

Kontoor Brands' Factory Compliance Audit Procedures for Vendors, Factories, Buyers, Agents, and Licensees

It is Kontoor Brands, Inc.'s policy to monitor, by conducting Factory Compliance Audits, every facility that is involved in the manufacture of a Kontoor Brands branded product, and brands for which Kontoor Brands, Inc is licensed to produce. Absolutely no production can commence until a factory is approved for production by the Factory Compliance Audit management. Violation of this policy may result in the termination of any existing contracts or licensing agreements. This policy is applicable to all cutting facilities, sewing plants, screen printers, embroiderers, laundries, assembly, finishing and packaging locations, mills, and tanneries.

- For new suppliers, a Kontoor Brands Audit Request Form and a Kontoor Brands Audit – Factory Acknowledgement Form should be sent to your Kontoor Brands Factory Compliance Audit contact at least 4 - 6 weeks prior to the anticipated start of production. Due to political, environmental, and human rights issues, there are certain countries that are deemed unacceptable for the manufacture of Kontoor Brands products. Please contact your Kontoor Brands Factory Compliance contact if there is a question when selecting a new country for sourcing.
- Factory audits will be conducted by a Kontoor Brands Factory Compliance Auditor or by an accredited third-party audit company. The facility manager and any associated agent will be notified prior to the audit. Kontoor Brands reserves the right to conduct unannounced audits.
- In situations where Kontoor Brands produces goods under license for another brand, the licensor may require that an independent monitor of their choice conduct the audit.
- A typical audit will last one day; larger factories may require a two or three-day audit. Each audit will include a thorough review of the facility for Health and Safety, Social Compliance, Forced Labor and Human Trafficking, Environmental issues, sub-contractors, temporary workers, factory payroll records, operating licenses, employee personnel records, etc. will be reviewed for compliance with local laws. A random sampling of employees will be interviewed to assist in evaluating the working conditions at the facility. At the end of the audit, the factory manager will be presented with a written audit findings report detailing any findings determined during the audit.
- After the auditor's report is reviewed, the Kontoor Brands Sourcing Manager and any associated agent will be sent a Factory Compliance Findings Report and a CSR scorecard.

The scorecard details the score in a scale of 0 to 100 and the final color code rating of the factory based on evaluation of factory's composite performance in social compliance and corporate social responsibility (CSR) areas, unless waiver is obtained for CSR programs mandated by Kontoor Brands. Each facility will receive one of the following designations:

- ◆ **Green: 80-100** – This factory has no critical issue, with minimal safety, health, or labor issues. In general, the factory demonstrates high accountability and competency in managing workplace safety, environmental sustainability, worker community development and worker capacity building programs. The factory is approved to produce Kontoor Brands or related licensed products. Audits for 'Green' factories are conducted every 18 months. Factories achieving three consecutive 'Green' designations will have designation validity extended to 30 months. A 'Green' factory is required to make continuous improvement against the established Corrective Action Plan.
- ◆ **Blue: 50-79** – These factories have major safety, health, or labor issues, or moderate competency in managing workplace safety, environmental sustainability, worker community development and worker capacity building programs. While these factories are authorized to produce Kontoor Brands or related licensed products, Kontoor Brands requires that the major issues be corrected in a timely manner and follow-up audits will be scheduled after nine months. A 'Blue' factory is required to make continuous improvement against the established Corrective Action Plan.
- ◆ **Yellow: 0-49** – The factory has critical issue(s) or significant number of major issues that require immediate attention to remediate these issues. This is irrespective of how the factory performs in critical life safety, environmental sustainability, worker community development and worker capacity building programs. The factory is authorized to produce Kontoor Brands or related licensed products but must substantially demonstrate continuous improvement in eliminating critical and major issues, otherwise designation will be dropped to 'Red' in six months' time.
- ◆ **Red** – The factory has critical issues, or CSR score falls below 50 on an initial audit, or two consecutive designations of Yellow in CSR score. A 'Red' factory may complete any issued purchase orders, but additional purchase orders may not be issued. If a 'Red' factory is used for Kontoor Brands or related licensed production, Kontoor Brands may cancel any outstanding contracts, agency, or licensing agreements. Factories may apply for a re-audit after remediating their open issues according to Kontoor Brands' audit cadence.

It is Kontoor Brands' intent to treat all suppliers in a fair and honest manner and to build a foundation for a long-term relationship. Within a practical means, Kontoor Brands will assist each supplier in achieving compliance with Kontoor Brands' Terms of Engagement.