP
- Asian American Legal Defense and Education Fund
- Black Investment Fund
- Big Brothers Big Sisters
- Boys & Girls Club of Greensboro





Sustainability & Accountability

Inclusion & Diversity at Kontoor Brands is not a one-off initiative, but rather a long-term journey that we are embarking on together. To sustain our commitment in this area, we must identify and break down systematic barriers to full inclusion and equity by constantly evaluating and improving our policies, practices and processes.

Inclusion & Diversity Global, Regional and Local Councils

To encourage this ongoing engagement, Kontoor recently formed several Inclusion & Diversity Councils to champion our strategy and provide additional governance and support.

The mission of our Inclusion & Diversity Councils is to promote and foster a culture of Inclusion & Diversity for Kontoor that attracts, develops and empowers talent around the world to position Kontoor and its brands to deliver relevant and reliable apparel for the next 100 years and beyond. The Councils will bolster the direct connection that exists between Inclusion & Diversity and our business strategy, strengthening our culture and accelerating our growth as a company. They will also supplement the excellent work already underway across our ERGs and help to coordinate and amplify ERG activities.

Global Executive Inclusion & Diversity Council

The purpose of this Council is to promote and foster a culture of Inclusion & Diversity for Kontoor that attracts, develops and empowers talent around the world, securing an innovative and diverse future for our brands. The global Council is responsible for holding the organization responsible for our Inclusion & Diversity objectives, and is made up of key executive-level employees, who can direct change. Scott Baxter, CEO, chairs the Council.

Regional Inclusion & Diversity Councils

U.S., APAC, EMEA and LATAM

Our regional Inclusion & Diversity Councils oversee regional accountability for results, while providing governance and oversight on diversity efforts. These councils also partner closely with local ERG leadership on local initiatives.

Local ERG Leadership Councils

The primary role of our local ERG Councils is to establish and execute local initiatives for Kontoor employees and our communities. These Councils also empower employee-based membership of internal and external initiatives that advance Kontoor's Inclusion & Diversity efforts.

Inclusion & Diversity People Leader Objectives and Accountability

In addition to holding ourselves accountable to our Inclusion & Diversity strategy on a corporate and brand level, we encourage employees to model our Inclusion & Diversity values, as well. In fact, all employees are measured against our Valuing Inclusion & Diversity competency, which outlines the critical actions and behaviors that employees, at all levels, can demonstrate to support creating a growth culture that is inclusive, equitable and diverse.

At the end of each year, Kontoor employees are measured against the following objectives in support of Inclusion & Diversity:

Audience	Competencies and Objectives
All Employees	Valuing Inclusion & Diversity <ul style="list-style-type: none">▪ Work effectively with individuals of diverse cultures, interpersonal styles, abilities, motivations or backgrounds▪ Make the most effective use of the capabilities, insights and ideas of all individuals▪ Seek understanding of Inclusion & Diversity topics▪ Champion diversity in the workplace▪ Convey respect to all colleagues▪ Use diversity as an advantage
All Employees	Event Participation <ul style="list-style-type: none">▪ Participate in at least four (4) non-required company-sponsored Inclusion & Diversity-related events, initiatives or trainings
VP Level & Above	Mentorship <ul style="list-style-type: none">▪ Mentor at least one self-identified diverse employee through participation in Kontoor's formal global mentoring program
New Hires	Continued Education <ul style="list-style-type: none">▪ Complete the Cultural Foundations courses within 52 weeks of hire; including the required Creating an Inclusive Environment training



"Establishing regional and local Inclusion & Diversity Councils has allowed us to align our efforts around the world, while also tailoring activities to meet the needs in different communities. Things are different across geographies. For example, referring to race in some places is different in others. Through the work of our Councils and our ERGs, we are able to set appropriate measurement frameworks."

- Miguel Angel Fabela

Director, Human Resources Business
Partner, Internal Manufacturing,
Mexico/Latin America,
Kontoor Brands





We Are Kontoor

At Kontoor Brands, **our purpose is to be the common thread that inspires people to live with passion and confidence.** To be the common thread, we all must come together – one stitch at a time – just like the products we make.

No matter who you are, where you're from, who you love, or how you identify, we're all cross-stitched together at Kontoor.



INSPIRING CONFIDENCE,
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